

ADDENDUM # 2

**Broward County Housing Authority
Solicitation Number: RFP 18-272**

Property Management Services

DATE: January 04, 2019

TO ALL PROSPECTIVE BIDDERS

No change in proposal due date

QUESTIONS/CLARIFICATIONS

The following questions (shown in italicized text) were submitted by prospective proposer(s). BCHA's responses are presented here (shown in bold text).The submitters' names and email addresses have been removed due to privacy requirements.

- 1. Would you be able to provide me with the following documents for the 8 properties with the portfolio:*
 - a. Limited Use/Regulatory Agreements*
 - b. Most recent Financial Statements*
 - c. 2019 Budgets (if approved) or 2018 Budgets*

Answer: Please refer to the Attachments below.

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This addendum **SHOULD** be returned with your Bid on the established due date.

All other terms, conditions and specifications remain unchanged for RFP No. 18-272

NAME OF COMPANY: _____

Crystal Lake
2900 North 24th Avenue
Hollywood, Fl. 33020
Telephone: (954) 920-2620

2019 BUDGET & SUPPORTING SCHEDULES

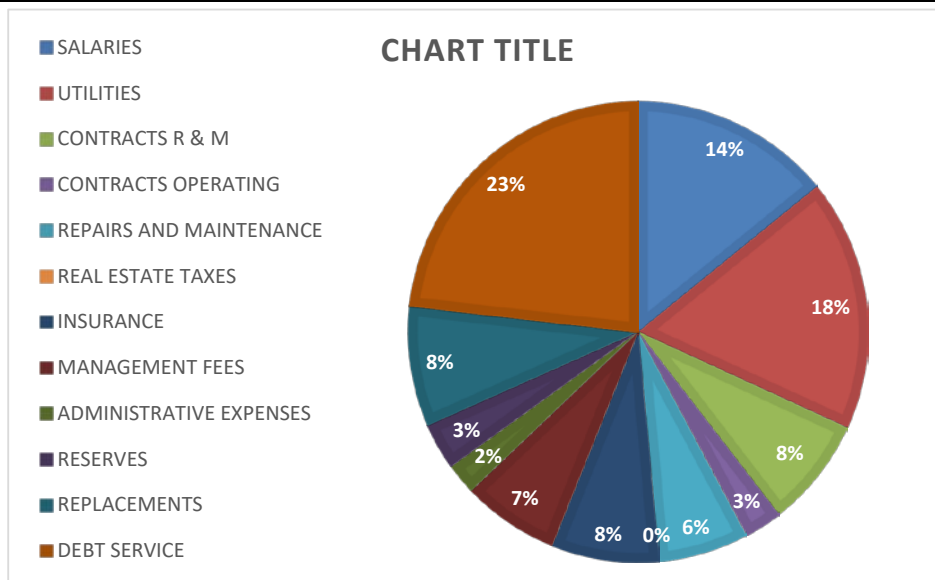
PROPERTY:	Crystal Lake
NO. OF UNITS:	190 UNITS
TOTAL SQUARE FOOTAGE:	190824 SQ. FT.

FINAL COPY

BUDGET SUMMARY

2019

CATEGORY	YEAR	\$/SF	\$/UNIT/YR
INCOME			
RENTAL INCOME	\$ 2,362,079	\$ 12.38	\$ 12,432
RENTAL ADJUSTMENTS	(47,316)	-0.25	(249.03)
OTHER INCOME	169,468	0.89	891.94
TOTAL RENTAL INCOME	\$ 2,484,231	\$ 13.02	\$ 13,075
TOTAL INCOME	\$ 2,484,231	\$ 13.02	\$ 13,075
OPERATING EXPENSES			
SALARIES	\$ 269,574	\$ 1.41	\$ 1,419
UTILITIES	336,881	1.77	1,773.06
CONTRACTS R & M	147,184	0.77	774.65
CONTRACTS OPERATING	50,670	0.27	266.68
REPAIRS AND MAINTENANCE	120,806	0.63	635.82
REAL ESTATE TAXES	0	0.00	-
INSURANCE	144,067	0.75	758.25
MANAGEMENT FEES	129,708	0.68	682.67
ADMINISTRATIVE EXPENSES	41,543	0.22	218.65
RESERVES	63,050	0.33	331.84
REPLACEMENTS	160,511	0.84	844.79
TOTAL OPERATING EXPENSES	\$ 1,463,994	\$ 7.67	\$ 7,705
NET OPERATING INCOME	\$ 1,020,237	\$ 5.35	\$ 5,370
INTEREST			
DEBT SERVICE	441,923	2.32	2,325.91
TOTAL INTEREST	\$ 441,923	\$ 2.32	\$ 2,326
NET CASH FLOW	\$ 578,313	\$ 3.03	\$ 3,044



BUDGET SUMMARY COMPARISON**2018 2019 2019 VS 2018**

CATEGORY	YEAR	YEAR	VARIANCE
INCOME			
RENTAL INCOME	\$ 2,269,037	\$ 2,362,079	\$ 93,042
RENTAL ADJUSTMENTS	(35,728)	(47,316)	(11,588)
OTHER INCOME	144,574	169,468	24,894
TOTAL RENTAL INCOME	\$ 2,377,883	\$ 2,484,231	\$ 106,348
TOTAL INCOME	\$ 2,377,883	\$ 2,484,231	\$ 106,348
OPERATING EXPENSES			
SALARIES	\$ 273,041	\$ 269,574	\$ (3,466)
UTILITIES	377,026	336,881	(40,145)
CONTRACTS R & M	120,992	147,184	26,192
CONTRACTS OPERATING	48,846	50,670	1,824
REPAIRS AND MAINTENANCE	81,292	120,806	39,515
REAL ESTATE TAXES	-	-	-
INSURANCE	129,730	144,067	14,337
MANAGEMENT FEES	124,390	129,708	5,317
ADMINISTRATIVE EXPENSES	45,223	41,543	(3,680)
RESERVES	64,151	63,050	(1,101)
REPLACEMENTS	120,202	160,511	40,309
TOTAL OPERATING EXPENSES	\$ 1,384,893	\$ 1,463,994	\$ 79,101
NET OPERATING INCOME	\$ 992,990	\$ 1,020,237	\$ 27,247
INTEREST			
DEBT SERVICE	421,145	441,923	20,778
TOTAL INTEREST	\$ 421,145	\$ 441,923	\$ 20,778
NET CASH FLOW	\$ 571,845	\$ 578,313	\$ 6,468

PROPOSED INCREASE: **4%**

RENEWAL RENTS

MONTH OF SCHEDULED INCREASE:

INCREASE **June 2019**

TOTAL OF UNITS: **190**

CURRENT RENT: **\$188,454**

INCREASED RENT: **\$195,995**

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT	INCREASE 1 -			NEW MONTHLY RENT
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE	
1x1 30%	692	\$393	\$0.57	2	\$786	\$16	\$409	4.07%	\$818
1x1 60%	692	\$848	\$1.23	16	\$13,568	\$34	\$882	4.01%	\$14,112
2x2 30%	922	\$475	\$0.52	15	\$7,125	\$19	\$494	4.00%	\$7,410
2x2 60%	922	\$1,021	\$1.11	81	\$82,701	\$41	\$1,062	4.02%	\$86,022
3x2 30%	1112	\$552	\$0.50	9	\$4,968	\$22	\$574	3.99%	\$5,166
3x2 60%	1112	\$1,182	\$1.06	51	\$60,282	\$47	\$1,229	3.98%	\$62,679
4x2 30%	1446	\$617	\$0.43	3	\$1,851	\$25	\$642	4.05%	\$1,926
4x2 60%	1446	\$1,321	\$0.91	13	\$17,173	\$53	\$1,374	4.01%	\$17,862

Total SQFT 190824 \$801 Total \$188,454 \$833.25 Total \$195,995
\$7,541

MARKET RENT ON MOVE INS

MONTH OF SCHEDULED INCREASE:

INCREASE **June 2019**

TOTAL OF UNITS: **190**

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1x1 60%	692	\$848	\$1.23	16	\$13,568	\$34	\$ 882.00	4.01%	\$14,112
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3x2 60%	1112	\$1,182	\$1.06	51	\$60,282	\$47	\$ 1,229.00	3.98%	\$62,679
4x2 30%	1446	\$617	\$0.43	3	\$1,851	\$25	\$ 642.00	4.05%	\$1,926
4x2 60%	1446	\$1,321	\$0.91	13	\$17,173	\$53	\$ 1,374.00	4.01%	\$17,862

Total SQFT 190824 \$801 Total \$188,454 \$833.25 Total \$195,995

MONTHLY LOSS TO LEASE **\$0** **\$0**

DIFFERENCE ON AVERAGE RENT **\$0.00** **\$0.00**

Performance Bonuses Schedule

Crystal Lake

Year 2019

Employee Name	Employee Title
Cristina Paige	Property Manager
Cynthia Barr	Assistant Manager
Maria Belda	Leasing Consultant
Gustavo Rodriguez	Maintenance
Open Position	Maintenance
Darisel Perez	Janitor

Month	Employee: Cristina Paige Title: Property Manager			Employee: Cynthia Barr Title: Assistant Manager			Employee: Maria Belda Title: Leasing Consultant			Holiday Year End Activities	
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals		
Jan	300.00	22.50	143.50	100.00	22.50	143.50	-	22.50	143.50	Cristina Paige	250.00
Feb	300.00	20.00	123.67	100.00	20.00	123.67	-	20.00	123.67	Cynthia Barr	250.00
Mar	300.00	27.50	171.50	100.00	27.50	171.50	-	27.50	171.50	Maria Belda	250.00
Apr	300.00	22.50	143.50	100.00	22.50	143.50	-	22.50	143.50	Gustavo Rodriguez	250.00
May	300.00	22.50	143.50	100.00	22.50	143.50	-	22.50	143.50	Open Position	250.00
Jun	300.00	31.67	200.67	100.00	31.67	200.67	-	31.67	200.67	Darisel Perez	250.00
Jul	300.00	53.33	333.67	100.00	53.33	333.67	-	53.33	333.67		
Aug	300.00	4.17	29.17	100.00	4.17	29.17	-	4.17	29.17		
Sep	300.00	20.00	123.67	100.00	20.00	123.67	-	20.00	123.67		
Oct	300.00	5.83	38.50	100.00	5.83	38.50	-	5.83	38.50		
Nov	300.00	15.00	95.67	100.00	15.00	95.67	-	15.00	95.67		
Dec	300.00	18.33	114.33	100.00	18.33	114.33	-	18.33	114.33		
Total	\$ 3,600.00	\$ 263.33	\$ 1,661.33	\$ 1,200.00	\$ 263.33	\$ 1,661.33	\$ -	\$ 263.33	\$ 1,661.33		\$ 1,500.00

Month	Employee: Gustavo Rodriguez Title: Maintenance			Employee: Open Position Title: Maintenance			Employee: Darisel Perez Title: Janitor		
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals
Jan	-	9.00	41.00	-	9.00	41.00	-	9.00	41.00
Feb	-	8.00	35.33	-	8.00	35.33	-	8.00	35.33
Mar	-	11.00	49.00	-	11.00	49.00	-	11.00	49.00
Apr	-	9.00	41.00	-	9.00	41.00	-	9.00	41.00
May	-	9.00	41.00	-	9.00	41.00	-	9.00	41.00
Jun	-	12.67	57.33	-	12.67	57.33	-	12.67	57.33
Jul	-	21.33	95.33	-	21.33	95.33	-	21.33	95.33
Aug	-	1.67	8.33	-	1.67	8.33	-	1.67	8.33
Sep	-	8.00	35.33	-	8.00	35.33	-	8.00	35.33
Oct	-	2.33	11.00	-	2.33	11.00	-	2.33	11.00
Nov	-	6.00	27.33	-	6.00	27.33	-	6.00	27.33
Dec	-	7.33	32.67	-	7.33	32.67	-	7.33	32.67
Total	\$ -	\$ 105.33	\$ 474.67	\$ -	\$ 105.33	\$ 474.67	\$ -	\$ 105.33	\$ 474.67

TOTALS			Monthly Totals	
Occupancy & Delinquency	4,800.00		Jan	1,048.00
Move-Ins	1,106.00		Feb	961.00
Renewals	6,408.00		Mar	1,177.00
Holiday	1,500.00		Apr	1,048.00
	\$ 13,814.00		May	1,048.00
			Jun	1,307.00
			Jul	1,911.00
			Aug	530.00
			Sep	961.00
			Oct	573.00
			Nov	832.00
			Dec	918.00
				\$ 12,314.00
				\$ 1,500.00
				\$ 13,814.00

SCHEDULE A-1

Move-Ins

Move-Outs

Renewals

Year	Month	Out	In	Renew
2019	Jan	3	3	12
2019	Feb	2	2	11
2019	Mar	3	3	15
2019	Apr	3	3	12
2019	May	3	3	12
2019	Jun	4	4	17
2019	Jul	6	6	29
2019	Aug	1	1	3
2019	Sep	2	2	11
2019	Oct	1	1	3
2019	Nov	2	2	8
2019	Dec	2	2	10
TOTAL		32	32	142

Move Ins	32	Renewal Rate
Renewals	142	
Vacant Units at beginning of period	4	82%
TOTAL	178	

Year	Month	In	Cumulative	Concession \$
2019	Jan	3	3	\$ -
2019	Feb	2	5	\$ -
2019	Mar	3	8	\$ -
2019	Apr	3	11	\$ -
2019	May	3	14	\$ -
2019	Jun	4	18	\$ -
2019	Jul	6	24	\$ -
2019	Aug	1	25	\$ -
2019	Sep	2	27	\$ -
2019	Oct	1	28	\$ -
2019	Nov	2	29	\$ -
2019	Dec	2	32	\$ -
Total		32	32	\$ -

Crystal Lakes
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
400000.0 GROSS RENTAL APARTMENTS INCOME	\$ 188,454	188,454	188,454	188,454	188,454	195,995	195,995	195,995	195,995	195,995	195,995	195,995	\$ 2,314,235
400500.0 GAIN TO LEASE	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	47,844
TOTAL RENTAL INCOME	192,441	192,441	192,441	192,441	192,441	199,982	199,982	199,982	199,982	199,982	199,982	199,982	\$ 2,362,079
PERCENTAGE OF VACANCY	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	
410000.0 VACANCY LOSS - UNRENTED	(75)	(75)	(75)	(75)	(75)	(78)	(78)	(78)	(78)	(78)	(78)	(78)	\$ (926)
410500.0 VACANCY LOSS - RENTED	(1,809)	(1,809)	(1,809)	(1,809)	(1,809)	(1,882)	(1,882)	(1,882)	(1,882)	(1,882)	(1,882)	(1,882)	(22,217)
411000.0 EMPLOYEE APARTMENTS	(1,968)	(1,968)	(1,968)	(1,968)	(1,968)	(2,048)	(2,048)	(2,048)	(2,048)	(2,048)	(2,048)	(2,048)	(24,174)
NET RENTAL ADJUSTMENTS	\$ (3,853)	(3,853)	(3,853)	(3,853)	(3,853)	(4,007)	(4,007)	(4,007)	(4,007)	(4,007)	(4,007)	(4,007)	\$ (47,316)
453500.0 APPLICATION FEES	544	493	646	544	544	731	1,173	170	493	204	391	459	6,392
454500.0 LATE FEES	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	14,829
455500.0 PET FEES-OPT	80	80	80	80	80	80	80	80	80	80	80	80	960
455600.0 PET PROC FEES-OPT	64	64	64	64	64	64	64	64	64	64	64	64	771
456500.0 LEASE TERMINATION FEES	638	638	638	638	638	638	638	638	638	638	638	638	7,653
457500.0 NSF CHECK FEES	36	36	36	36	36	36	36	36	36	36	36	36	429
458000.0 DAMAGE & CLEANING FEES	264	264	264	264	264	264	264	264	264	264	264	264	3,165
490000.0 MISCELLANEOUS PROPERTY	112	112	112	112	112	112	112	112	112	112	112	112	1,350
498000.0 WASHER/DRYER INCOME	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	133,920
OTHER PROPERTY INCOME	\$ 14,134	14,083	14,236	14,134	14,134	14,321	14,763	13,760	14,083	13,794	13,981	14,049	\$ 169,468
TOTAL RENTAL INCOME	\$ 202,722	202,671	202,824	202,722	202,722	210,295	210,737	209,734	210,057	209,768	209,955	210,023	\$ 2,484,231
500000.0 SALARIES - MANAGER	\$ 3,194	2,777	2,916	3,055	3,305	2,888	3,321	3,177	3,033	3,321	3,033	3,177	\$ 37,196
501000.0 SALARIES - ASSISTANT MANAGER	3,084	2,682	2,816	2,950	3,191	2,789	3,207	3,068	2,928	3,207	2,928	3,068	35,917
502200.0 SALARIES - LEASING AGENTS	2,427	2,110	2,216	2,321	2,511	2,195	2,524	2,414	2,305	2,524	2,305	2,414	28,267
503000.0 SALARIES - MAINTENANCE	6,580	5,722	6,008	6,294	6,809	5,951	6,844	6,546	6,249	6,844	6,249	6,546	76,643
504000.0 SALARIES - JANITOR	2,131	1,853	1,945	2,038	2,205	1,927	2,216	2,120	2,023	2,216	2,023	2,120	24,816
507000.0 BONUS	1,048	961	1,177	6,198	1,048	1,307	1,911	530	961	573	832	2,418	18,964
520000.0 HEALTH INSURANCE	1,618	1,407	1,477	1,547	1,618	1,407	1,618	1,547	1,477	1,618	1,477	1,547	18,357
530000.0 MANDATED BENEFITS	2,526	2,196	2,306	2,416	2,613	2,284	2,627	2,512	2,398	2,627	2,398	2,512	29,414
TOTAL SALARIES	\$ 22,607	19,708	20,861	26,819	23,300	20,747	24,267	21,914	21,373	22,929	21,244	23,802	\$ 269,574
550000.0 ELECTRICITY	\$ 2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	\$ 26,282
550200.0 ELECTRICITY - VACANT	140	140	140	140	140	140	140	140	140	140	140	140	1,684
552000.0 TELEPHONE	537	537	537	537	537	537	537	537	537	537	537	537	6,446
552500.0 ANSWERING SERVICE	84	84	84	84	84	84	84	84	84	84	84	84	1,008
553000.0 WASTE	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	3,053	36,637
553500.0 RECYCLING	74	74	74	74	74	74	74	74	74	74	74	74	889
555000.0 WATER	11,626	11,626	11,626	11,626	8,138	8,138	8,138	8,138	8,138	8,138	8,138	8,138	111,606
556000.0 SEWER	15,868	15,868	15,868	15,868	11,107	11,107	11,107	11,107	11,107	11,107	11,107	11,107	152,329
TOTAL UTILITIES	33,572	33,572	33,572	33,572	25,324	25,324	25,324	25,324	25,324	25,324	25,324	25,324	\$ 336,881
571500.2 BEEPERS & RADIOS - CONTRACT	13	13	13	13	13	13	13	13	13	13	13	13	157
573500.2 EXTERMINATING - CONTRACT	663	663	663	663	663	663	663	663	663	663	663	663	7,950
574000.2 FIRE ALARM - CONTRACT	1,956	0	302	0	0	302	0	0	302	0	0	302	3,164
574500.2 FIRE EQUIP MAINTENANCE - CONTRACT	0	0	0	0	0	0	519	0	3,896	0	0	0	4,415
575500.2 LAKE MAINTENANCE	3,250	0	0	0	1,350	0	0	0	1,350	0	0	0	5,950
576000.2 LANDSCAPING - SERVICE	1,600	1,550	27,250	600	4,100	600	1,600	600	5,000	3,450	12,900	600	59,850
576500.2 LAWN SERVICE - CONTRACT	2,311	2,311	2,311	2,311	2,311	3,411	3,411	3,411	2,311	2,311	2,311	2,311	31,032
577500.2 POOL - CONTRACT	407	407	407	407	407	407	407	407	407	407	407	407	4,884
578200.2 TERMITE WARRANTY RENEWAL	0	2,475	0	0	0	0	0	0	0	0	0	0	2,475
578500.2 TRASH COMPACTOR - CONTRACT	776	326	326	326	326	326	776	326	326	326	326	326	4,808
TOTAL CONTRACTS R & M	12,850	9,619	33,146	6,194	11,044	7,596	9,263	7,294	16,142	9,044	18,494	6,496	\$ 147,184
582000.2 CABLE TV	49	49	49	49	49	49	49	49	49	49	49	49	585
582500.2 COURTESY PERSONNEL	3,565	3,209	3,507	3,362	3,557	3,391	3,521	3,507	3,427	3,478	3,449	3,528	41,499
583000.2 COMPUTER MAINTENANCE - CONTRACT	254	5,203	206	206	206	206	206	206	206	556	206	206	7,865
583500.2 COPIER MAINTENANCE - CONTRACT	0	180	0	0	180	0	0	180	0	0	180	0	720
TOTAL CONTRACTS OPERATING	\$ 3,867	8,641	3,761	3,616	3,992	3,645	3,776	3,941	3,682	4,082	3,883	3,783	\$ 50,670

Crystal Lakes
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
600000.3 HVAC - SUPPLIES	704	704	704	704	704	704	704	704	704	704	704	704	8,453
603000.4 ALARM - REPAIRS	28	28	28	28	28	28	28	28	28	28	28	28	338
604000.3 APPLIANCES - SUPPLIES	644	644	644	644	644	644	644	644	644	644	644	644	7,731
610000.3 BUILDING IMPROVEMENTS - SUPPLIES	512	512	512	512	512	512	512	512	512	512	512	512	6,146
610000.4 BUILDING IMPROVEMENTS - REPAIRS	98	98	98	98	98	98	98	98	98	98	98	98	1,171
612500.0 BUILDING LABOR	284	284	284	284	293	293	293	293	293	293	293	293	3,480
622500.2 CLEANING - SERVICES	270	240	330	3,126	4,070	380	640	50	240	70	3,880	220	13,516
622500.3 CLEANING - SUPPLIES	240	240	240	240	240	240	240	240	240	240	240	240	2,879
630000.3 ELECTRICAL - SUPPLIES	518	518	518	518	518	518	518	518	518	518	518	518	6,213
630000.4 ELECTRICAL - REPAIRS	234	234	234	234	234	234	234	234	234	234	234	234	2,808
635000.2 EXTERMINATING	70	70	70	70	70	70	70	70	70	70	70	70	842
635000.3 EXTERMINATING - SUPPLIES	12	12	12	12	12	12	12	12	12	12	12	12	150
635200.2 TERMITE TREATMENT	61	61	61	61	61	61	61	61	61	61	61	61	729
635500.4 FIRE ALARM - REPAIRS	42	42	42	42	42	42	42	42	42	42	42	42	500
636000.4 FIRE EQUIP MAINTENANCE - REPAIRS	217	217	217	217	217	217	217	217	217	217	217	217	2,604
636700.0 ENTRY SYSTEM	56	56	56	56	56	56	56	56	56	56	56	56	671
636800.0 GOLF CARTS	150	150	150	150	150	150	150	150	150	150	150	150	1,800
642500.2 PAINTING - SERVICES	702	624	858	702	702	988	1,664	130	624	182	468	572	8,216
642500.3 PAINTING - SUPPLIES	475	475	475	475	475	475	475	475	475	475	475	475	5,703
647500.3 PLUMBING - SUPPLIES	384	384	384	384	384	384	384	384	384	384	384	384	4,609
647500.4 PLUMBING - REPAIRS	50	50	50	50	50	50	50	50	50	50	50	50	600
650000.3 POOL - SUPPLIES	257	257	257	257	257	257	257	257	257	257	257	257	3,089
650000.4 POOL - REPAIRS	100	100	100	100	100	100	100	100	100	100	100	100	1,200
652500.4 ROOF - REPAIRS	250	250	250	250	250	250	250	250	250	250	250	250	3,000
660000.3 WINDOW - SUPPLIES	80	80	80	80	80	80	80	80	80	80	80	80	959
660000.4 WINDOW - REPAIRS	50	50	50	50	50	50	50	50	50	50	50	50	600
661000.0 CAMERA SURVEILLANCE	416	416	416	416	416	416	416	416	416	416	416	416	4,995
662500.0 SIGNS	36	36	36	36	36	36	36	36	36	36	36	36	431
665000.0 UNIFORMS	0	0	0	900	0	0	0	0	0	900	0	0	1,800
667500.2 WASHER/DRYER SERVICE	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	21,600
670000.0 MISCELLANEOUS REPAIRS & MAINTENANCE	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
690000.0 ENTRY & ACCESS CARDS	121	121	121	121	121	121	121	121	121	121	121	121	1,454
TOTAL REPAIRS & MAINTENANCE	\$ 9,072	8,964	9,288	12,828	12,881	9,477	10,413	8,289	8,973	9,261	12,457	8,901	\$ 120,806
740000.0 GENERAL INSURANCE	\$ 11,950	11,950	11,950	11,950	11,950	11,970	11,950	11,950	11,950	11,950	12,594	11,950	\$ 144,067
TOTAL INSURANCE	\$ 11,950	11,950	11,950	11,950	11,950	11,970	11,950	11,950	11,950	11,950	12,594	11,950	\$ 144,067
755000.0 MANAGEMENT FEES	10,136	10,134	10,141	10,136	10,136	10,515	10,537	10,487	10,503	10,488	10,498	10,501	\$ 124,212
755500.0 ASSET MANAGEMENT FEES	458	458	458	458	458	458	458	458	458	458	458	458	5,496
TOTAL MANAGEMENT FEES	\$ 10,594	10,592	10,599	10,594	10,594	10,973	10,995	10,945	10,961	10,946	10,956	10,959	\$ 129,708
760000.0 AUTO/MILEAGE EXPENSE	\$ 41	41	41	41	41	41	41	41	41	41	41	41	\$ 494
762500.0 DUES & SUBSCRIPTIONS	13	13	13	13	13	13	13	13	13	13	13	13	155
767500.0 LICENSES	0	0	0	0	0	0	0	510	0	0	180	0	690
768000.0 PERMITS	0	0	0	0	0	325	0	0	0	0	0	0	325
770500.0 MARKETING	232	2,862	682	232	235	235	235	235	685	235	685	235	6,791
771000.0 FITNESS/SPA EXPENSE	1,200	0	0	0	0	0	0	0	0	0	0	0	1,200
771500.0 RESIDENT ACTIVITIES	180	180	100	360	250	250	280	700	210	335	380	480	3,705
772500.0 ACCOUNTING FEES	0	0	11,830	0	0	0	0	0	0	0	0	0	11,830
773000.0 AUDIT FEES	0	0	0	0	0	500	0	0	0	0	0	0	500
775000.0 EVICTION FEES	42	42	42	42	42	42	42	42	42	42	42	42	500
776000.0 LEGAL FEES	33	33	33	33	33	33	33	33	33	33	33	33	400
776500.0 SEMINAR & TRAINING PROGRAM	185	185	185	185	185	185	185	185	185	185	185	185	2,220
780000.0 POSTAGE, COURIER & DELIVERY	196	196	196	196	196	196	196	196	196	196	196	196	2,357
785000.0 OFFICE SUPPLIES	465	845	365	365	365	365	365	365	365	365	365	365	4,965
786000.0 OFFICE EXPENSE	250	250	250	250	250	250	250	250	250	250	250	250	3,000
787500.0 LEASING & RENTING EXPENSE	13	13	13	13	13	13	13	13	13	13	13	13	158
788000.0 CREDIT REPORTS	128	116	152	128	128	172	276	40	116	48	92	108	1,504
792500.0 MISCELLANEOUS OPERATING EXPENSE	0	0	0	0	0	0	0	0	0	0	0	750	750
TOTAL ADMINISTRATIVE EXPENSES	\$ 2,979	4,777	13,903	1,859	1,752	2,621	1,930	2,624	2,150	1,757	2,476	2,712	\$ 41,543

Crystal Lakes
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
910000.0 RESERVE REPLACEMENT	\$ 5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	\$ 63,050
TOTAL RESERVE	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	5,254	\$ 63,050
901500.0 PROFESSIONAL FEES	0	0	0	0	0	0	0	0	0	0	600	0	600
920000.0 REPLACEMENTS - A/C & APPLIANCE	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200
920200.0 REPLACEMENTS - COUNTER & CABINETS	450	450	450	450	450	450	450	450	450	450	450	450	5,400
920400.0 REPLACEMENTS - OTHER	0	1,975	0	0	0	0	0	0	0	0	0	0	1,975
925300.0 IMPROVEMENTS - ROOF	292	292	292	292	292	292	292	292	292	292	292	292	3,500
925700.0 IMPROVEMENTS - REPAIRS & REFINISHING	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	21,000
930900.0 IMPROVEMENTS - PLUMBING/FLAPPERS	0	0	45,720	0	0	0	0	0	0	0	0	0	45,720
931100.0 IMPROVEMENTS - OFFICE	0	7,415	0	0	0	0	0	0	0	0	0	0	7,415
931300.0 IMPROVEMENTS - CLUBHOUSE	0	3,655	0	0	0	0	0	0	0	0	0	0	3,655
932000.0 IMPROVEMENTS - SIDEWALKS	0	0	3,955	0	0	0	0	0	0	0	0	0	3,955
932100.0 IMPROVEMENTS - PLAYGROUND	0	3,677	0	13,414	0	0	0	0	0	0	0	0	17,091
945000.0 HOMEOWNERSHIP INCENTIVE	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000
TOTAL REPLACEMENTS	6,675	23,397	56,350	20,089	6,675	6,675	6,675	6,675	6,675	6,675	7,275	6,675	\$ 160,511
TOTAL OPERATING EXPENSES	119,421	136,474	198,686	132,777	112,768	104,283	109,848	104,212	112,485	107,224	119,958	105,858	1,463,994
NET OPERATING INCOME	83,301	66,197	4,138	69,945	89,954	106,012	100,889	105,523	97,572	102,544	89,997	104,165	1,020,237
800000.0 INTEREST EXPENSE - ARCS	23,891	23,891	23,891	23,891	23,891	23,891	23,891	23,891	23,891	23,891	23,891	23,891	286,691
800600.0 MORTGAGE INSURANCE	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	21,052
800000.1 PRINCIPAL REDUCTION	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	134,659
870000.0 INTEREST INCOME - OTHER	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(479)
TOTAL DEBT SERVICE	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	\$ 441,923
TOTAL INTEREST	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	36,827	441,923
CONTROLLABLE NOI	46,474	29,370	(32,689)	33,118	53,127	69,185	64,062	68,696	60,745	65,717	53,170	67,338	578,313
NET CASH	46,474	29,370	(32,689)	33,118	53,127	69,185	64,062	68,696	60,745	65,717	53,170	67,338	578,313

Crystal Lakes Budget 2019

GL ACCT	DESCRIPTION	ANNUAL	DESCRIPTION
400000.0	GROSS RENTAL APARTMENTS INCOME	2,314,235	A 4% rental Increase allocated effective June 2019
400500.0	GAIN TO LEASE - HUD	47,844	The amount representing the difference between voucher holder rents and tax credit <u>\$3,987.00 x 12 = \$47,844.00.</u>
			Please refer to Gain to Lease Chart in file.
410000.0	VACANCY LOSS - UNRENTED	(926)	This amount is based on 0.40% vacancy rate between vacant and unrented.
410500.0	VACANCY LOSS - RENTED	(22,217)	This amount is to complete a 1.00% rate between vacant rented and unrented.
411000.0	EMPLOYEE APARTMENTS	(24,174)	Employee concessions are a follows: Future Property Manager Cynthia Barr concession of \$617.00 monthly. Maintenance Supervisor, Gustavo Rodriguez has a monthly concession for a 2x2 Property Manager at Tallman Pines, Eleanor Graham receives a concession of 25% off a 4x3. This includes a 4% increase that will become effective in June 2019.
453500.0	APPLICATION FEES	6,392	Application fee is based on a \$85.00 per applicant. Anticipating 32 move-ins with two applications each and allocating for one additional application per month to account for skips or larger households.
454500.0	LATE FEES	14,829	Based on annualized. Late fee charges are as follows: On the 6th = \$150.00 On the 11th = \$175.00 On the 16th = \$200.00
455500.0	PET FEES-OPT	960	Based on 4 residents paying \$20 each for pet fees.
455600.0	PET PROC FEES-OPT	771	Allocated half of annualized.
456500.0	LEASE TERMINATION FEES	7,653	Based on half of the annualized budget amount.
457500.0	NSF CHECK FEES	429	Based on half of the annualized budget amount.
458000.0	DAMAGE & CLEANING FEES	3,165	Based on half of the annualized budget amount.
490000.0	MISCELLANEOUS PROPERTY	1,350	Based on half of the annualized budget amount.
498000.0	WASHER & DRYER INCOME	133,920	We currently have 184 units at \$60.00 per unit per month.
500000.0	SALARIES - MANAGER	37,196	Property Manager 95% Salary. Salary reflects a 4% increase effective May 2019.
501000.0	SALARIES - ASSISTANT MANAGER	35,917	Assistant Manager. Salary reflects a 4% increase effective May 2019.
502200.0	SALARIES - LEASING AGENTS	28,267	Leasing Agent. Salary reflects a 4% increase effective May 2019.
503000.0	SALARIES - MAINTENANCE	76,643	95% of Maintenance Supervisor, Gustavo Rodriguez and 100% Maintenance Technician, Open Position salaries. Salary reflects a 4% increase effective May 2019.
504000.0	SALARIES - JANITOR	24,816	Housekeeper. Salary reflects a 4% increase effective May 2019.

507000.0	BONUS	18,964	<p>Property Manager and Assistant Manager have a monthly Occupancy incentive bonus if the property closes the month occupied at 98%. Estimated at \$2,400.00 per year.</p> <p>Property Manager \$150.00 monthly x 12 month= \$1,800.00 Assistant Manager \$ 50.00 monthly x 12 month= \$ 600.00 TOTAL= \$2,400.00.</p> <p>Property Manager and Assistant Manager have a monthly Collection incentive bonus if the property closes the month with collections at 98% or better. Estimated at \$2,400.00 per year.</p> <p>Property Manager \$150.00 monthly x 12 month= \$1,800.00 Assistant Manager \$ 50.00 monthly x 12 month= \$ 600.00 TOTAL= \$2,400.00</p> <p>Move in and Renewal bonuses are based on the projected year's move in schedule and split amongst staff (please refer to Bonus Schedule for detailed monthly figures).</p> <p>Estimated at a total of \$1,106.00 per year on 32 Move Ins. (Move ins are being paid at \$25.00 to Office staff and split amongst them and \$10.00 to Maintenance Staff and also split amongst them).</p> <p>Estimated at a total of \$6,408.00 per year for 142 Renewals.</p> <p>(Renewals are being paid at \$35.00 to Office staff and split amongst them and \$10.00 to Maintenance Staff and also split amongst them).</p> <p>During the month of December funds have been allocated per employee for Christmas and gift certificates. Total amount of Holiday bonus for property: \$1,500.00.</p> <p>During the month of April funds have been allocated for performance bonuses. Total amount of performance bonus for property: \$5,150.00.</p>
520000.0	HEALTH INSURANCE	18,357	<p>Health insurance cost is \$3,732.00 per employee per month. This amount covers for the Property employees.</p>
530000.0	MANDATED BENEFITS	29,414	<p>Mandated benefits at an average of 11% for clerical category and 18% for maintenance. Mandated benefits include EZ Labor fee, Medicare, Fica, Suta, Worker's Compensation and administrative fee for CoAdvantage.</p>
550000.0	ELECTRICITY	26,282	<p>Based on annualized amount. Includes a 3% increase.</p>
550200.0	ELECTRICITY - VACANT	1,684	<p>Based on actual YTD up to September, Includes a 3% increase.</p>
552000.0	TELEPHONE	6,446	<p>Five (5) phone lines out of which four (4) are designated for the office and one for the front gate intercom.</p> <p>Comcast services our Internet.</p> <p>In addition we have allocated \$150.00 per month to cover the cell phone expense for three employees of the Property Manager, Maintenance Supervisor and Maintenance Assistant.</p> <p>\$150.00 x 12 = \$1,800.00.</p>
552500.0	ANSWERING SERVICE	1,008	<p>Allocated for after hours answering service, paid to National Answering Service. Annual amount is \$1,008.00.</p>

553000.0	WASTE	36,637	Based on monthly expenses, includes a 5% increase for 2018.
553500.0	RECYCLING	889	Based on monthly expenses includes a 5% increase for 2018.
555000.0	WATER	111,606	Based on annualized including a 6% increase. A projected 30% savings was calculated as of May 2019 based on installing the AquaMlzer product in March 2019 for Water Savings.
556000.0	SEWER	152,329	Based on annualized including a 6% increase. A projected 30% savings was calculated as of May 2019 based on installing the AquaMlzer product in March 2019 for Sewer Savings.
571500.2	BEEPERS & RADIOS - CONTRACT	157	Allocated for beeper for Maintenance Supervisor to be on call for emergencies. This includes a \$0.50 increase.
572500.2	CLEANING - BUILDING	22,500	Cleaning Company for 30 hour per week to clean the common areas and community room,
573500.2	EXTERMINATING - CONTRACT	7,950	All 4 Pest Control services a third of the property each month. Service includes baiting for ants and roaches. Each unit is serviced quarterly. Annual amount is \$6,042.00 Rodent Control with All 4 Pest Control for 16 bait stations (2 per building). Annual amount is \$1,908.00.
574000.2	FIRE ALARM - CONTRACT	3,164	Checkmate is our Alarm monitoring company for all 8 buildings clubhouse and burglary alarm. To be paid quarterly in the months of March, June, September and December. Annual amount is \$1,208.40. Checkmate to perform the annual inspection and test the Fire Alarm system. This is performed annually in the month of January. This includes an increase for 2018. Annual amount is \$1,955.70.
574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	4,415	The annual certification is performed by Ambassador Fire and Safety Equipment. There are a total of 244 fire extinguishers and 14 dry chemicals which need there 6 year test and need to be recertified, plus 7 fire extinguishers of dry for recharges if necessary. This is allocated in the month of September for a total amount of \$2,895.92 All Fire Services performs the annual inspection for the fire sprinklers for all 8 buildings. This is allocated in the month of October for the amount of \$1,000.00. Backflow Preventer performs the Domestic Backflow testing and certification done in the month of October for \$519.00
575500.2	LAKE MAINTENANCE	5,950	Clean the lake three times in the year with Rubio Landscaping in the months of January, May and September. Annual amount is \$2,250.00. Rubio to clean the north end of the property to make easy to access the storm drain twice a year in the month of May and September for an annual amount of \$1200.00. We allocated \$2,500.00 in January for the Iguana Control, this is necessary due to the Iguanas are eating the plants and damaging the club house and other areas.

576000.2	LANDSCAPING - SERVICE	59,850	<p>One Two Tree to fertilize all trees and Palms twice a year in the months of March and September; annual amount is \$5,600.00.</p> <p>One Two Tree performs twice a year in the months of March and September the fire ant treatment \$1,200.00.</p> <p>One Two Tree Root drenching sabal palms, coconut palms, Gumbo Limbos perform the White Fly Treatment once a year in the month of October \$2,850.00.</p> <p>One Two Tree Fertilization program. Annual amount is \$12,000.00</p> <p>Palm Tree and tree trimming done by Steve's Tree Trimming once a year during the month of March Annual Amount is \$15,950.00.</p> <p>Rubio Landscaping We have allocated a monthly amount for the keeping of any flower replacement throughout the property entrance and round about by the monument wall for \$1,200.00.</p> <p>Rubio Landscaping to install several different plants throughout all of the buildings done once yearly in the month of May; \$2,500.00.</p> <p>Rubio Landscaping to install seasonal flowers done twice a year in the months of March and November; \$2,600.00. Rubio Landscaping to install mulch throughout the entire property in the month of November \$10,000 and a touch up in the month of March \$5,000.00 for a total of \$15,000.00</p> <p>Rubio Landscaping to remove and install 4 new plants inside the pool area for a total cost of \$950.00 to be done in the month of February.</p>
576500.2	LAWN SERVICE - CONTRACT	31,032	<p>Monthly Lawn Service with Rubio Landscaping includes 2 cuts in the months of January - December. This includes an increase for 2017 in the amount of \$27,732.00.</p> <p>There will be an additional cut in the summertime during the months of June, July and August done by Rubio Landscaping \$3,300.00.</p>
577500.2	POOL - CONTRACT	4,884	<p>American Pool Service performs pool maintenance 3 times a week on Mondays, Wednesdays and Fridays at a rate of \$407.00 per month.</p>
578200.2	TERMITE WARRANTY RENEWAL	2,475	<p>We have allocated in the month of February \$2,475.00 to Renew the Sentricon around all buildings including the clubhouse to treat for subterranean termites renewal service done by Home Paramount.</p>
578500.2	TRASH COMPACTOR - CONTRACT	4,808	<p>Waste compactor rental and maintenance with Republic Service, total annual cost is \$3,907.68</p> <p>Ecolo Odor Control will be sanitizing the Trash Compactor to be done twice a year in January and July \$900.00</p>
582000.2	CABLE TV	585	<p>This amount is to pay Comcast cable for cable in the gym an the clubhouse on a monthly basis.</p>

582500.2	COURTESY PERSONNEL	41,499	<p>We have budgeted to change contracts with TennState Protective Solutions, LLC. The hourly rate is \$14.50 per hour.</p> <p>The hours are from 9:00 pm to 6:00 am Friday through Sunday for 9 hours per day.</p> <p>The hours are from 10:00 pm to 5:00 am Monday through Thursday for 7 hours per day.</p> <p>The following holidays are included at an hourly overtime rate of \$21.75 per hour:</p> <p>New Years Day / Martin Luther King Day / President's Day / Memorial Day / Independence Day / Labor Day / Thanksgiving Day / Christmas Day</p>
583000.2	COMPUTER MAINTENANCE - CONTRACT	7,865	<p>We have allocated a yearly fee to IT Computer Service Hugh McCallum \$1,380.00</p> <p>We have allocated for Real Page Resident Portal in the month of February the amount of \$ 471.20</p> <p>We have allocated for Real Page online Payments in the month of February the amount of \$494.00.</p> <p>We have allocated for Insurance Software Certificate in the month of January \$48.00</p> <p>We have allocated for the OneSite software license renewal during the month of February \$4,031.42</p> <p>We have allocated an annual amount towards Budget Builders software program during the month of October \$350.00</p> <p>We have allocated a yearly amount for NDSI IT support and AT&T and Bellsouth for a total of \$ 1,027.32</p> <p>We have allocated for Private Cloud yearly fee for a total of \$63.48</p>
583500.2	COPIER MAINTENANCE - CONTRACT	720	Allocated for the quarterly service on the new copy machine.
600000.3	HVAC - SUPPLIES	8,453	Allocated to purchase A/C filters, thermostats, Freon, repairs and regular maintenance of the appliances and the A/C's. This amount is based on annualized plus a 2% increase.
603000.4	ALARM - REPAIRS	338	Allocated for the alarm repairs as needed
604000.3	APPLIANCES - SUPPLIES	7,731	Allocated for appliance supplies such as: refrigerator parts, dishwasher parts, washer and dryer parts and etc.
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	6,146	Allocated for supplies such as door locks, privacy locks, weather-strips, etc. Also for items in common areas and turnover units.
610000.4	BUILDING IMPROVEMENTS - REPAIRS	1,171	For any improvement repair around the property such as fence or doors.
612500.0	BUILDING LABOR	3,480	Allocated for a Maintenance Supervisor to perform quarterly inspections, organize and any tax credit annual inspection with maintenance and cover for vacation for maintenance supervisor..

622500.2	CLEANING - SERVICE	13,516	<p>We have allocated monies to clean vacant units. Due to the age of the building we are using an outside vendor to clean the vacant units to be able to use the staff on service request and cleaning of the outside property, we budgeting to clean all the vacant units.</p> <p>Deco and More will be cleaning the grout for the leasing office for \$ 600.00 in the month of May.</p> <p>Allocated \$3,700.00 for Deco and More to clean all side walks and common areas during the month of November.</p> <p>Allocated \$2,856.00 to clean all of the buildings gutters and downspout in April prior to raining season.</p> <p>Allocated \$3,200 for All State to pressure clean and seal bricks inside the pool area and the roundabout in front of the office.</p>
622500.3	CLEANING - SUPPLIES	2,879	Based on annualized allocated amount to purchase cleaning product to clean vacant units and common areas.
630000.3	ELECTRICAL - SUPPLIES	6,213	Allocated for minor replacements or items such as light bulbs, fixtures, emergency lighting and any other electrical supplies needed within units, breezeways as well as common areas.
630000.4	ELECTRICAL - REPAIRS	2,808	Allocated for electrical repairs from outside vendors.
635000.2	EXTERMINATING	842	We proposed to have 1 unit treated for bed bugs, if needed.
635000.3	EXTERMINATING - SUPPLIES	150	We budgeted an amount to purchase items such as snake and duck repellent.
635200.2	TERMITE TREATMENT	729	Allocated for any subterranean termite not included in the warranty.
635500.4	FIRE ALARM - REPAIRS	500	This amount has been allocated for any repairs that may be necessary for the alarms on the property in case of power failure or any other emergencies that may occur.
636000.4	FIRE EQUIP MAINTENANCE - REPAIRS	2,604	Amount allocated for any repairs that may be necessary for Fire Equipment on the property needed after inspection.
636700.0	ENTRY SYSTEM	671	Allocated a monthly amount to send a technician out for repairs of the entry gate system due to circumstances we have had in the past year for the tele-entry box or the barrier arm.
636800.0	GOLF CARTS	1,800	Allocated a monthly amount for any repairs necessary for 3 golf carts such as batteries and also tire replacement.
637000.2	LANDSCAPING	2,520	Allocated to do repairs to the sprinklers system
642500.2	PAINTING - SERVICE	8,216	Allocated to paint vacant units using Deco and More. We are budgeting to paint all the vacant units.
642500.3	PAINTING - SUPPLIES	5,703	Allocated to purchase painting supplies used to paint vacant units after move-outs and during the renewal process. Paint for touch up on the buildings in case of graffiti or any damages to exterior paint.
647500.3	PLUMBING - SUPPLIES	4,609	Allocated for any replacements of parts such as: faucets, flappers, sink/tub drain plugs, toilet seats etc., or any supplies needed to be ordered for emergency purposes.
647500.4	PLUMBING - REPAIRS	600	<p>This amount has been allocated for any necessary plumbing repairs. Most plumbing issues are repaired by onsite maintenance.</p> <p>Also allocated for any necessary repairs due to storm water license renewal.</p>

650000.3	POOL - SUPPLIES	3,089	Allocated to purchase 4 filter cartridges, life ring and rope twice during the year in the months of March and September. We have also allocated monies to purchase any other pool supplies needed throughout the year.
650000.4	POOL - REPAIRS	1,200	Allocated monies to repair items to pool equipment.
652500.4	ROOF - REPAIRS	3,000	We have allocated during raining season in the months of July to October 3 roof leaks at an average of \$800.00 per repair.
660000.3	WINDOW - SUPPLIES	959	Allocated to replace damaged window screens, safety locks and window balances as needed on all buildings and clubhouse.
660000.4	WINDOW - REPAIRS	600	This amount has been allocated for any repairs we may need such as replacements of broken window glass.
661000.0	CAMERA SURVEILLANCE	4,995	Allocated \$2,774.20 to replace 3 PTZ cameras replacement of camera in the pool area and replacement of camera in the entrance. Also allocated extra monies for repairs as needed.
662500.0	SIGNS	431	Allocated a monthly amount for replacements of any signs needed at the property.
665000.0	UNIFORMS	1,800	The cost of employee uniforms is at a total of \$150.00 per employee twice a year in April and October, we have a total of 6 employees.
667500.2	WASHER/DRYER SERVICE	21,600	Washer and Dryers contract Service with Appliances warehouse to service the equipments as necessary.
670000.0	MISCELLANEOUS REPAIRS & MAINTENANCE	(0)	
690000.0	ENTRY & ACCESS PARKING CARDS	1,454	Allocated for entry access cards and parking decals.
740000.0	GENERAL INSURANCE	144,067	Information provided by Yoly Lopez.
755000.0	MANAGEMENT FEES	124,212	Based on 5% of the Total Rent Income budget projections.
755500.0	ASSET MANAGEMENT FEES	5,496	Based on Management fees paid to Alliant.
760000.0	AUTO/MILEAGE EXPENSE	494	Gas allowance for Manager, Assistance Manager and Maintenance Supervisor to go the post office, store, seminars, etc.
762500.0	DUES & SUBSCRIPTIONS	155	Dues for Magazines subscriptions as per LURA. Allocated throughout the year to purchase 5 magazine.
767500.0	LICENSES	690	Division of Hotel and Restaurants - Occupational License \$180.00 paid in the month of November. City of Hollywood - Local Business tax \$510.00 paid in the month of August.
768000.0	PERMITS	325	Broward County Health Department - Pool Permit \$325.00 paid in the month of June.

770500.0	MARKETING	6,791	<p>Allocated monthly allowance of \$100.00 for business cards, post cards, thank you cards, etc. = \$1,200.00</p> <p>Lease Star, Lease Star Tracking and Lease Star Website for \$2,630.00</p> <p>Leasing Director to train and monitor the performance of Lease Star, support s property web site and updates pictures, rents and marketing materials \$1,092.00</p> <p>Flag Replacement three times a year in the months of March, September and November for \$450.00 x 3 = \$1,350.00.</p> <p>Allocated for Illustratus Resident News Letters in the amount of \$519.00.</p>
771000.0	FITNESS/SPA EXPENSE	1,200	<p>Allocated \$1,200.00 in the month of January for preventative maintenance on gym equipment quarterly with Commercial Fitness. This amount is also allocated for any necessary repairs through the year.</p>
771500.0	RESIDENT ACTIVITIES	3,705	<p>A monthly amount is allocated for all required Resident Activities mandated by LURA and any property related activities such as Holidays, Crime Watch, Financial activities, YMCA Swimming Lessons, etc.</p> <p>An additional amount has been allocated in the following months:</p> <p>Easter activity supplies / Purchase book and gift certificates for the book program / Mother's Day / Father's Day Raffle / Back to school supplies / Celebrate the properties anniversary / YMCA for Swimming lessons / Thanksgiving Raffle / Christmas</p>
772500.0	ACCOUNTING FEES	11,830	<p>Allocated in the month of March for the audit of financial statements and tax return preparation paid to Reznick.</p>
773000.0	AUDIT FEES	500	<p>Audit fees payable to Preferred Compliance in the amount of \$500.00 payable in the month of June.</p>
775000.0	EVICTION FEES	500	<p>Amount is it is allocated for any evictions service within the next twelve months.</p>
776000.0	LEGAL FEES	400	<p>Allocated monies to prepare letters to residents, if necessary.</p>
776500.0	SEMINAR & TRAINING PROGRAM	2,220	<p>Allocated \$185.00 per month for seminars for employees. One site refresher seminars, leasing and tax credit seminars and Fair Housing.</p>
780000.0	POSTAGE, COURIER & DELIVERY	2,357	<p>Allocated for the purchase of stamps, certified mailings, over night packages and courier services for the delivery of weekly packages to the main office.</p>
785000.0	OFFICE SUPPLIES	4,965	<p>Allocated a monthly amount for office supplies.</p> <p>Office expense to purchase Bank Checks during February in the amount of \$470.17.</p>
786000.0	OFFICE EXPENSE	3,000	<p>This amount is allocated for Crystalline Cooler water rental and coffee, sugar and paper goods based on annualized amounts.</p> <p>Allocated \$54.95 to pay monthly fees for Handytract Key system.</p>
787500.0	LEASING & RENTING EXPENSE	158	<p>This amount is based on annualized.</p>
788000.0	CREDIT REPORTS	1,504	<p>We use Real Page for credit and criminal background reports on new applicants. Credit reports are \$20.00 per applicant and we run 2 credit reports per application.</p>
792500.0	MISCELLANEOUS OPERATING EXPENSE	750	<p>Allocated for any miscellaneous item</p>

910000.0	RESERVE	63,050	This amount is based on the new HUD amount required deducted monthly, Based on \$331.84 per unit per year.
901500.0	PROFESSIONAL FEES	600	Payment to matern for utility study letter.
920000.0	REPLACEMENTS - A/C & APPLIANCE	25,200	This amount is allocated based on annualized to replace the following: 12 A/C Compressor 20 water heaters 8 A/C Coils 8 Refrigerators 4 Stoves
920200.0	REPLACEMENTS - COUNTER & CABINETS	5,400	Allocated for any necessary replacements.
920400.0	REPLACEMENTS - OTHER	1,975	February: We have proposed \$1,161.00 to place 3 new umbrellas for the picnic tables and 2 Vases for the pool area \$813.18
925300.0	IMPROVEMENTS - ROOF	3,500	Allocated for any necessary roof repair
925700.0	IMPROVEMENTS - REPAIRS & REFINISHING	21,000	Proposed to replace bathtubs as needed.
930900.0	IMPROVEMENTS - PLUMBING/FLAPPERS	45,720	Propossed to install the AquaMlzer product in March 2019 for Water/Sewer Savings.
931100.0	IMPROVEMENTS - OFFICE	7,415	Allocated to purchase a new Estudio 2505 Copy machine with Toshiba.
931300.0	IMPROVEMENTS - CLUBHOUSE	3,655	Proposed to replace the garbage by the mailbox area and one in the pool area. \$ 3,655.00
932000.0	IMPROVEMENTS - SIDEWALKS	3,955	March: Proposed to repair the sidewalk on 14 different areas.
932100.0	IMPROVEMENTS - PLAYGROUND	17,091	February: Allocated to purchase 2 benches for the playground area. \$3,677.17 April Allocation \$13,414.00 to replace the playground equipment including taxes.
945000.0	HOMEOWNERSHIP INCENTIVE	25,000	Allocated for residents participate in our Home Ownership Incentive Program. Based on half of the annualized amount.
800000.0	INTEREST EXPENSE-ARCS	286,691	Information provided by Yoly Lopez.
800600.0	MORTGAGE INSURANCE	21,052	Information provided by Yoly Lopez.
801500.1	PRINCIPAL REDUCTION	134,659	Information provided by Yoly Lopez.
870000.0	INTEREST INCOME - OTHER	(479)	Based on Annualized amount.

Crystal Lake Townhouses

2700 North 24th Avenue

Hollywood, Fl. 33020

Telephone: (954) 920-2620

2019 BUDGET & SUPPORTING SCHEDULES

PROPERTY: Crystal Lake Townhouses

NO. OF UNITS: 10 UNITS

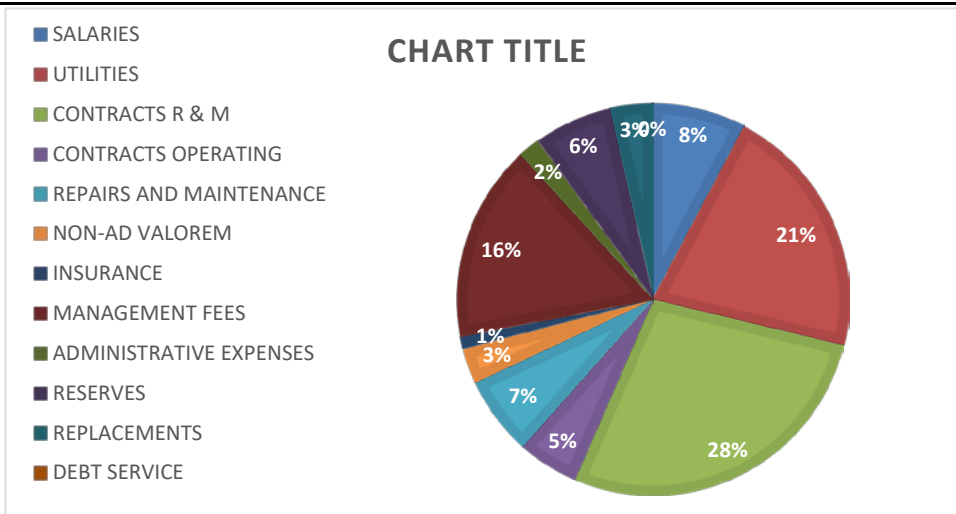
TOTAL SQUARE FOOTAGE: 14708 SQ. FT.

FINAL COPY

BUDGET SUMMARY

2019

CATEGORY	YEAR	\$/SF	\$/UNIT/YR
INCOME			
RENTAL INCOME	\$ 186,000	\$ 12.65	\$ 18,600
RENTAL ADJUSTMENTS	(930)	-0.06	(93.00)
OTHER INCOME	2,827	0.19	282.72
TOTAL RENTAL INCOME	\$ 187,897	\$ 12.78	\$ 18,790
TOTAL INCOME	\$ 187,897	\$ 12.78	\$ 18,790
OPERATING EXPENSES			
SALARIES	\$ 5,685	\$ 0.39	\$ 568
UTILITIES	15,563	1.06	1,556.34
CONTRACTS R & M	20,510	1.39	2,051.02
CONTRACTS OPERATING	3,744	0.25	374.38
REPAIRS AND MAINTENANCE	4,828	0.33	482.84
NON-AD VALOREM	2,131	0.14	213.12
INSURANCE	744	0.05	74.40
MANAGEMENT FEES	12,000	0.82	1,200.00
ADMINISTRATIVE EXPENSES	1,350	0.09	134.99
RESERVES	4,800	0.33	480.00
REPLACEMENTS	2,561	0.17	256.10
TOTAL OPERATING EXPENSES	\$ 73,916	\$ 5.03	\$ 7,392
NET OPERATING INCOME	\$ 113,981	\$ 7.75	\$ 11,398
INTEREST			
DEBT SERVICE	0	0.00	-
TOTAL INTEREST	\$ -	\$ -	\$ -
NET CASH FLOW	\$ 113,981	\$ 7.75	\$ 11,398



BUDGET SUMMARY COMPARISON**2018 2019 2019 VS 2018**

CATEGORY	YEAR	YEAR	VARIANCE
INCOME			
RENTAL INCOME	\$ 180,000	\$ 186,000	\$ 6,000
RENTAL ADJUSTMENTS	-	(930)	(930)
OTHER INCOME	1,924	2,827	903
TOTAL RENTAL INCOME	\$ 181,924	\$ 187,897	\$ 5,973
TOTAL INCOME	\$ 181,924	\$ 187,897	\$ 5,973
OPERATING EXPENSES			
SALARIES	\$ 6,208	\$ 5,685	\$ (524)
UTILITIES	11,310	15,563	4,253
CONTRACTS R & M	25,888	20,510	(5,378)
CONTRACTS OPERATING	3,766	3,744	(22)
REPAIRS AND MAINTENANCE	6,993	4,828	(2,164)
NON-AD VALOREM	2,131	2,131	-
INSURANCE	738	744	6
MANAGEMENT FEES	12,000	12,000	-
ADMINISTRATIVE EXPENSES	3,300	1,350	(1,950)
RESERVES	4,800	4,800	-
REPLACEMENTS	930	2,561	1,631
TOTAL OPERATING EXPENSES	\$ 78,064	\$ 73,916	\$ (4,148)
NET OPERATING INCOME	\$ 103,860	\$ 113,981	\$ 10,121
INTEREST			
DEBT SERVICE	-	-	-
TOTAL INTEREST	\$ -	\$ -	\$ -
NET CASH FLOW	\$ 103,860	\$ 113,981	\$ 10,121

RENEWAL RENTS

MONTH OF SCHEDULED INCREASE:

INCREASE 1 - **2019**

TOTAL OF UNITS: **10**

CURRENT RENT: **\$15,000**

INCREASED RENT: **\$15,500**

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT		INCREASE 1 -		
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE	NEW MONTHLY RENT
2/2.5 TH	1373	\$1,400	\$1.02	3	\$4,200	\$ 50.00	\$1,450	3.57%	\$4,350
2/2.5 THLK	1373	\$1,500	\$1.09	1	\$1,500	\$ 50.00	\$1,550	3.33%	\$1,550
3/2.5 TH	1536	\$1,550	\$1.01	6	\$9,300	\$ 50.00	\$1,600	3.23%	\$9,600

Total SQFT 14708 \$556 Total \$15,000 \$575.00 Total \$15,500

MARKET RENT ON MOVE INS

MONTH OF SCHEDULED INCREASE:

INCREASE 1 - **2019**

TOTAL OF UNITS: **10**

CURRENT RENT: **\$15,000**

INCREASED RENT: **\$15,500**

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT		INCREASE 1 -		
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE	NEW MONTHLY RENT
2/2.5 TH	1373	\$1,400	\$1.02	3	\$4,200	\$ 50.00	\$1,450	3.57%	\$4,350
2/2.5 THLK	1373	\$1,500	\$1.09	1	\$1,500	\$ 50.00	\$1,550	3.33%	\$1,550
3/2.5 TH	1536	\$1,550	\$1.01	6	\$9,300	\$ 50.00	\$1,600	3.23%	\$9,600

Total SQFT 14708 \$556 Total \$15,000 0 \$575.00 Total \$15,500

MONTHLY LOSS TO LEASE **\$0** **\$0**

DIFFERENCE ON AVERAGE RENT **\$0.00** **\$0.00**

Performance Bonuses Schedule

Year 2019

<u>Employee Name</u>	<u>Employee Title</u>
Cristina Paige	Property Manager
Cynthia Barr	Assistant Manager
Maria Belda	Leasing Consultant
Gustavo Rodriguez	Maintenance
Open Position	Maintenance
Darisel Perez	Janitor

Month	Employee: Cristina Paige Title: Property Manager			Employee: Cynthia Barr Title: Assistant Manager			Employee: Maria Belda Title: Leasing Consultant			Holiday Year End Activities	
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals		
Jan	-	-	-	-	-	-	-	-	-	Cristina Paige	-
Feb	-	0.83	10.50	-	0.83	10.50	-	0.83	10.50	Cynthia Barr	-
Mar	-	-	-	-	-	-	-	-	-	Maria Belda	-
Apr	-	-	-	-	-	-	-	-	-	Gustavo Rodriguez	-
May	-	-	-	-	-	-	-	-	-	Open Position	-
Jun	-	-	-	-	-	-	-	-	-	Darisel Perez	-
Jul	-	4.17	52.50	-	4.17	52.50	-	4.17	52.50		
Aug	-	0.83	10.50	-	0.83	10.50	-	0.83	10.50		
Sep	-	0.83	10.50	-	0.83	10.50	-	0.83	10.50		
Oct	-	0.83	10.50	-	0.83	10.50	-	0.83	10.50		
Nov	-	-	-	-	-	-	-	-	-		
Dec	-	0.83	10.50	-	0.83	10.50	-	0.83	10.50		
Total	\$ -	\$ 8.33	\$ 105.00	\$ -	\$ 8.33	\$ 105.00	\$ -	\$ 8.33	\$ 105.00		\$ -

Month	Employee: Gustavo Rodriguez Title: Maintenance			Employee: Open Position Title: Maintenance			Employee: Darisel Perez Title: Janitor		
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals
Jan	-	-	-	-	-	-	-	-	-
Feb	-	0.33	3.00	-	0.33	3.00	-	0.33	3.00
Mar	-	-	-	-	-	-	-	-	-
Apr	-	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-	-
Jun	-	-	-	-	-	-	-	-	-
Jul	-	1.67	15.00	-	1.67	15.00	-	1.67	15.00
Aug	-	0.33	3.00	-	0.33	3.00	-	0.33	3.00
Sep	-	0.33	3.00	-	0.33	3.00	-	0.33	3.00
Oct	-	0.33	3.00	-	0.33	3.00	-	0.33	3.00
Nov	-	-	-	-	-	-	-	-	-
Dec	-	0.33	3.00	-	0.33	3.00	-	0.33	3.00
Total	\$ -	\$ 3.33	\$ 30.00	\$ -	\$ 3.33	\$ 30.00	\$ -	\$ 3.33	\$ 30.00

TOTALS		Monthly Totals	
Occupancy & Delinquency	-	Jan	-
Move-Ins	35.00	Feb	44.00
Renewals	405.00	Mar	-
Holiday	-	Apr	-
	<u>\$ 440.00</u>	May	-
		Jun	-
		Jul	220.00
		Aug	44.00
		Sep	44.00
		Oct	44.00
		Nov	-
		Dec	44.00
			<u>\$ 440.00</u>
			<u>\$ -</u>
			<u>\$ 440.00</u>

SCHEDULE A-1

Move-Ins

Move-Outs

Renewals

Year	Month	Out	In	Renew
2019	Jan	0	0	0
2019	Feb	0	0	1
2019	Mar	0	0	0
2019	Apr	0	0	0
2019	May	0	0	0
2019	Jun	0	0	0
2019	Jul	1	1	5
2019	Aug	0	0	1
2019	Sep	0	0	1
2019	Oct	0	0	1
2019	Nov	0	0	0
2019	Dec	0	0	1
TOTAL		1	1	9

Move Ins	1	Renewal Rate
Renewals	9	
Vacant Units at beginning of period	0	90%
TOTAL	10	

Year	Month	In	Cumulative	Concession \$
2019	Jan	0	0	\$ -
2019	Feb	0	0	\$ -
2019	Mar	0	0	\$ -
2019	Apr	0	0	\$ -
2019	May	0	0	\$ -
2019	Jun	0	0	\$ -
2019	Jul	1	1	\$ -
2019	Aug	0	1	\$ -
2019	Sep	0	1	\$ -
2019	Oct	0	1	\$ -
2019	Nov	0	1	\$ -
2019	Dec	0	1	\$ -
Total		1	1	\$ -

Crystal Lakes
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
740000.0 GENERAL INSURANCE	\$ 62	62	62	62	62	62	62	62	62	62	62	62	\$ 744
TOTAL INSURANCE	\$ 62	62	62	62	62	62	62	62	62	62	62	62	\$ 744
755000.0 MANAGEMENT FEES	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	\$ 12,000
TOTAL MANAGEMENT FEES	\$ 1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	\$ 12,000
767500.0 LICENSES	0	0	0	0	0	0	0	610	0	125	0	0	735
768000.0 PERMITS	0	0	0	0	175	0	0	0	0	0	0	0	175
771500.0 RESIDENT ACTIVITIES	25	25	25	25	25	25	25	25	25	25	25	25	300
773000.0 AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	-
785000.0 OFFICE SUPPLIES	100	0	0	0	0	0	0	0	0	0	0	0	100
788000.0 CREDIT REPORTS	0	4	0	0	0	0	20	4	4	4	0	4	40
TOTAL ADMINISTRATIVE EXPENSES	\$ 125	29	25	25	200	25	45	639	29	154	25	29	\$ 1,350
910000.0 RESERVE REPLACEMENT	\$ 400	400	400	400	400	400	400	400	400	400	400	400	\$ 4,800
TOTAL RESERVE	400	400	400	400	400	400	400	400	400	400	400	400	\$ 4,800
920000.0 REPLACEMENTS - A/C & APPLIANCE	171	171	171	171	171	171	171	171	171	171	171	171	2,047
920400.0 REPLACEMENTS - OTHER	43	43	43	43	43	43	43	43	43	43	43	43	514
TOTAL REPLACEMENTS	213	213	213	213	213	213	213	213	213	213	213	213	\$ 2,561
TOTAL OPERATING EXPENSES	5,562	4,994	10,149	5,134	5,471	5,237	6,413	5,844	5,294	7,533	7,114	5,171	73,916
NET OPERATING INCOME	10,082	10,667	5,495	10,510	10,173	10,407	9,316	9,817	10,367	8,128	8,530	10,489	113,981
CONTROLLABLE NOI	10,082	10,667	5,495	10,510	10,173	10,407	9,316	9,817	10,367	8,128	8,530	10,489	113,981
NET CASH	10,082	10,667	5,495	10,510	10,173	10,407	9,316	9,817	10,367	8,128	8,530	10,489	113,981

CRYSTAL LAKE TOWNHOUSES
ACCOUNT FOOTNOTES

2019

GL ACCT	DESCRIPTION	ANNUAL	DESCRIPTION
400000.0	GROSS RENTAL APARTMENTS INCOME	186,000	Gross rent as shown on rent schedule.
410500.0	VACANCY LOSS - RENTED	(930)	Based on a 0.50% Vacancy Loss Rented
453500.0	APPLICATION FEES	170	Application fee is \$85.00 per applicant. Based on 1 move in with 2 applicants per unit.
454500.0	LATE FEES	2,657	Based on annualized.
			Late fee charges are as follows:
			On the 6th = \$ 150.00
			On the 11th = \$ 175.00
			On the 16th = \$ 200.00
500000.0	SALARIES - MANAGER	1,958	Amount is based on 5% of total Salary from Manager at Crystal Lake Apartments. Salary reflects 4% increase effective as of May 2019.
503000.0	SALARIES - MAINTENANCE	2,286	Amount is based on 5% of total Salary from Maintenance Supervisor at Crystal Lake Apartments. Salary reflects 4% increase effective as of May 2019.
507000.0	BONUS	440	<u>This property pays only for the following bonus.</u> <u>Move in</u> and <u>Renewal</u> bonuses are based on the projected year's move in schedule and split amongst staff (please refer to <u>Bonus Schedule</u> for detail monthly figures). Estimated at a total of <u>\$35.00</u> per year on 1 <u>Move Ins</u> . (<u>Move ins</u> are being paid at <u>\$25.00</u> to Office staff and split amongst them and <u>\$10.00</u> to Maintenance Staff and also split amongst them). Estimated at a total of <u>\$405.00</u> per year for <u>9 Renewals</u> . (<u>Renewals</u> are being paid at \$35.00 to Office staff and split amongst them and <u>\$10.00</u> to Maintenance Staff and also split amongst them).
520000.0	HEALTH INSURANCE	375	Amount is based on a percentage based on two employees.
530000.0	MANDATED BENEFITS	627	Amount is based on a 5% of salary. Mandated benefit an average of 11% for clerical and 18% for maintenance. Mandated benefit including EZ Labor fees, Fica, Medicare, Futa, Suta, WC and administrative fees for Co-Advantage.
550000.0	ELECTRICITY	2,999	Based on annualized amount including 3% increase.
550200.0	ELECTRICITY - VACANT	19	Based on annualized amount including 3% increase.
553000.0	WASTE	9,281	Based on annualized including a 3 % increase projected. Effective as of January 2019.
553500.0	RECYCLING	2,606	Based on annualized including a 3 % increase projected, Effective January 2019.
555000.0	WATER	322	Based on annualized including a 6 % increase projected.
556000.0	SEWER	335	Based on annualized including a 6 % increase projected.
573500.2	EXTERMINATING - CONTRACT	721	All 4 Pest Control services all 10 units every three months. The contract includes baiting for ants and roaches. They also perform rodent control which includes 4 bait station.

CRYSTAL LAKE TOWNHOUSES
ACCOUNT FOOTNOTES

574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	223	<p>Ambassador Fire and Safety Equipment performs the annual inspection and recertification of 10 fire extinguishers and trip charge in the month of December for a total amount of \$50.36.</p> <p>We are also budgeting \$50.00 extra amount for any recharges if necessary in the month of December.</p> <p>American Allstate Backflow Specialist, NC. performs the backflow inspection in June \$123.00</p>
576000.2	LANDSCAPING - SERVICE	7,200	<p>One Two Tree perform the Royal Palm Bug Treatment in the month of July. Annual cost is \$ 350.00.</p> <p>Mulch installation throughout the entire property performed in the month of November for \$1,900.00 and seasonal flowers in front of monument wall, also mulch touch up and seasonal flowers to be done in the month of March for \$1,200.00 by Rubio Landscaping.</p> <p>Tree trimming throughout the property to be performed in the month of March by Steve's Tree Trimming for \$3,750.00. This includes all hardwood, royal palms, paurotis palms and fan palms.</p>
576500.2	LAWN SERVICE - CONTRACT	6,807	<p>Monthly Lawn service with Rubio Landscaping includes 2 cuts per month including trimming, hedging and weed for al total annual amount of \$4,662.00.</p> <p>There will be an additional cut in the summertime during the months of June, July and August for a total annual amount of \$555.00 for the three month.</p> <p>One-Two-Tree performs fertilization every other month. Annual amount is \$1,590.00.</p>
577500.2	POOL - CONTRACT	3,744	<p>American Pool Service performs pool maintenance twice a week on Mondays and Fridays for a monthly amount of \$312.00.</p> <p>Annual amount is \$3,744.00</p>
578200.2	TERMITE WARRANTY RENEWAL	1,815	<p>Evict a Bug provides the termite warranty for the buildings in the total of amount \$907.50 per building during the month of October; the structure is considered as two buildings.</p> <p>Annual amount is \$1,815.00</p>
582500.2	COURTESY PERSONNEL	3,444	<p>We have budgeted to change contracts with TennState Protective Solutions, LLC. The hourly rate is \$14.50 per hour.</p> <p>The hours are from 9:00 pm to 6:00 am Friday through Sunday for 9 hours per day.</p> <p>The hours are from 10:00 pm to 5:00 am Monday through Thursday for 7 hours per day.</p> <p>The following holidays are included at an hourly overtime rate of \$21.75 per hour:</p> <p>New Years Day / Martin Luther King Day / President's Day / Memorial Day / Independence Day / Labor Day / Thanksgiving</p>
583000.2	COMPUTER MAINTENANCE - CONTRACT	300	<p>We have allocated an annual amount towards Budget Builder software in October at \$300.00</p>

CRYSTAL LAKE TOWNHOUSES
ACCOUNT FOOTNOTES

600000.3	HVAC - SUPPLIES	357	Allocated to purchase A/C filters monthly, thermostats, Freon, repairs and regular maintenance of the appliances and the A/C's.
604000.3	APPLIANCES - SUPPLIES	760	Allocated for appliance supplies such as: refrigerator parts, dishwasher parts, washer and dryer parts and etc. Replacement of water heater filters every three month is also included on this account.
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	200	Allocated for supplies such as door locks, privacy locks, weather-strips, etc. Also for items in common areas and turnover units.
627500.3	DRAPERIES / VERTICAL - SUPPLIES	200	Allocated for any supplies needed for repairs of vertical blinds.
630000.3	ELECTRICAL - SUPPLIES	364	Allocated for minor replacements or items such as light bulbs, fixtures, emergency lighting, parking lights and any other electrical supplies needed within unit as well as common areas.
642500.2	PAINTING - SERVICE	320	Allocated to paint vacant units using Deco & More . We are budgeting to paint at least half of all of the vacant units.
642500.3	PAINTING - SUPPLIES	300	This amount is an annualized amount that is allocated to purchase painting supplies used to paint vacant units after move-outs and also Paint for touch up on the buildings in case of graffiti or any damages to exterior paint. Also allocated to paint the garage doors on each unit.
647500.3	PLUMBING - SUPPLIES	300	This amount is use for any replacements of parts such as: faucets, flappers, sink/tub drain plugs, toilet seats etc., or any supplies needed to be ordered for emergency purposes.
647500.4	PLUMBING - REPAIRS	250	This amount has been allocated for any necessary plumbing repairs. Most plumbing issues are repaired by onsite maintenance.
650000.3	POOL - SUPPLIES	1,198	Allocated to purchase 4 filters cartridges twice a year for an annual total amount of \$499.00 We have also allocated to purchase a life ring and throw rope for a total annual amount of \$200.00
660000.3	WINDOW - SUPPLIES	300	Allocated to replace damaged window screens, safety locks and window balances as needed in all units.
660000.4	WINDOW - REPAIRS	280	Allocated to repair any window damage.

CRYSTAL LAKE TOWNHOUSES
ACCOUNT FOOTNOTES

700000.0	NON AD VALOREM	2,131	Based on amount paid last year in the month of November . Non Ad Valorem.
740000.0	GENERAL INSURANCE	744	Information provided by Yoly Lopez.
755000.0	MANAGEMENT FEES	12,000	Based on \$1,000.00 Monthly Flat Rate.
767500.0	LICENSES	735	Division of Hotel and Restaurant - \$125.00 Occupational License paid in the month of October
768000.0	PERMITS	175	Local Business Tax \$610.00 to be paid in August . Broward County Health Department - Pool Permit \$175.00 paid in the month of May .
771500.0	RESIDENT ACTIVITIES	300	Allocated for Residents Activities expenses.
785000.0	OFFICE SUPPLIES	100	Allocated funds to purchase checks.
788000.0	CREDIT REPORTS	40	We use Real Page for credit and criminal background reports on new applicants. Credit reports are \$20.00 per applicant and we run 2 credit reports per application .
910000.0	RESERVE	4,800	Allocated \$480.00 per unit as requested.
920000.0	REPLACEMENTS - A/C & APPLIANCE	2,047	Amount allocated to replace the following: 1 Water Heaters at \$620.00 = \$620.00 3 Microwaves at \$180.00 x 3 = \$540.00 1 Washer and Dryer at \$440.75= \$440.75 1 Stove at \$446.13 = \$446.13
920400.0	REPLACEMENTS - OTHER	514	Amount allocated to purchase closet door.

EAST VILLAGE
7447 NW 33rd STREET
Davie, FL 33024
Telephone: (954) 923-7118

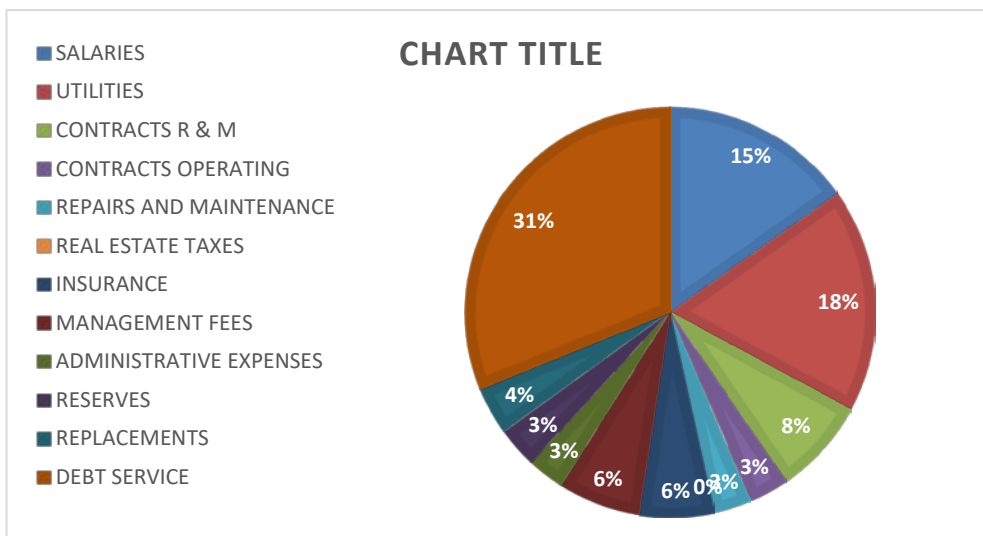
2019 BUDGET & SUPPORTING SCHEDULES

PROPERTY:	East Village
NO. OF UNITS:	155 UNITS
TOTAL SQUARE FOOTAGE:	169,974 SQ. FT.

Final Copy

BUDGET SUMMARY 2019

CATEGORY	YEAR	\$/SF	\$/UNIT/YR
INCOME			
RENTAL INCOME	\$ 1,810,208	\$ 10.65	\$ 11,679
RENTAL ADJUSTMENTS	(24,355.60)	(0.14)	(157.13)
OTHER INCOME	112,913.14	0.66	728.47
TOTAL RENTAL INCOME	\$ 1,898,766	\$ 11.17	\$ 12,250
TOTAL INCOME	\$ 1,898,766	\$ 11.17	\$ 12,250
OPERATING EXPENSES			
SALARIES	\$ 227,783	\$ 1.34	\$ 1,470
UTILITIES	266,564.40	1.57	1,719.77
CONTRACTS R & M	114,390.73	0.67	738.00
CONTRACTS OPERATING	46,777.01	0.28	301.79
REPAIRS AND MAINTENANCE	44,997.70	0.26	290.31
REAL ESTATE TAXES	-	-	-
INSURANCE	87,557.29	0.52	564.89
MANAGEMENT FEES	97,938.28	0.58	631.86
ADMINISTRATIVE EXPENSES	44,701.62	0.26	288.40
RESERVES	48,078.96	0.28	310.19
REPLACEMENTS	57,140.00	0.34	368.65
TOTAL OPERATING EXPENSES	\$ 1,035,929	\$ 6.09	\$ 6,683
NET OPERATING INCOME	\$ 862,836	\$ 5.08	\$ 5,567
INTEREST			
DEBT SERVICE	467,841.74	2.75	3,018.33
TOTAL INTEREST	\$ 467,842	\$ 2.75	\$ 3,018
NET CASH FLOW	\$ 394,995	\$ 2.32	\$ 2,548



BUDGET SUMMARY

2018 2019

2019 vs 2018

CATEGORY	YEAR	YEAR	VARIANCE
INCOME			
RENTAL INCOME	\$ 1,723,665.00	\$ 1,810,208	\$ 86,543
RENTAL ADJUSTMENTS	(28,948.94)	(24,355.60)	4,593.34
OTHER INCOME	114,433.14	112,913.14	(1,520.00)
TOTAL RENTAL INCOME	\$ 1,809,149.21	\$ 1,898,766	\$ 89,616
TOTAL INCOME	\$ 1,809,149.21	\$ 1,898,766	\$ 89,616
OPERATING EXPENSES			
SALARIES	\$ 213,810.17	\$ 227,783	\$ 13,973
UTILITIES	268,628.74	266,564.40	(2,064.34)
CONTRACTS R & M	112,385.50	114,390.73	2,005.23
CONTRACTS OPERATING	50,315.46	46,777.01	(3,538.45)
REPAIRS AND MAINTENANCE	49,891.17	44,997.70	(4,893.47)
REAL ESTATE TAXES	-	-	-
INSURANCE	87,493.04	87,557.29	64.25
MANAGEMENT FEES	93,457.46	97,938.28	4,480.82
ADMINISTRATIVE EXPENSES	43,311.20	44,701.62	1,390.42
RESERVES	49,661.00	48,078.96	(1,582.04)
REPLACEMENTS	39,953.75	57,140.00	17,186.25
TOTAL OPERATING EXPENSES	\$ 1,008,907.50	\$ 1,035,929	\$ 27,022
NET OPERATING INCOME	\$ 800,241.71	\$ 862,836	\$ 62,595
INTEREST			
DEBT SERVICE	467,887.25	467,841.74	(45.51)
TOTAL INTEREST	\$ 467,887.25	\$ 467,841.74	\$ (45.51)
NET CASH FLOW	\$ 332,354.46	\$ 394,994.52	\$ 62,640.07

PROPOSED INCREASED: **4%**

MONTH OF SCHEDULED INCREASE:

INCREASE 1 - **June 2019**

TOTAL OF UNITS: **155**

CURRENT RENT: **\$144,849**

INCREASED RENT: **\$153,005**

as of 6/1/2019

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT		INCREASE 1 -		
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE	NEW MONTHLY RENT
A-60%	553	\$837	\$1.514	4	\$3,348	\$ 44.00	\$ 881.00	5.26%	\$3,524
A-28%	553	\$363	\$0.656	2	\$726	\$ 15.00	\$ 378.00	4.13%	\$756
B-60%	1097	\$1,003	\$0.914	6	\$6,018	\$ 58.00	\$ 1,061.00	5.78%	\$6,366
B1-60%	1107	\$1,003	\$0.906	31	\$31,093	\$ 58.00	\$ 1,061.00	5.78%	\$32,891
B1-28%	1107	\$438	\$0.396	11	\$4,818	\$ 18.00	\$ 456.00	4.11%	\$5,016
B2-60%	960	\$1,003	\$1.045	30	\$30,090	\$ 58.00	\$ 1,061.00	5.78%	\$31,830
B2-28%	960	\$438	\$0.456	7	\$3,066	\$ 18.00	\$ 456.00	4.11%	\$3,192
B3-60%	979	\$1,003	\$1.025	8	\$8,024	\$ 58.00	\$ 1,061.00	5.78%	\$8,488
B3-28%	979	\$438	\$0.447	2	\$876	\$ 18.00	\$ 456.00	4.11%	\$912
C-60%	1250	\$1,160	\$0.928	27	\$31,320	\$ 68.00	\$ 1,228.00	5.86%	\$33,156
C-28%	1250	\$510	\$0.408	5	\$2,550	\$ 20.00	\$ 530.00	3.92%	\$2,650
C1-60%	1285	\$1,160	\$0.903	16	\$18,560	\$ 68.00	\$ 1,228.00	5.86%	\$19,648
C1_28%	1285	\$510	\$0.397	4	\$2,040	\$ 20.00	\$ 530.00	3.92%	\$2,120
C2-60%	1285	\$1,160	\$0.903	2	\$2,320	\$ 68.00	\$ 1,228.00	5.86%	\$2,456

Total SQFT 169,974

Total \$144,849

Total \$153,005

\$8,156

\$48,936.00

Performance Bonuses Schedule

Year 2019

Employee Name Employee Title

Yaritza Cedeño	Property Manager
TBD	Asistant Manager
Juan Franco	Maintenance Super
Pedro Ravelo	Maintenance
Isora Manejias	Janitor

Month	Employee: Yaritza Cedeño Title: On Site Manager			Employee: TBD Title: Asistant Manager		
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals
Jan	300.00	18.75	271.25	100.00	18.75	271.25
Feb	300.00	15.00	206.50	100.00	15.00	206.50
Mar	300.00	16.25	222.25	100.00	16.25	222.25
Apr	300.00	17.50	255.50	100.00	17.50	255.50
May	300.00	10.00	143.50	100.00	10.00	143.50
Jun	300.00	18.75	271.25	100.00	18.75	271.25
Jul	300.00	18.75	253.75	100.00	18.75	253.75
Aug	300.00	7.50	112.00	100.00	7.50	112.00
Sep	300.00	6.25	78.75	100.00	6.25	78.75
Oct	300.00	5.00	63.00	100.00	5.00	63.00
Nov	300.00	22.50	318.50	100.00	22.50	318.50
Dec	300.00	18.75	271.25	100.00	18.75	271.25
Total	\$ 3,600.00	\$ 175.00	\$ 2,467.50	\$ 1,200.00	\$ 175.00	\$ 2,467.50

Holiday Year	End Activities
Yaritza Cedeño	250.00
TBD	250.00
Juan Franco	250.00
Pedro Ravelo	250.00
Isora Manejias	250.00
	\$ 1,250.00

Employee: Juan Franco Title: Maintenance Super			Employee: Pedro Ravelo Title: Maintenance			Employee: Isora Manejias Title: Janitor		
Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals
-	5.00	51.67	-	5.00	51.67	-	5.00	51.67
-	4.00	39.33	-	4.00	39.33	-	4.00	39.33
-	4.33	42.33	-	4.33	42.33	-	4.33	42.33
-	4.67	48.67	-	4.67	48.67	-	4.67	48.67
-	2.67	27.33	-	2.67	27.33	-	2.67	27.33
-	5.00	51.67	-	5.00	51.67	-	5.00	51.67
-	5.00	48.33	-	5.00	48.33	-	5.00	48.33
-	2.00	21.33	-	2.00	21.33	-	2.00	21.33
-	1.67	15.00	-	1.67	15.00	-	1.67	15.00
-	1.33	12.00	-	1.33	12.00	-	1.33	12.00
-	6.00	60.67	-	6.00	60.67	-	6.00	60.67
-	5.00	51.67	-	5.00	51.67	-	5.00	51.67
\$ -	46.67	470.00	\$ -	46.67	\$ 470.00	\$ -	46.67	470.00

TOTALS		Monthly Totals	
Occupancy & Delinquency	4,800.00	Jan	1,150.00
Move-Ins	490.00	Feb	973.00
Renewals	6,345.00	Mar	1,017.00
Holiday	1,250.00	Apr	1,106.00
	<u>\$ 12,885.00</u>	May	797.00
		Jun	1,150.00
		Jul	1,105.00
		Aug	709.00
		Sep	620.00
		Oct	576.00
		Nov	1,282.00
		Dec	1,150.00
			<u>\$ 11,635.00</u>
			<u>\$ 1,250.00</u>
			<u>\$ 12,885.00</u>

SCHEDULE A-1

East Village

Move-Ins

Move-Outs

Renewals

Year	Month	Out	In	Renew
2019	Jan	2	2	16
2019	Feb	1	1	12
2019	Mar	1	1	13
2019	Apr	1	1	15
2019	May	1	1	8
2019	Jun	2	2	16
2019	Jul	2	2	15
2019	Aug	1	1	6
2019	Sep	1	1	5
2019	Oct	0	0	4
2019	Nov	2	2	18
2019	Dec	2	2	16
TOTAL		14	14	141

Move Ins	14	
Renewals	141	
Vacant Units at Beginning of Period	0	
Totals	155	

Renewal Rate
91%

Year	Month	In	Cumulative	Concession
				\$ -
2019	Jan	2	2	\$ -
2019	Feb	1	3	\$ -
2019	Mar	1	4	\$ -
2019	Apr	1	5	\$ -
2019	May	1	6	\$ -
2019	Jun	2	8	\$ -
2019	Jul	2	9	\$ -
2019	Aug	1	10	\$ -
2019	Sep	1	10	\$ -
2019	Oct	0	11	\$ -
2019	Nov	2	13	\$ -
2019	Dec	2	14	\$ -
Total		14	14	\$ -

East Village
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
400000.0 GROSS RENTAL APARTMENTS INCOME	\$ 144,849	144,849	144,849	144,849	144,849	153,005	153,005	153,005	153,005	153,005	153,005	153,005	\$ 1,795,280
400500.0 GAIN TO LEASE	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	1,244	14,928
TOTAL RENTAL INCOME	146,093	146,093	146,093	146,093	146,093	154,249	154,249	154,249	154,249	154,249	154,249	154,249	1,810,208
PERCENTAGE OF VACANCY	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	
410000.0 VACANCY LOSS - UNRENTED	(290)	(290)	(290)	(290)	(290)	(306)	(306)	(306)	(306)	(306)	(306)	(306)	(3,591)
410500.0 VACANCY LOSS - RENTED	(435)	(435)	(435)	(435)	(435)	(459)	(459)	(459)	(459)	(459)	(459)	(459)	(5,386)
411000.0 EMPLOYEE APARTMENTS	(1,254)	(1,254)	(1,254)	(1,254)	(1,254)	(1,302)	(1,302)	(1,302)	(1,302)	(1,302)	(1,302)	(1,302)	(15,379)
NET RENTAL ADJUSTMENTS	\$ (1,978)	(1,978)	(1,978)	(1,978)	(1,978)	(2,067)	(2,067)	(2,067)	(2,067)	(2,067)	(2,067)	(2,067)	\$ (24,356)
453500.0 APPLICATION FEES	255	204	221	238	136	255	255	102	85	68	306	255	2,380
455000.0 LATE FEES	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	12,171
456500.0 LEASE TERMINATION FEES	62	62	62	62	62	62	62	62	62	62	62	62	741
457500.0 NSF CHECK FEES	21	21	21	21	21	21	21	21	21	21	21	21	257
458000.0 DAMAGE & CLEANING FEES	39	39	39	39	39	39	39	39	39	39	39	39	464
490000.0 MISCELLANEOUS PROPERTY	68	68	68	68	68	68	68	68	68	68	68	68	813
497500.0 CABLE TV INCOME	0	0	0	0	0	0	0	0	0	0	0	3,875	3,875
498000.0 WASHER/DRYER INCOME	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	91,800
OTHER PROPERTY INCOME	\$ 9,143	9,092	9,109	9,126	9,024	9,143	9,143	8,990	8,973	8,956	9,194	13,018	\$ 112,913
TOTAL RENTAL INCOME	\$ 153,258	153,207	153,224	153,241	153,139	161,326	161,326	161,173	161,156	161,139	161,377	165,201	\$ 1,898,766
500000.0 SALARIES - MANAGER	\$ 3,655	3,179	3,338	3,496	3,783	3,306	3,802	3,636	3,471	3,802	3,471	3,636	\$ 42,574
501000.0 SALARIES - ASSISTANT MANAGER	2,716	2,362	2,480	2,598	2,810	2,456	2,824	2,702	2,579	2,824	2,579	2,702	31,631
503000.0 SALARIES - MAINTENANCE	6,506	5,658	5,940	6,223	6,733	5,884	6,766	6,472	6,178	6,766	6,178	6,472	75,778
504000.0 SALARIES - JANITOR	2,066	1,797	1,887	1,976	2,138	1,869	2,149	2,056	1,962	2,149	1,962	2,056	24,066
507000.0 BONUS	1,150	973	1,017	4,581	797	1,150	1,105	709	620	576	1,282	2,400	16,360
520000.0 HEALTH INSURANCE	990	861	904	947	990	861	990	947	904	990	947	947	11,239
530000.0 MANDATED BENEFITS	2,244	1,951	2,049	2,146	2,322	2,029	2,334	2,232	2,131	2,334	2,131	2,232	26,135
TOTAL SALARIES	\$ 19,328	16,780	17,614	21,969	19,573	17,555	19,971	18,754	17,845	19,442	18,507	20,445	\$ 227,783
550000.0 ELECTRICITY	\$ 2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	2,627	\$ 31,522
550200.0 ELECTRICITY - VACANT	6	6	6	6	6	6	6	6	6	6	6	6	71
552000.0 TELEPHONE	634	634	634	634	634	634	634	634	634	634	634	634	7,612
552500.0 ANSWERING SERVICE	84	84	84	84	84	84	84	84	84	84	84	84	1,008
553000.0 WASTE	4,035	4,035	4,035	4,035	4,035	4,035	4,035	4,035	4,035	4,439	4,439	4,439	49,634
553500.0 RECYCLING	1,030	1,030	1,030	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	13,288
555000.0 WATER	4,869	4,869	4,869	4,869	4,869	4,869	4,869	4,869	4,869	4,869	4,869	4,869	58,428
556000.0 SEWER	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	105,002
TOTAL UTILITIES	22,036	22,036	22,036	22,139	22,139	22,139	22,139	22,139	22,139	22,542	22,542	22,542	\$ 266,564
571000.2 ALARM - CONTRACT	63	63	63	63	63	63	63	63	63	63	63	63	762
571500.2 BEEPERS & RADIOS - CONTRACT	13	13	13	13	13	13	13	13	13	13	13	13	150
573500.2 EXTERMINATING - CONTRACT	450	450	450	450	450	450	450	450	450	450	450	450	5,394
574000.2 FIRE ALARM - CONTRACT	159	1,959	159	159	159	2,008	159	159	159	159	159	159	5,557
574500.2 FIRE EQUIP MAINTENANCE - CONTRACT	464	0	0	0	0	0	0	0	0	0	0	0	464
575000.2 FIRE SPRINKLERS - CONTRACT	675	0	0	0	0	0	0	0	0	0	2,175	0	2,850
575500.2 LAKE MAINTENANCE	595	120	120	120	120	120	120	120	120	120	120	120	1,915
576000.2 LANDSCAPING - SERVICE	0	0	8,665	0	7,000	0	0	0	0	0	16,781	120	32,566
576500.2 LAWN SERVICE - CONTRACT	5,397	3,845	5,397	3,845	5,397	3,845	5,397	3,845	5,397	3,845	5,397	3,845	55,450
577500.2 POOL - CONTRACT	485	485	485	485	485	485	485	485	485	485	485	485	5,820
578200.2 TERMITE	0	705	0	950	0	111	0	0	0	1,696	0	0	3,462
TOTAL CONTRACTS R & M	8,301	7,639	15,351	6,084	13,686	7,095	6,686	5,134	6,686	6,830	25,642	5,254	114,391
582500.2 COURTESY PERSONNEL	3,311	2,981	3,253	3,123	3,278	3,144	3,264	3,253	3,170	3,217	3,206	3,264	38,463
583000.2 COMPUTER MAINTENANCE - CONTRACT	300	4,352	252	252	252	386	252	252	252	602	252	252	7,660
583500.2 COPIER MAINTENANCE - CONTRACT	54	54	54	54	54	54	54	54	54	54	54	54	654
TOTAL CONTRACTS OPERATING	\$ 3,666	7,388	3,560	3,429	3,585	3,585	3,571	3,560	3,476	3,874	3,513	3,571	\$ 46,777

East Village
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
600000.3 HVAC - SUPPLIES	449	449	449	449	449	449	449	449	449	449	449	449	5,386
604000.3 APPLIANCES - SUPPLIES	740	740	740	740	740	740	740	740	740	740	740	740	8,882
610000.3 BUILDING IMPROVEMENTS - SUPPLIES	162	162	162	162	162	162	162	162	162	162	162	162	1,945
612500.0 BUILDING LABOR	232	232	232	232	232	239	239	239	239	239	239	239	2,840
622500.3 CLEANING - SUPPLIES	208	208	208	208	208	208	208	208	208	208	208	208	2,500
627500.3 DRAPERIES / VERTICAL - SUPPLIES	188	188	188	188	188	188	188	188	188	188	188	188	2,256
630000.3 ELECTRICAL - SUPPLIES	375	375	375	375	375	375	375	375	375	375	375	375	4,502
635000.2 EXTERMINATING	120	120	120	120	120	120	120	120	120	120	120	120	1,440
635500.4 FIRE ALARM - REPAIRS	117	117	117	117	117	117	117	117	117	117	117	117	1,400
636500.4 FIRE SPRINKLERS - REPAIRS	117	117	117	117	117	117	117	117	117	117	117	117	1,400
636800.0 GOLF CARTS	13	13	13	13	13	13	13	13	13	13	13	13	150
642500.2 PAINTING - SERVICE	250	120	130	80	80	150	150	60	50	40	180	150	1,440
642500.3 PAINTING - SUPPLIES	205	205	205	205	205	205	205	205	205	205	205	205	2,456
647500.3 PLUMBING - SUPPLIES	197	197	197	197	197	197	197	197	197	197	197	197	2,364
650000.3 POOL - SUPPLIES	80	80	80	80	80	80	80	80	80	80	80	80	959
650000.4 POOL - REPAIRS	147	147	147	147	147	147	147	147	147	147	147	147	1,768
654000.0 RECREATION AREA	42	42	42	42	42	42	42	42	42	42	42	42	500
661000.0 CAMERA SURVEILLANCE	25	25	25	25	25	25	25	25	25	25	25	25	300
662500.0 SIGNS	42	42	42	42	42	42	42	42	42	42	42	42	500
665000.0 UNIFORMS	0	0	0	750	0	0	0	0	0	750	0	0	1,500
690000.0 ENTRY & ACCESS CARDS	22	22	22	22	22	22	22	22	22	22	22	22	260
TOTAL REPAIRS & MAINTENANCE	\$ 3,750	3,620	3,630	4,330	3,587	3,657	3,657	3,567	3,557	4,297	3,687	3,657	\$ 44,998
740000.0 GENERAL INSURANCE	\$ 7,251	7,251	7,251	7,251	7,251	7,270	7,251	7,251	7,251	7,251	7,781	7,251	\$ 87,557
TOTAL INSURANCE	\$ 7,251	7,251	7,251	7,251	7,251	7,270	7,251	7,251	7,251	7,251	7,781	7,251	\$ 87,557
755000.0 MANAGEMENT FEES	7,663	7,660	7,661	7,662	7,657	8,066	8,066	8,059	8,058	8,057	8,069	8,260	94,938
755500.0 ASSET MANAGEMENT FEES	0	3,000	0	0	0	0	0	0	0	0	0	0	3,000
TOTAL MANAGEMENT FEES	\$ 7,663	10,660	7,661	7,662	7,657	8,066	8,066	8,059	8,058	8,057	8,069	8,260	\$ 97,938
760000.0 AUTO/MILEAGE EXPENSE	\$ 42	42	42	42	42	42	42	42	42	42	42	42	\$ 500
762500.0 DUES & SUBSCRIPTIONS	8	8	8	8	8	8	8	8	8	8	8	8	100
765000.0 FILING FEES	0	0	500	0	0	0	0	0	0	0	0	0	500
767500.0 LICENSES	0	0	0	0	0	0	0	0	1,307	0	180	0	1,487
768000.0 PERMITS	0	0	0	0	350	0	0	0	0	0	0	0	350
770500.0 MARKETING	130	1,670	330	130	133	133	133	133	133	333	133	133	3,522
771000.0 FITNESS/SPA EXPENSE	1,200	0	0	0	0	0	0	0	0	0	0	0	1,200
771500.0 RESIDENT ACTIVITIES	250	400	250	400	250	250	250	400	250	250	250	450	3,650
773000.0 AUDIT FEES	0	0	9,500	0	0	500	0	0	0	0	0	0	10,000
773500.0 COMPLIANCE FEES	543	543	543	543	543	543	543	543	543	543	543	543	6,510
775000.0 EVICTION FEES	55	55	55	55	55	55	55	55	55	55	55	55	665
776500.0 SEMINAR & TRAINING PROGRAM	185	185	185	185	185	185	185	185	185	185	185	185	2,220
780000.0 POSTAGE, COURIER & DELIVERY	189	189	189	189	189	189	189	189	189	189	189	189	2,266
785000.0 OFFICE SUPPLIES	478	857	378	378	378	378	378	378	378	378	378	378	5,110
786000.0 OFFICE EXPENSE	203	203	203	203	203	203	203	203	203	203	203	203	2,437
787500.0 LEASING & RENTING EXPENSE	250	250	250	250	250	250	250	250	250	250	250	250	3,000
788000.0 CREDIT REPORTS	60	48	52	56	32	60	60	24	20	16	72	60	560
792500.0 MISCELLANEOUS OPERATING EXPENSE	0	0	0	0	0	0	0	0	0	0	0	625	625
TOTAL ADMINISTRATIVE EXPENSES	\$ 3,592	4,450	12,484	2,438	2,617	2,795	2,295	2,409	3,562	2,451	2,487	3,120	\$ 44,702
910000.0 RESERVE REPLACEMENT	\$ 4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	\$ 48,079
TOTAL RESERVE	\$ 4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	\$ 48,079
920000.0 REPLACEMENTS - A/C & APPLIANCE	500	500	500	500	500	500	500	500	500	500	500	500	6,000
920300.0 REPLACEMENTS - VERTICALS/BLINDS	30	30	30	30	30	30	30	30	30	30	30	30	360
925700.0 IMPROVEMENTS - REPAIRS & REFINISHING	875	0	0	875	0	0	875	0	875	0	875	0	4,375
930500.0 IMPROVEMENTS - SECURITY SYSTEMS	30,000	0	0	0	0	0	0	0	0	0	0	0	30,000
930700.0 IMPROVEMENTS - ELECTRICAL	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	15,805
901500.0 PROFESSIONAL FEES	0	0	0	0	0	0	0	0	0	0	600	0	600
TOTAL REPLACEMENTS	32,722	1,847	1,847	2,722	1,847	1,847	2,722	1,847	1,847	2,722	2,447	2,722	57,140

East Village
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
TOTAL OPERATING EXPENSES	112,315	85,678	95,440	82,031	85,948	78,016	80,364	76,727	78,427	81,472	98,682	80,829	1,035,929
NET OPERATING INCOME	40,944	67,529	57,784	71,210	67,191	83,310	80,962	84,446	82,728	79,666	62,695	84,371	862,836
805000.0 INTEREST EXPENSE - 1ST MTG	32,353	32,353	32,353	32,353	32,353	32,353	32,353	32,353	32,353	32,353	32,353	32,353	388,238
821100.0 RESERVE INVESTMENT FEE	2	2	2	2	2	2	2	2	2	2	2	2	26
821200.0 SERVICING FEES	0	8,910	0	0	0	0	0	0	0	0	0	0	8,910
850000.0 INTEREST INCOME	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(1,574)
800000.1 PRINCIPAL REDUCTION	6,020	6,020	6,020	6,020	6,020	6,020	6,020	6,020	6,020	6,020	6,020	6,020	72,242
TOTAL DEBT SERVICE	38,244	47,154	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	467,842
TOTAL INTEREST	38,244	47,154	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	467,842
CONTROLLABLE NOI	2,699	20,375	19,540	32,966	28,947	45,065	42,717	46,202	44,484	41,422	24,451	46,127	394,995
NET CASH	2,699	20,375	19,540	32,966	28,947	45,065	42,717	46,202	44,484	41,422	24,451	46,127	394,995

EAST VILLAGE
ACCOUNT FOOTNOTES

2019

GL ACCT	DESCRIPTION	ANNUAL	DESCRIPTION
400000.0	GROSS RENTAL APARTMENTS INCOME	1,795,280	Based on the rents reflected on Rent Schedule. A 4% rent increase has been allocated starting June 2019.
400500.0	GAIN TO LEASE - HUD	14,928	This amount represents the difference between voucher holder rents and Tax Credit. <u>\$1,244.00 x 12= \$14,928.00</u> (See Gain to Lease Chart in File)
410000.0	VACANCY LOSS - UNRENTED	(3,591)	This amount is based on 0.25% vacancy rate unrented units.
410500.0	VACANCY LOSS - RENTED	(5,386)	This amount is to total 0.75% vacancy rate between vacant rented and unrented.
411000.0	EMPLOYEE APARTMENTS	(15,379)	Employee Concessions are as follows: Property Manager has a full concession for a 2/2 unit. Maintenance Tech has a 10% concession for a 2/2 unit. Maintenance employee has a 10% concession for a 2/2 unit but lives in a 3/2 and pay the difference. Amount reflects rent increase. Total annual concession- <u>\$15,379.00.</u>
453500.0	APPLICATION FEES	2,380	Application fee is \$85.00 per applicant. Based on move ins as per the A-1 schedule report x 2 applicants per unit.
455000.0	LATE FEES	12,171	Based on the annualized amount. <u>Late fees are as follows:</u> On the 6th - \$150.00 On the 11th- \$175.00 On the 16th- \$200.00
455500.0	PET FEES -OPT	411	Based on half of the annualized amount.
456500.0	LEASE TERMINATION FEES	741	Based on half of the annualized amount.
457500.0	NSF CHECK FEES	257	Based on half of the annualized amount.
458000.0	DAMAGE & CLEANING FEES	464	Based on half of the annualized amount.
490000.0	MISCELLANEOUS PROPERTY	813	Based on half of the annualized amount.
497500.0	CABLE TV INCOME	3,875	Based on actual income received for December 2017.
498000.0	WASHER & DRYER INCOME	91,800	Based on 153 residents renting the washer & dryer at \$50.00 per month. Total monthly income- <u>\$7,650.00.</u>
500000.0	SALARIES - MANAGER	42,574	Property Manager's Salary. A 4% increase has been allocated effective May 1st.

EAST VILLAGE
ACCOUNT FOOTNOTES

501000.0	SALARIES - ASSISTANT MANAGER	31,631	Property Assistant Manager's Salary. A 4% increase has been allocated effective May 1st.
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503000.0	SALARIES - MAINTENANCE	75,778	Maintenance Supervisor Salary and Maintenance Technician Salary. A 4% increase has been allocated effective May 1st.
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504000.0	SALARIES - JANITOR	24,066	Housekeeper Salary. Porter Salary. A 4% increase has been allocated effective May 1st.
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507000.0	BONUS	16,360	<p>1. Property Manager and Assistant Manager have a monthly <u>Occupancy</u> incentive bonus if the property closes the month occupied at 98%. Estimated at \$2,400.00 per year.</p> <p>Property Manager \$150.00 monthly x 12 month = \$1,800.00.</p> <p>Assistant Manager \$50.00 monthly x 12 month = \$600.00.</p> <p>TOTAL= <u>\$2,400.00</u></p> <p>Property Manager and Assistant Manager have a monthly <u>Collection</u> incentive bonus if the property closes the month occupied at 98%. Estimated at \$2,400.00 per year.</p> <p>Property Manager \$150.00 monthly x 12 month = \$1,800.00</p> <p>Assistant Manager \$50.00 monthly x 12 month = \$600.00.</p> <p>TOTAL= <u>\$2,400.00</u></p> <p>2. <u>Move in</u> and <u>Renewal</u> bonuses are based on the projected year's move in schedule and split amongst staff (please refer to <u>Bonus Schedule</u> for detail monthly figures).</p> <p>Estimated at a total of <u>\$490.00</u> per year on Move Ins.</p> <p>(Move ins are being paid at \$25.00 to Office staff and split amongst them and \$10.00 to Maintenance Staff and also split amongst them).</p> <p>Estimated at a total of <u>\$6,345.00</u> per year for Renewals.</p> <p>(Renewals are being paid at \$35.00 to Office staff and split amongst them and \$10.00 to Maintenance Staff and also split amongst them).</p> <p>3. During the month of December funds have been allocated per employee for Christmas and gift certificates. Total amount of Holiday bonus for property: <u>\$1,250.00</u>.</p> <p>4. During the month of April funds have been allocated for performance bonuses. Total amount of performance bonus for property: <u>\$3,475.00</u>.</p>
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520000.0	HEALTH INSURANCE	11,239	We have allocated \$3,732.00 per employee per year to cover the cost of health insurance contribution in South Florida.
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EAST VILLAGE
ACCOUNT FOOTNOTES

530000.0	MANDATED BENEFITS	26,135	Mandated benefits at an average of 11% for clerical and 18% for maintenance. Mandated benefits include FICA Medicare, FUTA, SUTA, Worker's Compensation and administrative fee for CoAdvantage.
550000.0	ELECTRICITY	31,522	Based on the annualized amount plus a 3% increase.
550200.0	ELECTRICITY - VACANT	71	Based on the annualized amount plus a 3% increase.
552000.0	TELEPHONE	7,612	Property has services from Comcast for telephone, fax, and internet. (\$5,212.00/Annually) A \$50.00 cellular allowance is provided to the Property Manager, Assistant Manager, Maintenance Supervisor and Maintenance Technician. (\$2,400.00/Annually)
552500.0	ANSWERING SERVICE	1,008	We currently have a contract with Sunshine Communications to Answer any afterhours emergency calls on site at a charge of \$84.00.
553000.0	WASTE	49,634	Based on 10% annual increase in October 2018, paid to Waste Management. Waste Pickup two times per week on Tuesdays & Friday.
553500.0	RECYCLING	13,288	Based on 10% increase in April, and average annually paid to Waste Management. Recycling Pickup once per week. Done on Mondays.
555000.0	WATER	58,428	Based on the annualized amount plus a 6% increase.
556000.0	SEWER	105,002	Based on the annualized amount plus a 6% increase.
571000.2	ALARM - CONTRACT	762	We currently have a contract with MCG Electronics to monitor the office and maintenance shop burglar alarms: The office/clubhouse burglar alarm \$31.74 monthly. The maintenance shop burglar alarm \$31.74 monthly. Total annual expense- <u>\$761.76.</u>
571500.2	BEEPERS & RADIOS - CONTRACT	150	Allocated to cover the expense of the beeper use for emergencies and after hour calls at an average of \$12.50 per month. Total annual expense- <u>\$150.00.</u>
573500.2	EXTERMINATING - CONTRACT	5,394	We currently have a contract with Massey Pest Control to provide pest control services to 1/3 of the property once per month in addition to the common areas, office and the rodent boxes located throughout the property. Monthly cost- \$449.50. Total annual expense- <u>\$5,394.00.</u>
574000.2	FIRE ALARM - CONTRACT	5,557	We currently have a contract with MCG Electronics Inc. to monitor the fire alarm- \$159.00 monthly. Total annual expense- <u>\$1,908.00.</u> Annual Fire Alarm Inspection- <u>\$1,800.00</u> due in February. Town of Davie annual fire inspection- <u>\$1,849.47</u> due in June. Total annual expense- <u>\$5,557.47.</u>

EAST VILLAGE
ACCOUNT FOOTNOTES

574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	464	Allocated for the following services: Conducted by Ambassador Fire and Safety Equipment: Annual inspection and recertification for 167 extinguishers 5 Extinguishers to Recharge due in January. Devices located in each unit, clubhouse, laundry/storage room and maintenance shop. 6 year Maintenance not due until 2024. Last maintenance completed in 2018
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575000.2	FIRE SPRINKLERS - CONTRACT	2,850	Allocated for the following certifications: Bravo Fire Protection conducts the annual Fire Sprinkler , tamper and flow switches inspection. - \$675.00 due in January. Bravo Fire Protection annual Fire Backflow preventor inspection. \$900.00 due in November. Results to BSI-City of Davie. PMS plumbing will conduct Annual Domestic Backflow inspection. \$1,275.00 due in November. Results to BSI-City of Davie. Total annual expense- \$2,850.00 .
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575500.2	LAKE MAINTENANCE	1,915	We currently have a contract with Lake Master Aquatic to perform the monthly lake maintenance and water treatment to the lake- \$120.00 monthly. \$1,440.00 annual expense. Removal of dead vegetation around lake- \$475.00 due in January. Total annual expense - \$1,915.00 .
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576000.2	LANDSCAPING - SERVICE	32,566	Services to be perform by Rock & Rose : Re-touch mulch- \$7,539.60 due in March. Mulch the entire property- \$15,656.00 due in November. Seasonal flowers- \$1,125.00 twice per year. Total annual expense- \$2,250.00 due in March & November. Tree trimming- \$7,000.00 due in May. Holiday Poinsettias \$120.00 due in December. Total annual expense - \$32,565.60 .
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576500.2	LAWN SERVICE - CONTRACT	55,450	We currently have a contract with Rock & Rose to perform the monthly service: Mowing the lawn 27 cuts per year. Trimming low branches 12 times per year. Irrigation wet check 12 times per year. Fertilization 3 times per year. Monthly expense- \$3,465.00. Total annual expense- \$41,580.00 . Conducted by Plant Health Care Systems- Lawn pest control service- \$1,551.69 per service. Services are conducted bi-monthly. Total annual expense- \$9,310.14 . Conducted by L.A Rust- Removal of rust- \$380.00 monthly. Total annual expense- \$4,560.00 . Total annual expense- \$55,450.00 .

EAST VILLAGE
ACCOUNT FOOTNOTES

577500.2 POOL - CONTRACT 5,820 We currently have a contract with **American Pool Service** to perform the cleaning service of the pool and splash zone 3 times per week at \$485.00 per month.

Total annual expense- **\$5,820.00.**

578200.2 TERMITE 3,462 Annual termite warranty renewal for 8 buildings, 1 clubhouse and 1 maintenance shop is completed by **Accurate Pest Control.**

Expiration Schedule:
Bldg A1, A2, A3, B1 - \$1,696.00 due in October.
Bldg C1, C2 - \$950.00 due in April.
Bldg D1, E1 - \$704.90 due in February.
Clubhouse - \$111.30 due in June.

Total annual expense **\$3,462.20**

582500.2 COURTESY PERSONNEL 38,463 We currently have a contract with **TennState Protective Solutions, LLC.**

Service are per year as follows:
48 hours per week @ 14.50 per hour.
Monday - Friday 9:00PM - 5:00 AM
Saturday - Sunday 10:00 PM - 5:00 AM
52 Holiday hours per year @ 21.75 per hour.
The overtime holiday rate has been also calculated for the following holidays:

New Years
Martin Luther King
President's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Christmas Day

583000.2 COMPUTER MAINTENANCE - CONTRACT 7,660 Allocated for the following computer maintenance:

Hugh McCallum for IT Support- Total annual expense **\$1,380.00.**

Software insurance renewal- **\$48.00** due in January.

Check Scanner warranty- **\$133.75** due in June.

AT&T and Bellsouth Fees - Total annual expense- **\$67.32.**

Budget Builder Software Program - **\$350.00** due in October.

NDSI IT Support - Total annual expense- **\$960.00.**

Private Cloud - Total annual expense- **\$63.48.**

Handy Trac System- \$46.49 paid monthly. Total annual expense - **\$557.88.**

Real Page Core Property Management Suite License Renewal - **\$3,288.79** due in February.

Real Page Payments - **\$415.09** due in February.

583500.2 COPIER MAINTENANCE - CONTRACT 654 We currently have a contract with **Delcop,** contract covers service and toner \$54.46 monthly.

Total annual expense- **\$653.52**

EAST VILLAGE
ACCOUNT FOOTNOTES

600000.3	HVAC - SUPPLIES	5,386	<p>Allocated expense for HVAC supplies and A/C filters three times per year based on the actual expenses.</p> <p>Filter replacements are scheduled for May, Aug & Nov. Total annual expense- \$4,886.00. (Allocated based on highest expense, freight expense varies per order.)</p> <p>In addition, we allocated \$500.00 during the year for any other HVAC supplies including freon as needed.</p> <p>Total annual expense- \$5,386.00</p>
604000.3	APPLIANCES - SUPPLIES	8,882	<p>This amount is allocated for any minor repairs as needed.</p> <p>Property is now 7 years old and parts are now harder to find due to the age of the appliance causing them to be more expensive.</p>
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	1,945	<p>This amount is allocated for supplies such as door locks, privacy locks, weather strips, A/C closet doors, etc.</p>
612500.0	BUILDING LABOR	2,840	<p>Allocated for a Maintenance Supervisor to perform quarterly inspections, organize and any tax credit annual inspection with maintenance and cover for vacation for maintenance supervisor.</p>
622500.3	CLEANING - SUPPLIES	2,500	<p>Allocated for cleaning supplies for daily clubhouse cleaning, amenities and vacant units. This includes purchase of bags for pet stations.</p>
627500.3	DRAPERIES / VERTICAL - SUPPLIES	2,256	<p>Based on annualized. This amount is allocated for any supplies needed for repairs of blinds.</p>
630000.3	ELECTRICAL - SUPPLIES	4,502	<p>Allocated for minor replacements of items such as bulbs, fixtures, emergency lighting, light motion sensors and other electrical supplies.</p>
635000.2	EXTERMINATING	1,440	<p>Allocated for any bed bug treatment as needed using an outside vendor.</p>
635500.4	FIRE ALARM - REPAIRS	1,400	<p>Allocated for any repairs that may be necessary for the alarms on the property in case of power failure or any other emergency.</p>
636500.4	FIRE SPRINKLERS - REPAIRS	1,400	<p>This amount has been allocated for repairs required after inspection is performed.</p>
636800.0	GOLF CARTS	150	<p>Allocated for repairs, maintenance and battery replacement to the golf carts as needed.</p>
637000.3	LANDSCAPING SUPPLIES	250	<p>Allocated for supplies needed for in house irrigation repairs.</p>
642500.2	PAINTING - SERVICE	1,440	<p>Property currently paints in house. We have allocated for 4 units to be painted with an outside vendor in an effort to move in the applicant faster. Based on an average of \$370.00 per unit.</p>
642500.3	PAINTING - SUPPLIES	2,456	<p>This Amount is for painting supplies used to re-paint vacant units after move outs and during renewal process as needed.</p>
647500.3	PLUMBING - SUPPLIES	2,364	<p>This amount is for any replacement of parts such as faucets, flappers, sink/tub drain plugs, etc. Or any supplies needed for emergency purpose.</p>
650000.3	POOL - SUPPLIES	959	<p>Allocated to replace any safety supplies as needed for the pool and the splash pad.</p> <p>In addition, we allocated \$710.00 to replace the splash pad filter due in October.</p>

EAST VILLAGE
ACCOUNT FOOTNOTES

650000.4	POOL - REPAIRS	1,768	Allocated to conduct any repairs needed to the pool or to the splash pad. Additionally, allocated \$1,180.00 to replace main drain grate in February.
654000.0	RECREATION AREA	500	Allocated for any repairs to the playground, picnic tables & BBQ's as needed.
661000.0	CAMERA SURVEILANCE	300	This amount is allocated for minor repairs needed for cameras around the property.
662500.0	SIGNS	500	Due to the age of the property this amount is allocated to replace signs that are fading.
665000.0	UNIFORMS	1,500	The cost of employee uniforms is \$150.00 twice per year. Based on 5 employees. Total annual expense- <u>\$1,500.00</u> Uniforms are distributed in April and October.
690000.0	ENTRY & ACCESS PARKING CARDS	260	Allocated for bulk entry fob for use of clubhouse and pool area, as needed.
740000.0	GENERAL INSURANCE	87,557	Based on annualized amount.
755000.0	MANAGEMENT FEES	94,938	Based on 5% of the Total Rent Income budget projections.
755500.0	ASSET MANAGEMENT FEES	3,000	Based on Management fees paid to Florida Housing Finance Corp in February.
760000.0	AUTO/MILEAGE EXPENSE	500	Mileage reimbursement for staff to go to post office, store, resident activity, trainings, seminars, parts warranty pick-up, etc.
762500.0	DUES & SUBSCRIPTIONS	100	Allocated to purchase magazines required by the LURA.
765000.0	FILING FEES	500	FL- Dept. of State Annual filling Fees- <u>\$500.00</u> due in March.
767500.0	LICENSES	1,487	Allocated for the following licenses: Local Business tax- <u>\$1,306.55</u> due in September. DBPR Occupational License - <u>\$180.00</u> due in November.
768000.0	PERMITS	350	Allocated for the following permits: Broward County Health Department pool permit- <u>\$175.00</u> due in May. Splash Zone pad permit- <u>\$175.00</u> due in May.
770500.0	MARKETING	3,522	Allocated for the following items: Illustratus newsletter for the residents- \$41.15 monthly. Total annual expense- <u>\$493.80</u> . Flyers, Business Cards, etc.- Total annual expense- <u>\$200.00</u> . Flag replacement- \$200.00 twice per year. Flags are replaced in March and October. Total annual expense- <u>\$400.00</u> . LeaseStar - <u>\$849.34</u> . due in February LeaseStar Website - <u>\$691.28</u> . due in February Leasing Director to train and monitor the performance of Lease Star, supports property web site and updates pictures, rents and marketing materials - <u>\$888.00</u> .

EAST VILLAGE
ACCOUNT FOOTNOTES

771000.0	FITNESS/SPA EXPENSE	1,200	We currently have a maintenance agreement with Commercial Fitness- \$1,200.00 due in January.
771500.0	RESIDENT ACTIVITIES	3,650	Amount is allocated for all required resident activities mandated by the LURA including resident events, Holiday parties, weekly Book Club: Quarterly LURA required events: Health and nutrition, Financial counseling, Job training, First time home buyer, Life safety training, Tax preparation & Crime watch meeting. Holiday events: Be my Valentine, Easter Party, Mother's Day Event, Father's Day Event, 4th of July Party, Back to School Event, Halloween Party, Thanksgiving raffle and Holiday Party.
773000.0	AUDIT FEES	10,000	Allocated for the following audits: Audit/ tax fee - \$9,500.00 due in March. Paid to Preferred Compliance - \$500.00 due in June.
773500.0	COMPLIANCE FEES	6,510	Based on \$3.50 per unit per month to cover the Compliance fee expense.
775000.0	EVICTION FEES	665	Allocated for any evictions during the year as needed.
776500.0	SEMINAR & TRAINING PROGRAM	2,220	Allocated for employee seminars such as Onsite refresher course, Leasing seminar, Compliance seminar, Maintenance seminar etc.
780000.0	POSTAGE, COURIER & DELIVERY	2,266	Amount is allocated for the purchase of stamps, certified mailing, over night packages and courier service for the delivery of weekly packages to the main office.
785000.0	OFFICE SUPPLIES	5,110	Allocated a monthly amount for office supplies. Allocated to purchase the bank checks - \$579.57 due in February .
786000.0	OFFICE EXPENSE	2,437	Allocated for water delivery, candy, coffee, creamer, plates, utensils, etc.
787500.0	LEASING & RENTING EXPENSE	3,000	Allocated for Temp Agency Staff to cover as needed.
788000.0	CREDIT REPORTS	560	Cost of credit and criminal reports is \$20.00 per applicant. Based on Schedule A-1 report, 14 move ins x 2 applicants per.
792500.0	MISCELLANEOUS OPERATING EXPENSE	625	Allocated for any miscellaneous items.
910000.0	RESERVE REPLACEMENT	48,079	Information provided by Yoly Lopez
920000.0	REPLACEMENTS - A/C & APPLIANCE	6,000	Allocated \$500.00 per month to replace a/c units, condensing units/ coils, washer/dryers, etc and any appliance as needed.
920300.0	REPLACEMENTS - VERTICALS/BLINDS	360	Allocated to replace any blinds as needed.
925700.0	IMPROVEMENTS - REPAIRS & REFINISHING	4,375	Allocated to install bathfitters in 5 apartments at an average cost of \$875.00 each.
930500.0	IMPROVEMENTS - SECURITY SYSTEMS	30,000	Allocated \$30,000.00 to install new wireless radio upgrade for the camera system due in January.

EAST VILLAGE
ACCOUNT FOOTNOTES

930700.0	IMPROVEMENTS - ELECTRICAL	15,805	Allocated an estimated amount of \$7,000.00 to install surge protectors at the clubhouse to protect office/camera or electronic equipment located at the management office.
			Replace 6 LED parking light fixtures- \$8,805.00 (Existing lights are no longer under warranty).
			Total Expense - <u>\$15,805.00</u>
901500.0	PROFESSIONAL FEES	600	To pay for Matern utility study letter due in November.
805000.0	INTEREST EXPENSE - 1ST MTG	388,238	Based on Annualized.
821100.0	RESERVE INVESTMENT FEE	26	Based on Annualized.
821200.0	SERVICING FEES	8,910	Based on Annualized.
850000.0	INTEREST INCOME	(1,574)	Based on Annualized.
800000.1	PRINCIPAL REDUCTION	72,242	Based on Annualized.

HIGHLAND GARDENS
335 NE 48th Street
Deerfield Beach, Fl. 33064
Telephone: (954) 596-5977

2019 BUDGET & SUPPORTING SCHEDULES

PROPERTY: Highland Gardens

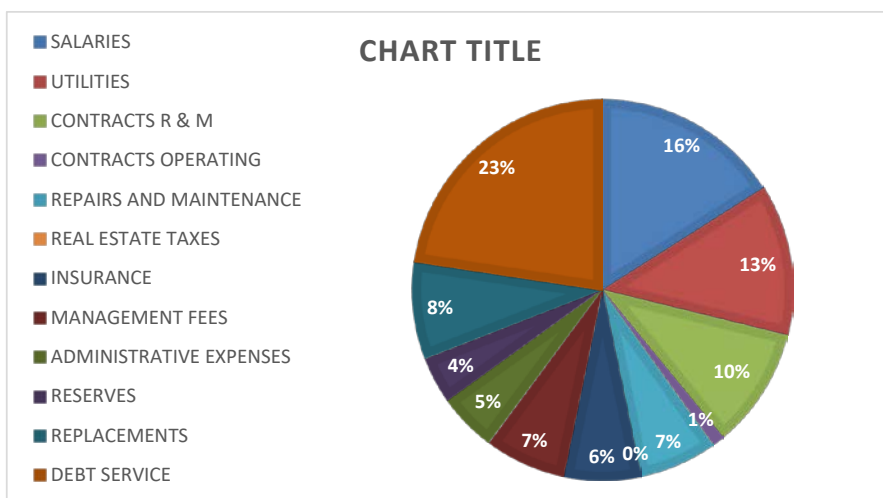
NO. OF UNITS: 100 UNITS

TOTAL SQUARE FOOTAGE: 73,980 SQ. FT.

Final Copy

BUDGET SUMMARY 2019

CATEGORY	YEAR	\$/SF	\$/UNIT/YR
INCOME			
RENTAL INCOME	\$ 948,489.00	\$ 12.82	\$ 9,484.89
RENTAL ADJUSTMENTS	(32,028.90)	(0.43)	(320.29)
OTHER INCOME	42,944.36	0.58	429.44
TOTAL RENTAL INCOME	\$ 959,404.46	\$ 12.97	\$ 9,594.04
TOTAL INCOME	\$ 959,404.46	\$ 12.97	\$ 9,594.04
OPERATING EXPENSES			
SALARIES	\$ 120,819.46	\$ 1.63	\$ 1,208.19
UTILITIES	96,477.65	1.30	964.78
CONTRACTS R & M	77,507.95	1.05	775.08
CONTRACTS OPERATING	7,678.08	0.10	76.78
REPAIRS AND MAINTENANCE	50,244.24	0.68	502.44
REAL ESTATE TAXES	-	-	-
INSURANCE	48,720.76	0.66	487.21
MANAGEMENT FEES	52,146.22	0.70	521.46
ADMINISTRATIVE EXPENSES	37,551.95	0.51	375.52
RESERVES	29,850.96	0.40	298.51
REPLACEMENTS	62,325.00	0.84	623.25
TOTAL OPERATING EXPENSES	\$ 583,322.27	\$ 7.88	\$ 5,833.22
NET OPERATING INCOME	\$ 376,082.19	\$ 5.08	\$ 3,760.82
INTEREST			
DEBT SERVICE	170,442.20	2.30	1,704.42
TOTAL INTEREST	\$ 170,442.20	\$ 2.30	\$ 1,704.42
NET CASH FLOW	\$ 205,639.99	\$ 2.78	\$ 2,056.40



BUDGET SUMMARY COMPARISON**2018 2019 2019 vs 2018**

CATEGORY	YEAR	YEAR	VARIANCE
INCOME			
RENTAL INCOME	\$ 925,804	\$ 948,489	\$ 22,685
RENTAL ADJUSTMENTS	(28,197)	(32,029)	(3,832)
OTHER INCOME	43,776	42,944	(832)
TOTAL RENTAL INCOME	\$ 941,383	\$ 959,404	\$ 18,021
TOTAL INCOME	\$ 941,383	\$ 959,404	\$ 18,021
OPERATING EXPENSES			
SALARIES	\$ 117,373	\$ 120,819	\$ 3,447
UTILITIES	98,056	96,478	(1,578)
CONTRACTS R & M	76,497	77,508	1,011
CONTRACTS OPERATING	7,815	7,678	(137)
REPAIRS AND MAINTENANCE	46,734	50,244	3,511
REAL ESTATE TAXES	-	-	-
INSURANCE	46,902	48,721	1,819
MANAGEMENT FEES	51,245	52,146	901
ADMINISTRATIVE EXPENSES	35,865	37,552	1,687
RESERVES	31,669	29,851	(1,818)
REPLACEMENTS	42,248	62,325	20,077
TOTAL OPERATING EXPENSES	\$ 554,403	\$ 583,322	\$ 28,919
NET OPERATING INCOME	\$ 386,980	\$ 376,082	\$ (10,898)
INTEREST			
DEBT SERVICE	170,487	170,442	(44)
TOTAL INTEREST	\$ 170,487	\$ 170,442	\$ (44)
NET CASH FLOW	\$ 216,493	\$ 205,640	\$ (10,853)

RENEWAL RENTS

4%

MONTH OF SCHEDULED INCREASE:

INCREASE 1 - June 2019

TOTAL OF UNITS: 100

CURRENT RENT: \$74,230

INCREASED RENT: \$77,185

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT		INCREASE 1 -			NEW TOTAL MONTHLY RENT
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE		
A1-30%	656	\$393	\$0.599	7	\$2,751	\$ 16.00	\$409	4.07%	\$2,863	
A1-60%	656	\$755	\$1.151	39	\$29,445	\$ 30.00	\$785	3.97%	\$30,615	
A1R-30%	656	\$393	\$0.599	1	\$393	\$ 16.00	\$409	4.07%	\$409	
A1R-60%	656	\$755	\$1.151	9	\$6,795	\$ 30.00	\$785	3.97%	\$7,065	
A2-30%	653	\$393	\$0.602	1	\$393	\$ 16.00	\$409	4.07%	\$409	
A2-60%	653	\$755	\$1.156	7	\$5,285	\$ 30.00	\$785	3.97%	\$5,495	
A2S-30%	653	\$393	\$0.602	1	\$393	\$ 16.00	\$409	4.07%	\$409	
B1-30%	901	\$475	\$0.527	2	\$950	\$ 19.00	\$494	4.00%	\$988	
B1-60%	901	\$880	\$0.977	15	\$13,200	\$ 35.00	\$915	3.98%	\$13,725	
B1S-30%	901	\$475	\$0.527	1	\$475	\$ 19.00	\$494	4.00%	\$494	
B1S-60%	901	\$880	\$0.977	5	\$4,400	\$ 35.00	\$915	3.98%	\$4,575	
B2-30%	887	\$475	\$0.536	2	\$950	\$ 19.00	\$494	4.00%	\$988	
B2-60%	887	\$880	\$0.992	10	\$8,800	\$ 35.00	\$915	3.98%	\$9,150	

Totals: 73,980 \$817.50

\$74,230

\$850.00

\$77,185

MOVE INS RENTS

\$2,955

MONTH OF SCHEDULED INCREASE:

INCREASE 1 - June 2019

TOTAL OF UNITS: 100

CURRENT RENT: \$74,230

INCREASED RENT: \$77,185

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT		INCREASE 1 -			NEW TOTAL MONTHLY RENT
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE		
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A2-60%	653	\$755	\$1.156	7	\$5,285	\$ 30.00	\$785	3.97%	\$5,495	
A2S-30%	653	\$393	\$0.602	1	\$393	\$ 16.00	\$409	4.07%	\$409	
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B1S-30%	901	\$475	\$0.527	1	\$475	\$ 19.00	\$494	4.00%	\$494	
B1S-60%	901	\$880	\$0.977	5	\$4,400	\$ 35.00	\$915	3.98%	\$4,575	
B2-30%	887	\$475	\$0.536	2	\$950	\$ 19.00	\$494	4.00%	\$988	
B2-60%	887	\$880	\$0.992	10	\$8,800	\$ 35.00	\$915	3.98%	\$9,150	

Totals: 73,980 \$817.50

\$74,230

\$850.00

\$77,185

Move Ins Loss to Lease

\$0

Performance Bonuses Schedule

Highland Gardens

Year 2019

Employee Name Employee Title

- Lauri Dorrucci Property Manager
- Erika Walsh Leasing Consultant
- Ramon Rivero Maintenance

Month	Employee: Lauri Dorrucci Title: Property Manager		
	Occupancy & Delinquency	Move-Ins	Renewals
Jan	100.00	25.00	175.00
Feb	100.00	12.50	87.50
Mar	100.00	15.00	101.50
Apr	100.00	8.75	57.75
May	100.00	27.50	189.00
Jun	100.00	12.50	87.50
Jul	100.00	7.50	59.50
Aug	100.00	25.00	175.00
Sep	100.00	12.50	87.50
Oct	100.00	22.50	161.00
Nov	100.00	18.75	131.25
Dec	100.00	12.50	87.50
Total	\$ 1,200.00	\$ 200.00	\$ 1,400.00

Month	Employee: Erika Walsh Title: Leasing Consultant		
	Occupancy & Delinquency	Move-Ins	Renewals
Jan	-	25.00	175.00
Feb	-	12.50	87.50
Mar	-	15.00	101.50
Apr	-	8.75	57.75
May	-	27.50	189.00
Jun	-	12.50	87.50
Jul	-	7.50	59.50
Aug	-	25.00	175.00
Sep	-	12.50	87.50
Oct	-	22.50	161.00
Nov	-	18.75	131.25
Dec	-	12.50	87.50
Total	\$ -	\$ 200.00	\$ 1,400.00

Holiday Year End Activities	
Lauri Dorrucci	250.00
Erika Walsh	250.00
Ramon Rivero	250.00
Total	\$ 750.00

Month	Employee: Ramon Rivero Title: Maintenance		
	Occupancy & Delinquency	Move-Ins	Renewals
Jan	-	20.00	100.00
Feb	-	10.00	50.00
Mar	-	12.00	58.00
Apr	-	7.00	33.00
May	-	22.00	108.00
Jun	-	10.00	50.00
Jul	-	6.00	34.00
Aug	-	20.00	100.00
Sep	-	10.00	50.00
Oct	-	18.00	92.00
Nov	-	15.00	75.00
Dec	-	10.00	50.00
Total	\$ -	\$ 160.00	\$ 800.00

TOTALS

Occupancy & Delinquency	1,200.00
Move-Ins	560.00
Renewals	3,600.00
Holiday	750.00
Total	\$ 6,110.00

Monthly Totals

Jan	620.00
Feb	360.00
Mar	403.00
Apr	273.00
May	663.00
Jun	360.00
Jul	274.00
Aug	620.00
Sep	360.00
Oct	577.00
Nov	490.00
Dec	360.00
Total	5,360.00
Ck Balance	\$ 750.00
Total	6,110.00

SCHEDULE A-1

Move-Ins

Move-Outs

Renewals

Year	Month	Out	In	Renew
2019	Jan	2	2	10
2019	Feb	1	1	5
2019	Mar	1	1	6
2019	Apr	1	1	3
2019	May	2	2	11
2019	Jun	1	1	5
2019	Jul	1	1	3
2019	Aug	2	2	10
2019	Sep	1	1	5
2019	Oct	2	2	9
2019	Nov	2	2	8
2019	Dec	1	1	5
TOTAL		16	16	80

Move Ins
Renewals
Vacant Units at beginning of period

TOTAL

16
80
4
100

Renewal Rate
83%

CONCESSIONS				
Year	Month	In	Cumulative	Concess \$
2019	Jan	2	2	-
2019	Feb	1	1	-
2019	Mar	1	1	-
2019	Apr	1	1	-
2019	May	2	2	-
2019	Jun	1	1	-
2019	Jul	1	1	-
2019	Aug	2	2	-
2019	Sep	1	1	-
2019	Oct	2	2	-
2019	Nov	2	2	-
2019	Dec	1	1	-
TOTAL		16	16	\$ -

Highland Gardens
BUDGET DETAIL

		January	February	March	April	May	June	July	August	September	October	November	December	Total
400000.0	GROSS RENTAL APARTMENTS INCOME	\$ 74,230	74,230	74,230	74,230	74,230	77,185	77,185	77,185	77,185	77,185	77,185	77,185	\$ 911,445
400500.0	GAIN TO LEASE	3,087	3,087	3,087	3,087	3,087	3,087	3,087	3,087	3,087	3,087	3,087	3,087	37,044
	TOTAL RENTAL INCOME	77,317	77,317	77,317	77,317	77,317	80,272	80,272	80,272	80,272	80,272	80,272	80,272	948,489
	PERCENTAGE OF VACANCY	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
410000.0	VACANCY LOSS - UNRENTED	(371)	(371)	(371)	(371)	(371)	(386)	(386)	(386)	(386)	(386)	(386)	(386)	(4,557)
410500.0	VACANCY LOSS - RENTED	(1,113)	(1,113)	(1,113)	(1,113)	(1,113)	(1,158)	(1,158)	(1,158)	(1,158)	(1,158)	(1,158)	(1,158)	(13,672)
411000.0	EMPLOYEE APARTMENTS	(1,133)	(1,133)	(1,133)	(1,133)	(1,133)	(1,163)	(1,163)	(1,163)	(1,163)	(1,163)	(1,163)	(1,163)	(13,800)
	NET RENTAL ADJUSTMENTS	\$(2,617)	\$(2,617)	\$(2,617)	\$(2,617)	\$(2,617)	\$(2,706)	\$(2,706)	\$(2,706)	\$(2,706)	\$(2,706)	\$(2,706)	\$(2,706)	\$(32,029)
450000.0	LAUNDRY INCOME	\$ 249	249	249	249	249	249	249	249	249	249	249	249	\$ 2,988
453500.0	APPLICATION FEES	425	255	289	204	459	255	187	425	255	391	340	255	3,740
454500.0	LATE FEES	329	329	329	329	329	329	329	329	329	329	329	329	3,943
458000.0	DAMAGE & CLEANING FEES	22	22	22	22	22	22	22	22	22	22	22	22	266
490000.0	MISCELLANEOUS PROPERTY	4	4	4	4	4	4	4	4	4	4	4	4	43
495000.0	SECURITY DEPOSIT FORFEITS	57	57	57	57	57	57	57	57	57	57	57	57	689
497500.0	CABLE TV INCOME	41	41	41	41	41	41	41	41	41	41	41	41	496
498000.0	WASHER/DRYER INCOME	2,565	2,565	2,565	2,565	2,565	2,565	2,565	2,565	2,565	2,565	2,565	2,565	30,780
	OTHER PROPERTY INCOME	\$ 3,692	3,522	3,556	3,471	3,726	3,522	3,454	3,692	3,522	3,658	3,607	3,522	\$ 42,944
	TOTAL RENTAL INCOME	\$ 78,392	78,222	78,256	78,171	78,426	81,088	81,020	81,258	81,088	81,224	81,173	81,088	\$ 959,404
500000.0	SALARIES - MANAGER	\$ 3,443	2,994	3,144	3,293	3,563	3,114	3,581	3,425	3,270	3,581	3,270	3,425	\$ 40,103
502200.0	SALARIES - LEASING AGENTS	1,854	1,612	1,692	1,773	1,918	1,676	1,928	1,844	1,760	1,928	1,760	1,844	21,590
503000.0	SALARIES - MAINTENANCE	2,938	2,555	2,683	2,811	3,041	2,657	3,056	2,923	2,790	3,056	2,790	2,923	34,224
507000.0	BONUS	620	360	403	2,373	663	360	274	620	360	577	490	1,110	8,210
520000.0	HEALTH INSURANCE	330	287	301	316	330	287	330	316	301	330	301	316	3,746
530000.0	MANDATED BENEFITS	1,112	967	1,015	1,063	1,150	1,005	1,156	1,106	1,056	1,156	1,056	1,106	12,947
	TOTAL SALARIES	\$ 10,297	8,775	9,239	11,629	10,665	9,100	10,325	10,234	9,537	10,628	9,667	10,724	\$ 120,819
550000.0	ELECTRICITY	\$ 906	906	906	906	906	906	906	906	906	906	906	906	\$ 10,877
550200.0	ELECTRICITY - VACANT	97	97	97	97	97	97	97	97	97	97	97	97	1,160
552000.0	TELEPHONE	917	917	917	917	917	917	917	917	917	917	917	917	11,004
552500.0	ANSWERING SERVICE	84	84	84	84	84	84	84	84	84	84	84	84	1,008
553000.0	WASTE	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	19,108
554000.0	GAS	53	53	53	53	53	53	53	53	53	53	53	53	\$ 640
555000.0	WATER	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	23,624
556000.0	SEWER	2,421	2,421	2,421	2,421	2,421	2,421	2,421	2,421	2,421	2,421	2,421	2,421	29,057
	TOTAL UTILITIES	\$ 8,040	8,040	8,040	8,040	8,040	8,040	8,040	8,040	8,040	8,040	8,040	8,040	\$ 96,478
571000.2	ALARM - CONTRACT	75	75	75	75	75	75	75	75	75	75	75	75	899
572000.2	BUILDING IMPROVEMENT - CONTRACT	265	265	265	265	265	265	265	265	265	265	1,325	265	4,240
572200.2	CAMERA SURVEILLANCE	400	400	400	400	400	400	400	400	400	400	400	400	4,803
572500.2	CLEANING - BUILDING	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
573000.2	ELEVATOR - CONTRACT	713	713	713	713	713	713	713	713	713	713	713	713	8,561
573500.2	EXTERMINATING - CONTRACT	300	300	300	300	300	300	300	300	300	300	300	300	3,600
574000.2	FIRE ALARM - CONTRACT	106	106	106	106	106	106	106	106	106	106	2,388	106	3,554
574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	0	0	0	0	0	2,233	0	0	0	0	0	470	2,703
575000.2	FIRE SPRINKLERS - CONTRACT	1,205	0	0	0	0	0	0	0	0	0	0	0	1,205
576000.2	LANDSCAPING - SERVICE	120	120	6,390	120	120	120	120	120	120	120	3,960	120	11,550
576500.2	LAWN SERVICE - CONTRACT	979	979	979	979	979	979	979	979	979	979	979	979	11,745
577000.2	ORNAMENTAL	450	0	250	200	250	0	250	200	250	0	250	200	2,300
578200.2	TERMITE WARRANTY RENEWAL	232	232	232	232	232	232	232	232	232	232	232	232	2,780
579000.2	TRASH CHUTE CLEANING CONTRACT	189	189	189	189	189	189	189	189	189	189	189	189	2,768
	TOTAL CONTRACTS R & M	6,434	4,779	11,299	4,979	5,029	7,012	5,029	4,979	5,029	5,279	12,211	5,449	77,508

Highland Gardens
BUDGET DETAIL

	January	February	March	April	May	June	July	August	September	October	November	December	Total	
582000.2	CABLE TV	121	121	121	121	121	121	121	121	121	121	121	1,451	
583000.2	COMPUTER MAINTENANCE - CONTRACT	254	2,851	206	206	206	206	206	206	506	206	206	5,464	
583500.2	COPIER MAINTENANCE - CONTRACT	191	0	0	191	0	0	191	0	0	191	0	763	
	TOTAL CONTRACTS OPERATING	\$ 566	2,972	327	518	327	327	518	327	327	818	327	\$ 7,678	
600000.3	HVAC - SUPPLIES	797	797	797	797	797	797	797	797	797	797	797	9,564	
603000.4	ALARM - REPAIRS	11	11	11	11	11	11	11	11	11	11	11	134	
604000.3	APPLIANCES - SUPPLIES	370	370	370	370	370	370	370	370	370	370	370	4,444	
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	213	213	213	213	213	213	213	213	213	213	213	2,559	
612500.0	BUILDING LABOR	150	150	150	150	154	154	154	154	154	154	154	1,832	
622500.2	CLEANING - SERVICE	245	163	179	138	262	163	130	245	163	229	204	2,280	
622500.3	CLEANING - SUPPLIES	214	214	214	214	214	214	214	214	214	214	214	2,567	
630000.3	ELECTRICAL - SUPPLIES	327	327	327	327	327	327	327	327	327	327	327	3,922	
630000.4	ELECTRICAL - REPAIRS	202	202	202	202	202	202	202	202	202	202	202	2,425	
632500.4	ELEVATOR - REPAIRS	318	318	318	318	318	318	318	318	318	318	318	3,810	
635500.4	FIRE ALARM - REPAIRS	247	247	247	247	247	247	247	247	247	247	247	2,963	
636000.3	FIRE EQUIP MAINTENANCE - SUPPLIES	90	90	90	90	90	90	90	90	90	90	90	1,075	
636700.4	ENTRY SYSTEM REPAIRS	17	17	17	17	17	17	17	17	17	17	17	200	
642500.2	PAINTING - SERVICE	58	58	58	58	58	58	58	58	58	58	58	690	
642500.3	PAINTING - SUPPLIES	114	114	114	114	114	114	114	114	114	114	114	1,370	
647500.3	PLUMBING - SUPPLIES	231	231	231	231	231	231	231	231	231	231	231	2,775	
647500.4	PLUMBING - REPAIRS	182	182	182	182	182	182	182	182	182	182	182	2,178	
652500.4	ROOF - REPAIRS	50	50	50	50	50	50	50	50	50	50	50	600	
656500.4	TRASH CHUTE - REPAIRS	79	79	79	79	79	79	79	79	79	79	79	950	
660000.3	WINDOW - SUPPLIES	2	2	2	2	2	2	2	2	2	2	2	27	
661000.4	CAMERA SUVEILLANCE - REPAIRS	56	56	56	56	56	56	56	56	56	56	56	675	
662500.0	SIGNS	20	20	20	20	20	20	20	20	20	20	20	235	
665000.0	UNIFORMS	0	0	0	450	0	0	0	0	450	0	0	900	
670000.0	MISCELLANEOUS REPAIRS & MAINTENANCE	35	35	35	35	35	35	35	35	35	35	35	418	
690000.0	ENTRY & ACCESS CARDS	21	21	21	21	21	21	21	21	21	21	21	250	
	TOTAL REPAIRS & MAINTENANCE	\$ 4,164	4,082	4,098	4,507	4,185	4,086	4,053	4,168	4,086	4,602	4,127	\$ 50,244	
740000.0	GENERAL INSURANCE	\$ 4,029	4,029	4,029	4,029	4,029	4,049	4,029	4,029	4,029	4,029	4,381	4,029	\$ 48,721
	TOTAL INSURANCE	\$ 4,029	4,029	4,029	4,029	4,029	4,049	4,029	4,029	4,029	4,029	4,381	4,029	\$ 48,721
750000.0	MANAGEMENT FEES - ALLIANT	\$ 348	348	348	348	348	348	348	348	348	348	348	\$ 4,176	
755000.0	MANAGEMENT FEES	3,920	3,911	3,913	3,909	3,921	4,054	4,051	4,063	4,054	4,061	4,059	4,054	47,970
	TOTAL MANAGEMENT FEES	\$ 4,268	4,259	4,261	4,257	4,269	4,402	4,399	4,411	4,402	4,409	4,407	\$ 52,146	

Highland Gardens
BUDGET DETAIL

	January	February	March	April	May	June	July	August	September	October	November	December	Total
760000.0	AUTO/MILEAGE EXPENSE	\$ 97	97	97	97	97	97	97	97	97	97	97	\$ 1,162
762500.0	DUES & SUBSCRIPTIONS	4	4	4	4	4	4	4	4	4	4	4	50
767500.0	LICENSES	0	0	0	0	0	586	0	0	750	155	0	1,491
768000.0	PERMITS	0	0	0	238	0	200	0	0	0	0	0	438
770500.0	MARKETING	215	1,951	215	935	215	215	215	215	935	215	215	5,760
771000.0	FITNESS/SPA EXPENSE	1,200	0	0	0	0	0	0	0	0	0	0	1,200
771500.0	RESIDENT ACTIVITIES	170	270	170	170	570	600	170	170	300	200	200	3,160
773000.0	AUDIT FEES	0	0	11,830	0	0	500	0	0	0	0	0	12,330
776500.0	SEMINAR & TRAINING PROGRAM	135	135	135	135	135	135	135	135	135	135	135	1,620
780000.0	POSTAGE, COURIER & DELIVERY	197	197	197	197	197	197	197	197	197	197	197	2,369
785000.0	OFFICE SUPPLIES	336	588	236	236	236	236	236	236	236	236	236	3,285
786000.0	OFFICE EXPENSE	158	158	158	158	158	158	158	158	158	158	158	1,900
787000.0	REFERRAL FEES	42	42	42	42	42	42	42	42	42	42	42	504
787500.0	LEASING & RENTING EXPENSE	48	48	48	48	48	48	48	48	48	48	48	572
788000.0	CREDIT REPORTS	100	60	68	48	108	60	44	100	60	92	80	880
792500.0	MISCELLANEOUS OPERATING EXPENSE	30	30	30	30	30	30	30	30	30	30	500	830
	TOTAL ADMINISTRATIVE EXPENSES	\$ 2,733	3,581	13,231	2,339	1,841	2,523	1,963	1,433	1,393	3,025	1,598	\$ 37,552
910000.0	RESERVE REPLACEMENT	\$ 2,488	2,488	2,488	2,488	2,488	2,488	2,488	2,488	2,488	2,488	2,488	\$ 29,851
	TOTAL RESERVE	2,488	2,488	2,488	2,488	2,488	2,488	2,488	2,488	2,488	2,488	2,488	29,851
901500.0	PROFESSIONAL FEES	15	15	15	15	15	15	15	15	15	15	15	180
920000.0	REPLACEMENTS - A/C & APPLIANCE	599	599	599	599	599	599	599	599	599	599	599	7,188
920100.0	REPLACEMENTS - CARPET & VINYL	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	17,664
920200.0	REPLACEMENTS - COUNTER & CABINETS	100	100	100	100	100	100	100	100	100	100	100	1,200
930300.0	IMPROVEMENTS - AWNING	0	9,600	0	2,100	0	0	0	0	0	0	0	11,700
930700.0	IMPROVEMENTS - ELECTRICAL	0	5,565	0	0	0	0	0	0	0	0	0	5,565
931900.0	IMPROVEMENTS - ENTRY GATE	0	0	0	8,828	0	0	0	0	0	0	0	8,828
	TOTAL REPLACEMENTS	2,186	17,351	2,186	13,114	12,186	2,186	2,186	2,186	2,186	2,186	2,186	62,325
	TOTAL OPERATING EXPENSES	45,204	60,355	59,197	55,899	53,059	44,212	43,029	42,294	41,516	45,503	49,431	583,322
	NET OPERATING INCOME	33,188	17,867	19,059	22,272	25,367	36,876	37,991	38,963	39,571	35,721	31,742	376,082
801500.0	INTEREST EXPENSE - CONVENTIONAL MORTGAGE	10,941	10,941	10,941	10,941	10,941	10,941	10,941	10,941	10,941	10,941	10,941	131,291
801500.1	PRINCIPAL REDUCTION	3,281	3,281	3,281	3,281	3,281	3,281	3,281	3,281	3,281	3,281	3,281	39,367
	INTEREST INCOME	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(216)
	TOTAL DEBT SERVICE	14,204	14,204	14,204	14,204	14,204	14,204	14,204	14,204	14,204	14,204	14,204	170,442
	TOTAL INTEREST	14,204	14,204	14,204	14,204	14,204	14,204	14,204	14,204	14,204	14,204	14,204	170,442
	CONTROLLABLE NOI	18,984	3,664	4,855	8,069	11,164	22,672	23,787	24,760	25,368	21,517	17,539	205,640
	NET CASH	18,984	3,664	4,855	8,069	11,164	22,672	23,787	24,760	25,368	21,517	17,539	205,640

HIGHLAND GARDENS

ACCOUNT FOOTNOTES

2019

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
400000.0	GROSS RENTAL APARTMENTS INCOME	911,445	As per rent scheduled effective June 2019.
400500.0	GAIN TO LEASE - HUD	37,044	This amount represent the difference between voucher holder rents and tax credit rents.
			<u>\$3,087.00 x 12 = \$37,044</u>
			<u>See Gain to Lease chart on file</u>
410000.0	VACANCY LOSS - UNRENTED	(4,557)	Amount based on 0.50% vacancy loss unrented.
410500.0	VACANCY LOSS - RENTED	(13,672)	This is to complete 1.50% % vacancy rate between vacant rented and unrented.
411000.0	EMPLOYEE APARTMENTS	(13,800)	Onsite Manager has a monthly concession on a 1x1 for \$755.00 Jan -May and \$775.00 Jun-Dec. Maintenance will receive a 50% concession for a 1x1 for \$377.50 monthly Jan-May and \$387.50 Jun-Dec.
450000.0	LAUNDRY INCOME	2,988	Based on annualized.
453500.0	APPLICATION FEES	3,740	Application fees based on \$85.00 per applicant, we allocated based on the projected move ins amount, considering we do two applications per unit. We allocated an extra one each month for declined and cancelled applicants.
454500.0	LATE FEES	3,943	Based on annualized. Late fees are as follows: From the 6th - 10th \$150.00 From the 10th -15th \$175.00 From the 16th on: \$200.00
458000.0	DAMAGE & CLEANING FEES	266	Based on half of the annualized amount.
490000.0	MISCELLANEOUS PROPERTY	43	Based on half of the annualized amount.
495000.0	SECURITY DEPOSIT FORFEITS	689	Based on half of the annualized amount.
497500.0	CABLE TV INCOME	496	Based on half of the annualized amount.
498000.0	WASHER & DRYER INCOME	30,780	Currently there are 57 residents paying for Washers and Dryers at \$45.00 each.
500000.0	SALARIES - MANAGER	40,103	Property Manager's Salary. A 4% increase has been allocated effective May 1st, 2019.
502200.0	SALARIES - LEASING AGENTS	21,590	Property Leasing Agent's Salary. A 4% increase has been allocated effective May 1st, 2019.
503000.0	SALARIES - MAINTENANCE	34,224	Maintenance Supervisor Salary and Maintenance Technician Salary. A 4% increase has been allocated effective May 1st, 2019.

HIGHLAND GARDENS

ACCOUNT FOOTNOTES

507000.0	BONUS	<p>8,210 1. Property Manager has a monthly Occupancy incentive bonus if the property closes the month occupied at 98%. Estimated at \$600.00 per year.</p> <p style="padding-left: 40px;">Property Manager \$50.00 monthly x 12 month = <u>\$600.00</u></p> <p>Property Manager has a monthly Collection incentive bonus if the property closes the month collected at 98%. Estimated at \$600.00 per year.</p> <p style="padding-left: 40px;">Property Manager \$50.00 monthly x 12 month = <u>\$600.00</u> per year.</p> <p>2. Move in and Renewal bonuses are based on the projected year's move in schedule and split amongst staff (please refer to Bonus Schedule for detail monthly figures).</p> <p style="padding-left: 40px;">Estimated at a total of <u>\$560.00</u> per year on 16 Move Ins.</p> <p>(Move ins are being paid at \$25.00 to Office staff and split amongst them and 10.00 to Maintenance Staff and also split amongst them).</p> <p style="padding-left: 40px;">Estimated at a total of <u>\$3,600.00</u> per year for 80 Renewals.</p> <p>(Renewals are being paid at \$35.00 to Office staff and split amongst them and \$10.00 to Maintenance Staff and also split amongst them).</p> <p>3. During the month of December funds have been allocated per employee for Christmas and gift certificates. Total amount of Holiday bonus for property: <u>\$750.00</u></p> <p>4. During the month of April funds have been allocated for performance bonuses. Total amount of performance bonus for property <u>\$2,100.00</u>.</p>
520000.0	HEALTH INSURANCE	3,746 Property contributes <u>\$3,732.00</u> per year, per employee for health insurance. Estimated amount per month is \$311.00 per month.
530000.0	MANDATED BENEFITS	12,947 Mandated benefits at an average of 11% for clerical category and 18% for maintenance. Mandated benefits include , Medicare, Fica, Suta, Worker's Compensation and administrative fee for Co Advantage.
550000.0	ELECTRICITY	10,877 Based on Annualized plus a 3% increase.
550200.0	ELECTRICITY - VACANT	1,160 Based on Annualized plus a 3% increase.
552000.0	TELEPHONE	11,004 Service provided by Comcast for a local phone lines including elevator phone lines and 2 Entry System lines, Fire alarm, Internet for a monthly average of \$ 817.00
		In addition we have allocated <u>\$50.00</u> for the Manager and <u>\$50.00</u> for the Maintenance Supervisor for emergency calls. Total of \$100.00 per month.
552500.0	ANSWERING SERVICE	1,008 National Answering Service <u>\$84.00</u> monthly for after hours answering service, allocated an extra invoice for the month of November.
553000.0	WASTE	19,108 Based on current amount plus a 5% increase for 2019.

HIGHLAND GARDENS

ACCOUNT FOOTNOTES

554000.0	GAS	640	Based on annualized plus a 5% increase expected for 2019. This service is provided by TECO people gas for the Generators.
555000.0	WATER	23,624	Based on annualized plus a 6% increase for 2019.
556000.0	SEWER	29,057	Based on annualized plus a 6% increase for 2019.
571000.2	ALARM - CONTRACT	899	Burglar alarm monitoring service provided by MCG, Electronic for the Office, Club house and Gym, for a monthly amount of \$74.90 No increase for 2019.
572000.2	BUILDING EQUIPMENT - CONTRACT	4,240	Allocated for maintenance and inspections on both buildings generator with Pioneer Critical Power. Building # 335 - Four (4) 50 point inspection visits per year including: One (1) annual oil and filters change service /year. One (1) annual cooling system drain and refill/ year. Total Yearly cost: \$1,590.00 . Building # 333 -Four (4) 50 point inspection visits per year including: One (1) annual oil and filters change service /year. One (1) annual cooling system drain and refill/ year. Total Yearly cost: \$1,590.00 . Load bank test for \$530.00 each generator \$1,060.00 in November.
572200.2	CAMERA SURVEILLANCE	4,803	Monthly Surveillances for the cameras done by SONITROL which provides monitoring and repairs of the cameras and entry system no increase for 2019. A total of \$400.25 monthly, this amount include the newly installed cameras in 2018.
572500.2	CLEANING - BUILDING	16,800	Amount is allocated for the daily cleaning of the all common areas, hallways and leasing office, this include 4 hours daily Mon-Friday with a total of 20 hours per week for a monthly charge of \$1,400.00 per month. This service will be provided by GQM, Services.
573000.2	ELEVATOR - CONTRACT	8,561	SCHINDLER Elevator service our elevators, One of each building this includes labor and material contract for 24 hours and any emergency calls for a monthly of \$713.44 a 3.23% increase has been included. The Annual elevator inspection will be performed during the month of July at no additional charged.
573500.2	EXTERMINATING - CONTRACT	3,600	Exterminating , New Service Company All Four Pest Control to service the property monthly.
574000.2	FIRE ALARM - CONTRACT	3,554	The Fire Alarm monitoring for both building is provided by MCG, Electronics, building 333 and 335 both buildings monthly \$106.00 Total of \$1,272.00 yearly. No increase for 2019. Annual fire system Inspection Test for each building a total of \$2,282.00 due in November.

HIGHLAND GARDENS

ACCOUNT FOOTNOTES

574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	2,703	<p>The Fire extinguisher Inspection performed by AMBASSADOR FIRE AND SAFETY. Allocated total of \$469.79 for 133 Fire extinguishers certification during the month of December.</p> <p>Fire Backflow preventer and certification test performed by BACKFLOW INSPECTION REPAIR & PLUMBING, INC. \$855.00 in the month of June we have a total of 9 backflows.</p> <p>Also allocated an extra \$1,378.00 in July for any necessary repairs after the inspection. Based on annualized amount.</p>
575000.2	FIRE SPRINKLERS - CONTRACT	1,205	<p>Fire Sprinklers system and Backflows, ALL FIRE SERVICES, INC will inspect and certified. This service is done during the month of January for both buildings in the amount of \$315.00 for all fire extinguishers.</p> <p>Allocated an extra \$890.00 for any necessary repairs needed after the fire sprinklers inspection.</p>
576000.2	LANDSCAPING - SERVICE	11,550	<p>Landscaping service provided by LA, RUST to the rust inhibitor system. \$1,440.00 yearly; No increase for 2019.</p> <p>Rock & Rose Landscaping , shall trim all trees and palms in accordance with City codes, during the month of April. Total of \$4,350.00.</p> <p>Allocated \$3,840.00 JRC in November for a full mulch and a touch up to refresh the mulch in March \$1,920.00</p>
576500.2	LAWN SERVICE - CONTRACT	11,745	<p>Lawn Service provided by J.R.C. Landscaping, twice per month \$978.75 total \$11,745.00 annually.</p> <p>Extra cut during the months of June, July and August are included in the contract.</p>
577000.2	ORNAMENTAL	2,300	<p>Lawn spray of the Ornamental for Pest control every other month by DILIGENT LAWN AND PEST CONTROL. Service six time a year for \$250.00 x 6 = \$1,500.00 Additional whitefly control quarterly \$200.00 x 4 = \$800.00</p>
578200.2	TERMITE WARRANTY RENEWAL	2,780	<p>Diligent services our property for Termite warranty. No increase for 2019 expense through out the year.</p>
579000.2	TRASH CHUTE CLEANING CONTRACT	2,768	<p>ECOLO, odor control; deodorizes and Sanitizes the trash chutes for both buildings 333 and 335 for \$189.00 monthly \$ 2,268.00 Allocated \$500.00 for the trash chute deep cleaning during the month of October.</p>
582000.2	CABLE TV	1,451	<p>Based on annualized allocated for cable in club house and (2) Game rooms.</p>
583000.2	COMPUTER MAINTENANCE - CONTRACT	5,464	<p>We have allocated a yearly amount for NDSI - IT Support and Server tech \$2,470.00</p> <p>Software Insurance Certificate \$48.00 (January).</p> <p>Real Page Resident Portal. OneSite \$523.24 (February) Budget Builder software \$300.00 (October).</p> <p>One site software Annual fees License renewal facilities, purchasing, SDE and Central \$2,121.80</p>

HIGHLAND GARDENS

ACCOUNT FOOTNOTES

583500.2	COPIER MAINTENANCE - CONTRACT	763 Allocated \$180.00 quarterly maintenance to cover for 2,000 copies per month, also allocated for extra overage charges or color.
600000.3	HVAC - SUPPLIES	9,564 Allocated amount to purchase AC filters, coil, thermostat, acetylene oxygen, nitrogen and any supplies needed.
603000.4	ALARM - REPAIRS	134 Allocated to make any necessary repairs to the alarms based on annualized.
604000.3	APPLIANCES - SUPPLIES	4,444 Allocated amount to purchased appliances parts and any supplies needed.
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	2,559 Based on annualized amount allocated for any supplies needed to make repairs around common areas of the property and turn over units.
612500.0	BUILDING LABOR	1,832 Allocated for maintenance supervisor to perform quarterly property inspections, organize any Tax Credit annual inspection with maintenance and cover vacation for maintenance supervisor. □
622500.2	CLEANING - SERVICE	2,280 Based on 16 new move ins schedule projected, we allocated amount for cleaning service for to vacant units.
622500.3	CLEANING - SUPPLIES	2,567 Based on Annualized, allocated amount for cleaning supplies for the vacant units and common areas.
630000.3	ELECTRICAL - SUPPLIES	3,922 Allocated for replacements such GFCI, receptacles,, light bulbs fixtures, within units, hallways and common areas.
630000.4	ELECTRICAL - REPAIRS	2,425 Based on annualized allocated amount for any minor repairs needed from any of our vendor.
632500.4	ELEVATOR - REPAIRS	3,810 Allocated amount based on annualized, for any repairs needed to the elevator.
635000.2	EXTERMINATING	900 We allocated an extra \$900.00 for an average of three Bed Bug service if necessary.
635500.4	FIRE ALARM - REPAIRS	2,963 Allocate amount for any repairs needed after the Fire Alarm Inspection
636000.3	FIRE EQUIP MAINTENANCE - SUPPLIES	1,075 Annualized amount allocated to purchase emergency lights, smoke detectors and any supplies needed.
636700.0	ENTRY SYSTEM	500 Amount allocated for any repairs needed.
636700.4	ENTRY SYSTEM REPAIRS	200 Entered a yearly amount for any necessary repairs to the entry system.
642500.2	PAINTING - SERVICE	690 Allocated to help maintenance to pain vacant units if necessary.
642500.3	PAINTING - SUPPLIES	1,370 Allocated amount based on annualized to purchase painting supplies to complete touch ups of hallways, common areas and for vacant unit.
647500.3	PLUMBING - SUPPLIES	2,775 Based on annualized allocated amount for any supplies or replacements of faucets, fluid master, backups etc.
647500.4	PLUMBING - REPAIRS	2,178 Allocated amount based on annualized for any necessary repairs.
652500.4	ROOF - REPAIRS	600 Due to the age of the building we allocated amount in case any roof leaks.
656500.4	TRASH CHUTE - REPAIRS	950 Allocated amount to repair both guillotines in trash chute.
660000.3	WINDOW - SUPPLIES	27 Based on annualized.
661000.4	CAMERA SURVEILLANCE - REPAIRS	675 Amount allocated for any repairs needed.

HIGHLAND GARDENS

ACCOUNT FOOTNOTES

662500.0	SIGNS	235	Based on annualized allocated to purchased Stop signs, No parking etc.
665000.0	UNIFORMS	900	The allowance for uniforms is \$150.00 employee twice per year in April and October . For 1 Maintenance and 2 office staff the cost \$150.00
670000.0	MISCELLANEOUS REPAIRS & MAINTENANCE	418	Based on annualized.
690000.0	ENTRY & ACCESS PARKING CARDS	250	Allocate amount for Key Fobs entry system.
740000.0	GENERAL INSURANCE	48,721	Information provided by BCHA
750000.0	MANAGEMENT FEES ALLIANT	4,176	Based on Management fees paid to Alliant.
755000.0	MANAGEMENT FEES	47,970	Based on 5% of the Total Rent Income budget projections.
760000.0	AUTO/MILEAGE EXPENSE	1,162	Allocated amount for Manager , Leasing and Maintenance for mileage and traveling for going to the Bank, Post office, store, seminar and training, etc.
762500.0	DUES & SUBSCRIPTIONS	50	As per LURA we need to subscribe to 5 magazines per year. The Magazines are as follows; Better Homes, Women's Day, Oprah, People, Marie Claire.
767500.0	LICENSES	1,491	City of Deerfield Beach Business License \$586.35 in July. Division of Hotel and restaurants in November \$155.00 .
768000.0	PERMITS	438	Elevator Permit in the month of June 2 x \$100.00 = \$200.00 . City of Deerfield Beach Fire Safety inspection at \$238.00 in the Month of April.
770500.0	MARKETING	5,760	Leasing Director, to train and monitor the performance of Lease Star and Lead to Lease, support property web site updates pictures, rents and marketing materials \$576.00 . For Monthly resident newsletter Illustratus \$508.56 Leasestar License On line payment \$547.96 Leasing Tracking License \$741.60 Leasestar Web side \$445.99 Marketing materials such as Flyers, brochures, Thank you cards, welcome cards etc. \$1,500.00 To order the colorful entrance flags including American flags twice a year \$1,440.00
771000.0	FITNESS/SPA EXPENSE	1,200	Allocated contract amount for the Maintenance Service Plan in January.

HIGHLAND GARDENS

ACCOUNT FOOTNOTES

771500.0	RESIDENT ACTIVITIES	3,160	<p>Allocated amount to purchased food, decorations, gifts, etc. For residents activities, classes and holiday parties for each quarter as per LURA. The Activities are Schedule as follow; DAILY: activities (Puzzles, Trivial, Checkers, chest etc.).</p> <p>WEEKLY: Bingo, Origami, Knitting, Arts & Craft project, Scrapbooking, etc.</p> <p>MONTHLY activities such as ,Movie Matinee, Karaoke, Crime Watch meeting once per quarter. On Mother's Day, Thanksgiving and Christmas we allocated extra for the special occasion. Financial Class: Once per quarter. Health Classes: Once per quarter.</p> <p>Special Events: Feb- valentine's Day May- Mother's Day June - Father's Day November - Thanksgiving Holiday Lunch December - Holiday Celebration.</p>
773000.0	AUDIT FEES	12,330	<p>Audit of financial statements by Reznick Group \$ 11,830.00 Tangible Personal Property Tax Return and Income Tax Return preparation Payable in March.</p> <p>Audit fees payable to Jose Aponte from Preferred Compliance in the amount of \$500.00 in the month of June.</p>
776500.0	SEMINAR & TRAINING PROGRAM	1,620	<p>Allocate amount for employees seminars. One Site, refresher seminars, leasing and tax credit seminars and Fair housing law.</p>
780000.0	POSTAGE, COURIER & DELIVERY	2,369	<p>This amount is allocated for the purchase of stamps, certified mailings, weekly packages to the main office.</p>
785000.0	OFFICE SUPPLIES	3,285	<p>Allocated a monthly amount for office supplies needed.</p> <p>Office expenses to include the orders of Hartland check for the property charge-computer checks in February.</p>
786000.0	OFFICE EXPENSE	1,900	<p>Allocated amount based on annualized for the office expenses such as coffee, creamer, sugar, water, flowers and any expense needed for the office.</p>
787000.0	REFERRAL FEES	504	<p>We currently offering \$100.00 per referral. Referral fees allocated for some referral through out the year.</p>
787500.0	LEASING & RENTING EXPENSE	572	<p>For the work number to verify employment income for some applicants.</p>
788000.0	CREDIT REPORTS	880	<p>We currently use Real Page for credit and background reports. Average charge is \$20,00 per Application. Based on 2 applications per move ins and one extra one each month for cancelled and decline.</p>
792500.0	MISCELLANEOUS OPERATING EXPENSE	830	<p>For any other necessary miscellaneous operating Expenses.</p>
910000.0	RESERVE REPLACEMENT	29,851	<p>Information provided by Berkadia.</p>
901500.0	PROFESSIONAL FEES	180	<p>Amount allocated if needed.</p>

HIGHLAND GARDENS

ACCOUNT FOOTNOTES

920000.0	REPLACEMENTS - A/C & APPLIANCE	7,188	Based on annualized. Plus additional
			Allocated for 3 refrigerator x \$584.86 = \$1,754.58 Allocated for 3 stoves x \$384.56 = \$1,153.68 Allocated for 7 Microwaves x \$248.16 = \$1,737.12 Allocated for 6 AC Air Handler x \$424.00 = \$2,544.00
920100.0	REPLACEMENTS - CARPET & VINYL	17,664	For the past last year we have been able to do repairs as necessary. Allocated to continue doing repairs on some units as needed.
920200.0	REPLACEMENTS - COUNTER & CABINETS	1,200	Allocated amount based on the annualized for any cabinet replacement needed.
925200.0	IMPROVEMENTS - PAVING	10,000	Allocated to install handicapped ramp to the parking lot
930300.0	IMPROVEMENTS - AWNING	11,700	Allocated \$9,600.00 to install 2 new roll up in 333 building and repair 2 roll up screen in 335 building. Added \$2,100.00 to install three Awnings as follow: 1 by SE side of building 333. One (1) by the NE 335 back entrance and one (1) by the NE 3rd Ave entrance.
930700.0	IMPROVEMENTS - ELECTRICAL	5,565	Repair a total of 21 GFCI outdoor receptacle outlets, 7 on 333 building and 14 on building 335.
931900.0	IMPROVEMENTS - ENTRY GATE	8,828	Allocated to install 3 automatic push buttons door openers 1 in building 333 and 2 in 335 entrances.
801500.0	INTEREST EXPENSE - CONVENTIONAL MORTGAGE	131,291	Information provided by Yoly Lopez.
801500.1	PRINCIPAL REDUCTION	39,367	Information provided by Yoly Lopez.
	INTEREST INCOME	(216)	Based on Annualized amount.

OAKLAND PRESERVE
3600 Oakland Preserve Way
Oakland Park, FL. 33334
Telephone: (954) 566-0706

2019 BUDGET & SUPPORTING SCHEDULES

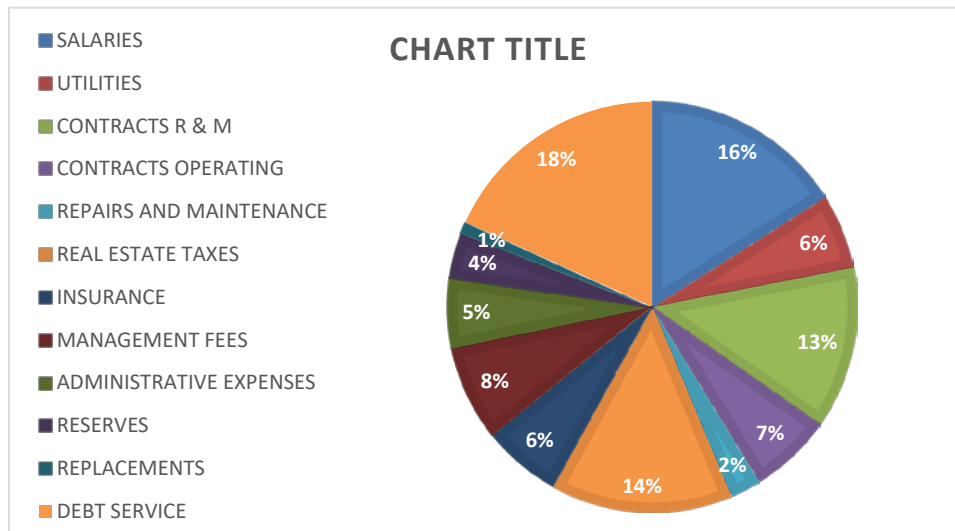
PROPERTY: Oakland Preserve

NO. OF UNITS:	80	UNITS
TOTAL SQUARE FOOTAGE:	80,112	SQ. FT.

Final Copy

BUDGET SUMMARY 2019

CATEGORY	YEAR	\$/SF	\$/UNIT/YR
INCOME			
RENTAL INCOME	\$ 944,104.00	\$ 11.78	\$ 11,801.30
RENTAL ADJUSTMENTS	(12,950.15)	(0.16)	(161.88)
OTHER INCOME	82,156.86	1.03	1,026.96
TOTAL RENTAL INCOME	\$ 1,013,310.71	\$ 12.65	\$ 12,666.38
TOTAL INCOME	\$ 1,013,310.71	\$ 12.65	\$ 12,666.38
OPERATING EXPENSES			
SALARIES	\$ 107,190.76	\$ 1.34	\$ 1,339.88
UTILITIES	39,789.49	0.50	497.37
CONTRACTS R & M	85,769.69	1.07	1,072.12
CONTRACTS OPERATING	43,718.11	0.55	546.48
REPAIRS AND MAINTENANCE	16,428.08	0.21	205.35
REAL ESTATE TAXES	95,924.00	1.20	1,199.05
INSURANCE	41,738.01	0.52	521.73
MANAGEMENT FEES	50,665.54	0.63	633.32
ADMINISTRATIVE EXPENSES	36,399.49	0.45	454.99
RESERVES	24,000.00	0.30	300.00
REPLACEMENTS	6,346.00	0.08	79.33
TOTAL OPERATING EXPENSES	\$ 547,969.17	\$ 6.84	\$ 6,849.61
NET OPERATING INCOME	\$ 465,341.54	\$ 5.81	\$ 5,816.77
INTEREST			
DEBT SERVICE	122,177.04	1.53	1,527.21
TOTAL INTEREST	\$ 122,177.04	\$ 1.53	\$ 1,527.21
NET CASH FLOW	\$ 343,164.50	\$ 4.28	\$ 4,289.56



BUDGET SUMMARY COMPARISON

2018 2019 2019 vs 2018

CATEGORY	YEAR	YEAR	VARIANCE
INCOME			
RENTAL INCOME	\$ 872,508	\$ 944,104	\$ 71,596
RENTAL ADJUSTMENTS	(19,907)	(12,950)	6,956
OTHER INCOME	54,950	82,157	27,207
TOTAL RENTAL INCOME	\$ 907,551	\$ 1,013,311	\$ 105,759
TOTAL INCOME	\$ 907,551	\$ 1,013,311	\$ 105,759
OPERATING EXPENSES			
SALARIES	\$ 101,726	\$ 107,191	\$ 5,464
UTILITIES	30,877	39,789	8,913
CONTRACTS R & M	78,256	85,770	7,513
CONTRACTS OPERATING	50,815	43,718	(7,097)
REPAIRS AND MAINTENANCE	14,845	16,428	1,583
REAL ESTATE TAXES	80,000	95,924	15,924
INSURANCE	57,200	41,738	(15,462)
MANAGEMENT FEES	45,378	50,666	5,288
ADMINISTRATIVE EXPENSES	30,640	36,399	5,760
RESERVES	24,720	24,000	(720)
REPLACEMENTS	2,160	6,346	4,186
TOTAL OPERATING EXPENSES	\$ 516,617	\$ 547,969	\$ 31,352
NET OPERATING INCOME	\$ 390,934	\$ 465,342	\$ 74,407
INTEREST			
DEBT SERVICE	61,000	122,177	61,177
TOTAL INTEREST	\$ 61,000	\$ 122,177	\$ 61,177
NET CASH FLOW	\$ 329,934	\$ 343,165	\$ 13,230

Projected Increase **4%**

MONTH OF SCHEDULED INCREASE:

INCREASE 1 - **June 2019**

TOTAL OF UNITS: **80**

CURRENT RENT: **\$75,520**

INCREASED RENT: **\$79,808**

as of 6/1/19

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT	INCREASE 1 -			NEW
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE	TOTAL MONTHLY RENT
1x1-30	748	\$380	\$0.508	1	\$380	\$15.00	\$395	3.95%	\$395
1x1-60	748	\$824	\$1.102	11	\$9,064	\$44.00	\$868	5.34%	\$9,548
2x2-30	1007	\$456	\$0.453	5	\$2,280	\$18.00	\$474	3.95%	\$2,370
2x2-60	1007	\$984	\$0.977	43	\$42,312	\$57.00	\$1,041	5.79%	\$44,763
3x2-30	1140	\$527	\$0.462	2	\$1,054	\$21.00	\$548	3.98%	\$1,096
3x2-60	1140	\$1,135	\$0.996	18	\$20,430	\$67.00	\$1,202	5.90%	\$21,636

Totals: **80,112**

\$75,520

\$79,808

Performance Bonuses Schedule

Year 2019

Employee Name Employee Title

- George Marcos Property Manager
- Juan Candelaria Maintenance
- Yulekethia Hankerson Family Support Coordinator

Month	Employee: George Marcos Title: Property Manager			Employee: Juan Candelaria Title: Maintenance			Holiday Year End Activities	
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals		
Jan	100.00	-	-		-	-	George Marcos	250.00
Feb	100.00	2.50	31.50		1.00	9.00	Juan Candelaria	250.00
Mar	100.00	2.50	31.50		1.00	9.00	Yulekethia Hankerson	250.00
Apr	100.00	2.50	31.50		1.00	9.00		
May	100.00	-	-		-	-		
Jun	100.00	-	-		-	-		
Jul	100.00	177.50	1,746.50		71.00	499.00		
Aug	100.00	55.00	553.00		22.00	158.00		
Sep	100.00	-	-		-	-		
Oct	100.00	-	-		-	-		
Nov	100.00	2.50	31.50		1.00	9.00		
Dec	100.00	2.50	31.50		1.00	9.00		
Total	\$ 1,200.00	\$ 245.00	\$ 2,457.00	\$ -	\$ 98.00	\$ 702.00		\$ 750.00

TOTALS

Occupancy & Delinquency	1,200.00
Move-Ins	343.00
Renewals	3,159.00
Holiday	750.00
	\$ 5,452.00

Monthly Totals

Jan	100.00
Feb	144.00
Mar	144.00
Apr	144.00
May	100.00
Jun	100.00
Jul	2,594.00
Aug	888.00
Sep	100.00
Oct	100.00
Nov	144.00
Dec	894.00
	5,452.00

SCHEDULE A-1

Move-Ins

Move-Outs

Renewals

Year	Month	Out	In	Renew
2019	Jan	0	0	0
2019	Feb	0	0	1
2019	Mar	0	0	1
2019	Apr	0	0	1
2019	May	0	0	0
2019	Jun	0	0	0
2019	Jul	7	7	50
2019	Aug	2	2	16
2019	Sep	0	0	0
2019	Oct	0	0	0
2019	Nov	0	0	1
2019	Dec	0	0	1
TOTAL		9.8	9.8	70.2

Move Ins
Renewals
Vacant Units at beginning of period

TOTAL

9.8
70.2
0
80

Renewal Rate
88%

CONCESSIONS				
Year	Month	In	Cumulative	Concess \$
2019	Jan	0	0	-
2019	Feb	0	0	-
2019	Mar	0	0	-
2019	Apr	0	0	-
2019	May	0	0	-
2019	Jun	0	0	-
2019	Jul	7	7	-
2019	Aug	2	2	-
2019	Sep	0	0	-
2019	Oct	0	0	-
2019	Nov	0	0	-
2019	Dec	0	0	-
TOTAL		10	10	\$ -

Oakland Preserve
BUDGET DETAIL

	January	February	March	April	May	June	July	August	September	October	November	December	Total
400000.0 GROSS RENTAL APARTMENTS INCOME	\$ 75,520	75,520	75,520	75,520	75,520	79,808	79,808	79,808	79,808	79,808	79,808	79,808	\$ 936,256
400500.0 GAIN TO LEASE	654	654	654	654	654	654	654	654	654	654	654	654	7,848
TOTAL RENTAL INCOME	76,174	76,174	76,174	76,174	76,174	80,462	80,462	80,462	80,462	80,462	80,462	80,462	944,104
PERCENTAGE OF VACANCY	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
410000.0 VACANCY LOSS - UNRENTED	(151)	(151)	(151)	(151)	(151)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(1,873)
410500.0 VACANCY LOSS - RENTED	(227)	(227)	(227)	(227)	(227)	(239)	(239)	(239)	(239)	(239)	(239)	(239)	(2,809)
411000.0 EMPLOYEE APARTMENTS	(492)	(492)	(492)	(492)	(492)	(512)	(512)	(512)	(512)	(512)	(512)	(512)	(6,041)
412000.0 UNCOLLECTIBLE ACCOUNTS	(186)	(186)	(186)	(186)	(186)	(186)	(186)	(186)	(186)	(186)	(186)	(186)	(2,228)
NET RENTAL ADJUSTMENTS	\$ (1,055)	(1,055)	(1,055)	(1,055)	(1,055)	(1,096)	(1,096)	(1,096)	(1,096)	(1,096)	(1,096)	(1,096)	\$ (12,950)
453500.0 APPLICATION FEES	0	17	17	17	0	0	1,207	374	0	0	17	17	1,666
454500.0 LATE FEES	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	20,957
455500.0 PET FEES-OPT	56	56	56	56	56	56	56	56	56	56	56	56	669
456500.0 LEASE TERMINATION FEES	86	86	86	86	86	86	86	86	86	86	86	86	1,028
457500.0 NSF CHECK FEES	64	64	64	64	64	64	64	64	64	64	64	64	771
458000.0 DAMAGE & CLEANING FEES	36	36	36	36	36	36	36	36	36	36	36	36	429
490000.0 MISCELLANEOUS PROPERTY	40	40	40	40	40	40	40	40	40	40	40	40	477
498000.0 WASHER/DRYER INCOME	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	56,160
OTHER PROPERTY INCOME	\$ 6,708	6,725	6,725	6,725	6,708	6,708	7,915	7,082	6,708	6,708	6,725	6,725	\$ 82,157
TOTAL RENTAL INCOME	\$ 81,826	81,843	81,843	81,843	81,826	86,073	87,280	86,447	86,073	86,073	86,090	86,090	\$ 1,013,311
500000.0 SALARIES - MANAGER	\$ 3,032	2,637	2,769	2,900	3,138	2,742	3,154	3,016	2,879	3,154	2,879	3,016	\$ 35,317
502400.0 SALARIES - FAMILY SUPPORT COORDINATOR	1,012	880	924	968	1,047	915	1,052	1,007	961	1,052	961	1,007	11,787
503000.0 SALARIES - MAINTENANCE	2,944	2,560	2,688	2,816	3,046	2,662	3,062	2,929	2,796	3,062	2,796	2,929	34,289
507000.0 BONUS	100	144	144	1,644	100	100	2,594	888	100	100	144	894	6,952
520000.0 HEALTH INSURANCE	660	574	603	632	660	574	660	632	603	660	603	632	7,493
530000.0 MANDATED BENEFITS	975	848	890	932	1,009	882	1,014	970	926	1,014	926	970	11,353
TOTAL SALARIES	\$ 8,723	7,643	8,018	9,892	9,000	7,876	11,536	9,441	8,264	9,042	8,308	9,447	\$ 107,191
550000.0 ELECTRICITY	\$ 1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	\$ 16,040
550200.0 ELECTRICITY - VACANT	9	9	9	9	9	9	9	9	9	9	9	9	107
552000.0 TELEPHONE	390	390	390	390	390	390	390	390	390	390	390	390	4,680
552500.0 ANSWERING SERVICE	84	84	84	84	84	84	84	84	84	84	84	84	1,008
553000.0 WASTE	710	710	710	710	710	710	710	710	710	710	710	710	8,524
555000.0 WATER	143	143	143	143	143	143	143	143	143	143	143	143	1,710
555200.0 WATER - VACANT	48	48	48	48	48	48	48	48	48	48	48	48	580
556000.0 SEWER	570	570	570	570	570	570	570	570	570	570	570	570	6,842
556200.0 SEWER VACANT	25	25	25	25	25	25	25	25	25	25	25	25	299
TOTAL UTILITIES	\$ 3,316	3,316	3,316	3,316	3,316	3,316	3,316	3,316	3,316	3,316	3,316	3,316	\$ 39,789
571000.2 ALARM - CONTRACT	32	32	32	32	32	32	32	32	32	32	32	32	381
572500.2 CLEANING - BUILDING	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	2,009	24,104
573500.2 EXTERMINATING - CONTRACT	0	382	0	382	0	382	0	382	0	382	0	382	2,290
574000.2 FIRE ALARM - CONTRACT	318	318	318	318	318	1,368	318	318	318	318	318	318	4,866
574500.2 FIRE EQUIP MAINTENANCE - CONTRACT	0	0	0	128	0	0	0	0	0	0	0	0	128
575000.2 FIRE SPRINKLERS - CONTRACT	0	0	0	2,500	0	0	0	0	0	0	0	0	2,500
575500.2 LAKE/FOUNTAIN MAINTENANCE	112	112	112	112	112	112	112	112	112	112	112	112	1,344
576000.2 LANDSCAPING - SERVICE	3,200	0	3,599	0	0	0	0	0	0	0	6,687	500	13,986
576500.2 LAWN SERVICE - CONTRACT	3,025	2,100	2,100	3,025	2,100	3,150	4,075	3,150	2,100	3,025	2,100	2,100	32,050
577000.2 ORNAMENTAL	687	0	687	0	687	0	687	0	687	0	687	0	4,121
TOTAL CONTRACTS R & M	9,382	4,952	8,856	8,505	5,257	7,052	7,232	6,002	5,257	5,877	11,945	5,452	85,770
582500.2 COURTESY PERSONNEL	3,113	2,808	3,084	2,939	3,069	2,997	3,069	3,055	3,011	3,026	3,011	3,098	36,279
583000.2 COMPUTER MAINTENANCE - CONTRACT	324	2,392	276	276	276	276	276	276	276	276	276	276	5,775
583500.2 COPIER MAINTENANCE - CONTRACT	0	416	0	0	416	0	0	416	0	0	416	0	1,664
TOTAL CONTRACTS OPERATING	\$ 3,437	5,616	3,360	3,215	3,761	3,273	3,345	3,747	3,287	3,602	3,703	3,374	\$ 43,718

Oakland Preserve
BUDGET DETAIL

	January	February	March	April	May	June	July	August	September	October	November	December	Total
920000.0	196	196	196	196	196	196	196	196	196	196	196	196	2,346
920100.0	125	125	125	125	125	125	125	125	125	125	125	125	1,500
925000.0	167	167	167	167	167	167	167	167	167	167	167	167	2,000
925200.0	42	42	42	42	42	42	42	42	42	42	42	42	500
TOTAL REPLACEMENTS	529	529	529	529	529	529	529	529	529	529	529	529	6,346
TOTAL OPERATING EXPENSES	61,538	42,442	43,225	45,329	40,324	53,318	48,092	43,083	40,001	41,963	46,696	41,958	547,969
NET OPERATING INCOME	20,289	39,401	38,618	36,514	41,502	32,755	39,189	43,365	46,072	44,110	39,394	44,132	465,342
800000.0	8,038	8,038	8,038	8,038	8,038	8,038	8,038	8,038	8,038	8,038	8,038	8,038	96,458
801500.1	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	25,719
TOTAL DEBT SERVICE	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	122,177
TOTAL INTEREST	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	10,181	122,177
CONTROLLABLE NOI	10,107	29,220	28,436	26,333	31,321	22,574	29,007	33,183	35,891	33,929	29,213	33,951	343,165
NET CASH	10,107	29,220	28,436	26,333	31,321	22,574	29,007	33,183	35,891	33,929	29,213	33,951	343,165

OAKLAND PRESERVE

ACCOUNT FOOTNOTES

2019

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
400000.0	GROSS RENTAL APARTMENTS INCOME	936,256	Based on rent schedule, a 4% rent increase has been projected starting June 2019.
400500.0	GAIN TO LEASE - HUD	7,848	This amount represents the difference between voucher holder rents and tax credit rents. <u>\$654.00 x 12 = \$7,848.00</u> (See Gain to Lease Chart on File)
410000.0	VACANCY LOSS - UNRENTED	(1,873)	This amount is based on 0.20% vacancy loss unrented units.
410500.0	VACANCY LOSS - RENTED	(2,809)	This is to complete 0.50% between vacancy loss rented and unrented.
411000.0	EMPLOYEE APARTMENTS	(6,041)	Employee concessions are as follows: Property Manager has a monthly concession in the amount of \$492.00 from January - May and \$511.50 from June - December which represents 50% of a 2/2. Employee lives in a 3/2 and pays the difference. Total annual expense- <u>(\$6,041.00)</u>
412000.0	UNCOLLECTIBLE ACCOUNTS	(2,228)	Based on half of the annualized amount.
453500.0	APPLICATION FEES	1,666	Application fees are \$85.00 per adult. Based on move ins as per the A-1 Schedule x 2 applicants per unit.
454500.0	LATE FEES	20,957	Based on the annualized amount. <u>Late fee charges are as follows:</u> From the 6th - 10th \$150.00 From the 10th - 15th \$175.00 From the 16th on: \$200.00
455500.0	PET FEES-OPT	669	Based on half of the annualized amount.
456500.0	LEASE TERMINATION FEES	1,028	Based on half of the annualized amount.
457500.0	NSF CHECK FEES	771	Based on half of the annualized amount.
458000.0	DAMAGE & CLEANING FEES	429	Based on half of the annualized amount.
490000.0	MISCELLANEOUS PROPERTY	477	Based on half of the annualized amount.
498000.0	WASHER & DRYER INCOME	56,160	Based on 78 residents renting the washer and dryer at \$60.00 per month. Total monthly income- <u>\$4,680.00.</u>
500000.0	SALARIES - MANAGER	35,317	Property Manager's Salary. A 4% increase has been allocated effective May 1st.
502400.0	SALARIES - FAMILY SUPPORT COORDINATOR	11,787	Activity Director's Salary. Based on 20 hours per week. A 4% increase has been allocated effective May 1st.
503000.0	SALARIES - MAINTENANCE	34,289	Maintenance Supervisor Salary A 4% increase has been allocated effective May 1st.

OAKLAND PRESERVE

ACCOUNT FOOTNOTES

507000.0	BONUS	6,952	<p>1. Property Manager has a monthly <u>Occupancy</u> incentive bonus if the property closes the month occupied at 98%. Estimated at \$600.00 per year.</p> <p>Property Manager \$50.00 monthly x 12 month = \$600.00. Total \$600.00</p> <p>Property Manager has a monthly <u>Collection</u> incentive bonus if the property closes the month occupied at 98%. Estimated at \$600.00 per year.</p> <p>Property Manager \$50.00 monthly x 12 month = \$600.00. Total \$600.00</p> <p>2. <u>Move in</u> and <u>Renewal</u> bonuses are based on the projected year's move in schedule and split amongst staff (please refer to <u>Bonus Schedule</u> for detailed monthly figures).</p> <p>Estimated at total of \$343.00 per year on Move Ins. (Move ins are being paid at <u>\$25.00</u> to Office staff and split amongst them and <u>\$10.00</u> to Maintenance Staff and also split amongst them).</p> <p>Estimated at a total of \$3,159.00 per year for Renewals. (Renewals are being paid at <u>\$35.00</u> to Office staff and split amongst them and <u>\$10.00</u> to Maintenance Staff and also split amongst them).</p> <p>3. During the month of December funds have been allocated per employee for Christmas and gift certificates. Total amount of Holiday bonus for property: \$750.00.</p> <p>4. During the month of April funds have been allocated for performance bonuses. Total amount of performance bonus for property: \$1,500.00.</p>
520000.0	HEALTH INSURANCE	7,493	Property contributes \$3,732.00 annually or \$311.00 per month per employee for Health Insurance per employee.
530000.0	MANDATED BENEFITS	11,353	Mandated benefits at an average of 11% for clerical category and 18% for maintenance. Mandated benefits include EZ Labor fee, Futa, Medicare, Fica, Suta, Worker's Compensation and administrative fee for CoAdvantage.
550000.0	ELECTRICITY	16,040	Allocated based on the annualized amount plus 3% projected increase.
550200.0	ELECTRICITY - VACANT	107	Allocated for any vacancy electricity as needed plus 3% projected increase.
552000.0	TELEPHONE	4,680	<p>Comcast is the service provider for the DSL, Office lines, fax, Cable TV Service for the community room, GYM & Children's Room in the amount of \$290.00 Monthly average. Total annual expense- \$3,480.00.</p> <p>Property Manager and Maintenance Supervisor also receive a monthly cell phone allowance of \$50.00 each. Total annual expense- \$1,200.00.</p>

OAKLAND PRESERVE

ACCOUNT FOOTNOTES

552500.0	ANSWERING SERVICE	1,008	We currently have a contract with Sunshine Communications for after hours emergency calls. Total monthly expense - <u>\$84.00.</u>
553000.0	WASTE	8,524	Based on actual expense paid to City of Oakland Park plus 5% projected increase.
555000.0	WATER	1,710	Allocated based on annualized amount plus 6% projected increase.
555200.0	WATER - VACANT	580	Allocated based on annualized amount plus 6% projected increase.
556000.0	SEWER	6,842	Allocated based on annualized amount plus 6% projected increase.
556200.0	SEWER VACANT	299	Allocated based on annualized amount plus 6% projected increase.
571000.2	ALARM - CONTRACT	381	We currently have a contract with - <u>MCG Electronics, Inc.</u> Monthly burglary alarm monitoring of the clubhouse and maintenance shop.
572500.2	CLEANING - BUILDING	24,104	We currently have a contract with - <u>ITU Inc.</u> General cleaning/janitorial services. Services are performed Mon-Fri, 32 Hours per week. Services include all cleaning equipment, cleaning chemicals, paper supplies, liners and soap.
573500.2	EXTERMINATING - CONTRACT	2,290	We currently have a contract with - <u>Paramount Pest Control LLC.</u> Extermination services for clubhouse, units and common areas. Each unit will be treated bi-monthly. \$381.60 every other month.
574000.2	FIRE ALARM - CONTRACT	4,866	We currently have a contract with - <u>Check Mate Electronics, Inc.</u> Fire alarm monitoring for 5 buildings. Total annual expense- <u>\$3,816.00.</u> Annual fire alarm inspection- <u>\$1,050.00</u> due in June.
574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	128	<u>Specialized Fire and Security:</u> Vendor performs the annual inspection and certification of 23 fire extinguishers. <u>\$128.00</u> due in April.
575000.2	FIRE SPRINKLERS - CONTRACT	2,500	<u>Bravo Fire Protection Systems.</u> Annual fire sprinkler inspection. This includes inspections of all tamper and water flow switches, fire backflow and visual inspection of all sprinkler heads. <u>\$2,500.00</u> due in April.
575500.2	LAKE/FOUNTAIN MAINTENANCE	1,344	We currently have a contract with - <u>The Lake Doctors, Inc.</u> Lake maintenance service - \$112.00 monthly. Total annual expense- <u>\$1,344.00.</u>

OAKLAND PRESERVE

ACCOUNT FOOTNOTES

576000.2	LANDSCAPING - SERVICE	13,986	All State Striping Maintenance & Service: Allocated to conduct the following services: Full property mulching- \$6,687.45 due in November. Re-touching of the mulch- \$3,598.65 due in March. Holiday Poinsettias- \$500.00 due in December. Steve's Tree & Landscaping: Annual Tree Trimming - \$3,200.00 due in January. Total annual expense- \$13,986.00
576500.2	LAWN SERVICE - CONTRACT	32,050	We currently have a contract with - All State Striping Maintenance & Service: Mowing of the lawn, weed removal, etc. two cuts per month- \$2,100.00 monthly. Three cuts during rainy season (June, July and August)- \$3,150.00. (Monthly wet checks are included). (\$28,350.00/Annually) Additionally, we allocated \$925.00 during the months of January, April, July and October for our Plant Grannular Fertilization. (\$3,700.00/Annually) Total annual expense- \$32,050.00
577000.2	ORNAMENTAL	4,121	We currently have a contract with - Plant Health Care Systems of South Florida LLC. Lawn liquid fertilization and pest extermination treatment- \$686.81 due bi-monthly. Total annual expense- \$4,121.00.
582500.2	COURTESY PERSONNEL	36,279	We currently have a new contract with TennState Courtesy Solutions. Service are per year as follows: 46 hours per week @ \$14.50 per hour. 48 Holiday hours for the year @ \$21.75 The overtime holiday rate has been also calculated for the following holidays: New Year's Day Martin Luther King Day Presidents Day Memorial Day Independence Day Labor Day Thanksgiving Day Christmas Day

OAKLAND PRESERVE

ACCOUNT FOOTNOTES

583000.2	COMPUTER MAINTENANCE - CONTRACT	5,775 Allocated for the following:
		NDSI IT Support - Total annual expense- <u>\$1,800.00.</u>
		Hugh McCallum IT Support - Total annual expense- <u>\$1,380.00.</u>
		AT&T and Bellsouth Fees - Total annual expense - <u>\$67.32.</u>
		Private Cloud- Total annual expense - <u>\$63.48.</u>
		Software Insurance Renewal - <u>\$48.00</u> due in January.
		Real Page Core Property Management Suite License Renewal - <u>\$1,697.44</u> due in February.
		Real Page Payments - <u>\$214.24</u> due in February.
		Real Page Resident Portal - <u>\$204.35</u> due in February.
		Budget Builder Software Program - <u>\$300.00</u> due in October.
583500.2	COPIER MAINTENANCE - CONTRACT	1,664 We currently have a contract with - <u>Toshiba Business Solutions:</u> Monthly copier service- \$92.40 plus usage.
600000.3	HVAC - SUPPLIES	2,040 Allocated to purchase A/C pleated filters to be replace bi-monthly at an average cost of \$340.00.
604000.3	APPLIANCES - SUPPLIES	300 Allocated for replacement of damaged parts and supplies not covered under warranty.
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	1,000 Allocated for any necessary supplies around common areas and turn over of the units.
612500.0	BUILDING LABOR	1,464 Allocated for a Maintenance Supervisor to perform quarterly inspections, organize and any tax credit annual inspection with maintenance and cover for vacation for maintenance supervisor.
617500.2	CARPET CLEANING APARTMENTS	539 Allocated an average of \$55.00 per unit for cleaning of the carpet upon move out based on the move in schedule.
622500.2	CLEANING - SERVICE	1,500 All State Striping & Maintenance Services Allocated expense for large debris pick/up during the months of January, April, July & October. \$375.00 per service.
622500.3	CLEANING - SUPPLIES	500 Allocated to purchased cleaning supplies needed for common areas not covered under cleaning contract.
627500.3	DRAPERIES / VERTICAL - SUPPLIES	150 Allocated to purchase supplies to repair blinds in house.
630000.3	ELECTRICAL - SUPPLIES	540 Allocated to replace LED light bulbs in the units, light bulbs through common areas, exit lights, batteries, etc.
635000.3	EXTERMINATING - SUPPLIES	150 Allocated to purchase any exterminating product to treat Bed Bugs as needed.

OAKLAND PRESERVE

ACCOUNT FOOTNOTES

635500.4	FIRE ALARM - REPAIRS	1,500	Allocated amount for necessary repairs not covered by the warranty.
636000.4	FIRE EQUIP MAINTENANCE - REPAIRS	200	Allocated amount for replacement of fire extinguishers as needed.
636500.4	FIRE SPRINKLERS - REPAIRS	150	Allocated for any service call to repair fire sprinklers by an outside vendor.
636700.4	ENTRY SYSTEM REPAIRS	120	Allocated for one service call to repair the entry system by an outside vendor.
642500.2	PAINTING - SERVICE	3,107	Allocated for painting labor from outside vendor as needed. Average cost per unit of \$317.00.
642500.3	PAINTING - SUPPLIES	600	Allocated to purchase painting supplies for vacant units and common areas as needed.
647500.3	PLUMBING - SUPPLIES	618	This amount is for any replacement of parts such as faucets, flappers, sink/tub drain plugs, etc.
647500.4	PLUMBING - REPAIRS	600	Allocated for emergency plumbing repairs not covered under warranty.
654000.0	RECREATION AREA	300	Allocated to purchase propane throughout the year for residents BBQ.
662500.0	SIGNS	150	Allocated for the replacement of signs as needed.
665000.0	UNIFORMS	900	Uniforms allowance is \$150.00 twice per year per employee. Based on 3 employees x \$300.00 each. Total annual expense - <u>\$900.00.</u> Uniforms are distributed in April & October.
700000.0	REAL PROPERTY TAXES	80,004	Information provided by Yoly Lopez.
715000.0	OTHER TAXES	15,920	City of Oakland Park - Fire Assessment Fee paid in January.
740000.0	GENERAL INSURANCE	41,738	Information provided by Yoly Lopez.
755000.0	MANAGEMENT FEES	50,666	Based on 5% of the Total Rent Income budget projections.
760000.0	AUTO/MILEAGE EXPENSE	150	Mileage paid to employees for traveling time to seminars, bank and post office.
762500.0	DUES & SUBSCRIPTIONS	100	Allocated to re-refresh the children's room with new books as needed.
765000.0	FILING FEES	500	Florida Department of State annual filing fee- \$500.00 due in March.
767500.0	LICENSES	705	Allocated for the following licenses: Division Hotel and Rest- <u>\$180.00</u> due in November. City of Oakland Park- <u>\$480.00</u> due in September. Broward County - <u>\$45.00</u> due in September.

OAKLAND PRESERVE

ACCOUNT FOOTNOTES

770500.0	MARKETING	3,191	Allocated for the following expenses: Marketing materials such as Flyers and Price Sheets - <u>\$300.00</u> total annual expense. Illustratus - Resident Newsletters - <u>\$493.80</u> total annual expense. Seasonal Property Flags \$100.00 per quarter. <u>\$400.00</u> total annual expense. LeaseStar - <u>\$438.37</u> due in February. LeaseStar Tracking - <u>\$741.60</u> due in February. LeaseStar Website - <u>\$356.79</u> due in February. Leasing Director to train and monitor the performance of Lease Star, supports property web site and updates pictures, rents and marketing materials - <u>\$460.00</u> total annual expense.
771000.0	FITNESS/SPA EXPENSE	1,200	Allocated for <u>Commercial Fitness Products</u> for the preventive maintenance contract due quarterly.
771500.0	RESIDENT ACTIVITIES	3,060	Allocated for the following activities: Crime Watch meeting are done quarterly. Allocated <u>\$150.00</u> per quarter. Total annual expense- <u>\$600.00</u> . Allocated \$80.00 monthly for LURA Resident Activities required such as weekly literacy training, quarterly assistance program and ongoing family assistant coordinator. Total annual expense- <u>\$960.00</u> . Allocated \$1,500.00 to conduct 3 Resident Activities during the year. Easter Party- due in April - <u>\$450.00</u> Back to School - due in September - <u>\$450.00</u> Holiday Party- due in December - <u>\$600.00</u> Total annual expense- <u>\$3,060.00</u> .
773000.0	AUDIT FEES	12,450	Reznick-2017 Financial Audit & Income Tax Returns- <u>\$11,950.00</u> due in June. Paid to Preferred Compliance- <u>\$500.00</u> due in June.
773500.0	COMPLIANCE FEES	3,360	Monthly expense of \$280.00 for Preferred Compliance Solutions.
775000.0	EVICTIION FEES	2,000	Allocated to cover any eviction expense as needed.
776500.0	SEMINAR & TRAINING PROGRAM	1,620	Allocated for employees seminar and trainings.
780000.0	POSTAGE, COURIER & DELIVERY	1,419	Florida Department of State annual filling fee- \$500.00 due in March.

OAKLAND PRESERVE

ACCOUNT FOOTNOTES

785000.0	OFFICE SUPPLIES	1,441	Allocated a monthly amount for office supplies. Allocated to purchase the bank checks - \$452.18 due in February .
786000.0	OFFICE EXPENSE	900	We currently have a contract with Ready Refresh for water cooler at \$32.00 bi-monthly. Total annual expense- \$192.00 . Allocated \$708.00 annually to cover the expense of candy, coffee, creamer, plates, utensils, etc. for the office use.
787500.0	LEASING & RENTING EXPENSE	2,384	Allocated to process employment verification from Talx Corporation.
788000.0	CREDIT REPORTS	392	We currently use Core Logic to run credit and background reports on new applicants. Based on \$20.00 per applicant, based on move ins x 2 applicants.
792500.0	MISCELLANEOUS OPERATING EXPENSE	1,527	Allocated for transbilling fee for resident direct rental payment and any other miscellaneous expense.
910000.0	RESERVE REPLACEMENT	24,000	Projecting \$300.00 per Unit for Reserves.
920000.0	REPLACEMENTS - A/C & APPLIANCE	2,346	Allocated to purchase two washer and dryers upon residents request.
920100.0	REPLACEMENTS - CARPET & VINYL	1,500	Allocated to replace as needed 2 carpets during unit turn.
925000.0	IMPROVEMENTS - FENCE	2,000	Allocated to repair any fence picket as needed.
925200.0	IMPROVEMENTS - PAVING	500	Allocated to repair any parking speed bumps as needed.
800000.0	INTEREST EXPENSE	96,458	Information provided by Yoly Lopez.
801500.1	PRINCIPAL REDUCTION	25,719	Information provided by Yoly Lopez.

PROGRESSO POINT
619 North Andrews Ave
Fort Lauderdale, Fl. 33311
Telephone: (954) 463-9110

2019 BUDGET & SUPPORTING SCHEDULES

PROPERTY: Progresso Point

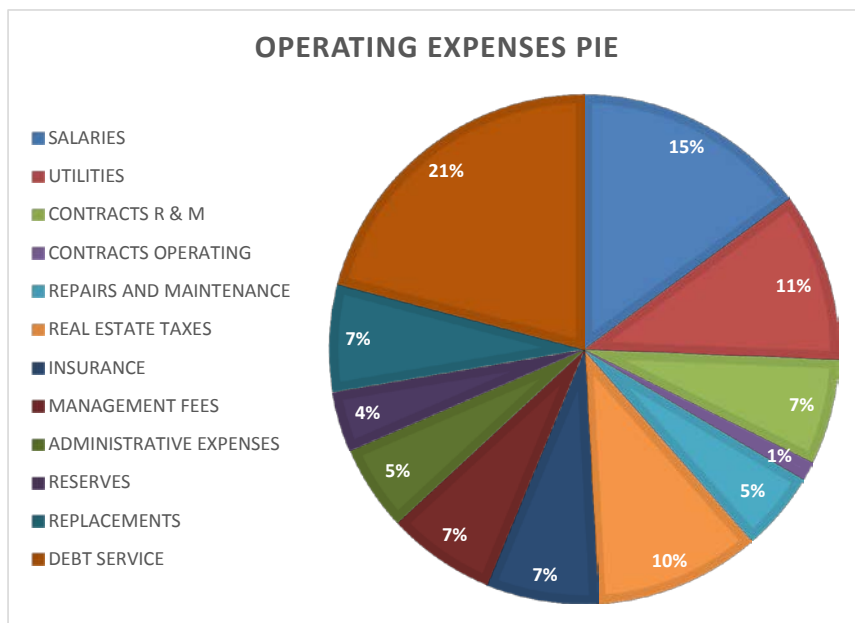
NO. OF UNITS:	76	UNITS
TOTAL SQUARE FOOTAGE:	49,520	SQ. FT.

Final Copy

BUDGET SUMMARY

2019

CATEGORY	YEAR	\$/SF	\$/UNIT/YR
INCOME			
RENTAL INCOME	\$ 730,757.00	\$ 14.76	\$ 9,615.22
RENTAL ADJUSTMENTS	(14,713.83)	(0.30)	(193.60)
OTHER INCOME	12,307.29	0.25	161.94
TOTAL RENTAL INCOME	\$ 728,350.46	\$ 14.71	\$ 9,583.56
TOTAL INCOME	\$ 728,350.46	\$ 14.71	\$ 9,583.56
OPERATING EXPENSES			
SALARIES	\$ 96,845.19	\$ 1.96	\$ 1,274.28
UTILITIES	69,072.01	1.39	908.84
CONTRACTS R & M	43,291.38	0.87	569.62
CONTRACTS OPERATING	7,992.53	0.16	105.16
REPAIRS AND MAINTENANCE	32,483.86	0.66	427.42
REAL ESTATE TAXES	68,442.24	1.38	900.56
INSURANCE	45,786.06	0.92	602.45
MANAGEMENT FEES	44,567.56	0.90	586.42
ADMINISTRATIVE EXPENSES	35,067.71	0.71	461.42
RESERVES	24,700.00	0.50	325.00
REPLACEMENTS	44,029.00	0.89	579.33
TOTAL OPERATING EXPENSES	\$ 512,277.54	\$ 10.34	\$ 6,740.49
NET OPERATING INCOME	\$ 216,072.91	\$ 4.36	\$ 2,843.06
INTEREST			
DEBT SERVICE	135,101.00	2.73	1,777.64
TOTAL INTEREST	\$ 135,101.00	\$ 2.73	\$ 1,777.64
NET CASH FLOW	\$ 80,971.91	\$ 1.64	\$ 1,065.42



BUDGET SUMMARY COMPARISON

2018 2019 2019 vs 2018

CATEGORY	YEAR	YEAR	VARIANCE
INCOME			
RENTAL INCOME	\$ 688,020	\$ 730,757	\$ 42,737
RENTAL ADJUSTMENTS	(16,430)	(14,714)	1,716
OTHER INCOME	17,780	12,307	(5,473)
TOTAL RENTAL INCOME	\$ 689,371	\$ 728,350	\$ 38,980
TOTAL INCOME	\$ 689,371	\$ 728,350	\$ 38,980
OPERATING EXPENSES			
SALARIES	\$ 96,107	\$ 96,845	\$ 738
UTILITIES	63,153	69,072	5,919
CONTRACTS R & M	42,854	43,291	438
CONTRACTS OPERATING	7,788	7,993	205
REPAIRS AND MAINTENANCE	31,918	32,484	566
REAL ESTATE TAXES	68,442	68,442	0
INSURANCE	41,157	45,786	4,629
MANAGEMENT FEES	42,619	44,568	1,949
ADMINISTRATIVE EXPENSES	33,779	35,068	1,289
RESERVES	22,800	24,700	1,900
REPLACEMENTS	24,743	44,029	19,286
TOTAL OPERATING EXPENSES	\$ 475,360	\$ 512,278	\$ 36,918
NET OPERATING INCOME	\$ 214,011	\$ 216,073	\$ 2,062
INTEREST			
DEBT SERVICE	135,281	135,101	(180)
TOTAL INTEREST	\$ 135,281	\$ 135,101	\$ (180)
NET CASH FLOW	\$ 78,730	\$ 80,972	\$ 2,242

Rent Schedule

PROPOSED INCREASED: **4%**

MONTH OF SCHEDULED INCREASE:

INCREASE 1 - **2019**

TOTAL OF UNITS: **76**

CURRENT RENT: **\$55,252**

INCREASED RENT: **\$57,435**

As of 06/01/18

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT	NEW RENT BREAKDOWN			NEW
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE	TOTAL MONTHLY RENT
1x1-28%	680	\$352	\$0.518	13	\$4,576	\$14.00	\$366	3.98%	\$4,758
1x1-60%	680	\$837	\$1.231	51	\$42,687	\$33.00	\$870	3.94%	\$44,370
Studio-28%	500	\$326	\$0.652	3	\$978	\$13.00	\$339	3.99%	\$1,017
Studio-60%	500	\$779	\$1.558	9	\$7,011	\$31.00	\$810	3.98%	\$7,290

Totals: **49,520**

\$55,252

\$57,435

\$2,183

SCHEDULE A-1

Move-Ins

Move-Outs

Renewals

Year	Month	Out	In	Renew
2019	Jan	3	3	14
2019	Feb	1	1	7
2019	Mar	0	0	3
2019	Apr	1	1	3
2019	May	1	1	4
2019	Jun	1	1	4
2019	Jul	1	1	7
2019	Aug	0	0	3
2019	Sep	0	0	3
2019	Oct	0	0	2
2019	Nov	1	1	3
2019	Dec	2	2	12
TOTAL		11	11	65

Move Ins
Renewals
Vacant Units at beginning of period

11
65
0
76

Renewal Rate
84%

TOTAL

CONCESSIONS				
Year	Month	In	Cumulative	Concess \$
2019	Jan	3	3	-
2019	Feb	1	1	-
2019	Mar	0	0	-
2019	Apr	1	1	-
2019	May	1	1	-
2019	Jun	1	1	-
2019	Jul	1	1	-
2019	Aug	0	0	-
2019	Sep	0	0	-
2019	Oct	0	0	-
2019	Nov	1	1	-
2019	Dec	2	2	-
TOTAL		11	11	\$ -

Performance Bonuses Schedule

Year 2019

Employee Name Employee Title

- Armando Rivero Property Manager
- Miguel Hernandez Maintenance

Month	Employee: Armando Rivero Title: Property Manager			Employee: Miguel Hernandez Title: Maintenance			Holiday Year End Activities	
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals		
Jan	100.00	75.00	490.00		30.00	140.00	Armando Rivero	250.00
Feb	100.00	25.00	245.00		10.00	70.00	Miguel Hernandez	250.00
Mar	100.00	-	105.00		-	30.00		
Apr	100.00	25.00	105.00		10.00	30.00		
May	100.00	25.00	140.00		10.00	40.00		
Jun	100.00	25.00	140.00		10.00	40.00		
Jul	100.00	25.00	245.00		10.00	70.00		
Aug	100.00	-	105.00		-	30.00		
Sep	100.00	-	105.00		-	30.00		
Oct	100.00	-	70.00		-	20.00		
Nov	100.00	25.00	105.00		10.00	30.00		
Dec	100.00	50.00	420.00		20.00	120.00		
Total	\$ 1,200.00	\$ 275.00	\$ 2,275.00	\$ -	\$ 110.00	\$ 650.00		\$ 500.00

TOTALS	
Occupancy & Delinquency	1,200.00
Move-Ins	385.00
Renewals	2,925.00
Holiday	500.00
	\$ 5,010.00

Monthly Totals	
Jan	835.00
Feb	450.00
Mar	235.00
Apr	270.00
May	315.00
Jun	315.00
Jul	450.00
Aug	235.00
Sep	235.00
Oct	190.00
Nov	270.00
Dec	1,210.00
	5,010.00

Progresso Point
BUDGET DETAIL

	January	February	March	April	May	June	July	August	September	October	November	December	Total
400000.0 GROSS RENTAL APARTMENTS INCOME	\$ 55,252	55,252	55,252	55,252	55,252	57,435	57,435	57,435	57,435	57,435	57,435	57,435	\$ 678,305
400500.0 GAIN TO LEASE	4,371	4,371	4,371	4,371	4,371	4,371	4,371	4,371	4,371	4,371	4,371	4,371	52,452
TOTAL RENTAL INCOME	59,623	59,623	59,623	59,623	59,623	61,806	61,806	61,806	61,806	61,806	61,806	61,806	730,757
PERCENTAGE OF VACANCY	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	
410000.0 VACANCY LOSS - UNRENTED	(55)	(55)	(55)	(55)	(55)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(678)
410500.0 VACANCY LOSS - RENTED	(276)	(276)	(276)	(276)	(276)	(287)	(287)	(287)	(287)	(287)	(287)	(287)	(3,392)
411000.0 EMPLOYEE APARTMENTS	(837)	(837)	(837)	(837)	(837)	(837)	(837)	(837)	(837)	(837)	(837)	(837)	(10,044)
412000.0 UNCOLLECTIBLE ACCOUNTS	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(600)
NET RENTAL ADJUSTMENTS	\$(1,219)	(1,219)	(1,219)	(1,219)	(1,219)	(1,232)	(1,232)	(1,232)	(1,232)	(1,232)	(1,232)	(1,232)	\$(14,714)
453500.0 APPLICATION FEES	255	85	0	85	85	85	85	0	0	0	85	170	935
454000.0 PARKING GARAGE	350	350	350	350	350	0	0	0	0	0	0	0	1,750
454500.0 LATE FEES	571	571	571	571	571	571	571	571	571	571	571	571	6,857
455500.0 PET FEES-OPT	80	80	80	80	80	80	80	80	80	80	80	80	960
456500.0 LEASE TERMINATION FEES	84	84	84	84	84	84	84	84	84	84	84	84	1,013
457500.0 NSF CHECK FEES	21	21	21	21	21	21	21	21	21	21	21	21	257
458000.0 DAMAGE & CLEANING FEES	15	15	15	15	15	15	15	15	15	15	15	15	181
490000.0 MISCELLANEOUS PROPERTY	30	30	30	30	30	30	30	30	30	30	30	30	354
OTHER PROPERTY INCOME	\$ 1,407	1,237	1,152	1,237	1,237	887	887	802	802	802	887	972	\$ 12,307
TOTAL RENTAL INCOME	\$ 59,811	59,641	59,556	59,641	59,641	61,461	61,461	61,376	61,376	61,376	61,461	61,546	\$ 728,350
500000.0 SALARIES - MANAGER	\$ 3,112	2,706	2,841	2,976	3,220	2,814	3,236	3,096	2,955	3,236	2,955	3,096	\$ 36,243
503000.0 SALARIES - MAINTENANCE	3,119	2,712	2,848	2,983	3,227	2,820	3,244	3,103	2,962	3,244	2,962	3,103	36,325
507000.0 BONUS	835	450	235	1,520	315	315	450	235	235	190	270	1,210	6,260
520000.0 HEALTH INSURANCE	660	574	603	632	660	574	660	632	603	660	603	632	7,493
530000.0 MANDATED BENEFITS	904	786	825	864	935	817	940	899	858	940	858	899	10,525
TOTAL SALARIES	\$ 8,630	7,228	7,352	8,976	8,358	7,341	8,530	7,964	7,612	8,270	7,647	8,939	\$ 96,845
550000.0 ELECTRICITY	\$ 3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	\$ 40,277
550200.0 ELECTRICITY - VACANT	14	14	14	14	14	14	14	14	14	14	14	14	165
552000.0 TELEPHONE	668	668	668	668	668	668	668	668	668	668	668	668	8,017
552500.0 ANSWERING SERVICE	84	84	84	84	84	84	84	84	84	84	84	84	1,008
553000.0 WASTE	713	713	713	713	713	713	713	713	713	713	713	713	8,558
555000.0 WATER	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	15,484
556000.0 SEWER	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	14,810
557000.0 WATER & SEWER INCOME	(1,604)	(1,604)	(1,604)	(1,604)	(1,604)	(1,604)	(1,604)	(1,604)	(1,604)	(1,604)	(1,604)	(1,604)	(19,247)
TOTAL UTILITIES	\$ 5,756	5,756	5,756	5,756	5,756	5,756	5,756	5,756	5,756	5,756	5,756	5,756	\$ 69,072
571000.2 ALARM - CONTRACT	32	32	32	32	32	32	32	32	32	32	32	32	385
572500.2 CLEANING - BUILDING	603	603	603	603	603	603	603	603	603	603	603	603	7,238
573000.2 ELEVATOR - CONTRACT	904	904	904	904	950	950	950	950	950	950	950	1,250	11,515
573500.2 EXTERMINATING - CONTRACT	265	265	265	265	265	265	265	265	265	265	265	265	3,180
574000.2 FIRE ALARM - CONTRACT	37	37	37	682	37	37	37	37	37	37	37	37	1,090
574500.2 FIRE EQUIP MAINTENANCE - CONTRACT	0	490	0	0	0	0	0	0	0	400	0	0	890
575000.2 FIRE SPRINKLERS - CONTRACT	0	0	2,306	0	0	0	0	0	0	0	0	0	2,306
576000.2 LANDSCAPING - SERVICE	0	0	2,459	0	0	0	0	0	0	0	584	0	3,043
576500.2 LAWN SERVICE - CONTRACT	546	546	546	546	546	546	546	546	546	546	546	546	6,552
577500.2 POOL	275	275	275	275	275	275	275	275	275	275	275	275	3,302
578200.2 TERMITE WARRANTY RENEWAL	0	943	0	0	0	0	0	0	0	0	0	0	943
579000.2 TRASH CHUTE CLEANING CONTRACT	129	129	129	779	129	129	129	779	129	129	129	129	2,848
TOTAL CONTRACTS R & M	2,792	4,225	7,557	4,086	2,837	2,837	2,837	3,487	2,837	3,237	3,421	3,137	43,291
582000.2 CABLE TV	7	7	7	7	7	7	7	7	7	7	7	7	81
583000.2 COMPUTER MAINTENANCE - CONTRACT	362	2,324	314	314	314	314	314	314	314	614	314	314	6,124
583500.2 COPIER MAINTENANCE - CONTRACT	145	145	145	145	145	145	145	145	145	145	167	167	1,788
TOTAL CONTRACTS OPERATING	\$ 514	2,476	466	466	466	466	466	466	466	766	488	488	\$ 7,993

**Progresso Point
BUDGET DETAIL**

	January	February	March	April	May	June	July	August	September	October	November	December	Total
901500.0	0	12,000	0	0	0	0	0	0	0	0	0	0	12,000
920000.0	375	375	375	375	375	375	375	375	375	375	375	375	4,500
920400.0	0	1,582	0	0	0	0	0	0	0	0	0	0	1,582
925000.0	0	0	4,150	0	0	0	0	0	0	0	0	0	4,150
925400.0	0	0	8,214	0	0	0	0	0	0	0	0	0	8,214
930900.0	0	1,981	0	11,602	0	0	0	0	0	0	0	0	13,583
	375	15,938	12,739	11,977	375	375	375	375	375	375	375	375	44,029
TOTAL REPLACEMENTS													
	375	15,938	12,739	11,977	375	375	375	375	375	375	375	375	44,029
TOTAL OPERATING EXPENSES	38,433	56,595	64,894	50,407	38,247	36,537	37,270	37,166	38,649	37,811	38,244	38,024	512,278
NET OPERATING INCOME	21,378	3,046	(5,337)	9,234	21,395	24,925	24,191	24,210	22,727	23,565	23,217	23,522	216,073
800000.0	8,880	8,880	8,880	8,880	8,880	8,880	8,880	8,880	8,880	8,880	8,880	8,880	106,559
820400.0	743	743	743	743	743	743	743	743	743	743	743	743	8,910
801500.1	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	20,352
INTEREST INCOME	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(720)
TOTAL DEBT SERVICE	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	135,101
TOTAL INTEREST	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	11,258	135,101
CONTROLLABLE NOI	10,120	(8,212)	(16,596)	(2,024)	10,136	13,666	12,933	12,951	11,469	12,307	11,958	12,264	80,972
NET CASH	10,120	(8,212)	(16,596)	(2,024)	10,136	13,666	12,933	12,951	11,469	12,307	11,958	12,264	80,972

PROGRESSO POINT
ACCOUNT FOOTNOTES

2019

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
400000.0	GROSS RENTAL APARTMENTS INCOME	678,305	Based on rent scheduled. There are increases planned for 2019.
400500.0	GAIN TO LEASE - HUD	52,452	This amount represents the difference between voucher holder rents and tax credit rents. <u>\$4,371.00 x 12 = \$ 52,452.00</u>
410000.0	VACANCY LOSS - UNRENTED	(678)	This amount is based on .10% vacancy loss unrented units.
410500.0	VACANCY LOSS - RENTED	(3,392)	This is based on .50 vacancy loss rented.
411000.0	EMPLOYEE APARTMENTS	(10,044)	Allocated \$837.00 monthly for a 1 X 1 from Jan-May and \$837.00 from Jun-Dec. \$837.00 Miguel Hernandez (Maintenance Tech)Employee apartment.
412000.0	UNCOLLECTIBLE ACCOUNTS	(600)	Budgeted based on annualized
453500.0	APPLICATION FEES	935	We anticipated 11 move in at \$85.00 per applicant per unit.
454000.0	PARKING GARAGE	1,750	Additional parking location it is going to be sold by June, therefore, no more income is allocated after June 2019. (7) spaces rented at \$50.00 each from Jan- to May 2019
454500.0	LATE FEES	6,857	Based on annualized amount. Late fee charges are as follows: From the 6th - 10th \$150.00 From the 10th - 15th \$175.00 From the 16th on: \$200.00
455500.0	PET FEES-OPT	960	We currently have four (4) residents paying for monthly pet rent at \$20.00 each pet.
456500.0	LEASE TERMINATION FEES	1,013	Based on half of the annualized budget amount.
457500.0	NSF CHECK FEES	257	Based on half of the Annualized.
458000.0	DAMAGE & CLEANING FEES	181	Based on half of the annualized budget amount.
490000.0	MISCELLANEOUS PROPERTY	354	Based on half of the annualized budget amount.
500000.0	SALARIES - MANAGER	36,243	Property Manager's Salary. A 4% increase has been allocated effective May 1st.
503000.0	SALARIES - MAINTENANCE	36,325	Maintenance Supervisor Salary and Maintenance Technician Salary. A 4% increase has been allocated effective May 1st.

PROGRESSO POINT

ACCOUNT FOOTNOTES

507000.0	BONUS	6,260	<p>1. Property Manager has a monthly <u>Occupancy</u> incentive bonus if the property closes the month occupied at 98%. Estimated at \$1,200.00 per year.</p> <p>Property Manager \$ 50.00 monthly x 12 month = Total \$600.00.</p> <p>Property Manager has a monthly <u>Collection</u> incentive bonus if the property closes the month occupied at 98%. Estimated at \$600.00 per year.</p> <p>Property Manager <u>\$50.00</u> monthly x 12 month = <u>\$600.00</u> Total \$600.00</p> <p>2. <u>Move in</u> and <u>Renewal</u> bonuses are based on the projected year's move in schedule and split amongst staff (please refer to <u>Bonus Schedule</u> for detail monthly figures).</p> <p>Estimated at a total of \$385.00 per year on <u>11 Move Ins</u>.</p> <p>(<u>Move ins</u> are being paid at <u>\$35.00</u> to Office and maintenance staff and split amongst them.</p> <p>(<u>Renewals</u> are being paid at <u>\$45.00</u> to Office and maintenance staff and split amongst them.</p> <p>Estimated at a total of \$2,925.00 per year for <u>65 Renewals</u>.</p> <p>3. During the month of December funds have been allocated per employee for Christmas and gift certificates. Total amount of Holiday bonus for property: \$500.00.</p> <p>4. During the month of April funds have been allocated for performance bonuses. Total amount of performance bonus for property: \$1,250.00.</p>
520000.0	HEALTH INSURANCE	7,493	Property contributes to \$3,732.00 annually for Health Insurance per employee.
530000.0	MANDATED BENEFITS	10,525	Mandated benefits at an average of 11% for clerical category and 18% for maintenance. Mandated benefits include EZ Labor fee, Medicare, Fica, Suta, Worker's Compensation and administrative fee for CoAdvantage.
550000.0	ELECTRICITY	40,277	Based on actuals plus a 3% increase.
550200.0	ELECTRICITY - VACANT	165	Based on actuals plus a 3% increase.
552000.0	TELEPHONE	8,017	Comcast is the service provider for the DSL, Office lines and fax in the amount of \$568.00 Monthly average.
			AT&T for the emergency pool phone line included on the monthly fees.
			Manager and Maintenance also received a monthly allowance of \$50.00 each x 2 \$100.00 monthly.
552500.0	ANSWERING SERVICE	1,008	National Answering Service for after hour on emergency calls, monthly cost of \$84.00 .
553000.0	WASTE	8,558	Based on current year expenses plus an expected 5% increase.

PROGRESSO POINT
ACCOUNT FOOTNOTES

555000.0	WATER	15,484	Based on actual plus 3% increased. Included in this account is the NWPS monthly bill for sub metering readings at \$200 and Fire Lines at \$271.25.
556000.0	SEWER	14,810	Based on actual plus 3% increase.
557000.0	WATER & SEWER INCOME	(19,247)	Income collected from resident through NWP.
571000.2	ALARM - CONTRACT	385	Monthly monitoring service of the office burglary alarm contract with MCG electronics.
572500.2	CLEANING - BUILDING	7,238	ITU Cleaning Service to clean the building once a week for (8) eight hours per week.
573000.2	ELEVATOR - CONTRACT	11,515	Otis Elevator monthly service including a 5% increase effective May 2019. Allocated \$330.00 for the annual inspection fee in December.
573500.2	EXTERMINATING - CONTRACT	3,180	Pest control included a total of 6 bait station, all common areas, storage and garbage rooms. Also half of the total units gets a service inside, each unit get service every other month, service is provided by All 4 Pest Control.
574000.2	FIRE ALARM - CONTRACT	1,090	Fire Alarm monitoring service with Fire Control service in the amount of \$445.20 . City of Ft. Lauderdale annual inspection \$644.48 due in April
574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	890	Backflows Re-certification as per information received from American All state the inspection domestic backflow is due in February including Parking domestic re-certification in the amount of \$490.00 Fire extinguishers recertification is due in October in the amount of \$250.00 . and \$150.00 for any necessary replacement needed on fire extinguisher's. (Allocated less this year due to 5 years re-cert was done in 2018.)
575000.2	FIRE SPRINKLERS - CONTRACT	2,306	Annual Re-certification inspection done by Wayne in the amount of \$1,400.00 March Allocated \$906.00 in March for Fire Annual inspection do by Fire Control.
576000.2	LANDSCAPING - SERVICE	3,043	Allocated to mulch the landscaping area twice per year \$584.00 in March and \$584.00 in November. Allocated \$1,875.00 in March for tree trimming
576500.2	LAWN SERVICE - CONTRACT	6,552	\$546.00 Monthly lawn service provided by Rock & Rose Landscape LLC vendor provides 24 cuts per year, fertilization, weed control and trimming of ornamentals, shrubs & hedges. Since there is no much grass through the property there is no need for extra cuts during raining season. Fertilization Services are also scheduled twice a year in February and in October.
577500.2	POOL	3,302	Pool maintenance it is done by JR Pools Pros, they service the pool three times per week \$225.00 monthly Allocated \$600.60 for the emergency pool phone monitoring with King III.
578200.2	TERMITE WARRANTY RENEWAL	943	Allocated for Termite renewal due in February.
579000.2	TRASH CHUTE CLEANING CONTRACT	2,848	Allocated to clean trash chute twice a year in April and August for \$650.00. Trash Chute Odor control monthly service of \$129.00

PROGRESSO POINT

ACCOUNT FOOTNOTES

582000.2	CABLE TV	81	Comcast is the service provider for the Fitness center TV.
583000.2	COMPUTER MAINTENANCE - CONTRACT	6,124	<p>Handy track key tracking system \$ 455.40 We allocated a yearly amount for IT support NDSI \$1,800.00 We allocated a yearly fee for Computer Hugh McCallum \$1,380.00 AT&T \$ 67.20 Allocated for software Insurance Certificate in January \$ 48.00 Budget Builder software in October \$ 300.00 We have allocated for the OneSite software license Annual Fee during the month of February \$1,612.57 Real Paige On Line Payment \$ 203.53 Real Paige / Resident Portal \$ 194.13 We have allocated a yearly amount for the Private Cloud \$ 63.48</p>
583500.2	COPIER MAINTENANCE - CONTRACT	1,788	As Per information received from Fast Forward monthly service amount from January to October \$145.33 and Nov. to Dec. \$167.14 for copy machine.
600000.3	HVAC - SUPPLIES	2,978	<p>Allocated amount to purchased thermostat, Freon and any other supplies needed.</p> <p>Allocated to purchase A/C filters to be replace monthly.</p>
600000.4	HVAC - REPAIRS	2,603	Allocated for any necessary repairs for the breezeways air conditioner repairs done by Pineda Air.
604000.3	APPLIANCES - SUPPLIES	4,200	Allocated to purchased appliances parts and any supplies needed. We are replacing a lot of the washer machines main board.
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	2,203	Allocated for any necessary supplies around common areas and turn over of the units.
610000.4	BUILDING IMPROVEMENTS - REPAIRS	351	Allocated for any necessary building repairs such as fence or any other necessary repairs.
612500.0	BUILDING LABOR	1,392	Amount allocated for maintenance supervisor to perform quarterly inspection, organize any Tax Credit annual inspection with maintenance and cover vacation for maintenance supervisor.
622500.2	CLEANING - SERVICE	2,500	Budgeted for the window cleaning after the raining season.
622500.3	CLEANING - SUPPLIES	718	Based on actual YTD to purchased cleaning supplies needed to clean vacant units and common areas supplies, such as trash bags and paper goods.
627500.3	DRAPERIES / VERTICAL - SUPPLIES	412	Based on annualized amount.
630000.3	ELECTRICAL - SUPPLIES	3,010	Allocated to replace light bulbs through common areas, emergency lights, exits signs and lights parking garage.
632500.4	ELEVATOR - REPAIRS	720	For any necessary elevator repairs needed.
635500.4	FIRE ALARM - REPAIRS	1,230	Allocated for any necessary repairs
636500.4	FIRE SPRINKLERS - REPAIRS	806	Fire Control panel Repairs and sprinklers head replacements
636700.4	ENTRY SYSTEM REPAIRS	750	Allocated amount for any necessary repairs needed to the entry call box.
642500.2	PAINTING - SERVICE	495	Allocated for painting service to help maintenance get vacant ready if needed.
642500.3	PAINTING - SUPPLIES	950	Allocated to purchase paint supplies for vacant units during the most vacant January and December, also common areas.
647500.3	PLUMBING - SUPPLIES	4,600	<p>Allocated a monthly amount for any plumbing supplies needed.</p> <p>Allocated to replace the GE water filters.</p>

PROGRESSO POINT

ACCOUNT FOOTNOTES

650000.3	POOL - SUPPLIES	281	Allocated to replaced supplies such as life ring and hook
650000.4	POOL REPAIRS	1,584	Allocated for any necessary repairs such as filters, or gaskets and chlorine fitters
661000.4	CAMERA SURVEILLANCE - REPAIRS	100	Allocated for repair or replacement camera surveillance
665000.0	UNIFORMS	600	Allocated for employee uniforms twice a year in April and October, \$150.00 per employee.
700000.0	REAL PROPERTY TAXES	66,694	Information based on email received from Pacific Life.
705000.0	PERSONAL PROPERTY TAXES	1,748	Information based on 2017 Personal Property taxes.
740000.0	GENERAL INSURANCE	45,786	Information based on 2016 / 2017
755500.0	MANAGEMENT FEES - FHFC	3,000	Based on Management fees paid to Alliant.
755600.0	MANAGEMENT FEES - NEF	5,150	Based on Management fees paid to NEF
755000.0	MANAGEMENT FEES	36,418	Based on 5% of the Total Rent Income budget projections.
760000.0	AUTO/MILEAGE EXPENSE	1,456	Mileage paid to employees for traveling time to seminars, bank and post office.
762500.0	DUES & SUBSCRIPTIONS	141	As per Lura we required to have five magazine subscriptions through the year 6 Magazines. Good Housekeeping, Woman's Fitness , Men's Journal. Renewal Subscription due in January
767500.0	LICENSES	664	Allocated amount based on last year history. Division Hotel and Rest. \$205.00 in August City of FT. Lauderdale \$458.90 in September
768000.0	PERMITS	1,145	Allocated for the Elevator payment based on last year history, \$276.00 in June. Allocated \$225.00 for Pool Permit renewal to Health Department in June Fire Safety Permit \$ 644.48 in March.
770500.0	MARKETING	3,252	Also allocated for Illustratus for residents News Letters \$493.80 Allocated \$140.00 twice during the year to replace property flags in front of the office in January and July \$280.00 Leasing Director - Allocated a yearly amount to do training, monitor the performance of Lease Start and support property web site, update pictures, rent changes and marketing materials \$ 441.32 Amount the following expenses in February: Lease Start Lead2Lease - \$416.45 Lease Start tracking - \$741.60 Lease Start Web Side - \$338.95 Marketing materials such as Flyers, brochure and Business cards \$540.00
771000.0	FITNESS/SPA EXPENSE	1,200	Allocated \$1,200.00 in January for maintenance contract of fitness equipment to service the equipment's 4 times during one year.

PROGRESSO POINT

ACCOUNT FOOTNOTES

771500.0	RESIDENT ACTIVITIES	2,420	Allocation \$200.00 For quarterly for Crime Watch Meeting including the Grid report fees \$800.00
			Allocated \$900.00 LURA Resident Activities require, such as Health, vision test, hearing and flu shots. Nutrition, Job Training and Budgeting.
			Allocated another \$300.00 for the person doing all this trainings.
			Allocated \$420.00 For special Holidays such as Valentine in Feb. St. Patrick day in April, Mother's day in May, Father's day in June and Thanksgiving and Christmas day.
773000.0	AUDIT FEES	12,330	Allocated for monthly expenses for Audit Fees in March \$11,830.00
			Audit Fees payable to Prefer Compliance in June \$500.00
773500.0	COMPLIANCE FEES	3,192	PMI - Monthly amount for Prefer Compliance.
775000.0	EVICTION FEES	1,502	Allocated for four evictions average of \$450.00 per eviction if needed through the year
776500.0	SEMINAR & TRAINING PROGRAM	1,620	Allocated a monthly amount for employees seminar and trainings.
780000.0	POSTAGE, COURIER & DELIVERY	1,626	Postage for Notice to Impose Claim, any other mail postage and FedEx weekly package
785000.0	OFFICE SUPPLIES	2,234	Allocated to purchase the accounting computer checks and set up from the bank in January \$734.00
			Monthly allowance to the property for office supplies for copy paper and any other office supplies for \$1,500.00
786000.0	OFFICE EXPENSE	1,800	Allocated a monthly amount for office water, coffee, creamer, sugar etc. Allocated a monthly amount of \$37.09 for the water fountain rental for the office.
788000.0	CREDIT REPORTS	110	Allocated to run credit report for 11 move ins in the amount of \$20.00 each, considering to have one applicant per unit.
792500.0	MISCELLANEOUS OPERATING EXPENSE	375	Allocated for any miscellaneous item.
910000.0	RESERVE REPLACEMENT	24,700	As required including a 3% increase
901500.0	PROFESSIONAL FEES	12,000	Projected for Legal Fees.
920000.0	REPLACEMENTS - A/C & APPLIANCE	4,500	Allocated to replace any damage appliances through the year such as Microwave and washer and dryers, water heaters
920400.0	REPLACEMENTS - OTHER	1,582	Allocated \$1,332.00 during February to purchase chairs for the Lobby.
			Allocated \$250.00 to purchase a new area rug for the lobby in February
925000.0	IMPROVEMENTS - FENCE	4,150	Install new fence in the pool deck area budgeted in March
925400.0	IMPROVEMENTS - OTHER	8,214	Allocated \$8,214.00 amount to refill and replant the planters boxes on the 4th floor, we are missing a lot of dirt in the landscaping box. Croton, cocoplums and Jasmin plants.

PROGRESSO POINT

ACCOUNT FOOTNOTES

930900.0	IMPROVEMENTS - PLUMBING	13,583	To install a main water sediment strainer to prolong the life of the individual water heater filters the amount of \$ 1,981.00. By installing this main water strainer we replace the individual filters once per year and save \$1,700.00 To replace the main shut off valve inside the units from CPVC to brass valve in 70 apartments in the amount of \$ 11,602.63
800000.0	INTEREST EXPENSE	106,559	Information based on payments made to Pacific's Life.
820400.0	COMPLIANCE MONITORING/SERVICE FEE	8,910	Based on YTD information.
801500.1	PRINCIPAL REDUCTION	20,352	Information based on payments made to Pacific's Life.
	INTEREST INCOME	(720)	Based on YTD information.

Tallman Pines I
700 NE 41st Street,
Deerfield Beach, Fl. 33064
Telephone: (954) 574-9210

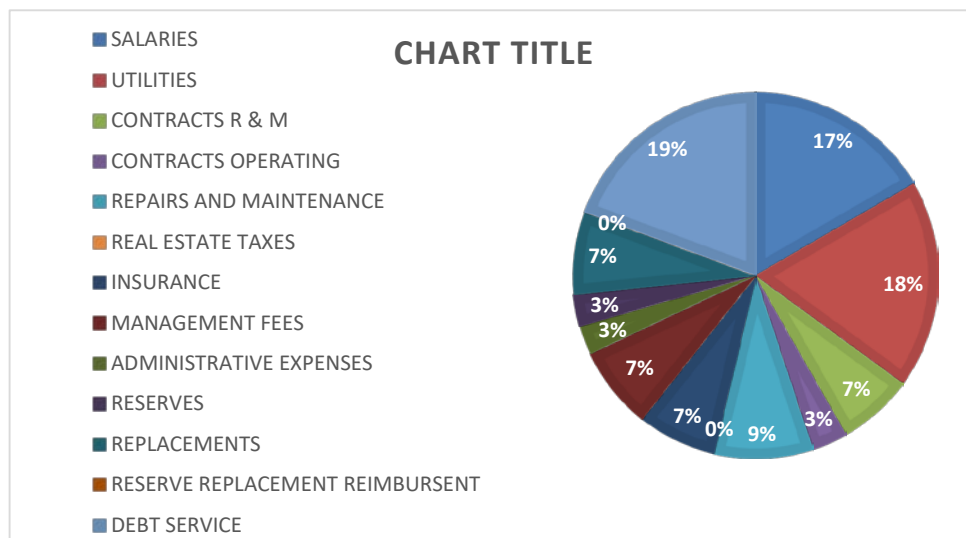
2019 BUDGET & SUPPORTING SCHEDULES

PROPERTY:	Tallman Pines I
NO. OF UNITS:	176 UNITS
TOTAL SQUARE FOOTAGE:	167288 SQ. FT.

Final Copy

BUDGET SUMMARY 2019

CATEGORY	YEAR	\$/SF	\$/UNIT/YR
INCOME			
RENTAL INCOME	\$ 2,196,395.00	\$ 13.13	\$ 12,479.52
RENTAL ADJUSTMENTS	(45,454.09)	-0.27	(258.26)
OTHER INCOME	127,614.57	0.76	725.08
TOTAL RENTAL INCOME	\$ 2,278,555.48	\$ 13.62	\$ 12,946.34
TOTAL INCOME	\$ 2,278,555.48	\$ 13.62	\$ 12,946.34
OPERATING EXPENSES			
SALARIES	\$ 258,558.36	\$ 1.55	\$ 1,469.08
UTILITIES	286,569.26	1.71	1,628.23
CONTRACTS R & M	104,532.32	0.62	593.93
CONTRACTS OPERATING	49,552.34	0.30	281.55
REPAIRS AND MAINTENANCE	135,414.19	0.81	769.40
REAL ESTATE TAXES	0.00	0.00	-
INSURANCE	108,612.40	0.65	617.12
MANAGEMENT FEES	113,927.77	0.68	647.32
ADMINISTRATIVE EXPENSES	40,201.29	0.24	228.42
RESERVES	44,000.04	0.26	250.00
REPLACEMENTS	112,734.03	0.67	640.53
RESERVE REPLACEMENT REIMBURSEN	0.00	0.00	-
TOTAL OPERATING EXPENSES	\$ 1,254,102.00	\$ 7.50	\$ 7,125.58
NET OPERATING INCOME	\$ 1,024,453.48	\$ 6.12	\$ 5,820.76
INTEREST			
DEBT SERVICE	300,962.06	1.80	1,710.01
TOTAL INTEREST	\$ 300,962.06	\$ 1.80	\$ 1,710.01
NET CASH FLOW	\$ 723,491.42	\$ 4.32	\$ 4,110.75



BUDGET SUMMARY COMPARISON**2018****2019****2019 VS 2018**

CATEGORY	YEAR	YEAR	VARIANCE
INCOME			
RENTAL INCOME	\$ 2,120,040.00	\$ 2,196,395.00	\$ 76,355.00
RENTAL ADJUSTMENTS	(34,908.58)	(45,454.09)	(10,545.51)
OTHER INCOME	121,305.86	127,614.57	6,308.71
TOTAL RENTAL INCOME	\$ 2,206,437.28	\$ 2,278,555.48	\$ 72,118.21
TOTAL INCOME	\$ 2,206,437.28	\$ 2,278,555.48	\$ 72,118.21
OPERATING EXPENSES			
SALARIES	\$ 254,583.20	\$ 258,558.36	\$ 3,975.16
UTILITIES	284,105.51	286,569.26	2,463.75
CONTRACTS R & M	95,976.32	104,532.32	8,556.00
CONTRACTS OPERATING	48,660.67	49,552.34	891.67
REPAIRS AND MAINTENANCE	122,400.48	135,414.19	13,013.71
REAL ESTATE TAXES	-	-	-
INSURANCE	108,690.41	108,612.40	(78.01)
MANAGEMENT FEES	110,321.86	113,927.77	3,605.91
ADMINISTRATIVE EXPENSES	38,134.91	40,201.29	2,066.38
RESERVES	49,477.00	44,000.04	(5,476.96)
REPLACEMENTS	226,304.49	112,734.03	(113,570.47)
RESERVE REPLACEMENT REIMBURSEMENT	(164,267.00)	-	164,267.00
TOTAL OPERATING EXPENSES	\$ 1,174,387.86	\$ 1,254,102.00	\$ 79,714.15
NET OPERATING INCOME	\$ 1,032,049.42	\$ 1,024,453.48	\$ (7,595.94)
INTEREST			
DEBT SERVICE	304,769.12	300,962.06	(3,807.06)
TOTAL INTEREST	\$ 304,769.12	\$ 300,962.06	\$ (3,807.06)
NET CASH FLOW	\$ 727,280.30	\$ 723,491.42	\$ (3,788.88)

Projected increase

MONTH OF SCHEDULED INCREASE:

INCREASE 1 -

TOTAL OF UNITS:

CURRENT RENT:

INCREASED RENT:

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT		INCREASE 1 -		NEW MONTHLY RENT
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE	
2x2-30%	901	\$475	\$0.527	10	\$4,750	\$19.00	\$ 494.00	4.00%	\$4,940
2x2-60%	901	\$1,021	\$1.133	94	\$95,974	\$41.00	\$ 1,062.00	4.02%	\$99,828
3x2-30%	1022	\$552	\$0.540	19	\$10,488	\$22.00	\$ 574.00	3.99%	\$10,906
3x2-60%	1022	\$1,182	\$1.157	53	\$62,646	\$47.00	\$ 1,229.00	3.98%	\$65,137

as of 06/01/19

Total SQFT 167,288

Total \$173,858

Total \$180,811

Increase per month

Increase per year

Performance Bonuses Schedule

Year 2019

Employee Name	Employee Title
Eleanor Graham	Property Manager
Wendy Vigo	Assistant Manager
Cristina Love	Leasing Consultant
Benjamin Hilerio	Maintenance Supervisor
Ramon Almira	Maintenance
Meriquez Guerelis	Janitor

Month	Employee: Eleanor Graham Title: Property Manager			Employee: Wendy Vigo Title: Assistant Manager			Employee: Cristina Love Title: Leasing Consultant			Holiday Year End Activities	
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals		
Jan	350.00	13.33	109.67	200.00	13.33	109.67	-	13.33	109.67	Eleanor Graham	225.00
Feb	350.00	22.50	190.17	200.00	22.50	190.17	-	22.50	190.17	Wendy Vigo	225.00
Mar	350.00	11.67	100.33	200.00	11.67	100.33	-	11.67	100.33	Cristina Love	225.00
Apr	350.00	17.50	150.50	200.00	17.50	150.50	-	17.50	150.50	Benjamin Hilerio	225.00
May	350.00	13.33	109.67	200.00	13.33	109.67	-	13.33	109.67	Ramon Almira	225.00
Jun	350.00	14.17	120.17	200.00	14.17	120.17	-	14.17	120.17	Meriquez Guerelis	225.00
Jul	350.00	20.83	180.83	200.00	20.83	180.83	-	20.83	180.83		
Aug	350.00	17.50	150.50	200.00	17.50	150.50	-	17.50	150.50		
Sep	350.00	17.50	150.50	200.00	17.50	150.50	-	17.50	150.50		
Oct	350.00	14.17	120.17	200.00	14.17	120.17	-	14.17	120.17		
Nov	350.00	30.00	249.67	200.00	30.00	249.67	-	30.00	249.67		
Dec	350.00	14.17	120.17	200.00	14.17	120.17	-	14.17	120.17		
Total	\$ 4,200.00	\$ 206.67	\$ 1,752.33	\$ 2,400.00	\$ 206.67	\$ 1,752.33	\$ -	\$ 206.67	\$ 1,752.33		\$ 1,350.00

Month	Employee: Benjamin Hilerio Title: Maintenance Supervisor			Employee: Ramon Almira Title: Maintenance			Employee: Meriquez Guerelis Title: Janitor		
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals
Jan	-	5.33	31.33	-	5.33	31.33	-	5.33	31.33
Feb	-	9.00	54.33	-	9.00	54.33	-	9.00	54.33
Mar	-	4.67	28.67	-	4.67	28.67	-	4.67	28.67
Apr	-	7.00	43.00	-	7.00	43.00	-	7.00	43.00
May	-	5.33	31.33	-	5.33	31.33	-	5.33	31.33
Jun	-	5.67	34.33	-	5.67	34.33	-	5.67	34.33
Jul	-	8.33	51.67	-	8.33	51.67	-	8.33	51.67
Aug	-	7.00	43.00	-	7.00	43.00	-	7.00	43.00
Sep	-	7.00	43.00	-	7.00	43.00	-	7.00	43.00
Oct	-	5.67	34.33	-	5.67	34.33	-	5.67	34.33
Nov	-	12.00	71.33	-	12.00	71.33	-	12.00	71.33
Dec	-	5.67	34.33	-	5.67	34.33	-	5.67	34.33
Total	\$ -	\$ 82.67	\$ 500.67	\$ -	\$ 82.67	\$ 500.67	\$ -	\$ 82.67	\$ 500.67

TOTALS			Monthly Totals	
Occupancy & Delinquency	6,600.00		Jan	1,029.00
Move-Ins	868.00		Feb	1,378.00
Renewals	6,759.00		Mar	986.00
Holiday	1,350.00		Apr	1,204.00
	\$ 15,577.00		May	1,029.00
			Jun	1,073.00
			Jul	1,335.00
			Aug	1,204.00
			Sep	1,204.00
			Oct	1,073.00
			Nov	1,639.00
			Dec	1,073.00
				\$ 14,227.00
				\$ 1,350.00
				\$ 15,577.00

SCHEDULE A-1

Move-Ins Move-Outs Renewals

Year	Month	Out	In	Renew
2019	Jan	2	2	9
2019	Feb	3	3	16
2019	Mar	1	1	9
2019	Apr	2	2	13
2019	May	2	2	9
2019	Jun	2	2	10
2019	Jul	3	3	16
2019	Aug	2	2	13
2019	Sep	2	2	13
2019	Oct	2	2	10
2019	Nov	4	4	21
2019	Dec	2	2	10
TOTAL		25	25	150

Move Ins	24.8	Renewal Rate
Renewals	150.2	
Vacant Units at beginning of period	1	86%
TOTAL	176	

Year	Month	Concession		
		In	Cumulative	Concession \$ 15.00
2019	Jan	2	2	24
2019	Feb	3	4	40.5
2019	Mar	1	6	21
2019	Apr	2	8	31.5
2019	May	2	9	24
2019	Jun	2	11	25.5
2019	Jul	3	14	37.5
2019	Aug	2	16	31.5
2019	Sep	2	18	31.5
2019	Oct	2	20	25.5
2019	Nov	4	23	54
2019	Dec	2	25	25.5
Total		25	25	372

Tallman Pines I
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
400000.0 GROSS RENTAL APARTMENTS INCOME	\$ 173,858	173,858	173,858	173,858	173,858	180,811	180,811	180,811	180,811	180,811	180,811	180,811	\$ 2,134,967.00
400500.0 GAIN TO LEASE	5,119	5,119	5,119	5,119	5,119	5,119	5,119	5,119	5,119	5,119	5,119	5,119	61,428.00
TOTAL RENTAL INCOME	178,977	178,977	178,977	178,977	178,977	185,930	185,930	185,930	185,930	185,930	185,930	185,930	2,196,395.00
PERCENTAGE OF VACANCY	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	
410000.0 VACANCY LOSS - UNRENTED	(174)	(174)	(174)	(174)	(174)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(2,134.97)
410500.0 VACANCY LOSS - RENTED	(1,999)	(1,999)	(1,999)	(1,999)	(1,999)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(2,079)	(24,552.12)
411000.0 EMPLOYEE APARTMENTS	(1,182)	(1,182)	(1,182)	(1,182)	(1,182)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(14,513.00)
411500.0 RENTAL CONCESSIONS	(24)	(41)	(21)	(32)	(24)	(26)	(38)	(32)	(32)	(26)	(54)	(26)	(372.00)
412000.0 UNCOLLECTIBLE ACCOUNTS	(324)	(324)	(324)	(324)	(324)	(324)	(324)	(324)	(324)	(324)	(324)	(324)	(3,882.00)
NET RENTAL ADJUSTMENTS	\$ (3,703)	(3,719)	(3,700)	(3,710)	(3,703)	(3,838)	(3,850)	(3,844)	(3,844)	(3,838)	(3,867)	(3,838)	\$ (45,454.09)
453500.0 APPLICATION FEES	357	544	323	442	357	374	510	442	442	374	697	374	5,236.00
455000.0 LATE FEES	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	32,100.00
455500.0 PET FEES-OPT	90	90	90	90	90	90	90	90	90	90	90	90	1,080.00
456500.0 LEASE TERMINATION FEES	219	219	219	219	219	219	219	219	219	219	219	219	2,622.00
457500.0 NSF CHECK FEES	14	14	14	14	14	14	14	14	14	14	14	14	171.43
458000.0 DAMAGE & CLEANING FEES	88	88	88	88	88	88	88	88	88	88	88	88	1,055.14
490000.0 MISCELLANEOUS PROPERTY	3	3	3	3	3	3	3	3	3	3	3	3	30.00
498000.0 WASHER/DRYER INCOME	7,110	7,110	7,110	7,110	7,110	7,110	7,110	7,110	7,110	7,110	7,110	7,110	85,320.00
OTHER PROPERTY INCOME	\$ 10,555	10,742	10,521	10,640	10,555	10,572	10,708	10,640	10,640	10,572	10,895	10,572	\$ 127,614.57
TOTAL RENTAL INCOME	\$ 185,829	186,000	185,798	185,907	185,829	192,664	192,788	192,726	192,726	192,664	192,959	192,664	\$ 2,278,555.48
500000.0 SALARIES - MANAGER	\$ 3,907	3,398	3,568	3,738	4,043	3,534	4,064	3,887	3,710	4,064	3,710	3,887	\$ 45,509.73
501000.0 SALARIES - ASSISTANT MANAGER	2,607	2,267	2,380	2,493	2,697	2,357	2,711	2,593	2,475	2,711	2,475	2,593	30,358.30
502200.0 SALARIES - LEASING AGENTS	2,419	2,104	2,209	2,314	2,504	2,188	2,516	2,407	2,297	2,516	2,297	2,407	28,178.83
503000.0 SALARIES - MAINTENANCE	5,789	5,034	5,286	5,538	5,991	5,236	6,021	5,759	5,497	6,021	5,497	5,759	67,428.61
504000.0 SALARIES - JANITOR	2,088	1,816	1,907	1,997	2,161	1,888	2,172	2,077	1,983	2,172	1,983	2,077	24,321.36
507000.0 BONUS	1,029	1,378	986	6,942	1,029	1,073	1,335	1,204	1,204	1,073	1,639	2,423	21,314.50
520000.0 HEALTH INSURANCE	1,188	1,033	1,085	1,137	1,188	1,033	1,188	1,137	1,085	1,188	1,085	1,137	13,486.87
530000.0 MANDATED BENEFITS	2,401	2,088	2,192	2,296	2,484	2,171	2,497	2,388	2,280	2,497	2,280	2,388	27,960.15
TOTAL SALARIES	\$ 21,429	19,117	19,612	26,455	22,097	19,480	22,504	21,452	20,532	22,242	20,967	22,671	\$ 258,558.36
550000.0 ELECTRICITY	\$ 1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	\$ 22,364.94
550200.0 ELECTRICITY - VACANT	133	133	133	133	133	133	133	133	133	133	133	133	\$ 1,598.70
552000.0 TELEPHONE	1,483	1,483	1,483	1,483	1,483	1,483	1,483	1,483	1,483	1,483	1,483	1,483	17,797.75
552500.0 ANSWERING SERVICE	76	76	76	76	76	76	76	76	76	76	76	76	907.20
553000.0 WASTE	6,922	6,922	6,922	6,922	6,922	6,922	6,922	6,922	6,922	6,922	6,922	6,922	83,065.77
555000.0 WATER	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	79,950.96
556000.0 SEWER	6,740	6,740	6,740	6,740	6,740	6,740	6,740	6,740	6,740	6,740	6,740	6,740	80,883.94
TOTAL UTILITIES	23,881	23,881	23,881	23,881	23,881	23,881	23,881	23,881	23,881	23,881	23,881	23,881	\$ 286,569
571000.2 ALARM - CONTRACT	105	105	105	105	105	105	105	105	105	105	105	105	1,261.92
571500.2 BEEPERS & RADIOS - CONTRACT	12	12	12	12	12	12	12	12	12	12	12	12	140.96
573000.2 ELEVATOR SERVICE CONTRACT	1,695	1,695	1,695	1,695	1,695	1,695	1,695	1,695	1,695	1,695	1,695	1,695	20,340.48
573500.2 EXTERMINATING - CONTRACT	332	523	523	332	523	523	332	523	523	332	523	523	5,507.76
574000.2 FIRE ALARM - CONTRACT	572	572	572	572	572	572	572	572	2,574	572	572	572	8,865.54
574500.2 FIRE EQUIP MAINTENANCE - CONTRACT	0	0	0	0	0	675	0	0	4,224	0	0	0	4,899.00
576000.2 LANDSCAPING - SERVICE	19,859	342	342	1,134	342	342	1,134	342	3,758	2,300	342	342	30,578.50
576500.2 LAWN SERVICE - CONTRACT	2,149	2,149	2,149	2,149	2,149	3,224	3,224	3,224	2,149	2,149	2,149	2,149	29,017.64
578200.2 TERMITE WARRANTY RENEWAL	327	327	327	327	327	327	327	327	327	327	327	327	3,920.52
TOTAL CONTRACTS R & M	25,051	5,725	5,725	6,326	5,725	7,474	7,401	6,799	15,367	7,492	5,725	5,725	104,532
582000.2 CABLE TV	184	184	184	184	184	184	184	184	184	184	184	184	2,202.12
582500.2 COURTESY PERSONNEL	3,341	2,975	3,236	3,132	3,289	3,132	3,289	3,236	3,184	3,236	3,184	3,289	38,523.60
583000.2 COMPUTER MAINTENANCE - CONTRACT	242	4,850	194	194	194	194	194	194	544	194	194	194	7,385.95
583500.2 COPIER MAINTENANCE - CONTRACT	120	120	120	120	120	120	120	120	120	120	120	120	1,440.67
TOTAL CONTRACTS OPERATING	\$ 3,887	8,129	3,734	3,630	3,787	3,630	3,787	3,734	3,682	4,084	3,682	3,787	\$ 49,552

Tallman Pines I
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
925700.0 IMPROVEMENTS - REPAIR & REFINISHING	0	1,775	0	1,775	0	1,775	0	1,775	0	1,775	0	1,775	10,650.00
930600.0 IMPROVEMENTS - ELEVATOR	1,800	0	18,278	15,900	0	0	0	0	0	0	0	0	35,977.74
930700.0 IMPROVEMENTS - ELECTRICALS	0	0	3,150	3,150	0	0	0	0	0	0	0	0	6,300.00
936000.0 EXTRAORDINARY ITEMS	538	538	538	538	538	538	538	538	538	538	538	538	6,456.82
940500.0 HOME OWNERSHIP INCENTIVE	373	373	373	373	373	373	373	373	373	373	373	373	4,470.77
TOTAL REPLACEMENTS	6,469	10,226	26,096	25,494	4,669	6,444	4,669	6,444	4,669	6,444	4,669	6,444	112,734.03
TOTAL OPERATING EXPENSES	115,767	105,443	122,583	121,913	94,851	97,256	99,243	98,712	103,531	100,492	96,021	98,289	1,254,102
NET OPERATING INCOME	70,062	80,557	63,215	63,994	90,978	95,408	93,545	94,014	89,195	92,172	96,938	94,375	1,024,453.48
800000.0 INTEREST EXPENSE - ARCS	16,964	16,964	16,964	16,964	16,964	16,964	16,964	16,964	16,964	16,964	16,964	16,964	203,568.28
800000.1 PRINCIPAL REDUCTION	4,948	4,948	4,948	4,948	4,948	4,948	4,948	4,948	4,948	4,948	4,948	4,948	59,373.62
805000.0 INTEREST EXPENSE - HOME	595	595	595	595	595	595	595	595	595	595	595	595	7,138.62
805000.1 PRINCIPAL REDUCTION- HOME	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622	2,622	31,460.34
850000.0 INTEREST INCOME	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(48)	(578.80)
TOTAL DEBT SERVICE	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	300,962.06
TOTAL INTEREST	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	25,080	300,962.06
CONTROLLABLE NOI	44,982	55,476	38,135	38,914	65,898	70,328	68,465	68,934	64,115	67,092	71,858	69,295	723,491.42
NET CASH	44,982	55,476	38,135	38,914	65,898	70,328	68,465	68,934	64,115	67,092	71,858	69,295	723,491.42

TALLMAN PINES I
ACCOUNT FOOTNOTES

2019

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
400000.0	GROSS RENTAL APARTMENTS INCOME	2,134,967	Based on the rents reflected on Rent Schedule. A 4% increase has been allocated starting June 2019.
400500.0	GAIN TO LEASE	61,428	This amount represents the difference between voucher holder rents and tax credit rents. <u>\$5,119.00 x 12 = \$61,428.00</u> (See Gain to Lease Chart in File)
410000.0	VACANCY LOSS - UNRENTED	(2,135)	Allocate to cover 0.10% of vacancy loss unrented.
410500.0	VACANCY LOSS - RENTED	(24,552)	This amount is to complete 1.25% between vacancy loss rented and unrented.
411000.0	EMPLOYEE APARTMENTS	(14,513)	Assistant Manager has 100% concession on a 3x2 unit. Amount includes rent increase effective June 2019.
411500.0	RENTAL CONCESSIONS	(372)	Concessing the last few days of the month as an incentive to the residents to move in before the beginning of the following month.
412000.0	UNCOLLECTIBLE ACCOUNTS	(3,882)	Based on half of the annualized amount.
453500.0	APPLICATION FEES	5,236	Based on Schedule A-1 worksheet projecting 25 move ins x 2 applicants per unit. Allocated one additional application per month due to traffic.
455000.0	LATE FEES	32,100	Based on annualized amount. <u>Late fees are as follows:</u> On the 6th - \$150.00 On the 11th - \$175.00 On the 16th - \$200.00
455500.0	PET FEES-OPT	1,080	Based on half of the annualized amount.
456500.0	LEASE TERMINATION FEES	2,622	Based on half of the annualized amount.
457500.0	NSF CHECK FEES	171	Based on half of the annualized amount.
458000.0	DAMAGE & CLEANING FEES	1,055	Based on half of the annualized amount.
490000.0	MISCELLANEOUS PROPERTY	30	Based on half of the annualized amount.
498000.0	WASHER & DRYER INCOME	85,320	This amount represents the rental income from washer and dryer monthly fees of \$45.00 x 158 units. Monthly income- <u>\$7,110.00</u>
500000.0	SALARIES - MANAGER	45,510	Property Manager's Salary. This amount represents 90% of the total salary. A 4% increase has been allocated effective May 1st.
501000.0	SALARIES - ASSISTANT MANAGER	30,358	Property Assistant Manager's Salary. This amount represents 90% of the total salary. A 4% increase has been allocated effective May 1st.
502200.0	SALARIES - LEASING AGENTS	28,179	Property Leasing Agents' Salary. This amount represents 90% of the total salary. A 4% increase has been allocated effective May 1st.
503000.0	SALARIES - MAINTENANCE	67,429	Maintenance Supervisor Salary and Maintenance Technician Salary. This amount represents 90% of the total salary. A 4% increase has been allocated effective May 1st.

TALLMAN PINES I
ACCOUNT FOOTNOTES

504000.0	SALARIES - JANITOR	24,321	Porter Salary. This amount represents 90% of the total salary. A 4% increase has been allocated effective May 1st.
507000.0	BONUS	21,315	<p>1. Property Manager and Assistant Manager, have a monthly <u>Occupancy</u> incentive bonus if the property closes the month occupied at 98%. Estimated at <u>\$3,300.00</u> per year.</p> <p>Property Manager \$175.00 monthly x 12 month = <u>\$2,100.00</u>.</p> <p>Assistant Manager \$100.00 monthly x 12 month = <u>\$1,200.00</u>.</p> <p>TOTAL= <u>\$3,300.00</u></p> <p>Property Manager and Assistant Manager, have a monthly <u>Collection</u> incentive bonus if the property closes the month occupied at 98%. Estimated at \$3,300.00 per year.</p> <p>Property Manager \$175.00 monthly x 12 month = <u>\$2,100.00</u>.</p> <p>Assistant Manager \$100.00 monthly x 12 month = <u>\$1,200.00</u>.</p> <p>TOTAL= <u>\$3,300.00</u></p> <p>2. <u>Move in</u> and <u>Renewal</u> bonuses are based on the projected year's move in schedule and split amongst staff (please refer to <u>Bonus Schedule</u> for detail monthly figures).</p> <p>Estimated at a total of <u>\$875.00</u> per year on Move Ins.</p> <p>(Move ins are being paid at \$25.00 to Office staff and split amongst them and \$10.00 to Maintenance Staff and also split amongst them).</p> <p>Estimated at a total of <u>\$6,750.00</u> per year for Renewals.</p> <p>(Renewals are being paid at \$35.00 to Office staff and split amongst them and \$10.00 to Maintenance Staff and also split amongst them).</p> <p>3. During the month of December funds have been allocated per employee for Christmas and gift certificates. Total amount of Holiday bonus for property: <u>\$1,350.00</u> This represents 90% of total expense.</p> <p>4. During the month of April funds have been allocated for performance bonuses. Total amount of performance bonus for property: <u>\$5,737.50</u>. Based on 90% of the total.</p>
520000.0	HEALTH INSURANCE	13,487	<p>Company contributes \$3,732.00 per year per employee. Split between both properties.</p> <p>Tallman I- 90% of the total cost Tallman II- 10% of the total cost</p>
530000.0	MANDATED BENEFITS	27,960	<p>Mandated benefits at an average of 11% for clerical category and 18% for maintenance. Mandated benefits include Fica, Medicare, Suta, Worker's Compensation and administrative fee for CoAdvantage.</p>
550000.0	ELECTRICITY	22,365	<p>Based on the annualized amount plus 3% increase.</p>

TALLMAN PINES I
ACCOUNT FOOTNOTES

550200.0	ELECTRICITY - VACANT	1,599	Based on the annualized amount plus 3% increase.
552000.0	TELEPHONE	17,798	<p>Windstream- 4 Office telephone lines - (\$16,718.00/Annually)</p> <p>In addition, the Property Manager, and Maintenance Supervisor each receives \$50.00 monthly cell phone reimbursement. (\$1,080.00/annually)</p> <p>Amount represents 90% of the total cost paid by Tallman I.</p>
552500.0	ANSWERING SERVICE	907	<p>Sunshine Communications Services- After hours emergency answering service. The monthly service is \$84.00 90% of the total cost- \$75.60 per month.</p> <p>Total annual expense- \$907.20 90% of the total cost paid by Tallman I.</p>
553000.0	WASTE	83,066	Based on the annualized plus increase of one extra pick-up per week. Additionally, allocated 5% projected annual increase. Amount represents 90% of the total cost paid by Tallman I.
555000.0	WATER	79,951	Based on the annualized amount plus a 6% increase.
556000.0	SEWER	80,884	Based on the annualized amount plus a 6% increase.
571000.2	ALARM - CONTRACT	1,262	<p>MCG Electronics: Burglar Alarm Monitoring of Clubhouse and leasing office. Monthly Service <u>\$1,017.60</u> annually. Tallman I pays- 90% \$915.84 @ \$76.32 monthly.</p> <p>MCG Electronics: Burglar Alarm Monitoring of the maintenance shop. Monthly Service \$384.48 annually. Tallman I pays- 90% \$346.08 annually @ \$28.84 monthly.</p>
571500.2	BEEPERS & RADIOS - CONTRACT	141	<p>Amount is allocated for maintenance beeper for after hours emergencies.</p> <p>Tallman I pays 90% of the total cost.</p>
573000.2	ELEVATOR CONTRACT	20,340	<p>Mowrey Elevator Services: Elevator maintenance service to building's #1,2,3,4,6 & 8. Monthly Service- 6 x \$229.56 = \$1,377.36 \$16,528.32 Total annual expense.</p> <p>MCG Electronics : Elevator emergency wireless telephone lines. Bill monthly at \$52.94 per elevator x 6. (Building's #1,2,3,4,6, & 8). Monthly charge- \$317.68. \$3,812.16 Total annual expense.</p>
573500.2	EXTERMINATING - CONTRACT	5,508	<p>Paramount Pest Control LLC: Extermination services for clubhouse, units and common areas. This cost also includes 15 Rodent bait stations boxes located around the property.</p>

TALLMAN PINES I
ACCOUNT FOOTNOTES

574000.2	FIRE ALARM - CONTRACT	8,866	<u>MCG Electronics, Inc:</u> Monitoring fire alarm for 8 buildings plus the clubhouse expense. Monthly expence- \$571.92 Total annual expense - <u>\$6,863.04</u> Annual fire alarm recertification of 8 bldgs- <u>\$2,002.50</u> plus 90% of the certification fee of the clubhouse/office paid by Tallman I due in September. Total annual expense- <u>\$8,866.00</u> This represents 90% of the total cost paid by Tallman I.
574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	4,899	Completed by the following vendors: <u>Backflow Inspection & Repairs:</u> Domestic backflows certification- <u>\$675.00</u> due in June. <u>Triangle Fire:</u> Recertification of portable Fire Extinguishers inside each unit, common areas, clubhouse, and maintenance shop. Tallman I has 8 buildings- <u>\$2,604.42</u> due in September. <u>Summers Fire Inc:</u> Testing fire sprinkler devices quarterly, annual backflow preventer recertification, control valve testing, quarterly control valve maintenance, annual fire department connection inspections and fire sprinkler recertification's, hydraulic name plate check, main drain testing and piping- <u>\$1,620.00</u> due in September. Total annual expense- <u>\$4,899.02</u> This amount represents 90% of the total cost paid by Tallman I.
576000.2	LANDSCAPING - SERVICE	30,579	<u>Rubio Landscaping Inc:</u> Full Mulching of the property- <u>\$8,820.00</u> due in January. T-up mulch of the property- <u>\$3,415.50</u> due in September. Seasonal Flowers done twice per year- \$1,166.00 each time. Due in January & September. Total annual expense- <u>\$2,332.00.</u> Fertilization done quarterly-\$792.00 each time. Due in Jan, April, July & Oct. Total annual expense- <u>\$3,168.00.</u> Allocated for installation of Coco Plum and Green Fico - <u>\$3,780.00</u> (One-Time) in January. <u>LA Rust:</u> Water treatment for irrigation system- \$342.00 monthly. Total annual expense- <u>\$4,104.00.</u> <u>Rock & Rose Lawn Care:</u> Annual tree trimming- <u>\$4,959.00</u> due in January. Total annual expense- <u>\$30,579.00.</u> This amount represents 90% of the total cost paid by Tallman I.

TALLMAN PINES I
ACCOUNT FOOTNOTES

576500.2	LAWN SERVICE - CONTRACT	29,018	<u>Rubio Landscaping Inc:</u> Monthly mowing of the lawn, weed removal at \$2,149.45 for 9 months. During the rainy months of June, July and August services are performed 3 times at a cost of \$3,224.17 monthly. Total annual expense- <u>\$29,017.55</u> this amount represents 90% of the total cost paid by Tallman I.
578200.2	TERMITE WARRANTY RENEWAL	3,921	<u>Accurate Pest Control:</u> Annual termite warranty recertification for Tallman Pines I and 90% of the clubhouse- <u>\$3,564.00</u> total annual expense.
582000.2	CABLE TV	2,202	<u>Comcast:</u> Monthly cable TV and internet service for office and computer lab- <u>\$183.51</u> due monthly. This amount represents 90% of the total cost paid by Tallman I.
582500.2	COURTESY PERSONNEL	38,524	<u>TennState Protective Solutions, LLC.</u> Service are per year as follows: 56 hours per week @ \$14.50 per hour. 64 Holiday hours per year @ \$21.75 The overtime holiday rate has been also calculated for the following holidays: New Years Dr. Martin Luther King Day Presidents Day Independence Day Labor Day Thanksgiving Day Memorial Day Christmas Day This amount represents 90% of the total cost paid by Tallman I.
583000.2	COMPUTER MAINTENANCE - CONTRACT	7,386	Amount is allocated as follows: NSDI IT Support - Total annual expense- <u>\$960.00.</u> AT&T and Bellsouth Fee - Total annual expense- <u>\$67.00.</u> Hugh McCallum IT Support - Total annual expense - <u>\$1,242.00.</u> (Amount represents 90% of the total cost). Software insurance renewal - <u>\$48.00</u> due in January. Private Cloud - Total annual expense - <u>\$63.48</u> Real Page Core Property Management Suite License Renewal - <u>\$3,734.37</u> due in February. Real Page Payments - <u>\$471.33</u> due in February. Real Page Resident Portal- <u>\$449.57</u> due in February. Budget Builder Software Program - <u>\$350.00</u> due in October.

TALLMAN PINES I
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583500.2	COPIER MAINTENANCE - CONTRACT	1,441	<p><u>Fast Forward Digital Solutions:</u></p> <p>Copier maintenance service and the expense of extra copies. This amount represents an increase of 15% as per vendor.</p> <p>This amount represents 90% of the total cost.</p>
600000.3	HVAC - SUPPLIES	9,000	Allocated for AC filters, thermostats, Freon and various other supplies as needed due to the age and needs of the property.
603000.4	ALARM - REPAIRS	360	Amount allocated for repairs to office burglar alarm, trouble shooting and battery replacements.
604000.3	APPLIANCES SUPPLIES	11,594	Amount allocated to purchased appliances supplies such as drip pans, stove elements, stove blocks ,thermostat, burner switches, refrigerator thermostats as needed.
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	7,848	Amount allocated for supplies to make the necessary repairs as needed around the common areas of the property and to turn vacant units.
610000.4	BUILDING IMPROVEMENTS - REPAIRS	1,000	Amount is allocated for any emergency repairs needed by an outside vendor.
612500.0	BUILDING LABOR	3,228	Allocated for a Maintenance Supervisor to perform quarterly inspections, organize and any tax credit annual inspection with maintenance and cover for vacation for maintenance supervisor.
622500.2	CLEANING - SERVICE	12,402	<p><u>Conducted by the following vendors:</u></p> <p><u>General Quality Management Services:</u></p> <p>Based on move ins at an average of \$115.00 per unit. Total annual expense- <u>\$2,875.00.</u></p> <p>In addition, we allocated \$382.50 to clean the office and clubhouse monthly. this amount represents 90% of the total cost paid by Tallman I. Total annual expense- <u>\$4,590.00.</u></p> <p><u>Langenwalter Services:</u></p> <p>Allocated to clean the tile/grout of the vacant units upon turn as needed. Based on move ins at an average of <u>\$200.00.</u> Total annual expense- <u>\$5,000.00.</u></p>
622500.3	CLEANING - SUPPLIES	3,870	Amount allocated to purchase cleaning products for the common areas of the property , dumpsters and enclosures and the turn of vacant units. Based on the annualized amount.
627500.3	DRAPERIES / VERTICAL - SUPPLIES	225	Based on the annualized amount.
630000.3	ELECTRICAL - SUPPLIES	8,139	Allocated to replace interior and exterior light fixtures, light bulbs in residents units, in all common areas including parking lot. Based on the annualized amount plus 15% increasae.
632500.4	ELEVATOR REPAIRS	1,226	Amount allocated to complete minor repairs to the elevators as needed.
635000.2	EXTERMINATING	382	Allocated for supplies that are used by maintenance in addition to the outside vendor. We have also allocated the cost for B3G product to treat bed bugs as needed.

TALLMAN PINES I
ACCOUNT FOOTNOTES

635000.3	EXTERMINATING - SUPPLIES	855	Allocated for supplies that are used by maintenance in addition to the outside vendor. We have also allocated the cost for B3G product to treat bed bugs as needed.
635500.4	FIRE ALARM - REPAIRS	773	Allocated for any necessary repairs of fire alarm. Based on the annualized amount.
636000.3	FIRE EQUIP MAINTENANCE - SUPPLIES	450	Allocated for the purchase of new fire extinguishers as needed.
636500.4	FIRE SPRINKLERS - REPAIRS	500	Amount allocated for emergency repairs needed after annual inspection.
636800.0	GOLF CARTS	3,052	This amount is allocated to cover any repairs for the golf carts as needed.
642500.2	PAINTING - SERVICE	9,176	Amount allocated for painting service for vacant units due to property age outside help is needed to expedite the time to turn the units at an average of \$370.00 per unit.
642500.3	PAINTING - SUPPLIES	4,762	This amount is allocated to purchase paint for the turn of units and to touch up common areas. In addition, to this we have allocated amount to provide touch up paint to residents as a renewal incentive.
647500.3	PLUMBING - SUPPLIES	7,337	Allocated to cover any plumbing supplies needed to the common areas, and to the units. Increased due to projection on replacing the water hose from the kitchen faucet to a durable material. This will prevent water leaks/floods in the units.
647500.4	PLUMBING - REPAIRS	3,027	Allocated for plumbing repair to the backflows done by outside vendor to be used as needed.
660000.3	WINDOW - SUPPLIES	315	Amount allocated as needed.
660000.4	WINDOW - REPAIRS	1,000	This amount is allocated for replacement of damaged windows. Based on the annualized amount.
661000.4	CAMERA SURVEILLANCE	450	Allocated for any minor repairs to the cameras as needed.
662500.0	SIGNS	459	This amount is allocated for the replacement or repairs of any sign on the property.
665000.0	UNIFORMS	1,620	Uniform replacement expense allocated at \$150.00 per employee twice per year. Based on 6 employees x \$300.00 each= \$1,800.00. Total annual expense- \$1,620.00 this amount represents 90% of the total cost paid by Tallman I. Uniforms are distributed in April & October.
667500.2	WASHER/DRYER SERVICE	42,364	Budget to lease 158 machines from Appliance Warehouse. Total annual expense- \$32,895.60 Allocated to complete the dryer vent cleaning- \$9,000.00 due in March. Last service was done in 2014.
740000.0	GENERAL INSURANCE	108,612	Information provided by Yoly Lopez.
755000.0	MANAGEMENT FEES	113,928	Based on 5% of Total Rent Income budget projections.
760000.0	AUTO/MILEAGE EXPENSE	151	Allocated for mileage reimbursement to the on site staff. This amount represents 90% of the total cost paid by Tallman I.

TALLMAN PINES I
ACCOUNT FOOTNOTES

762500.0	DUES & SUBSCRIPTIONS	90	Allocated for subscription fee associated with publication required by LURA. This amount represents 90% of the total cost paid by Tallman I.
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767500.0	LICENSES	1,163	Allocated for the following licenses: City of Deerfield Beach Business tax receipt- <u>\$1,001.34</u> due in August. Division of Hotel and Restaurant license- <u>\$162.00</u> due in October. Amounts represents 90% of the total cost paid by Tallman I.
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768000.0	PERMITS	1,760	Allocated for the following permits: Broward County for elevator renewal certificates \$120.00 each for six (6) buildings. Total annual expense- <u>\$720.00</u> due in June. Allocated <u>\$1,039.53</u> for the annual fire safety inspection fees due in December. This amount represents 90% of the total cost paid by Tallman I.
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770500.0	MARKETING	4,409	Allocated for marketing flyers, business cards, etc- <u>\$540.00</u> total annual expense. Leasing Director to train and monitor the performance of Lease Star, supports property web site and updates pictures, rents and marketing materials - <u>\$1,008.00</u> total annual expense. 90% of the total cost. Illustratus- Monthly newsletters- \$37.07 monthly. Total annual expense- <u>\$444.48</u> 90% of the total cost. Leasestar- Lease Star Tracking- \$667.44 due in February Lease Star Website- \$784.94 due in February Lease Star- \$964.41 due in February Total annual expense- <u>\$2,416.79.</u>
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771000.0	FITNESS/SPA EXPENSE	1,080	Amount allocated to cover the preventive maintenance contract with Commercial Fitness and to pay for any repairs as needed. Total annual expense- <u>\$1,080.00.</u> This amount represents 90% of the total cost paid by Tallman I.
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771500.0	RESIDENT ACTIVITIES	3,672	Allocated for resident activities required by the LURA. This includes crime watch meetings and resident parties like: New year, Valentine's Day, Easter Event, Back to School, Summer party, Halloween and Christmas party. Amount represents 90% of the total cost paid by Tallman I.
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772500.0	AUDIT FEES	11,950	Allocated as follows: Reznick group \$954.16 Total annual expense- <u>\$11,449.92.</u> Audit fees paid to Preferred Compliance- <u>\$500.00</u> due in June.
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TALLMAN PINES I
ACCOUNT FOOTNOTES

775000.0	EVICTION FEES	750	Allocated to cover the expense of placing residents on eviction for non-payment of rent.
776500.0	SEMINAR & TRAINING PROGRAM	2,220	Allocated for employee seminars and training like: Leasing Seminar, One Site refresher, Compliance Training, maintenance meeting etc.
780000.0	POSTAGE, COURIER & DELIVERY	2,277	Allocated for any necessary certified mailings to resident along with weekly courier service. This represent 90% of total cost.
785000.0	OFFICE SUPPLIES	4,396	Allocated a monthly amount for office supplies. Allocated to purchase the bank checks - \$561.70 due in February .
786000.0	OFFICE EXPENSE	2,732	Amount has been allocated for the delivery of water, rental of cooler machine, candy, coffee, creamer, plates, utensils, etc. and for the On line Key log system in which we keep the property and residents keys. This amount represents 90% of the total cost paid by Tallman I.
787000.0	REFERRAL FEES	600	Allocated this amount to cover the expense of current residents referring new residents to the property.
787500.0	LEASING & RENTING EXPENSE	1,044	Amount allocated for Talx Corporation and 3rd party market Survey.
788000.0	CREDIT REPORTS	1,232	Based on move ins as per the move ins schedule A-1 report at two (2) applicants per unit plus one additional report monthly due to traffic Reports are paid at \$20.00 each.
792500.0	MISCELLANEOUS OPERATING EXPENSE	675	Allocated for any miscellaneous items. Amount represents 90% of the total cost paid by Tallman I.
910000.0	RESERVE	44,000	Information provided by Yoly Lopez.
920000.0	REPLACEMENTS - A/C & APPLIANCE	20,400	Allocated \$1,700.00 monthly to cover the monthly expense of replacing the following appliances: A/C units, compressors, coil, stoves, refrigerators, dishwashers, and microwaves as needed. Amount is based on unit by unit inspection and the replacement cost list. Tallman Pines I & II is over 9 years old, appliances specially the stoves and refrigerators are very deteriorated and the expense of parts at times comes out more expensive than a new appliance with a 1 year warranty included.
920200.0	REPLACEMENTS - COUNTER & CABINETS	21,000	Amount allocated to replace kitchen counter tops/ drawers/ doors/ back splashes and bathroom cabinets. A unit by unit inspection was conducted prior to budget season. See report on file.
920300.0	REPLACEMENTS - VERTICALS/BLINDS	1,596	Amount allocated to replace vertical blinds Based on the unit by unit inspection conducted prior to the budget season. See report on file.
920600.0	REPLACEMENTS - GOLF CART	3,783	Allocated to purchase one 4 passenger golf cart. Amount represents 90% of the total cost.
925200.0	IMPROVEMENTS - PAVING	2,100	Allocated to replace any parking bumper as needed or to adjust the side walks lifting due to tree roots with an outside vendor as needed.

TALLMAN PINES I
ACCOUNT FOOTNOTES

925700.0	IMPROVEMENTS - REPAIR & REFINISHING	10,650	Amount allocated to retro fit 6 bathrooms for the year with Bathfitters Inc. at an average cost of \$1,775.00 per.
930600.0	IMPROVEMENTS - ELEVATOR	35,978	Allocated to install State required MCP access codes in all 6 elevators. - <u>\$1,800.00</u> due in January. Allocated to install elevator wireless cameras. This includes material and equipment. This cost is for bldgs 1,2,3,4,6 and 8 elevators. - <u>\$18,277.74</u> due in March. Amount allocated to refurbish 2 elevator interior cabins with stainless steel finish on Bldgs 1 & 2 - \$7,950.00 each = <u>\$15,900.00</u> due in April.
930700.0	IMPROVEMENTS - ELECTRICALS	6,300	Allocated an estimated amount of <u>\$6,300.00</u> to install surge protectors at the clubhouse to protect office/camera or electronic equipment located at the management office. This amount represents 90% of the total cost.
936000.0	EXTRAORDINARY ITEMS	6,457	Based on half of the annualized amount.
940500.0	HOME OWNERSHIP INCENTIVE	4,471	Based on 1/2 of the annualized amount.
800000.0	INTEREST EXPENSE	203,568	Base on the annualized amount.
800000.1	PRINCIPAL REDUCTION	59,374	Information provided by Yoly Lopez.
805000.0	INTEREST EXPENSE - HOME	7,139	Base on annualized amount.
805000.1	PRINCIPAL REDUCTION - HOME	31,460	Information provided by Yoly Lopez.
850000.0	INTEREST INCOME	(579)	Information provided by Yoly Lopez.

Tallman Pines II
700 NE 41st Street,
Deerfield Beach, Fl. 33064
Telephone: (954) 574-9210

2019 BUDGET & SUPPORTING SCHEDULES

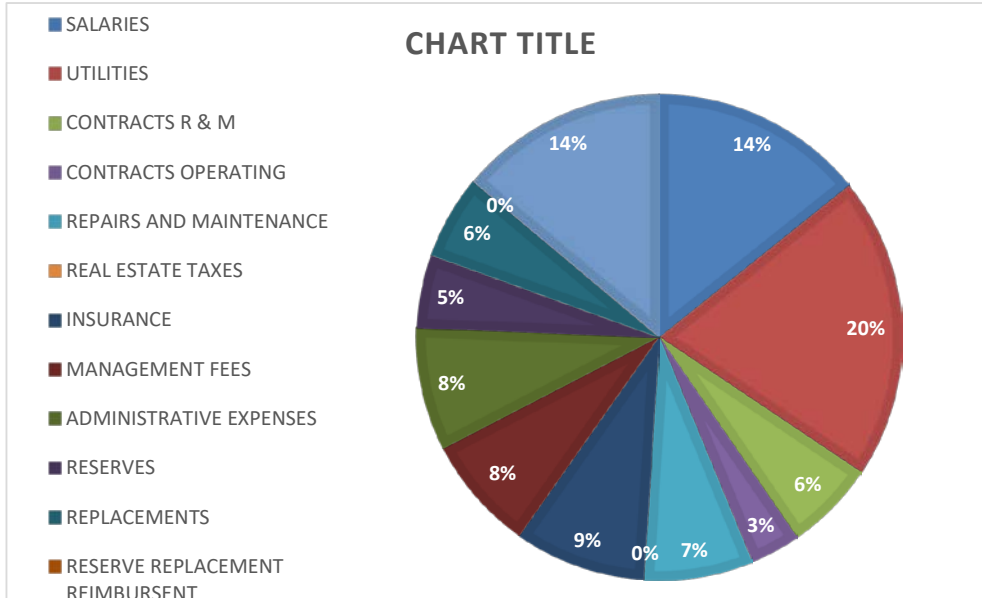
PROPERTY:	Tallman Pines II
NO. OF UNITS:	24 UNITS
TOTAL SQUARE FOOTAGE:	23076 SQ. FT.

Final Copy

BUDGET SUMMARY

2019

CATEGORY	YEAR	\$/SF	\$/UNIT/YR
INCOME			
RENTAL INCOME	\$ 302,750.00	\$ 13.12	\$ 12,614.58
RENTAL ADJUSTMENTS	(3,365.75)	(0.15)	(140.24)
OTHER INCOME	17,713.14	0.77	738.05
TOTAL RENTAL INCOME	\$ 317,097.39	\$ 13.74	\$ 13,212.39
TOTAL INCOME	\$ 317,097.39	\$ 13.74	\$ 13,212.39
OPERATING EXPENSES			
SALARIES	\$ 29,452.43	\$ 1.28	\$ 1,227.18
UTILITIES	41,635.15	1.80	1,734.80
CONTRACTS R & M	12,518.24	0.54	521.59
CONTRACTS OPERATING	6,896.64	0.30	287.36
REPAIRS AND MAINTENANCE	14,971.34	0.65	623.81
REAL ESTATE TAXES	-	-	-
INSURANCE	18,067.27	0.78	752.80
MANAGEMENT FEES	15,854.87	0.69	660.62
ADMINISTRATIVE EXPENSES	16,974.29	0.74	707.26
RESERVES	10,038.60	0.44	418.28
REPLACEMENTS	11,526.30	0.50	480.26
RESERVE REPLACEMENT REIMBURSEMENT	-	-	#DIV/0!
TOTAL OPERATING EXPENSES	\$ 177,935.15	\$ 7.71	\$ 7,413.96
NET OPERATING INCOME	\$ 139,162.24	\$ 6.03	\$ 5,798.43
INTEREST			
DEBT SERVICE	28,828.94	1.25	1,201.21
TOTAL INTEREST	\$ 28,828.94	\$ 1.25	\$ 1,201.21
NET CASH FLOW	\$ 110,333.30	\$ 4.78	\$ 4,597.22



BUDGET SUMMARY COMPARISON**2018****2019****2019 VS 2018**

CATEGORY	YEAR	YEAR	VARIANCE
INCOME			
RENTAL INCOME	\$ 291,598.00	\$ 302,750.00	\$ 11,152.00
RENTAL ADJUSTMENTS	(16,844.46)	(3,365.75)	13,478.71
OTHER INCOME	14,408.57	17,713.14	3,304.57
TOTAL RENTAL INCOME	\$ 289,162.11	\$ 317,097.39	\$ 27,935.28
TOTAL INCOME	\$ 289,162.11	\$ 317,097.39	\$ 27,935.28
OPERATING EXPENSES			
SALARIES	\$ 29,005.02	\$ 29,452.43	\$ 447.41
UTILITIES	33,150.28	41,635.15	8,484.87
CONTRACTS R & M	12,095.77	12,518.24	422.47
CONTRACTS OPERATING	6,853.48	6,896.64	43.16
REPAIRS AND MAINTENANCE	15,257.24	14,971.34	(285.90)
REAL ESTATE TAXES	-	-	-
INSURANCE	19,669.76	18,067.27	(1,602.49)
MANAGEMENT FEES	14,458.11	15,854.87	1,396.76
ADMINISTRATIVE EXPENSES	17,006.01	16,974.29	(31.72)
RESERVES	9,976.00	10,038.60	62.60
REPLACEMENTS	24,784.00	11,526.30	(13,257.70)
RESERVE REPLACEMENT REIMBURSEMENT	(18,252.00)	-	18,252.00
TOTAL OPERATING EXPENSES	\$ 164,003.68	\$ 177,935.15	\$ 13,931.47
NET OPERATING INCOME	\$ 125,158.43	\$ 139,162.24	\$ 14,003.81
INTEREST			
DEBT SERVICE	28,829.10	28,828.94	(0.16)
TOTAL INTEREST	\$ 28,829.10	\$ 28,828.94	\$ (0.16)
NET CASH FLOW	\$ 96,329.33	\$ 110,333.30	\$ 14,003.97

Projected Increase

MONTH OF SCHEDULED INCREASE:

INCREASE 1 -

TOTAL OF UNITS:

CURRENT RENT:

INCREASED RENT:

as of 06/01/19

UNIT TYPE	SQUARE FEET	CURRENT RENT	\$/SQ. FT.	NO. OF UNITS	CURRENT		INCREASE 1 -		
					TOTAL MONTHLY RENT	INCREASE PER UNIT	TOTAL MONTHLY RENT	PERCENT OF INCREASE	NEW MONTHLY RENT
2x2-30%	901	\$475	\$0.527	2	\$950	\$19.00	\$494	4.00%	\$988
2x2-60%	901	\$1,021	\$1.133	10	\$10,210	\$41.00	\$1,062	4.02%	\$10,620
3x2-30%	1022	\$552	\$0.540	2	\$1,104	\$22.00	\$574	3.99%	\$1,148
3x2-60%	1022	\$1,182	\$1.157	10	\$11,820	\$47.00	\$1,229	3.98%	\$12,290

Total SQFT 23,076

Total \$24,084

Total \$25,046

Increase per month

Increase per year

Performance Bonuses Schedule

Year 2019

Employee Name	Employee Title
Eleanor Graham	Property Manager
Wendy Vigo	Assistant Manager
Christina Love	Leasing Consultant
Benjamin Hilerio	Maintenance Supervisor
Ramon Almira	Maintenance
Meriquez Guerelus	Janitor

Month	Employee: Eleanor Graham Title: Property Manager			Employee: Wendy Vigo Title: Assistant Manager			Employee: Christina Love Title: Leasing Consultant			Holiday Year End Activities	
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals		
Jan	60.00	-	-	40.00	-	-	-	-	-	Eleanor Graham	25.00
Feb	60.00	7.50	71.17	40.00	7.50	71.17	-	7.50	71.17	Wendy Vigo	25.00
Mar	60.00	-	-	40.00	-	-	-	-	-	Christina Love	25.00
Apr	60.00	1.67	21.00	40.00	1.67	21.00	-	1.67	21.00	Benjamin Hilerio	25.00
May	60.00	0.83	10.50	40.00	0.83	10.50	-	0.83	10.50	Ramon Almira	25.00
Jun	60.00	-	-	40.00	-	-	-	-	-	Meriquez Guerelus	25.00
Jul	60.00	0.83	10.50	40.00	0.83	10.50	-	0.83	10.50		
Aug	60.00	0.83	10.50	40.00	0.83	10.50	-	0.83	10.50		
Sep	60.00	0.83	10.50	40.00	0.83	10.50	-	0.83	10.50		
Oct	60.00	5.83	61.83	40.00	5.83	61.83	-	5.83	61.83		
Nov	60.00	3.33	30.33	40.00	3.33	30.33	-	3.33	30.33		
Dec	60.00	1.67	21.00	40.00	1.67	21.00	-	1.67	21.00		
Total	\$ 720.00	\$ 23.33	\$ 247.33	\$ 480.00	\$ 23.33	\$ 247.33	\$ -	\$ 23.33	\$ 247.33		\$ 150.00

Month	Employee: Benjamin Hilerio Title: Maintenance Supervisor			Employee: Ramon Almira Title: Maintenance			Employee: Meriquez Guerelus Title: Janitor		
	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals	Occupancy & Delinquency	Move-Ins	Renewals
Jan	-	-	-	-	-	-	-	-	-
Feb	-	10.50	20.33	-	10.50	20.33	-	10.50	20.33
Mar	-	-	-	-	-	-	-	-	-
Apr	-	2.33	6.00	-	2.33	6.00	-	2.33	6.00
May	-	1.17	3.00	-	1.17	3.00	-	1.17	3.00
Jun	-	-	-	-	-	-	-	-	-
Jul	-	1.17	3.00	-	1.17	3.00	-	1.17	3.00
Aug	-	1.17	3.00	-	1.17	3.00	-	1.17	3.00
Sep	-	1.17	3.00	-	1.17	3.00	-	1.17	3.00
Oct	-	2.33	17.67	-	2.33	17.67	-	2.33	17.67
Nov	-	4.67	8.67	-	4.67	8.67	-	4.67	8.67
Dec	-	2.33	6.00	-	2.33	6.00	-	2.33	6.00
Total	\$ -	\$ 26.83	\$ 70.67	\$ -	\$ 26.83	\$ 70.67	\$ -	\$ 26.83	\$ 70.67

TOTALS		Monthly Totals	
Occupancy & Delinquency	1,200.00	Jan	100.00
Move-Ins	150.50	Feb	428.50
Renewals	954.00	Mar	100.00
Holiday	150.00	Apr	193.00
	<u>\$ 2,454.50</u>	May	146.50
		Jun	100.00
		Jul	146.50
		Aug	146.50
		Sep	146.50
		Oct	363.00
		Nov	241.00
		Dec	193.00
			\$ 2,304.50
			\$ 150.00
			<u>\$ 2,454.50</u>

SCHEDULE A-1

Move-Ins

Move-Outs

Renewals

Year	Month	Out	In	Renew
2019	Jan	0	0	0
2019	Feb	1	1	6
2019	Mar	0	0	0
2019	Apr	0	0	2
2019	May	0	0	1
2019	Jun	0	0	0
2019	Jul	0	0	1
2019	Aug	0	0	1
2019	Sep	0	0	1
2019	Oct	1	1	5
2019	Nov	0	0	3
2019	Dec	0	0	2
TOTAL		3	3	21

Move Ins	2.8	Renewal Rate
Renewals	21.2	
Vacant Units at beginning of period	0	88%
TOTAL	24	

Year	Month	Concession		
		In	Cumulative	Concession \$
2019	Jan	0	0	0
2019	Feb	1	0	0
2019	Mar	0	0	0
2019	Apr	0	0	0
2019	May	0	0	0
2019	Jun	0	0	0
2019	Jul	0	0	0
2019	Aug	0	0	0
2019	Sep	0	0	0
2019	Oct	1	0	0
2019	Nov	0	0	0
2019	Dec	0	0	0
Total		3	0	0

Tallman Pines II
BUDGET DETAIL

2019

	January	February	March	April	May	June	July	August	September	October	November	December	Total
TOTAL RESERVE	837	837	837	837	837	837	837	837	837	837	837	837	10,039
920000.0 REPLACEMENTS - A/C & APPLIANCE	150	150	150	150	150	150	150	150	150	150	150	150	1,800
920200.0 REPLACEMENTS - COUNTER & CABINETS	375	375	375	375	375	375	375	375	375	375	375	375	4,500
920600.0 REPLACEMENTS - GOLF CART	0	420	0	0	0	0	0	0	0	0	0	0	420
925700.0 IMPROVEMENTS - REPAIRS & REFINISHING	0	0	1,775	0	0	0	0	0	0	0	0	0	1,775
930600.0 IMPROVEMENTS - ELEVATOR	300	0	2,031	0	0	0	0	0	0	0	0	0	2,331
930700.0 IMPROVEMENTS - ELECTRICALS	0	0	350	350	0	0	0	0	0	0	0	0	700
TOTAL REPLACEMENTS	825	945	4,681	875	525	525	525	525	525	525	525	525	11,526
TOTAL OPERATING EXPENSES	15,766	15,723	18,400	14,850	13,642	14,070	14,138	13,823	14,713	14,962	13,905	13,943	177,935
NET OPERATING INCOME	10,062	10,257	7,428	11,011	12,203	12,713	12,662	12,977	12,087	11,940	12,947	12,874	139,162
801500.0 INTEREST EXPENSE - BOND	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	2,405	28,857
850000.1 INTEREST INCOME	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(28)
TOTAL DEBT SERVICE	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	28,829
TOTAL INTEREST	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	2,402	28,829
CONTROLLABLE NOI	7,659	7,855	5,026	8,609	9,801	10,311	10,260	10,575	9,685	9,538	10,544	10,472	110,333
NET CASH	7,659	7,855	5,026	8,609	9,801	10,311	10,260	10,575	9,685	9,538	10,544	10,472	110,333

TALLMAN PINES II
ACCOUNT FOOTNOTES

2019

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
400000.0	GROSS RENTAL APARTMENTS INCOME	295,742	Based on the rents reflected on Rent Schedule. A rent increase has been allocated as of June 2019.
400500.0	GAIN TO LEASE - HUD	7,008	This amount represents the difference between voucher holder rents and tax credit rents. \$584.00 x 12 = \$7,008.00 (See Gain to Lease Chart in File)
410000.0	VACANCY LOSS - UNRENTED	(296)	This amount is based on 0.10% vacancy loss unrented.
410500.0	VACANCY LOSS - RENTED	(1,627)	This amount is to total 0.65% between vacancy loss rented and unrented.
412000.0	UNCOLLECTIBLE ACCOUNTS	(1,443)	Based on half of the annualized amount.
453500.0	APPLICATION FEES	476	Based on Schedule A-1 worksheet projected move ins at 2 applicants per unit.
455000.0	LATE FEES	5,271	Based on annualized amount. <u>Late fees are as follows:</u> On the 6th - \$150.00 On the 11th - \$175.00 On the 16th - \$200.00
455600.0	PET PROC FEES-OPT	180	Based on half of the annualized amount.
457500.0	NSF CHECK FEES	257	Based on half of the annualized amount.
458000.0	DAMAGE & CLEANING FEES	686	Based on half of the annualized amount.
490000.0	MISCELLANEOUS PROPERTY	43	Based on half of the annualized amount.
498000.0	WASHER & DRYER INCOME	10,800	This amount represents the rental income for washer/dryer monthly fees of \$45.00 for 20 unit. \$900.00 x 12= \$10,800.00.
500000.0	SALARIES - MANAGER	5,057	This amount represents 10% of the Property Manager's salary. A 4% increase has been allocated effective May 1st.
501000.0	SALARIES - ASSISTANT MANAGER	3,373	This amount represents 10% of the Assistant Manager's salary. A 4% increase has been allocated effective May 1st.
502200.0	SALARIES - LEASING AGENTS	3,131	This amount represents 10% of the Leasing Agent's salary. A 4% increase has been allocated effective May 1st.
503000.0	SALARIES - MAINTENANCE	7,492	This amount represents 10% of the Maintenance Supervisor and the Maintenance's Tech salary. A 4% increase has been allocated effective May 1st.
504000.0	SALARIES - JANITOR	2,702	This amount represents 10% of the Janitor's salary. A 4% increase has been allocated effective May 1st.
507000.0	BONUS	3,092	1. Property Manager and Assistant Manager have a monthly <u>Occupancy</u> incentive bonus if the property closes the month occupied at 98%. Estimated at \$600.00 per year. Property Manager \$30.00 monthly x 12 month = \$360.00. Assistant Manager \$20.00 monthly x 12 month = \$240.00. TOTAL= \$600.00

TALLMAN PINES II
ACCOUNT FOOTNOTES

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
			<p>Property Manager, Assistant Manager, and Leasing Agent have a monthly Collection incentive bonus if the property closes the month occupied at 98%. Estimated at \$600.00 per year.</p> <p>Property Manager \$30.00 monthly x 12 month = \$360.00. Assistant Manager \$20.00 monthly x 12 month = \$240.00.</p> <p>TOTAL= \$600.00</p> <p>2. Move in and Renewal bonuses are based on the projected year's move in schedule and split amongst staff (please refer to Bonus Schedule for detail monthly figures).</p> <p>Estimated at a total of \$150.50 per year on Move In.</p> <p>(Move ins are being paid at \$25.00 to Office Staff and split amongst them and \$10.00 to Maintenance Staff also split amongst them).</p> <p>Estimated at a total of \$954.00 per year for Renewals.</p> <p>(Renewals are being paid at \$35.00 to Office Staff and split amongst them and \$10.00 to Maintenance Staff also split amongst them).</p> <p>3. During the month of December funds have been allocated per employee for Christmas and gift certificates. Total amount of Holiday bonus for property: \$150.00. Based on 10% of the total cost.</p> <p>4. During the month of April funds have been allocated for performance bonuses. Total amount of performance bonus for property: \$637.50. Based on 10% of the total.</p>
520000.0	HEALTH INSURANCE	1,499	Company contributes \$3,732.00 per year per employee. Split between both properties. 90% Tallman I and 10% Tallman II.
530000.0	MANDATED BENEFITS	3,107	Mandated benefits at an average of 11% for clerical category and 18% for maintenance. Mandated benefits include Fica, Medicare, Suta, Worker's Compensation and administrative fee for CoAdvantage.
550000.0	ELECTRICITY	149	Based on the annualized amount plus 3% increase.
550200.0	ELECTRICITY - VACANT	323	Based on the annualized amount plus 3% increase.
552000.0	TELEPHONE	1,977	<p>Windstream:</p> <p>4 Office telephone lines.</p> <p>In addition, the Property Manager and Maintenance Supervisor each receives \$50.00 monthly cell phone reimbursement for property emergencies etc.</p> <p>Amount represents 10% of the total cost paid by Tallman II.</p>
552500.0	ANSWERING SERVICE	101	<p>Sunshine Communications Services:</p> <p>After hours emergency answering service. The monthly service is \$84.00 per month. Allocated \$8.40 per month which represents 10% of the total cost paid by Tallman II.</p> <p>Total annual expense- \$100.80.</p>
553000.0	WASTE	9,254	Based on annualized plus increase of one extra pick-up per week. Additionally, allocated 5% projected annual increase. Amount represents 10% of the total cost paid by Tallman II.

TALLMAN PINES II
ACCOUNT FOOTNOTES

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
555000.0	WATER	15,751	Based on the annualized plus a 6% increase.
556000.0	SEWER	14,080	Based on the annualized plus a 6% increase.
571000.2	ALARM - CONTRACT	140	<p><u>MCG Electronics:</u> Burglar Alarm Monitoring of Clubhouse and leasing office. Monthly Service \$1,017.60 annually: <u>Tallman II pays- 10% \$101.76 annually @ \$8.48 monthly.</u></p> <p><u>MCG Electronics:</u> Burglar Alarm Monitoring of maintenance shop. Monthly Service \$384.48 annually. <u>Tallman II pays- 10% \$38.40 annually @ \$3.20 monthly.</u></p>
571500.2	BEEPERS & RADIOS - CONTRACT	16	<p>Amount allocated for maintenance beeper for after hours emergencies.</p> <p>Tallman II pays 10% of the total cost.</p>
573000.2	ELEVATOR CONTRACT	3,390	<p><u>Mowrey Elevator Services:</u> Elevator maintenance service to building #7 Monthly Service (Tallman II has 1 elevator only) <u>\$2,754.72</u> annually.</p> <p><u>MCG Elevator Telephone Services:</u> Elevator emergency wireless telephone lines. Monthly Service (Tallman II has 1 elevator only) <u>\$635.40</u> annually.</p> <p>Total annual expense - <u>\$3,390.12.</u></p>
573500.2	EXTERMINATING - CONTRACT	725	<p><u>Paramount Pest Control LLC:</u></p> <p>Extermination service for the clubhouse, units and common areas. This cost includes the charges for the rodent bait boxes.</p> <p>Total annual expense - <u>\$725.04.</u></p>
574000.2	FIRE ALARM - CONTRACT	1,010	<p><u>MCG Electronics, Inc:</u> Monitoring fire alarm for Building #7 (1 building only). Monthly expense- \$63.55 <u>\$762.60</u> annually.</p> <p>Annual fire alarm recertification- \$225.00 plus 10% of the certification fee of the clubhouse/office paid by Tallman II due in September \$22.50 <u>\$247.50</u> annually.</p> <p>Total annual expense- <u>\$1,010.10.</u></p>

TALLMAN PINES II
ACCOUNT FOOTNOTES

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
574500.2	FIRE EQUIP MAINTENANCE - CONTRACT	544	<p>Completed by the following vendors:</p> <p><u>Backflow Inspection & Repairs:</u> Domestic backflow certification- <u>\$75.00</u> due in June.</p> <p><u>Triangle Fire:</u> Recertification of portable Fire Extinguishers inside each unit, common areas, clubhouse, and maintenance shop. Tallman II has 1 building- <u>\$289.38</u> due in September.</p> <p><u>Summers Fire Inc:</u> Testing fire sprinkler devices quarterly, annual backflow preventer recertification, control valve testing, quarterly control valve maintenance, annual fire department connection inspections and fire sprinkler recertification's, hydraulic name plate check, main drain testing and piping- <u>\$180.00</u> due in September.</p> <p>Total annual expense- <u>\$544.38.</u></p> <p>This amount represents 10% of the total cost paid by Tallman II.</p>
576000.2	LANDSCAPING - SERVICE	2,983	<p><u>Rubio Landscaping Inc:</u></p> <p>Full Mulching of the property- <u>\$980.00</u> due in January. T-up mulch of the property- <u>\$379.50</u> due in September.</p> <p>Seasonal Flowers done twice per year - \$132.00 each time. Due in January & September. Total annual expense- <u>\$264.00.</u></p> <p>Fertilization done quarterly - \$88.00 each time. Due in Jan, April, July & Oct. Total annual expense- <u>\$352.00.</u></p> <p>Allocated for installation of Coco Plum and Green Fico - <u>\$420.00</u> (One-Time) in January. (Expense allocated in this GL as per Yudit.)</p> <p><u>LA Rust:</u> Water treatment for irrigation system- \$38.00 monthly. Total annual expense- <u>\$456.00.</u></p> <p><u>Rock & Rose Lawn Care:</u> Annual tree trimming- <u>\$551.00</u> due in January.</p> <p>Total annual expense- <u>2,983.00.</u> This amount represents 10% of the total cost paid by Tallman II</p>
576500.2	LAWN SERVICE - CONTRACT	3,227	<p><u>Rubio Landscaping Inc:</u></p> <p>Mowing of the lawn, weed removal at \$239.09 monthly. During the rainy months of June, July and August services are performed 3 times at a cost of \$358.63 monthly.</p> <p>Total annual expense - <u>\$3,227.70</u> . This amount represents 10% of the total cost paid by Tallman II.</p>

TALLMAN PINES II
ACCOUNT FOOTNOTES

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
578200.2	TERMITE WARRANTY RENEWAL	483	<p><u>Accurate Pest Control:</u></p> <p>Annual termite warranty recertification for Tallman II (Building #7 only) and 10% of the clubhouse.</p> <p>Total annual expense - <u>\$482.88.</u></p>
582000.2	CABLE TV	245	<p><u>Comcast:</u></p> <p>Monthly cable TV and internet service for office and computer lab- <u>\$20.39.</u> due monthly. This amount represents 10% of the total cost paid by Tallman II.</p>
582500.2	COURTESY PERSONNEL	4,280	<p><u>TennState Protective Solutions, LLC:</u></p> <p>Service are per year as follows: 56 hours per week @ 14.50 per hour. 64 Holiday hours per year @ 21.75 per hour The overtime holiday rate has been also calculated for the following holidays:</p> <p>New Years Dr. Martin Luther King Presidents Day Independence Day Labor Day Thanksgiving Day Memorial Day Christmas Day</p> <p>Amount represents 10% of the total cost paid by Tallman II.</p>
583000.2	COMPUTER MAINTENANCE - CONTRACT	2,211	<p><u>Amount is allocated as follows:</u></p> <p>NSDI IT Support - Total annual expense- <u>\$960.00.</u></p> <p>AT&T and Bellsouth - Total annual expense- <u>\$67.00.</u></p> <p>Hugh McCallum IT Support - Total annual expense - <u>\$138.00.</u> (Amount represents 10% of the total cost paid by Tallman II).</p> <p>Software insurance renewal - <u>\$48.00</u> due in January.</p> <p>Private Cloud - Total annual expense - <u>\$63.48</u></p> <p>Real Page Core Property Management Suite License Renewal - <u>\$509.23</u> due in February.</p> <p>Real Page Payments - <u>\$64.27</u> due in February.</p> <p>Real Page Resident Portal- <u>\$61.31</u> due in February.</p> <p>Budget Builder annual budget fee- <u>\$300.00</u> due in October.</p>
583500.2	COPIER MAINTENANCE - CONTRACT	160	<p><u>Fast Forward Digital Solutions:</u></p> <p>Copier maintenance monthly service and the expense of extra copies. This amount represents an increase of 15% as per vendor.</p> <p>This amount represents 10% of the total cost.</p>

TALLMAN PINES II
ACCOUNT FOOTNOTES

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
600000.3	HVAC - SUPPLIES	1,024	Amount allocated for AC filters, thermostats, freon and various other supplies as needed due to the age and needs of the property.
603000.4	ALARM - REPAIRS	40	Amount allocated for any necessary repairs needed for office and maintenance shop burglar alarm, troubleshooting and battery replacement.
604000.3	APPLIANCES SUPPLIES	1,288	Amount allocated to purchased appliances supplies such as drip pans, stove elements, stove blocks, burner switches, stove igniters, refrigerator evaporators, etc as needed.
610000.3	BUILDING IMPROVEMENTS - SUPPLIES	872	Amount allocated for supplies to make the necessary repairs as needed around the common areas of the property and to turn vacant units. This is based on annualized amount.
610000.4	BUILDING IMPROVEMENTS - REPAIRS	100	Amount allocated for emergency repairs to the building to be completed by an outside vendor.
612500.0	BUILDING LABOR	440	Allocated for a Maintenance Supervisor to perform quarterly inspections, organize and any tax credit annual inspection with maintenance and cover for vacation for maintenance supervisor.
622500.2	CLEANING - SERVICE	1,392	<p><u>Conducted by the following vendors:</u></p> <p><u>General Quality Mgt. Services:</u> Based on move ins at an average of \$115.00 per unit. Total annual expense- <u>\$322.00.</u></p> <p>In addition, we allocated \$42.50 to clean/clubhouse once per week (4 times per month). Tallman II pays 10% of the total cost. Total annual expense- <u>\$510.00.</u></p> <p><u>Langenwalter Services:</u> Allocated to clean the tile/grout of the vacant units upon turn as needed. Based on move ins at an average of \$200.00. Total annual expense- <u>\$574.00.</u></p>
622500.3	CLEANING - SUPPLIES	430	Allocated for any necessary cleaning supplies used in all common areas, breezeways and dumpsters.
627500.3	DRAPERIES / VERTICAL - SUPPLIES	25	Allocated for any necessary vertical blinds supplies.
630000.3	ELECTRICAL - SUPPLIES	942	Allocated to replace light bulbs, fixtures, etc. within units, hallways, parking area and common areas.
632500.4	ELEVATOR REPAIRS	120	Allocated for any elevator repairs needed (Tallman II has 1 elevator only).
635000.3	EXTERMINATING - SUPPLIES	95	Allocated for any necessary exterminating supplies for units and common areas.
635500.4	FIRE ALARM - REPAIRS	26	Allocated for any necessary repairs to the fire alarm.
636000.3	FIRE EQUIP MAINTENANCE - SUPPLIES	50	Allocated for the purchase of fire extinguishers as needed.
636500.4	FIRE SPRINKLERS - REPAIRS	100	Allocated for repairs by an outside vendor as needed.
636800.0	GOLF CARTS	339	Allocated to repair and/or replace parts when needed based on the age of the golf carts. Amount represents 10% of the total cost paid by Tallman II.
642500.2	PAINTING - SERVICE	1,036	Amount allocated for painting service for vacant units due to property age outside help is needed to expedite the time to turn the units at an average of \$370.00 per unit.

TALLMAN PINES II
ACCOUNT FOOTNOTES

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
642500.3	PAINTING - SUPPLIES	529	This amount is allocated to purchase paint for the turn of units and to touch up common areas. In addition, to this we have allocated amount to provide touch up paint to residents as a renewal incentive.
647500.3	PLUMBING - SUPPLIES	800	Allocated to cover any plumbing supplies needed to the common areas, and to the units . Based on annualized amount
647500.4	PLUMBING - REPAIRS	300	Allocated for plumbing repair done by outside vendor based on the annualized amount, and repairs done after annual inspections.
660000.3	WINDOW - SUPPLIES	35	Allocated based on annualized for the purchase of any window bolts as needed.
661000.4	CAMERA SURVEALLANCE	50	Allocated for repairs or troubleshooting of cameras. This represents 10% of the total cost paid by Tallman II.
662500.0	SIGNS	51	Allocated for the repair or replacement of any signs needed on site.
665000.0	UNIFORMS	180	Uniform replacement expense allocated at \$150.00 per employee twice per year. Based on 6 employees x \$300.00 each = \$1,800.00. Total annual expense- <u>\$180.00</u> this amount represents 10% of the total cost paid by Tallman II. Uniforms are distributed in April & October.
667500.2	WASHER/DRYER SERVICE	4,707	Budget to lease 20 machines from Appliance Warehouse. Total annual expense- <u>\$3,707.04.</u> Allocated to complete the dryer vent cleaning- <u>\$1,000.00</u> due in March. Last service was done in 2014.
740000.0	GENERAL INSURANCE	18,067	Information provided by Yoly Lopez.
755000.0	MANAGEMENT FEES	15,855	Based on 5% of the Total Rent Income budget projections.
760000.0	AUTO/MILEAGE EXPENSE	16	Allocated for mileage reimbursement to on-site staff. This amount represents 10% of the total cost paid by Tallman II.
762500.0	DUES & SUBSCRIPTIONS	10	Allocated for subscription fee associated with publication required by the LURA. This amount represents 10% of the total cost paid by Tallman II.
767500.0	LICENSES	129	Allocated for the following licenses: City of Deerfield Beach Business tax receipt- <u>\$111.26</u> due in August. Division of Hotel and Restaurant license- <u>\$18.00</u> due in October. These amounts represents 10% of the total cost paid by Tallman II.
768000.0	PERMITS	216	Allocated for the following permits: Broward County for elevator renewal certificate <u>\$100.00</u> due in June. (permit for 1 elevator only). Allocated <u>\$115.51</u> for the annual fire safety inspection fees due in December . This amount represents 10% of the total cost paid by Tallman II.

TALLMAN PINES II
ACCOUNT FOOTNOTES

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
770500.0	MARKETING	619	<p>Allocated for marketing flyers and business cards- \$60.00 total annual expense. 10% of the total cost.</p> <p>Leasing Director to train and monitor the performance of Lease Star, supports property web site and updates pictures, rents and marketing materials - \$137.71 total annual expense. Amount represents 10% of the total cost.</p> <p>Illustratus- Monthly newsletters- \$4.11 monthly. Total annual expense- \$49.32, 10% of the total cost.</p> <p>Leasestar- Lease Star Tracking- \$74.16 due in February. Lease Star Website- \$133.80 due in February. Lease Star- \$164.39 due in February.</p> <p>Total annual expense- \$372.35.</p>
771000.0	FITNESS/SPA EXPENSE	120	<p>Amount allocated to cover the preventive maintenance contract with Commercial Fitness and to play for any repairs as needed.</p> <p>Total annual expense- \$120.00. This amount represents 10% of the total cost paid by Tallman II.</p>
771500.0	RESIDENT ACTIVITIES	408	<p>Allocated for the resident activities required by the LURA. This includes crime watch meetings and resident parties like:</p> <p>New Year, Valentine's Day, Easter Event, Summer Party, Back to School, Halloween and Christmas party.</p> <p>Amount represents 10% of the total cost paid by Tallman II.</p>
773000.0	AUDIT FEES	11,950	<p>Allocated for the following audits:</p> <p>Reznick Group - \$954.16 due monthly. Total annual expense \$11,449.92.</p> <p>Audit fees paid to Preferred Compliance- \$500.00 due in June.</p>
775000.0	EVICTION FEES	300	<p>Amount allocated to cover the expenses of placing resident on eviction for non payment.</p>
776500.0	SEMINAR & TRAINING PROGRAM	1,620	<p>Allocated to cover the employees seminars and trainings like: Leasing Seminar, OneSite refresher, Maintenance Seminar, Compliance Seminar, etc.</p>
780000.0	POSTAGE, COURIER & DELIVERY	253	<p>Allocated for any necessary certified and regular mailing to residents along with weekly courier service. This represents 10% of total cost.</p>
785000.0	OFFICE SUPPLIES	737	<p>Allocated a monthly amount for office supplies.</p> <p>Allocated to purchase the bank checks - \$291.27 due in February.</p> <p>This amount represents 10% of the total cost paid by Tallman II.</p>
786000.0	OFFICE EXPENSE	293	<p>Amount has been allocated for the delivery of water, rental of cooler machine, candy, coffee, creamer, plates, utensils, etc. and for the On line Key log system in which we keep the property and residents keys.</p> <p>This amount represents 10% of the total cost paid by Tallman II.</p>

TALLMAN PINES II
ACCOUNT FOOTNOTES

GL ACCT	DESCRIPTION	ANNUAL \$	DESCRIPTION
787500.0	LEASING & RENTING EXPENSE	116	Amount allocated for Talx Corporation and 3rd party market Survey.
788000.0	CREDIT REPORTS	112	Based on move ins as per the move in schedule A-1 report at 2 applicants per unit. Reports are paid at \$20.00 each.
792500.0	MISCELLANEOUS OPERATING EXPENSE	75	Allocated for any miscellaneous items. Amount represents 90% of the total cost paid by Tallman II.
910000.0	RESERVE REPLACEMENT	10,039	Information provided by Yoly Lopez.
920000.0	REPLACEMENTS - A/C & APPLIANCE	1,800	Amount allocated to cover the monthly expense of replacing the following appliances: A/C units, compressors, coil, stoves, refrigerators, dishwashers, and microwaves as needed. Based on the unit by unit inspection conducted prior to budget season. Tallman Pines I & II is over 9 years old, appliances specially the stoves and refrigerators are very deteriorated and the expense of parts at times comes out more expensive than a new appliances with a 1 year warranty included.
920200.0	REPLACEMENTS - COUNTER & CABINETS	4,500	Amount allocated to replace kitchen counter tops/drawers/doors/back splashes and bathroom cabinets. A unit by unit inspection was conducted prior to budget season. See report on file.
920600.0	REPLACEMENTS - GOLF CART	420	Allocated to purchase 1 refurbished 4 passanger golf cart \$420.00. Tallman II pays 10 % of the total amount.
925700.0	IMPROVEMENTS - REPAIRS & REFINISHING	1,775	We also allocated 1 tub refurbishing with Bath Fitter at an average of \$1,775.00 per.
930600.0	IMPROVEMENTS - ELEVATOR	2,331	Allocated to install State required MCP access codes in 1 elevator. \$300.00 due in January Allocated to install elevator wireless cameras. This includes material and equipment. - \$2,030.86 due in March. Amount represents 10% of the total cost paid by Tallman II.
930700.0	IMPROVEMENTS - ELECTRICALS	700	Allocated an estimated amount of \$700.00 to install surge protectors at the clubhouse to protect office/camera or electronic equipment located at the management office. This represents 10% of total cost paid by Tallman II.
801500.0	INTEREST EXPENSE - BOND	28,857	Information provided by Yoly Lopez.
850000.1	INTEREST INCOME	(28)	Information provided by Yoly Lopez.

**Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2017 and 2016

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

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Crystal Lakes Redevelopment, Ltd
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**Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182**

December 31, 2017 and 2016

Mortgagor's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Crystal Lakes Redevelopment, Ltd and, to the best of my knowledge and belief, the same are complete and accurate.

Chief Financial Officer

Peter Jannis
Broward County Housing Authority

Date

Telephone Number: (954) 739-1114

**Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182**

December 31, 2017 and 2016

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Crystal Lakes Redevelopment, Ltd and, to the best of my knowledge and belief, the same are complete and accurate.

MANAGING AGENT

Professional Management, Inc.

Management Agent's Representative

Yoly Lopez
Controller

Managing Agent Taxpayer
Identification Number:
59-1725802

Independent Auditor's Report

To the Partners
Crystal Lakes Redevelopment, Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Crystal Lakes Redevelopment, Ltd, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crystal Lakes Redevelopment, Ltd as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 23 to 39 is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information on pages 23 to 39 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information on pages 23 to 39 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2018 on our consideration of Crystal Lakes Redevelopment, Ltd's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Crystal Lakes Redevelopment, Ltd's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crystal Lakes Redevelopment, Ltd's internal control over financial reporting and compliance.



Atlanta, Georgia
February 23, 2018

Taxpayer Identification Number:
22-1478099

Lead Auditor: Amy M. Blocker, CPA

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Balance Sheets
December 31, 2017 and 2016

Assets

	2017	2016
Current assets		
Cash - operations	\$ 366,371	\$ 541,655
Tenant accounts receivable	255	86
Prepaid expenses	62,161	34,075
Total current assets	428,787	575,816
Deposits held in trust - funded		
Tenant deposits	241,692	246,855
Restricted deposits and funded reserves		
Escrow deposits	43,421	67,897
Reserve for replacements	343,768	280,426
Other reserves	106,228	106,041
Total restricted deposits and funded reserves	493,417	454,364
Rental property		
Buildings and improvements	25,144,326	25,144,326
Furnishings	1,625,569	1,625,569
	26,769,895	26,769,895
Less accumulated depreciation	(8,706,308)	(8,009,157)
Total rental property	18,063,587	18,760,738
Other assets		
Miscellaneous other assets	66,537	79,112
Total other assets	66,537	79,112
Total assets	\$ 19,294,020	\$ 20,116,885

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Balance Sheets
December 31, 2017 and 2016

Liabilities and Partners' Equity (Deficit)

	2017	2016
Current liabilities		
Accounts payable - operations	\$ 35,022	\$ 17,520
Accrued asset management fee payable	2,014	2,649
Accrued wages payable	9,470	9,048
Accrued management fee payable	527	250
Accrued interest payable - first mortgage	24,002	24,374
Mortgage payable - first mortgage (short-term)	135,812	-
Miscellaneous current liabilities	15,650	1,025
Prepaid revenue	5,964	3,176
	228,461	58,042
Deposits liability		
Tenant deposits held in trust (contra)	241,692	246,855
	241,692	246,855
Long-term liabilities		
Mortgage payable - first mortgage	8,132,019	8,388,408
Other mortgages payable (long-term)	1,366,676	1,366,676
	9,498,695	9,755,084
Total long-term liabilities	9,498,695	9,755,084
Total liabilities	9,968,848	10,059,981
Contingency	-	-
Partners' equity (deficit)	9,325,172	10,056,904
Total liabilities and partners' equity (deficit)	\$ 19,294,020	\$ 20,116,885

See Notes to Financial Statements.

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Statements of Operations
Years Ended December 31, 2017 and 2016

	2017	2016
Revenue		
Rental	\$ 2,262,631	\$ 2,269,620
Vacancies	(28,957)	(38,202)
	2,233,674	2,231,418
Financial	321	249
Other	159,787	156,442
	2,393,782	2,388,109
Expenses		
Administrative	455,900	438,682
Utilities	316,135	292,588
Operating and maintenance	396,630	489,583
Taxes and insurance	120,485	103,375
Financial (including interest of \$300,783 and \$553,985)	306,124	553,985
	1,595,274	1,878,213
Income (loss) before depreciation and amortization	798,508	509,896
Depreciation and amortization	709,726	709,727
Operating income (loss)	88,782	(199,831)
Mortgagor entity expenses	158,042	164,060
Net income (loss)	\$ (69,260)	\$ (363,891)

See Notes to Financial Statements.

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Statements of Partners' Equity (Deficit)
Years Ended December 31, 2017 and 2016

	<u>General partner</u>	<u>Special limited partner</u>	<u>Investor limited partner</u>	<u>Total</u>
Partners' equity (deficit)				
December 31, 2015	\$ (1,429,366)	\$ -	\$ 12,401,573	\$ 10,972,207
Distributions	(340,859)	-	(210,553)	(551,412)
Net income (loss)	<u>(36)</u>	<u>-</u>	<u>(363,855)</u>	<u>(363,891)</u>
Partners' equity (deficit)				
December 31, 2016	(1,770,261)	-	11,827,165	10,056,904
Distributions	(539,329)	-	(123,143)	(662,472)
Net income (loss)	<u>(7)</u>	<u>-</u>	<u>(69,253)</u>	<u>(69,260)</u>
Partners' equity (deficit)				
December 31, 2017	<u>\$ (2,309,597)</u>	<u>\$ -</u>	<u>\$ 11,634,769</u>	<u>\$ 9,325,172</u>
Partners' percentage of income (losses)	<u>0.01%</u>	<u>0.00%</u>	<u>99.99%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Rental receipts	\$ 2,236,293	\$ 2,220,578
Interest receipts	321	249
Other operating receipts	159,787	156,442
Deferred revenue	15,200	-
	<u>2,411,601</u>	<u>2,377,269</u>
Administrative expenses paid	(75,225)	(76,012)
Management fees paid	(119,001)	(277,824)
Utilities paid	(316,135)	(292,588)
Salaries and wages paid	(265,213)	(243,374)
Operating and maintenance paid	(375,902)	(486,020)
Property insurance paid	(128,826)	(98,487)
Miscellaneous taxes and insurance paid	(1,765)	(1,015)
Interest paid on first mortgage	(290,454)	(481,913)
Mortgage insurance premium paid	(22,884)	-
Entity - incentive performance fee paid (M2M)	(635)	-
Entity/construction expenses paid (include detail)		
Priority distribution fee paid	(158,042)	(6,145)
	<u>(1,754,082)</u>	<u>(1,963,378)</u>
Net cash provided by operating activities	<u>657,519</u>	<u>413,891</u>
Cash flows from investing activities		
Net withdrawals from mortgage escrows	\$ 24,476	44,227
Net (deposits to) withdrawals from reserve for replacements	(63,342)	11,682
Net (deposits to) withdrawals from other reserves	(187)	99,843
	<u>(39,053)</u>	<u>155,752</u>

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from financing activities		
Principal payments on mortgage note payable	\$ (131,278)	\$ (21,450)
Proceeds from mortgage note payable	-	8,624,000
Deferred loan costs paid	-	(216,102)
Distributions to partners	(662,472)	(551,412)
Other financing activities (include detail)		
Mortgage principal payments - first mortgage refinancing	-	(8,218,557)
Net cash used in financing activities	(793,750)	(383,521)
Net increase in cash	(175,284)	186,122
Cash, beginning	541,655	355,533
Cash, end	\$ 366,371	\$ 541,655

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation of net income (loss) to net cash provided by		
Net income (loss)	\$ (69,260)	\$ (363,891)
Adjustments to reconcile net income (loss) to net cash		
provided by operating activities		
Depreciation	697,151	697,152
Amortization	12,575	12,575
Amortization of debt issuance costs	10,701	91,530
Bad debts	-	537
Changes in asset and liability accounts		
(Increase) decrease in assets		
Tenant accounts receivable	(169)	(623)
Prepaid expenses	(28,086)	2,618
Tenant security deposits funded	5,163	-
Increase (decrease) in liabilities		
Accounts payable	17,502	2,734
Accrued liabilities	699	-
Accrued interest payable	(372)	-
Tenant security deposits held in trust	(5,163)	-
Prepaid revenue	2,788	-
Entity/construction liability accounts (include detail)		
Accrued asset management fee	(635)	106
Other adjustments (include detail)		
Annual fee payable to affiliate of limited partners	-	(649)
Accrued interest - first mortgage	-	(19,458)
Accrued expenses	14,625	(8,740)
Total adjustments	726,779	777,782
Net cash provided by operating activities	\$ 657,519	\$ 413,891

See Notes to Financial Statements.

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Notes to Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and nature of operations

Crystal Lakes Redevelopment, Ltd, (the "Partnership") was formed as a limited partnership on August 12, 2003 under the laws of the State of Florida for the purpose of acquiring, constructing, developing and operating a low-income housing project. During 2016, the Partnership refinanced their mortgage under Section 223(f) of the National Housing Act as regulated by the U.S. Department of Housing and Urban Development ("HUD"). The Partnership property consists of 190 rental units with community facilities located in the city of Hollywood, Broward County, Florida, and operates under the name Crystal Lakes Apartments (the "Project").

Cash distributions are limited by agreements between the Partnership and HUD to the extent of surplus cash as defined by HUD.

The Project consists of 8 residential buildings which qualify for and have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the tax credits. In addition, Crystal Lakes Redevelopment, Ltd executed an Extended Use Agreement which requires the utilization of the Project pursuant to Section 42 for a minimum of 35 years beyond the compliance period, even after disposition of the Project by the Partnership.

Effective December 28, 2005, the partnership agreement was amended to admit a new investor limited partner and a special limited partner and to permit the withdrawal of the existing limited partner. Coinciding with this change in partners, the Partnership also changed the allocations of profits and losses and tax credits to reflect the investment contributions of the new partners as follows:

Effective July 2, 2008, PHG-Crystal, LLC executed an assignment of general partnership interest to assign its right as former general partner to the successor general partner is BBC Homes, Inc. The special limited partner is BFMI Special Limited Partner, Inc. and the investor limited partner is MMA Financial Housing Investments VIII.

General partner	0.01%
Special limited partner	0.00%
Investor limited partner	<u>99.99%</u>
	<u><u>100.00%</u></u>

Note 2 - Significant accounting policies

Accounting method

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Accounts receivable

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Notes to Financial Statements
December 31, 2017 and 2016

debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Investment in real estate

Investment in rental property is carried on the cost basis. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated lives of the assets as follows:

	<u>Method</u>	<u>Estimated useful lives</u>
Buildings and improvements	Straight-line	40 years
Land improvements	Straight-line	15 years
Furniture, fixtures and equipment	Straight-line	7 years

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended December 31, 2017 and 2016.

Amortization

Tax credit monitoring fees are amortized over the 15-year compliance period using the straight line method. Amortization over the ensuing five years is estimated to be \$12,575 per year.

Rental income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Advertising costs

The Partnership's policy is to expense advertising costs when incurred.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Income taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership.

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Notes to Financial Statements
December 31, 2017 and 2016

Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those entries.

Note 3 - Escrows deposits and restricted balances

Operating reserve

The Partnership is required to establish a \$200,000 operating reserve prior to or simultaneously with the payment of the investor limited partner's fourth capital contribution. The general partner shall be solely responsible for funding \$100,000 of the operating reserve and the Partnership shall fund the remaining balance of \$100,000. Funds in the reserve may be withdrawn to pay operating expenses subject to the approval of the investor limited partner. After the third anniversary of the Development Obligation Date, the balance shall be reduced to \$100,000. Any funds released shall be considered operating cash and distributed in accordance with the partnership agreement. Furthermore, the remaining balance of \$100,000 may be partially or entirely released, provided the general partner provides alternative collateral to the investor limited partner, and the investor limited partner approves the release. As of December 31, 2017 and 2016, the balance of the operating reserve were \$106,228 and \$106,041, respectively, and is included in other reserves on the accompanying balance sheets.

Mortgage escrows

In connection with the mortgage, the partnership is required to make monthly payments to an escrow for the payment of insurance. As of December 31, 2017 and 2016, the balance in escrow account were \$43,421 and \$67,897, respectively.

Repair and replacement reserve

The Partnership is required to fund a repair and replacement reserve of \$200 per unit per year beginning on the Permanent Loan Commencement, as defined. As of December 31, 2017 and 2016, the replacement reserve balance were \$343,768 and \$280,426 respectively.

	2017	2016
Balance, January 1	\$ 280,426	\$ 292,108
Deposits	63,234	38,004
Interest earnings	108	61
Withdrawals	-	(49,747)
Balance, December 31	\$ 343,768	\$ 280,426

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Notes to Financial Statements
December 31, 2017 and 2016

Note 4 - Related party transactions

The partnership agreement provides for various agreements between the general partner and the limited partners as follows:

Incentive lease-up fee

The Partnership is to pay the general partner a monthly Incentive lease-up fee equal to all net rental income of the Partnership, as defined, through the later of final closing or achievement of breakeven, as defined. The Partnership shall pay the Incentive lease-up fee to the general partner. No incentive lease-up fees were incurred for the years ended December 31, 2017 and 2016 respectively.

Incentive management fee

The Partnership Agreement provides for payment to the general partners an annual, noncumulative incentive management fee of 7 percent of the annual gross revenues, as defined. However, the total incentive management fee and management fee cannot exceed 12 percent of the gross revenues in any fiscal year. The incentive management fee shall not be cumulative and shall be earned and payable only to the extent of cash flow available for distribution in any year, as defined. The Partnership shall pay the incentive management fee to the general partner, as defined. During the years ended December 31, 2017 and 2016, incentive management fees of \$152,546 and \$158,564, respectively, were incurred and paid.

Priority distribution fee

The Partnership is required to pay the investor limited partner a cumulative priority distribution fee of \$5,500 per annum. The fee is payable upon the date which completion of the project and Permanent Mortgage Commencement, as defined. The fee is payable to the extent of available cash flow. Unpaid fees accrue without interest. During 2017 and 2016, Priority distribution fee of \$5,496 and \$5,496 were incurred. As of December 31, 2017 and 2016, priority distributions fees of \$2,014 and \$2,649, respectively, were payable.

Note 5 - Mortgages and notes payable

First mortgage payable

The Partnership entered into a loan agreement on December 28, 2005 with proceeds not to exceed \$11,500,000 with Citicorp USA, Inc. The loan converted to the permanent financing phase on March 23, 2008 with a principal balance of \$9,255,000 with Berkadia Commercial Mortgage. During the permanent financing phase, the loan bore interest at 6.40%. Monthly payments of principal and interest of \$57,703 were based on a 30-year amortization schedule. Any unpaid principal and interest would have been due on June 30, 2023. The loan was secured by a mortgage was paid off during 2016. As of December 31, 2016, interest expense was \$120,381, which included \$81,544 of amortization of debt issuance costs.

On September 1, 2016, the Partnership entered into a loan agreement with Greystone Funding Corporation. The loan closed on September 28, 2016 in the amount of \$8,624,000. The mortgage note is insured by HUD and is collateralized by a deed of trust on the rental property. The note bears interest at a rate of 3.40% per annum. Principal and interest are payable by the Partnership in monthly installments of \$35,144 through maturity on October 1, 2051. During the years ended December 31, 2017 and 2016 Interest was incurred in the amount of \$300,783 and \$553,985 respectively, which includes \$10,701 and \$1,960 of amortization of debt issuance costs for the years ended December 31, 2017 and 2016 respectively. As of December 31, 2017 and 2016, the balance of the mortgage payable

Crystal Lakes Redevelopment, Ltd
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Notes to Financial Statements
December 31, 2017 and 2016

were \$8,471,272 and \$8,602,550 respectively and accrued interest payable of \$24,002 and \$24,374 respectively.

Debt issuance costs, net of accumulated amortization, totaled \$203,441 and \$214,142 were as of December 31, 2017 and 2016, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 3.58%.

HOME loan

The Partnership entered into a HOME loan agreement on December 20, 2005 with The City of Hollywood for an original amount of \$500,000. Interest shall not accrue nor be payable on the loan. The outstanding principal balance shall be due and payable on December 20, 2037. The outstanding balance, if any, together with any accrued interest and penalties, if any, shall be immediately due. As of December 31, 2017 and 2016, the outstanding balance on the loan is \$500,000 and \$500,000, respectively.

Other mortgages

The Partnership entered into a loan agreement on December 23, 2005 with BBC Homes, Inc ("BCHA") for an original amount of \$621,550 consisting of \$250,000 of SHIP and \$371,550 of HOME funds loaned by Broward County to BCHA. Interest shall not accrue on the note. The outstanding principal balance shall be due and payable on December 1, 2037. Any payment not paid when due taking into account applicable grace periods shall bear interest at the rate of 18.00% per annum, from the due date until paid. As of December 31, 2017 and 2016, the outstanding balance on the loan is \$621,550 and \$621,550, respectively.

The Partnership entered into a loan agreement on January 9, 2007 with BBC Homes, Inc ("BCHA") for an original amount of \$245,126 (consisting of SHIP funds loaned by Broward County to BCHA). Interest shall not accrue on the note. The outstanding principal balance shall be due and payable on December 1, 2037. Any payment not paid when due taking into account applicable grace periods shall bear interest at the rate of 18.00% per annum, from the due date until paid. As of December 31, 2017 and 2016, the outstanding balance on the loan is \$245,126 and \$245,126, respectively.

Aggregate annual maturities of the long-term liabilities over each of the next five years and thereafter are as follows:

	Greystone	BCHA - SHIP	BCHA - HOME	The City of Hollywood	BCHA - SHIP	Total
2018	\$ 135,812	\$ -	\$ -	\$ -	\$ -	\$ 135,812
2019	140,502	-	-	-	-	140,502
2020	145,355	-	-	-	-	145,355
2021	150,374	-	-	-	-	150,374
2022	155,567	-	-	-	-	155,567
Thereafter	<u>7,743,662</u>	<u>250,000</u>	<u>371,550</u>	<u>500,000</u>	<u>245,126</u>	<u>9,110,338</u>
Total	<u>\$ 8,471,272</u>	<u>\$ 250,000</u>	<u>\$ 371,550</u>	<u>\$ 500,000</u>	<u>\$ 245,126</u>	9,837,948
Less current maturities						<u>(135,812)</u>
Net long-term portion						<u>\$ 9,702,136</u>

Crystal Lakes Redevelopment, Ltd
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Notes to Financial Statements
December 31, 2017 and 2016

The liability of the Partnership under the above loans is limited to the underlying value of the real estate collateral, improvements, easements of other interests, assignments of rents, assignments of leases and personal property. In addition, affiliates of the general partner provided certain guarantees during the construction period, as defined.

Note 6 - Partners' capital contributions

The partnership agreement requires the investor limited partner to make four capital contribution installments totaling \$17,376,000, subject to any low-income housing tax credit adjustments.

The first installment totaling \$6,082,000 was received at closing. The second installment, in the amount of \$6,081,200 was paid upon 50 percent completion, as defined. The third installment in the amount of \$3,475,200 was paid upon 95 percent completion, as defined. The fourth installment in the amount of \$1,491,801 was paid upon final closing, as defined.

The general partner is required to contribute \$100, which is payable as of December 31, 2017. The special limited partner is required to contribute \$10, which is payable as of December 31, 2017.

Note 7 - Partnership profits and losses and distributions

All profits and losses are allocated 99.99 percent to the Investor Limited Partner, 00.01 percent to the general partner, and zero percent to the special limited partner.

In accordance with the partnership agreement, the Partnership shall make cash distributions to the Partners in the following order of priority:

- a) First, to the investor limited partner until the investor limited partner has received distributions under Section 10.1A equal to the cumulative Priority Distribution;
- b) Second, to the payment of any operating expense loans then outstanding;
- c) Third, to the payment of any deferred developer fee; and
- d) 10 percent of the remaining balance after clause Third above shall be distributed to the investor limited partner
- e) To the payment of incentive management fee; and
- f) The remaining balance shall be distributed to the general partner.

During 2016, the Partnership made distributions of \$200,000 to the investor limited partner from nonoperating cash sources.

Note 8 - Guarantees

Operating deficit guaranty

Pursuant to the partnership agreement, the general partner is required to advance funds to the Partnership to cover operating deficits of the Project beginning on the admission date and ending eleven years after the Development Obligation Date, as defined. Advances prior to the Development Obligation Date are considered special capital contributions. Advances after the Development Obligation Date are considered loans. The maximum total advances are \$200,000 through the third

Crystal Lakes Redevelopment, Ltd
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Notes to Financial Statements
December 31, 2017 and 2016

year after the Developer Obligation Date. After the third year, the maximum total advances are \$100,000. Any advances shall not bear interest and are repayable from operating cash flow, as defined. Funds in the operating reserve may be used to satisfy the loan obligations, as defined. No operating deficits were funded for the year ended December 31, 2017.

Note 9 - Property management fee

The Partnership has entered into a management agreement with Professional Management, Inc., an unrelated party, to provide management, operational, supervisory, maintenance, consulting, bookkeeping, financial, and reporting services to the Partnership. Under the agreement, the Partnership is required to pay Professional Management, Inc., monthly management fees equal to the greater of 5.00 percent of gross collections or \$2,500 per month, as defined. During the years ended December 31, 2017 and 2016, \$119,278 and \$119,366, respectively, was incurred, of which \$527 and \$250 remains payable, respectively.

Note 10 - Concentration of credit risk

The Partnership maintains its cash accounts with three banks. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2017.

Note 11 - Commitments and contingency

Ground lease

On March 31, 2004, the Partnership entered into a ground lease with Broward County Housing Authority. The lease agreement required annual payments of \$10 during the lease term, which is from Commencement Date of closing on the Partnership's construction financing of December 28, 2005 through December 28, 2055, the fiftieth anniversary of the Commencement Date. The Partnership is liable for all payments of insurance and utilities that are in connection with the development, construction, and operation of the Project during the term of the lease.

Tax credits

The Project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable section of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partners.

Note 12 - Low-income housing tax credits (unaudited)

On December 1, 2004, the Partnership received an allocation from Florida Housing Finance Corporation which estimated that the project could qualify for an annual amount of \$1,675,000 over a ten-year period. To qualify for these tax credits, the Partnership must meet certain requirement, including completion of the Project and establishment of a qualified basis of sufficient amount to generate the tax credits. As of December 31, 2017, tax credits of \$16,750,000 have been allocated to the partners.

Crystal Lakes Redevelopment, Ltd
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Notes to Financial Statements
December 31, 2017 and 2016

Note 13 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of Crystal Lakes Redevelopment, Ltd through February 23, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

Supplementary Information
Supporting Data Required by HUD

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Supplementary Information

Balance Sheet Data
December 31, 2017

<u>Account No.</u>	<u>Assets</u>		
Current assets			
1120	Cash - operations	\$	366,371
1130	Tenant accounts receivable		255
1200	Prepaid expenses		<u>62,161</u>
1100T	Total current assets		428,787
Deposits held in trust - funded			
1191	Tenant deposits		241,692
Restricted deposits and funded reserves			
1310	Escrow deposits	\$	43,421
1320	Reserve for replacements		343,768
1330	Other reserves		<u>106,228</u>
1300T	Total deposits		493,417
Rental property			
1420	Buildings		25,144,326
1460	Furnishings		<u>1,625,569</u>
1400T	Total fixed assets		26,769,895
1495	Less accumulated depreciation		<u>(8,706,308)</u>
1400N	Net fixed assets		18,063,587
Other assets			
1590	Miscellaneous other assets		<u>66,537</u>
1500T	Total other assets		<u>66,537</u>
1000T	Total assets	\$	<u><u>19,294,020</u></u>

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Supplementary Information

Balance Sheet Data
December 31, 2017

Liabilities and Partners' Equity (Deficit)

Account No.

Current liabilities			
2110	Accounts payable - operations	\$	35,022
2113	Accounts payable - entity		2,014
2120	Accrued wages payable		9,470
2123	Accrued management fee payable		527
2131	Accrued interest payable - first mortgage		24,002
2170	Mortgage payable - first mortgage (short-term)		135,812
2190	Miscellaneous current liabilities		15,650
2210	Prepaid revenue		<u>5,964</u>
2122T	Total current liabilities		228,461
Deposits liability			
2191	Tenant deposits held in trust (contra)		241,692
Long-term liabilities			
2320	Mortgage payable - first mortgage	\$ 8,132,019	
2322	Other mortgages payable (long-term)	<u>1,366,676</u>	
2300T	Total long-term liabilities		<u>9,498,695</u>
2000T	Total liabilities		9,968,848
3130	Partners' equity (deficit)		<u>9,325,172</u>
2033T	Total liabilities and partners' equity (deficit)		<u><u>\$ 19,294,020</u></u>

Crystal Lakes Redevelopment, Ltd
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Supplementary Information

Statement of Operations Data
Year Ended December 31, 2017

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 2,254,523	
5190	Miscellaneous rent revenue	<u>8,108</u>	
5100T	Total rental revenue		\$ 2,262,631
Vacancies			
5220	Apartments	(10,112)	
5250	Rental concessions	<u>(18,845)</u>	
5200T	Total vacancies		<u>(28,957)</u>
5152N	Net rental revenue		2,233,674
Financial revenue			
5440	Revenue from investments - replacement reserve	108	
5490	Revenue from investments - miscellaneous	<u>213</u>	
5400T	Total financial revenue		321
Other revenue			
5910	Laundry and vending	110,514	
5920	Tenant charges	37,414	
5990	Miscellaneous revenue	<u>11,859</u>	
5900T	Total other revenue		<u>159,787</u>
5000T	Total revenue		<u>2,393,782</u>

Crystal Lakes Redevelopment, Ltd
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Supplementary Information

Statement of Operations Data
Year Ended December 31, 2017

Account No.

Administrative expenses		
6210	Advertising and marketing	10,285
6250	Other renting expenses	6,051
6310	Office salaries	182,176
6311	Office expenses	14,187
6320	Management fee	119,278
6330	Manager or superintendent salaries	79,796
6350	Auditing expense	15,800
6390	Miscellaneous administrative expenses	<u>28,327</u>
6263T	Total administrative expenses	455,900
Utilities expense		
6450	Electricity	27,586
6451	Water	<u>288,549</u>
6400T	Total utilities expense	316,135
Operating and maintenance expenses		
6515	Supplies	33,192
6520	Contracts	85
6525	Garbage and trash removal	41,810
6530	Security payroll/contract	3,663
6570	Vehicle and maintenance equipment operation and repairs	1,790
6590	Miscellaneous operating and maintenance expenses	<u>316,090</u>
6500T	Total operating and maintenance expenses	396,630

Crystal Lakes Redevelopment, Ltd
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Supplementary Information

Statement of Operations Data
Year Ended December 31, 2017

<u>Account No.</u>			
Taxes and insurance			
6720	Property and liability insurance	118,720	
6790	Miscellaneous taxes, licenses, permits and insurance	1,765	
		<u>1,765</u>	
6700T	Total taxes and insurance		120,485
Financial expenses			
6820	Interest on first mortgage payable	300,783	
6850	Mortgage insurance premium/service charge	5,341	
		<u>5,341</u>	
6800T	Total financial expenses		<u>306,124</u>
6000T	Total cost of operations before depreciation and amortization		<u>1,595,274</u>
5060T	Income (loss) before depreciation and amortization		<u>798,508</u>
Depreciation and amortization			
6600	Depreciation expense	697,151	
6610	Amortization expense	12,575	
		<u>12,575</u>	
	Total depreciation and amortization		<u>709,726</u>
5060N	Operating income (loss)		<u>88,782</u>
Corporate or mortgagor entity revenue and expenses			
7190	Other expenses	158,042	
		<u>158,042</u>	
7100T	Net entity expenses		<u>158,042</u>
	Total expenses		<u>2,463,042</u>
3250	Net income (loss)		<u><u>\$ (69,260)</u></u>

Crystal Lakes Redevelopment, Ltd
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Supplementary Information

Statement of Operations Data
Year Ended December 31, 2017

Account No.

S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.	<u>\$ 131,278</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.	<u>\$ 63,234</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of operations.	<u>\$ -</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of operations.	<u>\$ -</u>
S3100-120	Mortgage payable note detail (Section 236 only) Interest reduction payments from subsidy.	<u>\$ -</u>

Crystal Lakes Redevelopment, Ltd
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Supplementary Information

Statement of Partners' Equity (Deficit) Data
Year Ended December 31, 2017

<u>Account No.</u>	<u>General partner</u>	<u>Special limited partner</u>	<u>Investor limited partner</u>	<u>Total</u>
S1100-010 Partners' equity (deficit) December 31, 2016	\$ (1,770,261)	\$ -	\$ 11,827,165	\$ 10,056,904
S1200-420 Distributions	(539,329)	-	(123,143)	(662,472)
3250 Net income (loss)	(7)	-	(69,253)	(69,260)
3130 Partners' equity (deficit) December 31, 2017	<u>\$ (2,309,597)</u>	<u>\$ -</u>	<u>\$ 11,634,769</u>	<u>\$ 9,325,172</u>

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Supplementary Information

Statement of Cash Flows Data
Year Ended December 31, 2017

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 2,236,293
S1200-020	Interest receipts	321
S1200-030	Other operating receipts	<u>174,987</u>
S1200-040	Total receipts	<u>2,411,601</u>
S1200-050	Administrative expenses paid	(75,225)
S1200-070	Management fees paid	(119,001)
S1200-090	Utilities paid	(316,135)
S1200-100	Salaries and wages paid	(265,213)
S1200-110	Operating and maintenance paid	(375,902)
S1200-140	Property insurance paid	(128,826)
S1200-150	Miscellaneous taxes and insurance paid	(1,765)
S1200-180	Interest paid on first mortgage	(290,454)
S1200-210	Mortgage insurance premium paid	(22,884)
S1200-223	Entity - incentive performance fee paid (M2M)	(635)
S1200-225	Entity/construction expenses paid (include detail)	
S1200-226	Priority distribution fee paid	<u>\$ (158,042)</u>
		<u>(158,042)</u>
S1200-230	Total disbursements	<u>(1,754,082)</u>
S1200-240	Net cash provided by operating activities	<u>657,519</u>

Crystal Lakes Redevelopment, Ltd
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Supplementary Information

Statement of Cash Flows Data
Year Ended December 31, 2017

	Cash flows from investing activities	
S1200-245	Net withdrawals from mortgage escrows	\$ 24,476
S1200-250	Net deposits to reserve for replacements	(63,342)
S1200-255	Net deposits to other reserves	<u>(187)</u>
S1200-350	Net cash used in investing activities	<u>(39,053)</u>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	(131,278)
S1200-420	Distributions to partners	<u>(662,472)</u>
S1200-460	Net cash used in financing activities	<u>(793,750)</u>
S1200-470	Net decrease in cash	(175,284)
S1200-480	Cash, beginning	<u>541,655</u>
S1200T	Cash, end	<u><u>\$ 366,371</u></u>

Crystal Lakes Redevelopment, Ltd
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Supplementary Information

Statement of Cash Flows Data
Year Ended December 31, 2017

<u>Account No.</u>			
	Reconciliation of net income (loss) to net cash provided by operating activities		
3250	Net income (loss)		\$ (69,260)
	Adjustments to reconcile net income (loss) to net cash provided by operating activities		
6600	Depreciation		697,151
6610	Amortization		12,575
S1200-486	Amortization of debt issuance costs		10,701
	Changes in asset and liability accounts		
	(Increase) decrease in assets		
S1200-490	Tenant accounts receivable		(169)
S1200-520	Prepaid expenses		(28,086)
S1200-530	Tenant security deposits funded		5,163
	Increase (decrease) in liabilities		
S1200-540	Accounts payable		17,502
S1200-560	Accrued liabilities		699
S1200-570	Accrued interest payable		(372)
S1200-580	Tenant security deposits held in trust		(5,163)
S1200-590	Prepaid revenue		2,788
S1200-605	Entity/construction liability accounts (include detail)		
S1200-606	Accrued asset management fee	\$ (635)	
			(635)
S1200-600	Other adjustments (include detail)		
S1200-601	Accrued expenses	14,625	
			14,625
	Total adjustments		726,779
S1200-610	Net cash provided by operating activities		\$ 657,519

Crystal Lakes Redevelopment, Ltd
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Supplementary Information
Year Ended December 31, 2017

Reserve for Replacements

<u>Account No.</u>		
1320P	Balance at December 31, 2016	\$ 280,426
1320DT	Total monthly deposits	63,234
1320INT	Interest income	<u>108</u>
1320	Balance at December 31, 2017	<u><u>\$ 343,768</u></u>

Crystal Lakes Redevelopment, Ltd
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Supplementary Information
Year Ended December 31, 2017

Computation of Surplus Cash, Distributions and Residual Receipts

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1300-010	Cash (Accounts 1120, 1170 and 1191)	\$ 608,063
1135	Accounts receivable - HUD	<u>-</u>
S1300-040	Total cash	<u>608,063</u>
S1300-050	Accrued mortgage interest payable	24,002
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	35,022
S1300-080	Loans and notes payable (due within 30 days)	-
S1300-090	Deficient tax, insurance or MIP escrow deposits	-
S1300-100	Accrued expenses (not escrowed)	10,447
2210	Prepaid revenue (Account 2210)	5,964
2191	Tenant security deposits liability (Account 2191)	241,692
S1300-110	Other current obligations (describe in detail)	
S1300-120	Mortgage principal	11,142
S1300-120	Replacement reserve deposit	<u>5,346</u>
		<u>16,488</u>
S1300-140	Less total current obligations	<u>333,615</u>
S1300-150	Surplus cash (deficiency)	<u><u>\$ 274,448</u></u>
	<u>Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts</u>	
	<u>Limited Dividend Projects</u>	
S1300-160	Annual distribution earned during fiscal period covered by the statements	\$ -
S1300-170	Distribution accrued and unpaid as of the end of the prior fiscal period	-
S1300-180	Distributions and entity expenses paid during fiscal period covered by the statements	<u>-</u>
S1300-190	Amount remaining as distribution earned but unpaid	<u>-</u>
S1300-200	Amount available for distribution during next fiscal period	<u><u>\$ 274,448</u></u>
S1300-210	Deposit due residual receipts reserve	<u><u>\$ -</u></u>

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Supplementary Information
Year Ended December 31, 2017

Mid-Year Computation of Surplus Cash, Distributions and Residual Receipts

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1400-020	Cash (Accounts 1120, 1170 and 1191)	\$ 982,792
S1400-030	Accounts receivable - HUD	-
		<hr/>
S1400-050	Total cash	982,792
		<hr/>
S1400-060	Accrued mortgage interest payable	24,189
S1400-070	Delinquent mortgage principal payments	-
S1400-080	Delinquent deposits to reserve for replacements	-
S1400-090	Accounts payable (due within 30 days)	18,477
S1400-100	Loans and notes payable (due within 30 days)	-
S1400-110	Deficient tax, insurance or MIP escrow deposits	-
S1400-120	Accrued expenses (not escrowed)	10,365
S1400-130	Prepaid revenue (Account 2210)	-
S1400-140	Tenant security deposits liability (Account 2191)	245,568
S1400-150	Other current obligations (describe in detail)	
S1400-160	Mortgage principal	10,955
S1400-160	Replacement reserve deposit	5,254
S1400-160	Tax and insurance escrow deposit	-
S1400-160	MIP escrow deposit	-
		<hr/>
		16,209
		<hr/>
S1400-180	Less total current obligations	314,808
		<hr/>
S1400-190	Surplus cash (deficiency)	\$ 667,984
		<hr/> <hr/>
	<u>Part B - Compute Distributions to Owners and Required Deposit to Residual Receipts</u>	
	<u>Limited Dividend Projects</u>	
S1400-200	Annual distribution earned during fiscal period covered by the statements	\$ -
S1400-210	Distribution accrued and unpaid as of the end of the prior fiscal period	-
S1400-220	Distributions and entity expenses paid during fiscal period covered by the statements	-
		<hr/>
S1400-230	Amount remaining as distribution earned but unpaid	-
		<hr/>
S1400-240	Amount available for distribution during next fiscal period	\$ 667,984
		<hr/> <hr/>
S1400-250	Deposit due residual receipts reserve	\$ -
		<hr/> <hr/>

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Supplementary Information
Year Ended December 31, 2017

Changes in Fixed Asset Accounts

	Assets			Balance 12/31/17
	Balance 12/31/16	Additions	Deletions	
Buildings	\$ 25,144,326	\$ -	\$ -	\$ 25,144,326
Furnishings	1,625,569	-	-	1,625,569
	<u>\$ 26,769,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,769,895</u>
Accumulated depreciation	<u>\$ 8,009,157</u>	<u>\$ 697,151</u>	<u>\$ -</u>	<u>\$ 8,706,308</u>
Total net book value				<u>\$ 18,063,587</u>

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Supplementary Information
Year Ended December 31, 2017

Detail of Accounts - Balance Sheet

Other Reserves (Account No. 1330)

Partnership reserve	\$ 106,228
---------------------	------------

Miscellaneous Other Assets (Account No. 1590)

Other	
Tax credit monitoring fees, net	\$ 66,537

Miscellaneous Current Liabilities (Account No. 2190)

Accrued expenses	\$ 450
Deferred revenue	15,200
	<u>15,650</u>

Other Mortgages Payable (Long-Term) (Account No. 2322)

Second mortgage - BCHA HOME loan	\$ 250,000
Third mortgage - BCHA SHIP loan	371,550
Fourth mortgage - Hollywood HOME loan	500,000
Fifth mortgage - BCHA	245,126
	<u>1,366,676</u>

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Supplementary Information
Year Ended December 31, 2017

Detail of Accounts - Statement of Operations

Miscellaneous Rent Revenue (Account No. 5190)

Miscellaneous property	\$ 508
Cable tv - income	7,600
	<hr/>
	\$ 8,108
	<hr/> <hr/>

Revenue from Investments - Miscellaneous (Account No. 5490)

Interest income	\$ 213
	<hr/> <hr/>

Miscellaneous Other Revenue (Account No. 5990)

Legal fees	\$ 826
NSF check fees	300
Miscellaneous income	10,733
	<hr/>
	\$ 11,859
	<hr/> <hr/>

Miscellaneous Administrative Expenses (Account No. 6390)

Telephone	\$ 3,735
Answering services	936
Beepers and radios	151
Cable tv	502
Auto / mileage expenses	442
Dues and subscriptions	106
Eviction fees	961
Seminar and training program	1,533
Miscellaneous operating expenses	1,222
Professional fees	1,500
Home ownership incentive	17,239
	<hr/>
	\$ 28,327
	<hr/> <hr/>

Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182

Supplementary Information
Year Ended December 31, 2017

Detail of Accounts - Statement of Operations

Miscellaneous Operating and Maintenance Expenses (Account No. 6590)

Exterminating	\$ 8,321
Fire alarm equipment maintenance / Repairs	17,222
Pool/fountain maintenance	9,549
Landscaping/lawn service	86,780
Termite warranty treatment	18,737
Trash compactor	8,714
Courtesy personnel	44,956
HVAC supplies	7,803
Building improvements/labor	3,328
Cleaning	5,030
Electrical repairs	3,040
Painting	4,895
Plumbing	2,428
Roof / window repair	4,427
Uniforms	721
Parking cards	417
Replacements	30,069
Improvements	44,740
Extraordinary items	5,295
Miscellaneous expenses	9,618
	<hr/>
	\$ 316,090
	<hr/> <hr/>

Miscellaneous Taxes, Licenses, Permits and Insurance (Account No. 6790)

Licenses	\$ 690
Permits	1,075
	<hr/>
	\$ 1,765
	<hr/> <hr/>

Other Entity Expenses (Account No. 7190)

Asset management fees	\$ 5,496
Incentive management fee	152,546
	<hr/>
	\$ 158,042
	<hr/> <hr/>

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Partners
Crystal Lakes Redevelopment, Ltd

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Crystal Lakes Redevelopment, Ltd, which comprise the balance sheet as of December 31, 2017, and the related statements of operations, partners' equity (deficit), and cash flow for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crystal Lakes Redevelopment, Ltd's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crystal Lakes Redevelopment, Ltd's internal control. Accordingly, we do not express an opinion on the effectiveness of Crystal Lakes Redevelopment, Ltd's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crystal Lakes Redevelopment, Ltd's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Atlanta, Georgia
February 23, 2018

Independent Auditor's Report on Compliance for Major HUD
Program and on Internal Control over Compliance Required by the
Consolidated Audit Guide for Audits of HUD Programs

To the Partners
Crystal Lakes Redevelopment, Ltd

Report on Compliance for Major HUD Program

We have audited Crystal Lakes Redevelopment, Ltd's compliance with the compliance requirements described in the Consolidated Audit Guide for Audits of HUD Programs (the "Guide") that could have a direct and material effect on Crystal Lakes Redevelopment, Ltd's major U.S. Department of Housing and Urban Development ("HUD") program for the year ended December 31, 2017. Crystal Lakes Redevelopment, Ltd's major HUD program is as follows:

- Section 223(f) Insured Mortgage Program

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its HUD program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Crystal Lakes Redevelopment, Ltd's major HUD program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about Crystal Lakes Redevelopment, Ltd's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD program. However, our audit does not provide a legal determination of Crystal Lakes Redevelopment, Ltd's compliance.

Opinion on Major HUD Program

In our opinion, Crystal Lakes Redevelopment, Ltd complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of Crystal Lakes Redevelopment, Ltd is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crystal Lakes Redevelopment, Ltd's internal control over compliance with the requirements that could have a direct and material effect on the major HUD

program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major HUD program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crystal Lakes Redevelopment, Ltd's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Atlanta, Georgia
February 23, 2018

**Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182**

**Schedule of the Status of Prior Audit Findings,
Questioned Costs and Recommendations
December 31, 2017**

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

**Crystal Lakes Redevelopment, Ltd
HUD Project No.: 066-11182**

**Schedule of the Status of Prior Audit Findings,
Questioned Costs and Recommendations
December 31, 2017**

1. Audit Report, dated March 28, 2017, for the year ended December 31, 2016, issued by CohnReznick LLP.

There are no open findings from the prior audit report.

2. There were no reports issued by HUD OIG or other Federal agencies or contract administrators during the period covered by this audit.
3. There were no letters or reports issued by HUD management during the period covered by this audit.

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EHLINGER APARTMENTS, LTD.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

December 31, 2017 and 2016

Ehlinger Apartments, Ltd.

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INDEPENDENT AUDITOR'S REPORT

To the Partners
Ehlinger Apartments, Ltd.

We have audited the accompanying financial statements of Ehlinger Apartments, Ltd., which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ehlinger Apartments, Ltd., as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Tidwell Group, LLC

Atlanta, Georgia
February 26, 2018

Ehlinger Apartments, Ltd.

BALANCE SHEETS

December 31, 2017 and 2016

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
Investment in rental property, net	\$ 21,194,587	\$ 22,209,152
Cash and cash equivalents	842,322	837,008
Restricted cash		
Escrows	201,917	251,079
Tenants' security deposits	177,831	176,396
Replacement reserve	298,097	252,225
Other reserves	723,735	722,289
	<u>1,401,580</u>	<u>1,401,989</u>
Tenants' accounts receivable	-	8
Prepaid expenses	13,384	19,258
Tax credit monitoring fees, net	185,092	203,562
Other assets	5,050	5,050
Prepaid land lease, net	2,743,589	2,789,743
	<u>26,385,604</u>	<u>27,465,770</u>

LIABILITIES AND PARTNERS' EQUITY (DEFICIT)

	<u>2017</u>	<u>2016</u>
Liabilities		
Accounts payable - operations	\$ 62,858	\$ 20,482
Other accrued liabilities	8,479	19,662
Deferred income - cable contract	11,625	15,500
Accrued interest - first mortgage	32,482	32,900
Deferred rental income	20,268	17,958
Deferred income - TCEP loan forgiveness	1,525,173	1,263,714
Tenants' security deposits liability	177,831	176,396
Annual fee payable to affiliate of limited partner	10,000	5,000
Mortgages and notes payable, net	9,281,268	9,739,634
	<u>11,129,984</u>	<u>11,291,246</u>
Partners' equity (deficit)	<u>15,255,620</u>	<u>16,174,524</u>
Total liabilities and partners' equity (deficit)	<u>\$ 26,385,604</u>	<u>\$ 27,465,770</u>

See notes to financial statements.

Ehlinger Apartments, Ltd.

STATEMENTS OF OPERATIONS

Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue		
Rental income	\$ 1,664,156	\$ 1,643,887
Vacancies and concessions	(9,686)	(7,320)
Other operating income	<u>124,307</u>	<u>113,856</u>
 Total revenue	 <u>1,778,777</u>	 <u>1,750,423</u>
Operating expenses		
Salaries and employee benefits	203,371	182,132
Repairs and maintenance	269,406	249,950
Utilities	244,342	232,073
Property management fee	87,981	86,302
Property insurance	77,731	60,364
Prepaid ground lease expense	46,154	46,154
Miscellaneous operating expenses	<u>87,640</u>	<u>85,623</u>
 Total operating expenses	 <u>1,016,625</u>	 <u>942,598</u>
 Net operating income (loss)	 <u>762,152</u>	 <u>807,825</u>
Other income (expense)		
Interest income	1,559	1,534
Interest expense - first mortgage	(420,470)	(425,332)
Loan forgiveness income	156,874	156,875
Miscellaneous other income (expense)	(6,978)	(641)
Annual fee to affiliate of limited partner	(5,000)	(5,000)
Asset mangement fee - FHFC	(3,000)	(3,000)
Depreciation	(1,014,565)	(1,014,565)
Amortization	<u>(18,470)</u>	<u>(18,740)</u>
 Total other income (expense)	 <u>(1,310,050)</u>	 <u>(1,308,869)</u>
 Net loss	 <u>\$ (547,898)</u>	 <u>\$ (501,044)</u>

See notes to financial statements.

Ehlinger Apartments, Ltd.

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

Years ended December 31, 2017 and 2016

	<u>General Partner</u>	<u>Investor Limited</u>	<u>Special Limited</u>	<u>Total Partners' Equity (Deficit)</u>
Balance, January 1, 2016	\$ (619,532)	\$ 17,295,100	\$ -	\$ 16,675,568
Net loss	<u>(50)</u>	<u>(500,994)</u>	<u>-</u>	<u>(501,044)</u>
Balance, December 31, 2016	(619,582)	16,794,106	-	16,174,524
Net loss	(55)	(547,843)	-	(547,898)
Distributions	<u>(333,605)</u>	<u>(37,401)</u>	<u>-</u>	<u>(371,006)</u>
Balance, December 31, 2017	<u>\$ (953,242)</u>	<u>\$ 16,208,862</u>	<u>\$ -</u>	<u>\$ 15,255,620</u>
Partners' percentage of partnership losses	<u>0.0100%</u>	<u>99.9900%</u>	<u>0.0000%</u>	<u>100.00%</u>

See notes to financial statements.

Ehlinger Apartments, Ltd.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net loss	\$ (547,898)	\$ (501,044)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	1,014,565	1,014,565
Amortization	18,470	18,740
Amortization of debt issuance costs	28,357	28,357
Prepaid land lease, net	46,154	46,154
Cable contract income	(3,875)	(3,875)
Forgiveness of TCEP loan	(156,874)	(156,875)
Changes in:		
Tenant accounts receivable	8	2,651
Prepaid expenses	5,874	641
Real estate tax and insurance escrow	49,162	(30,586)
Accounts payable	42,376	(1,147)
Accrued interest payable - first mortgage	(418)	(390)
Deferred rental income	2,310	(139)
Annual fee payable to affiliate of Limited Partner	5,000	5,000
Other liabilities	(11,183)	2,220
	<u>492,028</u>	<u>424,272</u>
Net cash provided by operating activities		

(continued)

Ehlinger Apartments, Ltd.

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from investing activities		
Change in reserve for replacements	(45,872)	(46,598)
Change in other reserves	<u>(1,446)</u>	<u>(1,447)</u>
Net cash used in investing activities	<u>(47,318)</u>	<u>(48,045)</u>
Cash flows from financing activities		
Principal payments on mortgage payable	(68,390)	(63,558)
Distributions	<u>(371,006)</u>	<u>-</u>
Net cash used in financing activities	<u>(439,396)</u>	<u>(63,558)</u>
Net increase in cash and cash equivalents	5,314	312,669
Cash and cash equivalents, beginning	<u>837,008</u>	<u>524,339</u>
Cash and cash equivalents, ending	<u><u>\$ 842,322</u></u>	<u><u>\$ 837,008</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u><u>\$ 392,531</u></u>	<u><u>\$ 397,365</u></u>

See notes to financial statements.

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Ehlinger Apartments, Ltd., (the Partnership) was formed as a limited partnership under the laws of the state of Florida on December 10, 2008 for the purpose of acquiring, constructing, and operating a 155 unit residential housing project located in Davie, Florida called East Village Apartments (the Project).

Each of the buildings in the Project qualifies for and has been allocated Florida Housing Finance Corporation (FHFC) exchange funds pursuant to existing tax credit allocation laws, which regulate the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during each of 30 consecutive years in order to remain in compliance.

Effective December 1, 2010, the partnership agreement was amended to admit a new co-general partner and for the withdrawing general partner to assign its general partner interest to another new co-general partner. The partnership agreement was also amended to permit the withdrawal of the former limited partner as a limited partner and to admit the investor limited partner.

Effective September 26, 2016, the partnership agreement was amended to reflect the withdrawal of the Managing General Partner and to assign its general partner interest to the former co-general partner. The partnership agreement was also amended to reflect the former co-general partner as the sole general partner of the partnership. Coinciding with this change in partners, the Partnership also changed the allocations of profits and losses and tax credits to reflect the investment contributions of the new partners as follows:

General Partner	0.01%
Investor Limited Partner	99.99%
Special Limited Partner	0.00%
	<hr/>
	100.00%

The general partner is BBC - Ehlinger Apartments, Inc. (the General Partner). The investor limited partner is U.S.A. Institutional Tax Credit Fund LXXI L.P. (the Investor Limited Partner). The special limited partner is TRGSLP, Inc. (the Special Limited Partner).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

Tenant Receivables

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Rental Property

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	40 years
Land improvements	15 years
Furniture, fixtures and equipment	7 years

Impairment of Long-Lived Assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2017 or 2016.

Debt Issuance Costs

In accordance with GAAP, the debt issuance costs are presented as an offset of the related debt instruments within the liabilities section of the balance sheet. Debt costs are being amortized using the straight-line method over the term of the mortgage and amortization expense is included in interest expense on the accompanying statement of operations.

GAAP requires that the effective interest method be used to amortize debt costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method. Estimated amortization expense for the five ensuing years is expected to be \$28,357 annually.

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

Tax Credit Monitoring Fees

Tax credit monitoring fees paid to housing agencies in advance are amortized over the mandatory 15 year compliance period under the straight-line method. Amortization expense for the years ended December 31, 2017 and 2016 was \$18,470 and \$18,470, respectively. Estimated amortization expense for the five ensuing years is expected to be \$18,470, annually.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Advertising Costs

The Partnership's policy is to expense advertising costs when incurred.

Income Taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Generally, income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Forgiveness of Tax Credit Exchange Loan

The Partnership recognizes forgiveness of tax credit exchange loans based on the specific terms of forgiveness set forth in the loan documents. The terms of the Partnership's tax credit exchange loan provide for forgiveness based on terms that are contingent and are not

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

recognized until such contingencies are resolved. All amounts of the loan for which forgiveness is recognized are considered tax credit exchange funds and accounted for as a government grant related to assets.

NOTE 3 - INVESTMENT IN RENTAL PROPERTY

Rental property is comprised of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land improvements	\$ 3,194,482	\$ 3,194,482
Buildings and improvements	22,150,965	22,150,965
Furniture	<u>1,734,784</u>	<u>1,734,784</u>
Subtotal	27,080,231	27,080,231
Accumulated depreciation	<u>(5,885,644)</u>	<u>(4,871,079)</u>
Net	<u><u>\$21,194,587</u></u>	<u><u>\$22,209,152</u></u>

NOTE 4 - RELATED PARTY TRANSACTIONS

Priority Distribution to Investor Limited Partner

The Partnership shall pay the Investor Limited Partner an annual, cumulative, priority distribution of \$5,000 from net cash flow, beginning in 2012. If there is not sufficient cash flow in any year, the amount shall carry over and be payable out of cash flow in the following year. During the years ended December 2017 and 2016, \$5,000 and \$5,000 respectively, was incurred and \$10,000 and \$5,000 respectively remains payable as of December 31, 2017 and 2016.

NOTE 5 - MORTGAGE NOTES PAYABLE

First Mortgage Payable

On July 1, 2013 the construction loan converted to a permanent loan in an amount of \$5,575,000. The loan has a term of 15 years, amortizing on a 30 year schedule. The loan bears interest equal to 7.35 percent per annum and is payable in monthly installments of principal and interest totaling \$38,410, with any remaining unpaid principal due in full at maturity on June 1, 2027. This mortgage is secured by the rental property. As of December 31, 2017 and 2016, the principal balance was \$5,051,544 and \$5,091,577, respectively which included \$251,572 and \$279,929, respectively of unamortized debt issuance costs. As of December 31, 2017 and 2016, accrued interest payable totaled \$32,482 and \$32,900, respectively. Interest expense related to the first mortgage payable was \$420,470 and

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

\$425,332, respectively, which includes amortization of debt issuance costs in the amounts of \$28,357 and \$28,357, respectively.

County Home Loan

The Partnership has a loan agreement with Broward County Florida (the County) for \$285,000. The County loan has a 30-year term and bears no interest. The loan is secured by the rental property. As of December 31, 2017 and 2016, the loan balance was \$285,000 and is included in mortgages and notes payable, net on the accompanying balance sheets.

SHIP Loan

The Partnership has entered into a loan agreement in the amount of \$110,000 with the Town of Davie. The SHIP loan has a 30-year term and bears no interest. The loan is secured by the rental property. As of December 31, 2017 and 2016, the SHIP loan balance was \$110,000 and is included in mortgages and notes payable, net on the accompanying balance sheets.

FHFC Exchange Loans

On November 30, 2010, the Partnership applied for and received a loan in the original amount of \$5,000,000, which was funded with tax credit exchange (TCE) funds from the FHFC pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009 (Section 1602). Additional exchange funds were awarded to the Partnership in the amount of \$1,275,000, conditioned upon the Partnership agreeing to increase the number of ELI units from 16 units to 31 units. Under Section 1602, state housing agencies can exchange allocations of low-income housing tax credits (LIHTC) which have been allocated to their state under Section 42 of the Internal Revenue Code (Section 42) for cash at a prescribed rate of up to \$0.85 for each dollar of LIHTC. In turn, the state housing agencies can use Section 1602 funds to make forgivable loans to properties that qualify for LIHTC. As of December 31, 2017 and 2016, \$6,275,000 of loan proceeds had been received.

The Partnership's loan does not bear interest and matures on November 30, 2025. Under the loan agreement, loan principal is forgiven annually at the rate of 6.67 percent over the 15 year IRS affordability and compliance monitoring extended use period. Forgiveness is subject to the Partnership maintaining compliance with Section 42. Prior to being forgiven, the remaining outstanding portion of the loan is an amortizing loan and no principal payments are required as long as there are no instances of noncompliance by the Partnership. The annual forgiveness amount is \$418,333. The loan agreement provides the authority with a security interest in the rental property. As of December 31, 2017 and 2016, the balance outstanding on the exchange loan was \$3,834,724 and 4,253,057, respectively and is included in mortgages and notes payable, net on the accompanying balance sheets.

Loan proceeds funded with Section 1602 program funds are intended to assist with payment of development costs of LIHTC properties. In exchange for the funds received, the

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

Partnership has agreed to operate the property in accordance with Section 42. Portions of the loan which have been forgiven are considered government assistance related to assets. The Partnership will record the portions of the loan which have been forgiven as a deferred liability which will be recognized as basis over the 40 year depreciable life of the buildings and improvements. As of December 2017 and 2016, the deferred income balance on the exchange loan was \$1,525,173 and \$1,263,714, respectively. During the years ended December 31, 2017 and 2016, the annual income amount was \$156,879 and \$156,875, respectively.

Future principal payments on mortgages payable are as follows:

	<u>1st Mortgage</u>	<u>TCEP</u>	<u>SHIP</u>	<u>HOME</u>	<u>Total</u>
2018	\$ 73,587	\$ 418,833	\$ -	\$ -	\$ 492,420
2019	79,181	418,833	-	-	498,014
2020	85,201	418,833	-	-	504,034
2021	91,679	418,833	-	-	510,512
2022	98,649	418,833	-	-	517,482
Thereafter	<u>4,874,819</u>	<u>1,740,559</u>	<u>110,000</u>	<u>285,000</u>	<u>7,010,378</u>
Total	5,303,116	3,834,724	110,000	285,000	9,532,840
Less unamortized debt issuance costs	<u>(251,572)</u>	-	-	-	<u>(251,572)</u>
	5,051,544	3,834,724	110,000	285,000	9,281,268
Less current maturities					<u>(492,420)</u>
Net long-term portion					<u>\$ 8,788,848</u>

NOTE 6 - RESTRICTED CASH AND RESERVES

The Partnership maintains several accounts with use restrictions. The accounts had the following balances as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Security deposits	\$ 177,831	\$ 176,366
Replacement reserve	298,097	252,225
Tax and insurance escrows	201,917	251,079
Operating reserve	<u>723,735</u>	<u>722,284</u>
	<u>\$ 1,401,580</u>	<u>\$ 1,401,989</u>

NOTE 7 - PARTNERSHIP CONTRIBUTIONS

The partnership agreement requires the Investor Limited Partner to make three capital contribution installments totaling \$20,989,405, subject to any low-income housing tax credit adjustments.

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

The Investor Limited Partner has cumulatively contributed \$20,898,405 as of December 31, 2017 and 2016. The General Partner and the Special Limited Partner are each required to make capital contributions of \$100. As of December 31, 2017 and 2016, no capital contributions have been made by these partners.

NOTE 8 - PROPERTY MANAGEMENT FEE

The property is managed by Professional Management, Inc. (PMI), an unrelated party, pursuant to a management agreement, which provided for a management fee in the greater of \$3,500 per month or 5 percent of monthly gross receipts, as defined. During 2017 and 2016, management fees of \$87,981 and \$86,302, respectively, were incurred and are included in management fee in the accompanying statement of operations. As of December 31, 2017 and 2016, \$0 and \$182, respectively remained payable and is included in other accrued expenses on the accompanying balance sheets.

NOTE 9 - GROUND LEASE

On August 5, 2010, the Partnership entered in to a 65-year ground lease agreement with Broward County Housing Authority. The lease commenced on November 30, 2010, the date of the construction loan closing. The total rent amount over the 65-year term is \$3,000,000. As of December 31, 2017 and 2016, \$3,000,000 has been paid. The entire amount of the lease was recorded as prepaid ground lease upon completion of construction and is being amortized over the 65-year term using the straight-line method. The balance of the prepaid ground lease as of December 31, 2017 and 2016 was \$2,743,589 and \$2,787,743, respectively. During 2017 and 2016, prepaid ground lease expense was \$46,154.

NOTE 10 - DISTRIBUTIONS

In accordance with the partnership agreement, the Partnership shall make cash distributions to the partners in the following order of priority, as defined:

- Payment to the Investor Limited Partner of any credit adjuster pursuant to the partnership agreement, plus any amount equal to any capital contributions made to the Partnership by the General Partner pursuant to the partnership agreement;
- Then, to the payment of an amount equal to \$5,000 per year to the Investor Limited Partner;
- Then, to the payment of the developer of any accrued and unpaid development fee;
- Then, to the repayment of any operating deficit loans;
- Then, to the repayment of any loans made by the General Partner, and
- Then, the balance shall be allocated and distributed 15.0 percent to the Investor Limited Partner, 85 percent to the General Partner.

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

Surplus cash is calculated as the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 842,322	\$ 837,008
Tenant security deposit cash	<u>177,831</u>	<u>176,396</u>
Total cash	1,020,153	1,013,404
Less:		
Accounts payable operations	(62,858)	(20,482)
Other accrued liabilities	(8,479)	(19,662)
Accrued interest - first mortgage	(32,482)	(32,900)
Deferred rental income	(20,268)	(17,958)
Tenant security deposit liability	<u>(177,831)</u>	<u>(176,396)</u>
Total current obligations	(301,918)	(267,398)
Surplus cash	718,235	746,006
Management restricted cash for repairs and maintenance	(400,000)	(400,000)
Management restricted cash for operating reserves	(125,000)	(125,000)
Limited partner priority distribution	(5,000)	(5,000)
Limited partner 15% interest of cash flow + residual	(28,235)	(32,401)
General partner 85% interest of cash flow	<u>(160,000)</u>	<u>(183,605)</u>
	<u>\$ -</u>	<u>\$ -</u>

NOTE 11 - DEFERRED INCOME-CABLE CONTRACT

The Partnership entered into a 10 year services contract with Comcast of Florida, LP to provide broadband communication to the property. As consideration for entering into the agreement, the Partnership received \$38,750 in commissions which is recognized over the 10 year contract as income. As of both December 31, 2017 and 2016, \$11,625 of income was deferred. Income earned during 2017 and 2016, was \$3,875 and \$3,875, respectively, and is included in other operating income on the accompanying statements of operations.

NOTE 12 - CONCENTRATION OF CREDIT RISK

The Partnership maintains cash balances in several accounts with various banks. At times, those balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2017 or 2016.

NOTE 13 - LOW-INCOME HOUSING TAX CREDITS

The Partnership received low-income housing tax credits totaling \$25,260,000 from the Florida Housing Finance Corporation to be allocated over an eleven year period. The

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

Partnership has claimed tax credits of \$14,909,893 and \$12,383,893 as of December 31, 2017 and 2016, respectively.

The expected availability of remaining tax credits is as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 2,526,000
2019	2,526,000
2020	2,526,000
2021	2,496,331
2022	275,776
2023	<u>\$ 10,350,107</u>
Total credits	\$ 25,260,000
Less claimed	<u>(14,909,893)</u>
Remaining	<u>\$ 10,350,107</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Low Income Housing Tax Credits

The Project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

Exchange Funds

The Project's exchange funds are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in repayment of exchange funds.

Asset Management Fee

The Tax Credit Exchange Program loan agreement requires the payment of a \$3,000 annual asset management fee by the Partnership to the FHFC. During 2017 and 2016, \$3,000 and \$3,000, respectively of asset management fees were incurred and included in other financial expense on the accompanying statements of operations.

Ehlinger Apartments, Ltd.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017 and 2016

Service Asset Management Fee

The TCEP loan agreement stipulates that the Partnership pay the loan servicer on an annual basis, a servicing fee equivalent to 25 basis points on the unpaid principal balance of the FHFC loan or a minimum of \$2,228 annually, not to exceed a maximum annual fee of \$8,910, and an additional fee of \$155 per hour for extraordinary permanent loan servicing services.

Construction Defect Hold-Back

As of December 31, 2017, the Partnership has \$400,000 of the cash on hand internally restricted for potential funding for construction defects. The Partnership is working with Florida Housing Finance Corporation for approval of remediation work and the release of these funds for the necessary repairs. This amount is included in cash and cash equivalents on the accompanying balance sheets.

NOTE 15 - GUARANTEES

Operating Deficit

The operating deficit guaranty requires the General Partner to fund any operating deficits upon achievement of breakeven, as defined, and continuing for five years. If the property fails to achieve a debt service coverage ratio of 1.10:1.00 in years 4 and 5, the operating deficit guarantee period will be extended until the property reaches the ratio for two consecutive years. Any funds provided by the General Partner shall be in the form of an operating deficit loan. However, the obligation of the General Partner to fund operating deficits shall be limited to \$716,738 in the aggregate. As of December 31, 2017 and 2016, no operating deficits have been funded by the General Partner.

The General Partner is also obligated to fund any excess development costs, as defined. Any such funding will not constitute an operating deficit loan.

NOTE 16 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of Ehlinger Apartments, Ltd. through February 26, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

Highland Gardens Development, Ltd.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2017 and 2016

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Highland Gardens Development, Ltd.

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Independent Auditor's Report

To the Partners
Highland Gardens Development, Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Highland Gardens Development, Ltd., which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Highland Gardens Development, Ltd. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2017 and 2016 supplementary information on pages 18 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Atlanta, Georgia
February 26, 2018

Highland Gardens Development, Ltd.

**Balance Sheets
December 31, 2017 and 2016**

Assets

	<u>2017</u>	<u>2016</u>
Investment in rental property, net	\$ 10,274,036	\$ 10,630,749
Cash and cash equivalents	302,392	287,692
Restricted cash		
Tax and insurance escrow	19,480	34,455
Tenants' security deposits	84,718	85,521
Repair and replacement reserve	221,116	191,207
Operating reserve	<u>151,933</u>	<u>151,781</u>
Total restricted cash	<u>477,247</u>	<u>462,964</u>
Tenants' accounts receivable	749	438
Prepaid expenses	16,758	14,556
Tax credit monitoring fees, net	67,558	78,974
Prepaid ground lease	731,250	750,000
Other assets	<u>7,152</u>	<u>7,215</u>
Total assets	<u><u>\$ 11,877,142</u></u>	<u><u>\$ 12,232,588</u></u>

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 18,717	\$ 21,886
Other accrued liabilities	7,210	4,501
Accrued interest - first mortgage	11,005	11,215
Tenants' security deposits liability	84,718	85,521
Annual asset management fee	4,176	8,671
Mortgages and notes payable	<u>1,864,696</u>	<u>1,890,963</u>
Total liabilities	<u>1,990,522</u>	<u>2,022,757</u>
Contingencies	-	-
Partners' equity (deficit)	<u>9,886,620</u>	<u>10,209,831</u>
Total liabilities and partners' equity (deficit)	<u><u>\$ 11,877,142</u></u>	<u><u>\$ 12,232,588</u></u>

See Notes to Financial Statements.

Highland Gardens Development, Ltd.

**Statements of Operations
Years Ended December 31, 2017 and 2016**

	2017	2016
Revenue		
Rental income	\$ 903,817	\$ 899,784
Vacancies and concessions	(32,823)	(14,451)
Other operating income	44,704	38,468
Total revenue	915,698	923,801
Operating expenses		
Salaries and employee benefits	104,317	103,141
Repairs and maintenance	183,641	142,175
Utilities	86,329	82,260
Property management fee	45,785	46,190
Property insurance	41,371	39,224
Miscellaneous operating expenses	52,938	58,849
Total operating expenses	514,381	471,839
Net operating income	401,317	451,962
Other income (expense)		
Interest income	211	196
Interest expense - first mortgage	(144,401)	(146,845)
Miscellaneous other income (expense)	2,350	-
Annual fee to affiliate of limited partner	(4,176)	(4,179)
Other related party fees and expenses	(65,071)	(64,612)
Depreciation	(356,713)	(379,266)
Amortization	(30,166)	(30,162)
Total other income (expense)	(597,966)	(624,868)
Net loss	\$ (196,649)	\$ (172,906)

See Notes to Financial Statements.

Highland Gardens Development, Ltd.

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2017 and 2016**

	<u>Managing general partner</u>	<u>Investor limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2016	\$ (657,785)	\$ 11,176,403	\$ 10,518,618
Net loss	(17)	(172,889)	(172,906)
Distributions	<u>(135,807)</u>	<u>(74)</u>	<u>(135,881)</u>
Balance, December 31, 2016	(793,609)	11,003,440	10,209,831
Net loss	(20)	(196,629)	(196,649)
Distributions	<u>(102,884)</u>	<u>(23,678)</u>	<u>(126,562)</u>
Balance, December 31, 2017	<u>\$ (896,513)</u>	<u>\$ 10,783,133</u>	<u>\$ 9,886,620</u>
Partners' percentage of partnership losses	<u>0.01%</u>	<u>99.99%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Highland Gardens Development, Ltd.

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Net loss	\$ (196,649)	\$ (172,906)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	356,713	379,266
Amortization	30,166	30,162
Amortization of debt issuance costs	11,172	11,172
Changes in:		
Tenants' accounts receivable	(311)	1,803
Prepaid expenses	(2,202)	1,306
Other assets	63	-
Accounts payable - operations	(3,169)	10,329
Other accrued liabilities	2,709	(1,796)
Accrued interest - first mortgage	(210)	(196)
Annual fee payable to affiliate of limited partner	(4,495)	4,179
	<u>193,787</u>	<u>263,319</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Change in reserve for replacements	(29,909)	(29,491)
Change in other reserves, net of withdrawals	(152)	(152)
Change in escrows	14,975	1,947
	<u>(15,086)</u>	<u>(27,696)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Principal payments on mortgage note payable	(37,439)	(35,010)
Distributions to partners	(126,562)	(135,881)
	<u>(164,001)</u>	<u>(170,891)</u>
Net cash used in financing activities		
Net increase in cash and cash equivalents	14,700	64,732
Cash and cash equivalents, beginning	<u>287,692</u>	<u>222,960</u>
Cash and cash equivalents, end	<u>\$ 302,392</u>	<u>\$ 287,692</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 133,439</u>	<u>\$ 135,869</u>

See Notes to Financial Statements.

Highland Gardens Development, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Note 1 - Organization and nature of operations

Highland Gardens Development, Ltd. (the "Partnership") was formed as a limited partnership on January 26, 2006 under the laws of the State of Florida for the purpose of acquiring, constructing, developing and operating a low-income housing project. The project consists of 100 rental units with community facilities located in the City of Deerfield Beach, Broward County, Florida and operates under the name Highland Gardens Phase II (the "Project").

The Project consists of 2 residential buildings which qualified for and have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the tax credits. In addition, Highland Gardens Development, Ltd. executed an Extended Use Agreement which requires that utilization of the Property pursuant to Section 42 for a minimum of 35 years after the compliance period, even after disposition of the Property by the Partnership.

Effective October 10, 2007, the partnership agreement was amended to admit a new investor limited partner and to permit the withdrawal of the existing limited partner.

Effective May 21, 2010, the partnership agreement was amended to permit the withdrawal of the existing Managing General Partner and to permit the current Co-General Partner to be designated as the Managing General Partner. Coinciding with this change in partners, the Partnership also changed the allocations of profits and losses and tax credits to reflect the investment contributions of the new partners as follows:

Managing general partner	0.01%
Investor limited partner	<u>99.99%</u>
	<u><u>100.00%</u></u>

The managing general partner is HG Senior Housing Corporation. The investor limited partner is AHG Tax Credit Fund XVIII, LLC.

Note 2 - Significant accounting policies

Accounting method

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income will be recognized as earned and expenses as incurred, regardless of the timing of payments.

Cash and cash equivalents

For purposes of the statement of cash flows, the Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalent. The Partnership maintains its cash in bank deposit accounts, which may exceed federally insured limits. The Partnership has not experienced any losses in such accounts. The Partnership believes it is not exposed to a significant risk on cash and cash equivalents.

Highland Gardens Development, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Accounts receivable

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Investment in rental property

Land, land improvements, building and improvements, and furniture, fixtures and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of the buildings to operations over their estimated service lives using the straight-line method. Personal property is depreciated over its estimated service life using straight-line methods. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated lives of the assets as follows:

Managing general partner	0.01%
Investor limited partner	<u>99.99%</u>
	<u><u>100.00%</u></u>

Investment in rental property is comprised of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land improvements	\$ 452,516	\$ 452,516
Buildings and improvements	13,061,781	13,061,781
Furniture, fixtures and equipment	<u>859,131</u>	<u>859,131</u>
Subtotal	14,373,428	14,373,428
Accumulated depreciation	<u>(4,099,392)</u>	<u>(3,742,679)</u>
Net	<u><u>\$ 10,274,036</u></u>	<u><u>\$ 10,630,749</u></u>

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2017 and 2016.

Amortization

Tax credit monitoring fees are amortized over the 15 year compliance period using the straight-line method. Estimated amortization expense of tax credit monitoring fees for each of the following five years is expected to be \$11,416.

The ground lease is amortized over 48 years using the straight-line method. Estimated amortization expense of the ground lease for each of the following five years is expected to be \$18,750.

Highland Gardens Development, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Ground lease

On January 27, 2006, the Partnership entered into a ground lease with Broward County Housing Authority. The ground lease requires a \$900,000 lump sum payment due 90 days after final amendment execution. The lease agreement requires an annual payment of \$1 during the lease term, which is from the period beginning on the commencement date and ending on December 31, 2056. The Partnership is liable for all payments of utilities and real estate taxes in connection with the development, construction, and operation of the Project during the term of the lease. During 2009, the Partnership prepaid \$900,000. As of December 31, 2017 and 2016, \$731,250 and \$750,000 remains to be expensed on the ground lease, respectively.

Rental income

Rental income is recognized as the rents become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Advertising costs

The Partnership's policy is to expense advertising costs when incurred.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Income taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

Highland Gardens Development, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Note 3 - Restricted balances

Tax and insurance escrow

The Partnership is required to fund a tax and insurance reserve concurrently with each monthly installment of principal and interest upon commencement of the permanent financing phase. As of December 31, 2017 and 2016, tax and insurance reserves were required to be funded. The balance of tax and insurance escrow was \$19,480 and \$34,455, respectively, as of December 31, 2017 and 2016.

Repair and replacement reserve

The Partnership is required to fund a replacement reserve of \$250 per unit per year upon commencement the earlier of A) 24 months after the closing date; or B) permanent loan conversion. Such amounts are to be increased 3 percent annually.

As of December 31, 2017 and 2016, the balance of repair and replacement reserves was \$221,116 and \$191,207, respectively, as of December 31, 2017 and 2016. A detailed schedule of repair and replacement reserve activity is presented below:

	2017	2016
Balance, January 1	\$ 191,207	\$ 161,716
Deposits	29,850	29,447
Interest earnings	59	44
	<u>221,116</u>	<u>191,207</u>
Balance, December 31	<u>\$ 221,116</u>	<u>\$ 191,207</u>

Operating reserve

The Partnership is required to establish a \$150,000 operating reserve which was funded from funds remaining in the hard cost construction contingency and from available cash flows, as defined. The reserve requires approval of the general partners and investor limited partner before withdrawals can be made to pay any operating expenses, debt obligations or other expenses of the Partnership. As of December 31, 2017 and 2016, the balance of the operating reserve was \$151,933 and \$151,781, respectively, which is included in other reserves in the accompanying balance sheets.

Note 4 - Related party transactions

The Partnership provides for various agreements between the managing general partner and the investor limited partner as follows:

Asset management fee

The investor limited partner is to be paid an annual asset management fee equal to \$1,750 for the year ending December 31, 2009 and \$3,500 per year thereafter, increasing annually by 3 percent beginning in 2011. The asset management fee is paid to the investor limited partner or affiliate for services in reviewing the informational reports, financial statements, and tax returns of the partnership, commencing January 1, 2009. The fee is payable to the extent of available cash flow and unpaid fees accrue without interest. During the years ended December 31, 2017 and 2016, asset management fees of \$4,176 and \$4,179, respectively, were incurred and \$4,176 and \$8,671, respectively, remains payable.

Highland Gardens Development, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Incentive partnership management fee

The Partnership Agreement provides for payment to the general partner an annual, noncumulative incentive management fee equal to 90 percent of available cash flow in the priority set forth in Note 7. In no event, however, may the combined amount of incentive management fee and the fees payable to the management fee exceed 12 percent of such year's effective gross income of the Partnership, as defined. During the years ended December 31, 2017 and 2016, incentive partnership management fee incurred and paid was \$65,071 and \$64,612, respectively.

Incentive leasing fee

The Partnership is to pay the general partner as an incentive leasing fee 100 percent of cash flow, from the closing date and for 24 months thereafter; however, no such fee shall be payable in any event following the permanent loan conversion; thereafter, provided that all reserves have been funded and maintained, cash flows shall be distributed annually in accordance with Note 7. During 2017 and 2016, no incentive lease up fees were incurred or paid.

Note 5 - Mortgage notes payable

First mortgage

The Partnership entered into a converting construction loan agreement on October 10, 2007, with Berkadia Commercial Mortgage, Inc. ("Berkadia"). The loan converted to the permanent financing phase on December 15, 2009, with a principal balance of \$2,200,000. The loan bears interest at 6.73 percent and will mature October 31, 2024. Monthly payments of principal and interest are \$14,240 and due on a 30-year amortization schedule. As of December 31, 2017 and 2016, the outstanding balance on the loan was \$1,962,266 and \$1,999,705, respectively. As of December 31, 2017 and 2016, accrued interest is \$11,005 and \$11,215, and interest expense was \$144,401 and \$146,845, which includes \$11,172 and \$11,172 of amortization of debt issuance costs, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$97,570 and \$108,742 as of December 31, 2017 and 2016, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 8.42%.

The liability of the Partnership under the above loan is limited to the underlying value of the real estate collateral, improvements, easements of other interests, assignments of rents, assignments of leases and personal property.

Highland Gardens Development, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

The liability of the Partnership under the above loan in each of the next five years is presented in the following table:

2018	\$	40,263
2019		43,058
2020		46,047
2021		49,243
2022		52,662
Thereafter		<u>1,730,993</u>
Total		1,962,266
Less current maturities		<u>(40,263)</u>
Net long-term portion	\$	<u><u>1,922,003</u></u>

Note 6 - Partners' capital contributions

The partnership agreement requires the investor limited partner to make four capital contribution installments totaling \$14,374,352, including a low-income housing tax credit downward adjustment of \$24,208.

The first installment totaling \$5,039,496 was received at closing. The second installment, in the amount of \$4,882,552 was received upon 50 percent completion, as defined. The third installment in the amount of \$2,879,712 was received upon 95 percent completion, as defined. The fourth installment in the amount of \$1,572,592 was paid upon rental achievement, as defined. All required investor limited partner contributions have been received.

The general partner is required to make capital contributions of \$10, which is payable as of December 31, 2017 and 2016.

Note 7 - Partnership profits and losses and distributions

All profits and losses are allocated 99.99 percent to the managing general partner and .01 percent to the investor limited partner from the admission date through construction completion, as defined and .01 percent to the managing general partner and 99.99 percent to the investor limited partner.

In accordance with the Partnership Agreement, the Partnership shall make cash distributions to the Partners in the following order of priority:

1. From the closing date to 24 months after, 100 percent of cash flow shall be applied first to payment of the developer loan and, after payment in full of the developer loan, shall be payable to the general partners as an incentive leasing fee, to be divided equally between the general partners; thereafter, provided that all reserves have been funded and maintained as required, cash flow, if available with respect to any partnership accounting year, shall be applied or distributed annually, as defined,
2. Commencing January 1, 2009, to the payment of the asset management fee until the total amount of payments pursuant to the partnership agreement equals \$1,750 for the year ending December 31, 2009 and \$3,500 per year thereafter, increasing annually by 3 percent beginning in 2011;

Highland Gardens Development, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

3. After the date that the operating reserve has been reduced to an amount less than \$150,000 pursuant to the partnership agreement, to restore the operating reserve to such amount;
4. To the payment of any amounts then owed with respect due to the Developer Loan;
5. To the investor limited partner until the total amount received pursuant to the partnership agreement equals the amount of any credit adjuster distributions, current adjuster distributions, additional adjuster distributions and timing adjuster distributions payable under the partnership agreement that are solely attributable to a change in law, plus interest on such amount from the due date until paid pursuant to this clause at the rate of 10 percent per annum, compounded monthly;
6. 10 percent of the remaining balance, if any, to the investor limited partner;
7. To the payment of any operating deficit loans, with any such payments to be applied first to accrued by unpaid interest and then to principal;
8. To the payment of the incentive management fee;
9. At any time before a withdrawal pursuant to the partnership agreement, the balance shall be distributed 49.995 percent to the managing general partner, 49.995 percent to the co-general partner, and 0.01 percent to the investor limited partner; and
10. At any time after a withdrawal of the managing general partner pursuant to the partnership agreement, the balance to be paid 99.99 percent to the co-general partner, and 0.01 percent to the investor limited partner.

During 2017, management distributed \$23,678 to the investor limited partner and \$102,884 to the managing general partner.

Note 8 - Property management fee

The Partnership entered into a property management agreement with Professional Management, Inc. ("PMI"), an unrelated party, to provide management, operational, supervisory, maintenance, bookkeeping, financial and reporting services to the Partnership. Under the agreement, the Partnership is required to pay PMI monthly management fees of the greater of \$2,500 per month or 5 percent of gross collections received commencing with the leasing of the property and prior to stabilization, as defined. During the years ended December 31, 2017 and 2016, \$45,785 and \$46,190, respectively, was incurred and paid.

Note 9 - Concentration of credit risk

The Partnership maintains its cash balances in several accounts with various banks. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exist with respect to these cash balances as of December 31, 2017.

Highland Gardens Development, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Note 10 - Commitments and contingencies

Tax credits

The Project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable section of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

Operating deficit guaranty

Pursuant to the partnership agreement, the managing general partner is required to loan the Partnership amounts to cover operating deficits of the project for the period ending 36 months following rental achievement. Any required funding prior to rental achievement is without limitation. The funding is limited to \$250,000 after rental achievement. Funds in the operating reserve may be used prior to any advances being made. Any advances shall bear interest at a rate of 10 percent per year, compounded annually, and are repayable from operating cash flows, as defined. In addition, the co-general partner deposited \$200,000 in an account as security for an additional guarantee of \$200,000 in operating deficits. As of December 31, 2017 and 2016, no operating deficit advances have been made.

Note 11 - Low-income housing tax credits (unaudited)

The Partnership received a tax credit allocation from Florida Housing Finance Corporation for an annual amount of \$1,500,000 tax credits over a ten-year period. As of December 31, 2017, tax credits of \$13,457,854 have been utilized. As of December 31, 2017, the expected availability of the remaining tax credits is as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 1,342,431
2019	199,715
	<u>\$ 1,542,146</u>
Total credits	\$ 15,000,000
Less claimed	<u>(13,457,854)</u>
Remaining	<u>\$ 1,542,146</u>

Highland Gardens Development, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 12 - Surplus Cash (unaudited)

Surplus cash (deficit) as of December 31, 2017 is as follows:

Cash and cash equivalents	\$ 302,392
Tenants' security deposits	<u>84,718</u>
Total	<u>387,110</u>
Accounts payable - operations	18,717
Accrued interest - first mortgage	11,005
Tenants' security deposits liability	84,718
Other accrued liabilities	<u>7,210</u>
Total	<u>121,650</u>
Surplus cash (deficit)	<u><u>\$ 265,460</u></u>

Note 13 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Highland Gardens Development, Ltd. through February 26, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Highland Gardens Development, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

	2017	2016
Rental income		
Rent revenue - gross potential	\$ 903,817	\$ 899,784
Total rental income	\$ 903,817	\$ 899,784
Vacancies and concessions		
Apartments vacancies	\$ 23,944	\$ 5,631
Rental concessions	8,879	8,820
Total vacancies and concessions	\$ 32,823	\$ 14,451
Other operating income		
Laundry and vending	\$ 30,372	\$ 30,195
Cable contract revenue	1,048	1,079
Pet deposits	400	-
Damages income	215	1,229
Late fees	3,650	3,650
Application fees	4,110	1,445
Miscellaneous other income	4,909	870
Total other operating income	\$ 44,704	\$ 38,468
Salaries and employee benefits		
Salaries - administrative	\$ 63,869	\$ 63,016
Salaries - maintenance	25,690	26,493
Health insurance and other benefits	3,560	3,057
Workmen's compensation insurance	11,198	10,575
Total salaries and employee benefits	\$ 104,317	\$ 103,141
Repairs and maintenance		
Exterminating	\$ 6,723	\$ 6,883
Grounds	28,183	23,891
Fire protection	6,731	8,995
Security services/contract	6,512	6,409
Supplies	9,575	8,305
HVAC expense	12,390	7,838
Painting, decorating and cleaning	19,218	3,818
Repairs and maintenance - other than contracts	76,432	57,793
Elevator	8,161	7,292
Miscellaneous maintenance expenses	9,716	10,951
Total repairs and maintenance	\$ 183,641	\$ 142,175

Highland Gardens Development, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

	2017	2016
Utilities		
Electricity	\$ 13,396	\$ 11,227
Water	22,463	21,216
Sewer	27,298	26,637
Trash removal	20,939	20,939
Gas	629	563
Cable	1,604	1,678
	<u>\$ 86,329</u>	<u>\$ 82,260</u>
Total utilities	\$ 86,329	\$ 82,260
Miscellaneous operating expenses		
Office supplies and expense	\$ 7,111	\$ 6,135
Training and travel	2,297	1,996
Telephone and answering service	12,499	17,586
Credit collection and eviction	1,053	417
Computer supplies and expense	3,884	8,582
Miscellaneous administrative	5,951	3,407
Advertising and newspaper	5,155	6,260
Special promotions	1,963	2,516
Accounting	11,950	11,950
Other professional fees	1,075	-
	<u>\$ 52,938</u>	<u>\$ 58,849</u>
Total miscellaneous operating expenses	\$ 52,938	\$ 58,849
Miscellaneous other income (expense)		
Miscellaneous other income	\$ 4,013	\$ -
Miscellaneous other expense	(1,663)	-
	<u>\$ 2,350</u>	<u>\$ -</u>
Total miscellaneous other income (expense)	\$ 2,350	\$ -
Other related party fees and expenses		
Incentive partnership management fee	\$ 65,071	\$ 64,612
	<u>\$ 65,071</u>	<u>\$ 64,612</u>
Total other related party fees and expenses	\$ 65,071	\$ 64,612

See Independent Auditor's Report

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Oakland Preserve, LLC

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2017 and 2016

Oakland Preserve, LLC

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Independent Auditor's Report

To the Members of
Oakland Preserve, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Oakland Preserve, LLC, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, members' equity (deficit) and cash flows for the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oakland Preserve, LLC as of December 31, 2017, and the results of its operations and its cash flows for the period from July 19, 2016 (date of investor entry) through December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2017 and 2016 supplementary information on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia
June 6, 2018

Oakland Preserve, LLC
Balance Sheets
December 31, 2017 and 2016

Assets

	2017	2016
Investment in rental property, net	\$ 14,978,541	\$ 6,138,467
Cash	358,826	10,889
Restricted cash		
Tenants' security deposits	93,440	-
Total restricted cash	93,440	-
Tenants' accounts receivable	4,832	-
Prepaid land lease	747,573	775,065
Tax credit monitoring fees, net	331,744	-
Prepaid expenses	3,077	-
Other assets	2,438	-
Total assets	\$ 16,520,471	\$ 6,924,421

Liabilities and Members' Equity (Deficit)

Liabilities		
Accounts payable - development	\$ 23,438	\$ 21,336
Accrued property management fees	455	-
Other accrued liabilities	409,889	-
Accrued interest - other loans	3,994	-
Tenants' security deposits liability	93,440	-
Developer's fees payable	796,015	43,223
Mortgages and notes payable	1,261,491	1,279,658
Other liabilities - construction	-	332,216
Total liabilities	2,588,722	1,676,433
Members' equity (deficit)	13,931,749	5,247,988
Total liabilities and members' equity (deficit)	\$ 16,520,471	\$ 6,924,421

See Notes to Financial Statements.

Oakland Preserve, LLC

Statements of Operations
Year Ended December 31, 2017 and Period from July 19, 2016
(date of investor entry) through December 31, 2016

	<u>2017</u>	<u>2016</u>
Revenue		
Rental income	\$ 362,411	\$ -
Vacancies and concessions	(58,023)	-
Other operating income	<u>35,794</u>	<u>-</u>
Total revenue	<u>340,182</u>	<u>-</u>
Operating expenses		
Salaries and employee benefits	75,423	-
Repairs and maintenance	49,435	-
Utilities	14,357	-
Property management fee	23,995	-
Property insurance	2,615	-
Miscellaneous operating expenses	<u>183,869</u>	<u>-</u>
Total operating expenses	<u>349,694</u>	<u>-</u>
Net operating loss	<u>(9,512)</u>	<u>-</u>
Other income (expense)		
Interest expense - other loans	(27,417)	-
Miscellaneous other income (expense)	(39,381)	-
Other related party fees and expenses	(8,526)	-
Depreciation	(235,979)	-
Amortization	<u>(9,478)</u>	<u>-</u>
Total other income (expense)	<u>(320,781)</u>	<u>-</u>
Net loss	<u>\$ (330,293)</u>	<u>\$ -</u>

See Notes to Financial Statements.

Oakland Preserve, LLC

**Statements of Members' Equity (Deficit)
Year Ended December 31, 2017 and Period from July 19, 2016
(date of investor entry) through December 31, 2016**

	<u>Authorized member</u>	<u>Administrative member</u>	<u>Investor member</u>	<u>Total members' equity (deficit)</u>
Balance, July 19, 2016 (date of investor entry)	\$ -	\$ -	\$ -	\$ -
Contributions	<u>-</u>	<u>-</u>	<u>5,247,988</u>	<u>5,247,988</u>
Balance, December 31, 2016	-	-	5,247,988	5,247,988
Net loss	(11)	(22)	(330,260)	(330,293)
Contributions	-	-	9,019,329	9,019,329
Syndication costs	<u>-</u>	<u>-</u>	<u>(5,275)</u>	<u>(5,275)</u>
Balance, December 31, 2017	<u>\$ (11)</u>	<u>\$ (22)</u>	<u>\$ 13,931,782</u>	<u>\$ 13,931,749</u>
Members' percentage of company losses	<u>0.0033%</u>	<u>0.0067%</u>	<u>99.9900%</u>	<u>100.0000%</u>

See Notes to Financial Statements.

Oakland Preserve, LLC

Statements of Cash Flows
Year Ended December 31, 2017 and Period from July 19, 2016
(date of investor entry) through December 31, 2016

	2017	2016
Cash flows from operating activities		
Net loss	\$ (330,293)	\$ -
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	235,979	-
Amortization	9,478	-
Amortization of debt issuance costs	17,400	-
Changes in		
Tenants' accounts receivable	(4,832)	-
Ground lease amortization	27,492	-
Other assets	(2,438)	-
Accounts payable - development	2,102	-
Accrued property management fees	455	-
Other accrued liabilities	409,889	-
Accrued interest - other loans	3,994	-
Prepaid expenses	(3,077)	-
	366,149	-
Net cash provided by operating activities	366,149	-
Cash flows from investing activities		
Expenditures on rental property	(7,556,786)	(6,095,244)
Other liabilities- construction	(332,216)	332,216
Accounts payable - development	-	21,336
Prepaid land lease	-	(775,065)
Tax credit monitoring fees paid	(341,222)	-
Debt issuance costs paid	(302,227)	-
	(8,532,451)	(6,516,757)
Net cash used in investing activities	(8,532,451)	(6,516,757)
Cash flows from financing activities		
Proceeds from mortgages and notes payable	225,185	1,279,658
Contributions from members	9,019,329	5,247,988
Syndication costs paid	(5,275)	-
Developer fees paid	(725,000)	-
	8,514,239	6,527,646
Net cash provided by financing activities	8,514,239	6,527,646
Net increase in cash	347,937	10,889
Cash, beginning	10,889	-
Cash, end	\$ 358,826	\$ 10,889

Oakland Preserve, LLC

Statements of Cash Flows
Year Ended December 31, 2017 and Period from July 19, 2016
(date of investor entry) through December 31, 2016

	<u>2017</u>	<u>2016</u>
Supplemental disclosure of cash flow information		
Cash paid for interest, net of amount capitalized of \$31,251 and \$-, respectively	<u>\$ 23,423</u>	<u>\$ -</u>
Supplemental schedule of non-cash investing and financing activities		
Investment in rental property, net	\$ (1,519,267)	\$ (43,223)
Developer fees payable	1,477,792	43,223
Deferred loan costs capitalized	<u>41,475</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

Oakland Preserve, LLC

Notes to Financial Statements December 31, 2017 and 2016

Note 1 - Organization and nature of operations

Organization

Oakland Preserve, LLC, (the Company) was formed as a limited liability corporation on September 9, 2013, under the laws of the State of Florida, for the purpose of acquiring, constructing, developing and operating a low-income housing project. The Project will consist of 80 rental units with community facilities located in Oakland Park, Florida, and operates under the name Oakland Preserve (the Project).

The Project consists of five residential buildings which are expected to qualify for and be allocated low-income housing tax credits pursuant to existing tax credit allocation laws, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. The buildings of the Project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the tax credits. In addition, Oakland Preserve, LLC has executed an Extended Use Agreement which requires the utilization of the Project for thirty-five years after the compliance period, even after disposition of the Project by the Company.

Effective July 19, 2016, the operating agreement was amended to permit the withdrawal of the existing investor member and to admit the new investor member.

Coinciding with the change in members, the Company also changed the allocations of profits and losses and tax credits to reflect the investment contributions of the new members as follows:

Authorized member	0.0033%
Administrative member	0.0067%
Investor member	<u>99.9900%</u>
	<u><u>100.0000%</u></u>

The authorized member is PHG- Oakland, LLC. The administrative member is OP Better Communities Development, LLC. The investor member is Wells Fargo Affordable Housing Community Development Corporation and the special member is to be a designated affiliate of the investor member.

Note 2 - Significant accounting policies

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting method

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Oakland Preserve, LLC

Notes to Financial Statements December 31, 2017 and 2016

Accounts receivable

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America (GAAP) require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Investment in real estate

Investment in rental property is carried on the cost basis. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives (40 years for buildings, 15 years for land improvements, and 7 years for furniture and equipment) using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs will be charged to expense as incurred.

Investment in real estate is comprised of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land improvements	\$ 1,600,007	\$ -
Buildings and improvements	12,602,109	-
Furniture	1,012,404	-
Construction in process	<u>-</u>	<u>6,138,467</u>
Subtotal	15,214,520	6,138,467
Accumulated depreciation	<u>(235,979)</u>	<u>-</u>
Net	<u>\$ 14,978,541</u>	<u>\$ 6,138,467</u>

Ground lease

On July 19, 2016, the Company entered into a ground lease with Broward County Housing Authority. The ground lease requires a \$775,000 lump sum payment due at the time of the closing of the construction loan. The lease agreement requires an annual payment of \$1 during the lease term, which is from the period beginning on the commencement date and ending on December 31, 2081. During 2016, the Company prepaid \$775,065. During the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, lease expense of \$29,127 and \$-, was incurred. As of December 31, 2017 and 2016, \$747,573 and \$775,065, respectively, remains to be expensed on the ground lease.

Impairment of long-lived assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the year ended December 31, 2017 and for the period from July 19, 2016 (date of investor entry) through December 31, 2016.

Oakland Preserve, LLC

Notes to Financial Statements December 31, 2017 and 2016

Amortization

Tax credit monitoring fees are amortized over the 15 year compliance period using the straight line method. During the year ended December 31, 2017 and for the period from July 19, 2016 (date of investor entry) through December 31, 2016, amortization expense of \$9,478 and \$- were incurred. Estimated amortization expense for tax credit monitoring fees for each of the ensuing five years is expected to be \$22,748.

Rental income

Rental income is recognized as the rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are operating leases.

Advertising costs

The Company's policy is to expense advertising costs when incurred.

Interest cost

Interest incurred during the period of construction of the Project is capitalized as part of the cost of the construction in progress. During the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, \$31,251 and \$- of interest cost incurred was capitalized to rental property, respectively.

Income taxes

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as a limited liability corporation. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. The Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years before 2014. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. Income tax returns filed by the Company are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs are reported as a component of interest expense and are computed using an imputed interest rate on the related loan.

Reclassification

Reclassifications have been made to the prior year balances to conform to the current year presentation.

Oakland Preserve, LLC

Notes to Financial Statements December 31, 2017 and 2016

Note 3 - Restricted balances

Replacement reserve

The Company is required to establish and maintain a replacement reserve commencing at the earlier of 36 months after the closing date or the permanent loan closing. The Company is required to fund the replacement reserve in an annual amount of \$300 per unit. Deposits are to be increased 3 percent annually. As of December 31, 2017 and 2016, the replacement reserve account was not required to be funded.

Operating reserve

The Company is required to establish an operating reserve in the initial amount of \$350,000 with equity proceeds received from the final installment. Funds in the operating reserve may be used to pay operating expenses, debt service obligations, and other expenses of the Company approved by the members. Funds remaining in the operating reserve at the end of the compliance period shall be used for Company expenses, capital expenditures or distributed in accordance with the cash flow waterfall. As of December 31, 2017 and 2016, the operating reserve was not required to be funded.

Note 4 - Related party transactions

The operating agreement provides for various agreements between the managing members, special member and the investor member as follows:

Asset management fee

Commencing January 1, 2018, the investor member is to be paid a cumulative annual asset management fee equal to \$8,500 per annum from available cash flow or net proceeds, as defined. Unpaid fees accrue without interest. The fee increases annually by 3 percent, commencing January 1, 2018. During the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, no asset management fees were incurred.

Developer fee payable

The Company entered into a development fee agreement with Pinnacle Housing Group, LLC, an affiliate of the administrative member, and Building Better Communities, Inc., for a total fee equal to \$2,246,545 or such other amount as may be permitted by Florida Housing and Finance Corporation. The developer fee shall be paid 75 percent to Pinnacle Housing Group, LLC, and 25 percent to Building Better Communities, Inc. The development fee is payable out of available development proceeds. The remainder of the developer fee shall constitute a loan bearing interest at the long-term Applicable Federal Rate for the month in which the Project achieves Construction Completion, from the developer to the Company, payable from cash flow and/or net proceeds, as defined. At December 31, 2017, the interest rate was 2.58 percent. For the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, \$2,188,834 and \$719,635, respectively, has been earned and was capitalized into the cost of the rental property. As of December 31, 2017 and 2016, \$787,489 and \$43,223 remains payable, respectively. During the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, interest of \$8,526 and \$- was incurred and remains payable, respectively, as of December 31, 2017 and 2016.

Oakland Preserve, LLC

Notes to Financial Statements December 31, 2017 and 2016

Incentive management fee

The operating agreement provides for payment to the managing members an annual, non-cumulative incentive management fee. In no event, however, may the combined amount of the incentive management fee and management fees payable to the management agent exceed 12 percent of such year's effective gross income of the Company, as defined. During the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, no incentive management fees have been incurred.

Incentive leasing fee

From the closing date and for 30 months thereafter, the Company is to pay the managing members an incentive leasing fee of 100 percent of cash flow remaining after full payment of the developer fee. No such fee shall be payable following the permanent loan conversion. During the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, no incentive leasing fees have been incurred.

Note 5 - Mortgage notes payable

Construction mortgage

The Company entered into construction loan agreement on July 19, 2016, with Wells Fargo Bank, N.A. for an amount not to exceed \$5,000,000. The loan bears interest at a variable rate equal to 30-day LIBOR plus 250bps. Monthly payments of interest only are due through conversion to the permanent phase, which is expected to be on July 19, 2018, unless the Company exercises the two extension options through January 19, 2019. Upon conversion, the maximum loan balance will be \$1,850,000 and will bear interest at 5.22 percent per annum and monthly installments of principal and interest shall be due based on a 30-year amortization table. The permanent loan will mature 18 years after conversion. As of December 31, 2017 and 2016, the loan balance is \$1,404,843 and \$1,179,658, respectively, and during the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, capitalized interest was \$31,251 and \$-, respectively. During the year ended December 31, 2017 and for the period from July 19, 2016 (date of investor entry) through December 31, 2016, interest expense was \$25,586 and \$-, which includes \$15,569 and \$- of amortization of debt issuance costs, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$118,485 and \$- as of December 31, 2017 and 2016, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized use an imputed rate of 14.64 percent.

Subordinate loan

The Company entered into a HOME loan agreement on July 19, 2016, with Broward County for an amount not to exceed \$100,000. The loan bears no interest and requires no payments prior to maturity. The loan matures on July 19, 2046. As of December 31, 2017 and 2016, the outstanding balance of the loan was \$100,000 and \$100,000. For the years ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, interest expense was \$1,831 and \$-, which includes \$1,831 and \$- of amortization of debt issuance costs, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$124,867 and \$- as of December 31, 2017 and 2016, respectively, and are related to the HOME loan.

Oakland Preserve, LLC

Notes to Financial Statements December 31, 2017 and 2016

The future principal payments on the loans payable are as follows:

	<u>Wells Fargo</u>	<u>HOME Loan</u>	<u>Total</u>
2018	\$ 1,404,843	\$ -	\$ 1,404,843
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
Thereafter	-	100,000	100,000
Total	<u>\$ 1,404,843</u>	<u>\$ 100,000</u>	1,504,843
Less current maturities			<u>(1,404,843)</u>
Net long-term portion			<u>\$ 100,000</u>

Note 6 - Members' capital contributions

The operating agreement requires the investor member to make four capital contribution installments totaling \$14,994,250, subject to any low-income housing tax credit adjustments. The administrative member is required to make capital contributions of \$3.33 and the managing member is required to make capital contributions of \$6.67.

The first installment totaling \$5,247,988 was paid at closing. The second installment, in the amount of \$5,247,988 was paid upon 50 percent completion, as defined. The third installment in the amount of \$3,771,341 was paid upon 95 percent completion, as defined. The fourth installment in the amount of \$726,933 is to be paid upon rental achievement, as defined.

Note 7 - Company profits and losses and distributions

From the closing date and for 30 months thereafter, 100 percent of cash flow shall be applied first to payment of the Developer Loan and, after payment in full of the Developer Loan, shall be payable to the Co-Management members as an Incentive Leasing Fee to be divided equally.

In accordance with the operating agreement, the Company shall make cash distributions to the Members in the following order of priority:

- a) To the investor member for Adjuster Distributions, as defined;
- b) Then, to the Investor Member to satisfy any amounts due related to Credit Adjuster Distributions, Current Adjuster Distributions, Additional Adjuster Distributions, and Timing Adjuster Distributions;
- c) To pay in full any unpaid Asset Management Fees;
- d) Then, to the payment of any amounts then owed on the Developer Loan;
- e) Then, to the payment of any Operating Deficit Loans, with any such payments to be applied first to accrued but unpaid interest and then to principal;

Oakland Preserve, LLC

Notes to Financial Statements December 31, 2017 and 2016

- f) Then, 10 percent of the remaining balance, if any, to the Investor Member;
- g) Then, to the payment of the Incentive Management Fee;
- h) Then, the balance shall be distributed 50% to the Administrative Member and 50% to the Authorized Member.

Note 8 - Construction contract

The Company entered into a construction contract on March 2, 2016 with PHG Builders, LLC, a related party, in the amount of \$10,708,993, including approved change orders, for the construction of the Project. During the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, \$10,708,993 and \$3,322,158, respectively, has been incurred and as of December 31, 2017 and 2016, retainage of \$- and \$332,216 is payable, respectively.

Note 9 - Property management fee

The Company entered into a property management agreement with Professional Management, Inc., an unrelated party, to provide management, operational, supervisory, maintenance, consulting, bookkeeping, financial and reporting services to the Company. Under the agreement, the Company is required to pay Professional Management, Inc. monthly management fees in the amount of 5 percent of effective gross income. During the year ended December 31, 2017 and the period from July 19, 2016 (date of investor entry) through December 31, 2016, \$23,995 and \$- of property management fees were incurred and \$455 and \$- remains payable as of December 31, 2017 and 2016, respectively.

Note 10 - Concentration of credit risk

The Company maintains its cash balances in several accounts with various banks. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2017.

Note 11 - Commitments and contingency

Tax credits

The Project's Low-Income Housing Tax Credits will be contingent on its ability to maintain compliance with application sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor member.

Oakland Preserve, LLC

Notes to Financial Statements
December 31, 2017 and 2016

Operating deficit guaranty

Pursuant to the operating agreement, the administrative member is required to loan the Company amounts to cover operating deficits of the project prior to the satisfaction of all conditions precedent to the making of the final installment (Period 1). Any required funding prior to the final installment is without limitation. At any time after Period 1 until 36 months after Period 1, the administrative and managing members shall fund operating deficits by making operating deficit loans up to an additional amount not to exceed \$350,000 in the aggregate. However, if the permanent loan closing has occurred, the Company received forms 8609, any adjuster distributions owed to Investor Member have been made, and the current amount in the Operating Reserve is not less than \$350,000, then the Member's obligation to fund operating deficits through operating deficit loans shall be terminated. As of December 31, 2017 and 2016, no operating deficit advances have been made.

Note 12 - Low-income housing tax credits (unaudited)

The Company received an allocation from Florida Housing Finance Corporation (FHFC) that the Project qualified for \$1,426,456 of low-income housing tax credits annually. As of December 31, 2017, tax credits of \$667,454 have been allocated to the Company.

As of December 31, 2017, the expected availability of the remaining tax credits is as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 1,426,456
2019	1,426,456
2020	1,426,456
2021	1,426,456
2022	1,426,456
2023	1,426,456
2024	1,426,456
2025	1,426,456
2026	1,426,456
2027	759,002
	<u>\$ 13,597,106</u>
Total credits	\$ 14,264,560
Less claimed	<u>(667,454)</u>
Remaining	<u>\$ 13,597,106</u>

Oakland Preserve, LLC

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 13 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Company through June 6, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the Notes to the Financial Statements.

Supplementary Information

Oakland Preserve, LLC

Schedules of Certain Revenues and Expenses
Year Ended December 31, 2017 and Period from July 19, 2016
(date of investor entry) through December 31, 2016

	<u>2017</u>	<u>2016</u>
Rental income		
Rent revenue - gross potential	\$ 362,411	\$ -
Total rental income	<u>\$ 362,411</u>	<u>\$ -</u>
Vacancies and concessions		
Apartments vacancies	\$ 54,562	\$ -
Rental concessions	3,461	-
Total vacancies and concessions	<u>\$ 58,023</u>	<u>\$ -</u>
Other operating income		
Laundry and vending	\$ 12,989	\$ -
Tenant charges	1,500	-
Pet deposits	360	-
Security deposit forfeitures	200	-
Late fees	6,975	-
Application fees	13,770	-
Total other operating income	<u>\$ 35,794</u>	<u>\$ -</u>
Salaries and employee benefits		
Salaries - administrative	\$ 11,880	\$ -
Salaries - leasing	56,930	-
Salaries - maintenance	4,347	-
Health insurance and other benefits	869	-
Workmen's compensation insurance	1,397	-
Total salaries and employee benefits	<u>\$ 75,423</u>	<u>\$ -</u>
Repairs and maintenance		
Exterminating	\$ 763	\$ -
Grounds	10,530	-
Fire protection	1,908	-
Security services/contract	25,901	-
Supplies	1,807	-
HVAC expense	737	-
Painting, decorating and cleaning	3,344	-
Repairs and maintenance - other than contracts	3,705	-
Carpeting	50	-
Miscellaneous maintenance expenses	690	-
Total repairs and maintenance	<u>\$ 49,435</u>	<u>\$ -</u>

Oakland Preserve, LLC

**Schedules of Certain Revenues and Expenses
Year Ended December 31, 2017 and Period from July 19, 2016
(date of investor entry) through December 31, 2016**

	2017	2016
Utilities		
Electricity	\$ 5,559	\$ -
Water	4,422	-
Sewer	1,057	-
Trash removal	3,319	-
Total utilities	\$ 14,357	\$ -
Miscellaneous operating expenses		
Office supplies and expense	\$ 796	\$ -
Training and travel	9,626	-
Telephone and answering service	2,551	-
Credit collection and eviction	593	-
Computer supplies and expense	8,683	-
Bad debt expense (recovery)	(131)	-
Other rent expense	1,155	-
Lease expense	29,127	-
Miscellaneous administrative	8,429	-
Rent free unit	1,311	-
Advertising and newspaper	29,167	-
Legal	87,895	-
Accounting	4,667	-
Total miscellaneous operating expenses	\$ 183,869	\$ -
Interest expense - other loans		
Interest expense - construction loan	\$ 25,586	\$ -
Interest expense - HOME loan	1,831	-
Total interest expense - other loans	\$ 27,417	\$ -
Miscellaneous other income (expense)		
Miscellaneous other expense	\$ (39,381)	\$ -
Total miscellaneous other income (expense)	\$ (39,381)	\$ -
Other related party fees and expenses		
Interest expense - deferred development fee	\$ 8,526	\$ -
Total other related party fees and expenses	\$ 8,526	\$ -

See Independent Auditor's Report.

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Reliance-Progresso Associates, Ltd.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2017 and 2016

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Reliance-Progresso Associates, Ltd.

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Independent Auditor's Report

To the Partners of
Reliance-Progresso Associates, Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Reliance-Progresso Associates, Ltd., which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reliance-Progresso Associates, Ltd. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2017 and 2016 supplementary information on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Atlanta, Georgia
February 26, 2018

Reliance-Progresso Associates, Ltd.

**Balance Sheets
December 31, 2017 and 2016**

Assets

	2017	2016
	<hr/>	<hr/>
Investment in rental property, net	\$ 15,922,742	\$ 16,449,543
Cash	135,403	36,454
Restricted cash		
Escrows	66,184	183,654
Tenants' security deposits	57,710	54,222
Replacement reserve	217,983	147,670
Other reserves	294,521	293,933
	<hr/>	<hr/>
Total restricted cash	636,398	679,479
	<hr/>	<hr/>
Tenants' accounts receivable	432	2
Prepaid expenses	10,537	10,978
Tax credit monitoring fees, net	120,122	133,466
Other assets	36,370	36,370
	<hr/>	<hr/>
Total assets	<u>\$ 16,862,004</u>	<u>\$ 17,346,292</u>

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 10,029	\$ 11,704
Accrued property management fees	219	-
Other accrued liabilities	25,652	26,237
Accrued real estate taxes	-	86,558
Accrued interest - first mortgage	8,917	9,036
Tenants' security deposits liability	57,710	54,222
Annual fee payable to affiliate of limited partner	4,495	10,455
Mortgages and notes payable	4,270,845	4,585,212
Deferred revenue - loan forgiveness	1,160,446	973,779
	<hr/>	<hr/>
Total liabilities	5,538,313	5,757,203
	<hr/>	<hr/>
Contingencies	-	-
Partners' equity (deficit)	11,323,691	11,589,089
	<hr/>	<hr/>
Total liabilities and partners' equity (deficit)	<u>\$ 16,862,004</u>	<u>\$ 17,346,292</u>

See Notes to Financial Statements.

Reliance-Progresso Associates, Ltd.

Statements of Operations
Years Ended December 31, 2017 and 2016

	2017	2016
Revenue		
Rental income	\$ 704,712	\$ 703,257
Vacancies and concessions	(16,289)	(13,187)
Other operating income	14,540	12,860
	702,963	702,930
Total revenue		
Operating expenses		
Salaries and employee benefits	85,206	81,631
Repairs and maintenance	90,285	89,278
Utilities	76,532	76,867
Property management fee	34,226	34,302
Real estate taxes	71,940	111,760
Property insurance	42,641	54,446
Miscellaneous operating expenses	63,031	49,286
	463,861	497,570
Total operating expenses		
Net operating income (loss)	239,102	205,360
Other income (expense)		
Interest income	689	678
Interest expense - first mortgage	(111,219)	(121,661)
Other financial income (expense)	(11,910)	(11,910)
Miscellaneous other income (expense)	160,154	182,175
Annual fee to affiliate of limited partner	(5,464)	(5,305)
Other related party fees	(31,693)	-
Depreciation	(479,388)	(484,128)
Amortization	(13,344)	(13,344)
	(492,175)	(453,495)
Total other income (expense)		
Net loss	\$ (253,073)	\$ (248,135)

See Notes to Financial Statements.

Reliance-Progresso Associates, Ltd.

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2017 and 2016**

	<u>General partner</u>	<u>Limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2016	\$ (224,767)	\$ 12,061,991	\$ 11,837,224
Net loss	<u>(25)</u>	<u>(248,110)</u>	<u>(248,135)</u>
Balance, December 31, 2016	(224,792)	11,813,881	11,589,089
Net loss	(26)	(253,047)	(253,073)
Distributions	<u>(3,522)</u>	<u>(8,803)</u>	<u>(12,325)</u>
Balance, December 31, 2017	<u>\$ (228,340)</u>	<u>\$ 11,552,031</u>	<u>\$ 11,323,691</u>
Partners' percentage of partnership losses	<u>0.01%</u>	<u>99.99%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Reliance-Progresso Associates, Ltd.

**Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	2017	2016
Cash flows from operating activities		
Net loss	\$ (253,073)	\$ (248,135)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	479,388	484,128
Amortization	13,344	13,344
Amortization of debt issuance costs	3,552	3,459
Tax credit exchange income	(112,000)	(112,000)
Changes in:		
Tenants' accounts receivable	(430)	1,230
Prepaid expenses	441	2,803
Other assets	-	19,235
Accounts payable - operations	(1,675)	(3,332)
Accrued property management fees	219	(110)
Other accrued liabilities	(585)	(6,360)
Accrued real estate taxes	(86,558)	(4,991)
Accrued interest - first mortgage	(119)	9,036
Annual fee payable to affiliate of limited partner	(5,960)	5,305
	<u>36,544</u>	<u>163,612</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Expenditures on rental property	47,413	-
Change in reserve for replacements	(70,313)	(50,593)
Change in other reserves	(588)	(589)
Change in escrows	117,470	(83,261)
	<u>93,982</u>	<u>(134,443)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
Principal payments on mortgage note payable	(19,252)	(17,872)
Distributions to partners	(12,325)	-
	<u>(31,577)</u>	<u>(17,872)</u>
Net cash used in financing activities		
Net increase in cash	98,949	11,297
Cash, beginning	<u>36,454</u>	<u>25,157</u>
Cash, end	<u>\$ 135,403</u>	<u>\$ 36,454</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 107,786</u>	<u>\$ 109,166</u>
Supplemental schedule of non-cash investing and financing activities		
TCEP loan payable	\$ (298,667)	\$ (298,667)
Deferred revenue - loan forgiveness	<u>298,667</u>	<u>298,667</u>
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

Reliance-Progresso Associates, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Note 1 - Organization and nature of operations

Reliance-Progresso Associates, Ltd. (the "Partnership"), a Florida limited partnership, was formed on December 17, 2010 to construct, develop and operate a 76-unit apartment project, known as Progresso Point Apartments (the "Project") in Fort Lauderdale, Florida. The Project is rented to low-income tenants and is operated in a manner necessary to qualify for tax credit exchange program funds as provided or in Section 1602 of the American Recovery and Reinvestment Act of 2009 ("ARRA").

The original general partners were Reliance-Progresso, LLC (the "Original Managing General Partner") and Broward Workforce Communities, Inc. (the "General Partner"). Effective July 17, 2013, the rights, title, and interest of the Original Managing General Partner were assumed by the General Partner. The limited partner is NEF Assignment Corporation (the "Limited Partner"). The Partnership will operate until December 31, 2075, or until its earlier dissolution or termination.

Profits, losses, and tax credits are allocated in accordance with the Limited Partnership Agreement dated December 17, 2010 (the "partnership agreement"). Profits and losses from operations and low-income housing tax credits in any one year are allocated 0.01% to the General Partner and 99.99% to the Limited Partner.

Pursuant to the partnership agreement, the Limited Partner is required to provide capital contributions of \$14,604,939 subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Project in addition to other potential occurrences as more fully explained in the partnership agreement. As of December 31, 2017 and 2016, no capital contributions remained outstanding.

Note 2 - Significant accounting policies

Accounting method

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Tenant accounts receivable and bad debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would be obtained under the allowance method.

Rental property

Building and improvements, land improvements, and furniture and fixtures are recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Land improvements	15 years
Furniture and fixtures	7 years

Reliance-Progresso Associates, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2017 and 2016.

Amortization

Tax credit monitoring fees paid to housing agencies in advance are amortized over the 15-year compliance period under the straight-line method. Organization costs are expensed when incurred. Amortization expense for the years ended December 31, 2017 and 2016 was \$13,344 and \$13,344, respectively. Accumulated amortization as of December 31, 2017 and 2016 was \$80,068 and \$66,724, respectively. Estimated amortization expense for the five ensuing years is \$13,344.

Rental revenue

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are considered to be operating leases.

Advertising

The Partnership's policy is to expense advertising costs when incurred.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Income taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reliance-Progresso Associates, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Tax credit exchange funds

Tax credit exchange funds are accounted for as a governmental grant related to assets. Upon receipt, exchange funds are recorded as deferred liabilities and recognized as income over the life of the related assets.

Forgiveness of tax credit exchange loan

The Partnership recognizes forgiveness of tax credit exchange loans based on the specific terms of forgiveness set forth in the loan documents. The terms of the Partnership's tax credit exchange loan provide for the forgiveness based on terms that are contingent and not recognized until such contingencies are resolved. All amounts of the loan for which forgiveness is recognized are considered tax credit exchange funds and accounted for as government grant related to assets.

Reclassification

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

Note 3 - Investment in rental property, net

Rental property, net is comprised of the following at December 31, 2017 and 2016, respectively:

	2017	2016
Land	\$ 2,280,000	\$ 2,280,000
Land improvements	658,890	706,303
Buildings and improvements	15,050,881	15,050,881
Furniture and fixtures	744,702	744,702
	<hr/>	<hr/>
Subtotal	18,734,473	18,781,886
Accumulated depreciation	(2,811,731)	(2,332,343)
	<hr/>	<hr/>
Net	<u>\$ 15,922,742</u>	<u>\$ 16,449,543</u>

Note 4 - Escrow deposits and restricted balances

Tax and insurance escrow

In accordance with a loan agreement, the Partnership makes monthly deposits to the tax and insurance escrow. As of December 31, 2017 and 2016, the tax and insurance escrow balance was \$40,892 and \$158,362, respectively.

As of December 31, 2017 and 2016, management has a self-reserve to use for tax and insurance in the amount of \$25,292 and \$25,292, respectively.

Tenant security deposits

Tenant security deposits are placed into an account and are generally held until termination of the lease, at which time some or all deposits may be returned to the lessee. As of December 31, 2017 and 2016, the tenant security deposit account balance was \$57,710 and \$54,222, respectively.

Operating reserve

Pursuant to the partnership agreement, the Partnership established an operating reserve in the amount of \$291,034 to fund operating deficits. The Partnership must have approval from the loan

Reliance-Progresso Associates, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

servicer before funds from the operating reserve are released. As of December 31, 2017 and 2016, the operating reserve balance was \$294,521 and \$293,933, respectively.

Replacement reserve

Pursuant to the partnership agreement, the Partnership makes annual deposits of \$250 per unit (to be increased annually by 3%) into a replacement reserve account for capital expenditures of the Project. As of December 31, 2017 and 2016, the replacement reserve balance was \$98,474 and \$75,574, respectively.

As of December 31, 2017 and 2016, management has a self-reserve to use for capital expenditures in the amount of \$119,509 and \$72,096, respectively.

Note 5 - Related party transactions

Property management fees

On February 1, 2014, the Project entered into a property management agreement with Professional Management, Inc. The property management agreement provides for a fee equal to 5% of gross rents collected from the project. For the years ended December 31, 2017 and 2016, total property management fees of \$34,226 and \$34,302, respectively, were incurred, and \$219 and \$- remains payable, respectively.

Asset management fees

Pursuant to the partnership agreement, the Limited Partner is entitled to an annual fee of \$5,000, increased annually by 3%, for the review of the operations of the Partnership. For the years ended December 31, 2017 and 2016, asset management fees of \$5,464 and \$5,305, respectively, were incurred and \$4,495 and \$10,455, remains payable.

FHFC asset management fees

Florida Housing, in its capacity as asset manager, is to be paid an annual cumulative fee equal to \$3,000 per year, commencing on the closing date. The asset management fee is paid to Florida Housing or the appointed loan servicer for reviewing informational reports, financial statements, and other financial, program, and compliance reports as required by the tax credit exchange program loan. The fee is payable to the extent of available cash flow and unpaid fees accrue without interest. During the years ended December 31, 2017 and 2016, asset management fees of \$3,000 and \$3,000, respectively, were incurred and \$3,000 and \$3,000 remain payable as of December 31, 2017 and 2016, respectively, and is included in other accrued liabilities on the accompanying balance sheets.

Development fee payable

Building Better Communities, Inc., a related party of the General Partner, and Reliance Housing Foundation, Inc., a related party of the Original Managing General Partner, earned a fee of \$2,476,051 for development services rendered in connection with the Project. The developer fee has been paid in full.

Operating deficit guaranty

Pursuant to the partnership agreement, the General Partner is responsible for providing operating deficit loans up to \$436,551 to the Partnership, beginning on the date of stabilization, as defined by the partnership agreement. As of December 31, 2017 and 2016, no operating deficit loans were outstanding.

Reliance-Progresso Associates, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Partnership disposition reserve

In accordance with the partnership agreement regarding costs, the Partnership established a reserve in the amount of \$32,000 in order to pay the Partnership Disposition Fee in the event of the dissolution of the Partnership. The reserve is held by an affiliate and reflected as another asset on the accompanying balance sheets. As of December 31, 2017 and 2016, the partnership disposition reserve balance was \$32,000 and \$32,000, respectively.

Incentive partnership management fee

The Partnership Agreement provides for payment to the general partner an annual, non-cumulative incentive management fee equal to 90 percent of available cash flow in the priority set forth in Note 8. In no event, however, may the combined amount of incentive management fee and the fees payable to the management fee exceed 12 percent of such year's effective gross income of the Partnership, as defined. During the years ended December 31, 2017 and 2016, incentive partnership management fee incurred and paid was \$31,693 and \$-, respectively.

Note 6 - Mortgages notes payable

Mortgage note payable

The Partnership had a construction mortgage in the amount of \$7,520,000. The construction mortgage was to mature on December 17, 2012. Prior to maturity, the construction loan was amended, restated, and converted in the amount of \$1,520,000 and is now payable in monthly installments of principal and interest in the amount of \$10,586. The mortgage will mature in October 2030 and is secured by the Partnership's real property. The mortgage bears interest at 7.46% per annum. As of December 31, 2017 and 2016, the outstanding principal balance was \$1,434,304 and \$1,453,556, respectively. For the years ended December 31, 2017 and 2016, \$111,219 and \$121,661 of interest was incurred, which includes \$3,552 and \$3,459 of amortization of debt issuance costs, respectively. As of December 31, 2017 and 2016, accrued interest totaled \$8,917 and \$9,036, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$51,680 and \$55,232 as of December 31, 2017 and 2016, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 8.08%.

HOME loan

During December 2010, the Partnership obtained a loan in the original amount of \$250,000 from Broward County Housing Finance and Community Development Divisions (the HOME Loan). The loan bears no interest and is collateralized by the Project. Annual principal payments are made only from available cash flow, as defined in the partnership agreement. No payments are due until December 2040, at which time the total amount outstanding will be due. As of December 31, 2017 and 2016, \$250,000 and \$250,000 was outstanding.

Reliance-Progresso Associates, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

Future principal payments on the mortgages and note payables are as follows:

	<u>Pacific Life</u>	<u>Exchange</u>	<u>HOME</u>	<u>Total</u>
2018	\$ 20,738	\$ -	\$ -	\$ 20,738
2019	22,339	-	-	22,339
2020	24,064	-	-	24,064
2021	25,922	-	-	25,922
2022	27,923	-	-	27,923
Thereafter	<u>1,313,318</u>	<u>2,638,221</u>	<u>250,000</u>	<u>4,201,539</u>
Total	<u>\$ 1,434,304</u>	<u>\$ 2,638,221</u>	<u>\$ 250,000</u>	4,322,525
Less current maturities				<u>(20,738)</u>
Net long-term portion				<u>\$ 4,301,787</u>

Note 7 - Exchange program loan

On December 17, 2010, the Partnership entered into a Subaward Agreement under Section 1602 of ARRA (the "Subaward Agreement") with Florida Housing Finance Corporation ("FHFC"). Under the Subaward Agreement the Partnership was awarded tax credit exchange program funds (the "Exchange Program Funds") for an amount up to \$4,480,000. As of December 31, 2017 and 2016, the Exchange Program Funds of \$4,480,000 were drawn and outstanding. The Partnership received the Exchange Program Funds in the form of an interest free forgivable loan (the "Exchange Program Loan"). The full amount of the Exchange Program Loan is deemed forgiven at the end of the first 15-year compliance period if no recapture event has occurred, as more fully defined in the Subaward Agreement. Pursuant to the Subaward Agreement, if a recapture event arises due to non-compliance, the recapture amount will be equal to the full amount of the Exchange Program Loan less 6.67% for each year of the first 15-year compliance period in which a recapture event has not occurred. The Exchange Program Loan is secured by a recapture mortgage, between the Partnership and FHFC, which is collateralized by the Project. A prorated amount of the loan is amortized on a straight-line basis over the first 15-year compliance period. Each year income is recognized on a straight-line basis over the 40 year life of the asset and the remaining income is deferred. For the years ended December 31, 2017 and 2016, the income recognized on the Exchange Program Loan was \$112,000 and \$112,000, respectively. As of December 31, 2017 and 2016, the Exchange Program Loan balance net of recognized and deferred income was \$2,638,221 and \$2,936,888, respectively. As of December 31, 2017 and 2016, the deferred income on the Exchange Program Loan was \$1,160,446 and \$973,779, respectively.

Note 8 - Distributions

All profits, loss and tax credits, except those gains and losses from certain capital transactions and special allocations as defined in Sections 11.03, 11.06, and 11.10 of the partnership agreement, shall be allocated among the partners in accordance with their percentage interest as set forth in Section 5.01 of the partnership agreement. All net cash flow available for distribution shall be paid as follows:

1. The payment of any outstanding credit adjuster in accordance with Section 5.01(e) of the partnership agreement;
2. Repayment of any operating deficit loans;

Reliance-Progresso Associates, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

3. For each full fiscal year after the year in which breakeven operations first occurs, payment of an amount equal to \$4,000 per year (increasing each year by a factor equal to the change in the CPI, but not more than 3 percent) to the investor limited partner and payment of any unpaid portions of the priority distributions from prior years;
4. Payment to the developer of any accrued and unpaid development fee as set forth in Section 8.10 of the partnership agreement;
5. Payment of any installments of the partnership administration fee as set forth in Section 8.11 of the partnership agreement; and
6. The balance shall then be allocated and distributed 99.99 percent to the investor limited partner, and 0.01 percent to the general partner.

As of December 31, 2017, and 2016, distributions of \$12,325 and \$- were made to the partners, respectively.

Note 9 - Low-income housing tax credits (unaudited)

The Partnership received a tax credit in the amount of \$19,450,850 to be allocated over a ten-year period. As of December 31, 2017, tax credits totaling \$11,553,222 have been claimed. As of December 31, 2017, the expected availability of the remaining tax credits is as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 1,945,085
2019	1,945,085
2020	1,945,085
2021	1,945,085
2022	<u>117,288</u>
	<u>\$ 7,897,628</u>
Total credits	\$ 19,450,850
Less claimed	<u>(11,553,222)</u>
Remaining	<u>\$ 7,897,628</u>

Note 10 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of Reliance-Progresso Associates, Ltd. through February 26, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that requires recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

Supplementary Information

Reliance-Progresso Associates, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

	2017	2016
Rental income		
Rent revenue - gross potential	\$ 683,179	\$ 680,671
Miscellaneous rent revenue	21,533	22,586
Total rental income	\$ 704,712	\$ 703,257
Vacancies and concessions		
Apartments vacancies	\$ 4,884	\$ 3,329
Rental concessions	11,405	9,858
Total vacancies and concessions	\$ 16,289	\$ 13,187
Other operating income		
Tenant charges	\$ 2,536	\$ 841
Pet deposits	310	450
Security deposit forfeitures	(146)	347
Damages income	700	1,117
Late fees	5,350	8,575
Application fees	1,700	1,530
Miscellaneous other income	4,090	-
Total other operating income	\$ 14,540	\$ 12,860
Salaries and employee benefits		
Salaries - administrative	\$ 37,835	\$ 37,982
Salaries - maintenance	33,338	31,777
Health insurance and other benefits	4,369	3,089
Workmen's compensation insurance	9,664	8,783
Total salaries and employee benefits	\$ 85,206	\$ 81,631
Repairs and maintenance		
Exterminating	\$ 4,888	\$ 4,536
Grounds	6,910	10,223
Fire protection	7,297	7,991
Security services/contract	676	2,752
Supplies	7,892	5,117
HVAC expense	5,374	4,889
Painting - exterior	360	480
Painting, decorating and cleaning	6,520	11,913
Pool	3,088	3,000
Repairs and maintenance - other than contracts	35,378	21,663
Elevator	11,902	14,659
Miscellaneous maintenance expenses	-	2,055
Total repairs and maintenance	\$ 90,285	\$ 89,278

Reliance-Progresso Associates, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

	2017	2016
Utilities		
Electricity	\$ 40,181	\$ 42,972
Water	13,771	13,185
Sewer	12,045	10,876
Trash removal	10,468	9,834
Cable	67	-
	<u>\$ 76,532</u>	<u>\$ 76,867</u>
Miscellaneous operating expenses		
Office supplies and expense	\$ 2,646	\$ 2,966
Training and travel	3,269	2,484
Telephone and answering service	8,668	8,170
Bad debt (recovery) expense	(147)	-
Lease expense	2,255	1,429
Miscellaneous administrative	4,317	12,255
Advertising and newspaper	3,186	3,580
Special promotions	1,804	2,181
Legal	1,118	687
Audit	11,950	9,850
Other professional fees	23,025	3,954
Other taxes, licenses and insurance	940	1,730
	<u>\$ 63,031</u>	<u>\$ 49,286</u>
Other financial income (expense)		
Miscellaneous financial expenses	\$ (11,910)	\$ (11,910)
	<u>\$ (11,910)</u>	<u>\$ (11,910)</u>
Miscellaneous other income (expense)		
Government grant revenue	\$ 112,000	\$ 112,000
Miscellaneous other income	52,263	72,095
Miscellaneous other expense	(4,109)	(1,920)
	<u>\$ 160,154</u>	<u>\$ 182,175</u>
Other related party fees		
Incentive management fee - GP	\$ 31,693	\$ -
	<u>\$ 31,693</u>	<u>\$ -</u>

See Independent Auditor's Report.

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Tallman Pines II Associates, Ltd

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2017 and 2016

Tallman Pines Associates II, Ltd.

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Independent Auditor's Report

To the Partners of
Tallman Pines II Associates, Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Tallman Pines II Associates, Ltd, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tallman Pines II Associates, Ltd as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2017 and 2016 supplementary information on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Atlanta, Georgia
February 23, 2018

Tallman Pines Associates II, Ltd.

**Balance Sheets
December 31, 2017 and 2016**

Assets

	2017	2016
Investment in rental property, net	\$ 3,486,994	\$ 3,617,555
Cash	77,434	153,691
Restricted cash		
Escrows	12,049	8,893
Tenants' security deposits	27,603	25,141
Replacement reserve	95,376	85,423
Other reserves	71,635	71,614
	206,663	191,071
Total restricted cash		
Tenants' accounts receivable	622	314
Prepaid expenses	6,432	3,920
Tax credit monitoring fees, net	19,808	23,251
Other assets	-	25
	-	25
Total assets	\$ 3,797,953	\$ 3,989,827

Liabilities and Partners' Equity (Deficit)

Liabilities		
Accounts payable - operations	\$ 556	\$ 1,704
Other accrued liabilities	14,341	12,412
Accrued interest - other loans	28,619	28,619
Tenants' security deposits liability	26,605	25,141
Due to affiliates	2,230	2,229
Mortgages and notes payable	3,612,322	3,610,923
	3,684,673	3,681,028
Total liabilities		
Commitments and contingencies	-	-
Partners' equity (deficit)	113,280	308,799
	113,280	308,799
Total liabilities and partners' equity (deficit)	\$ 3,797,953	\$ 3,989,827

See Notes to Financial Statements.

Tallman Pines Associates II, Ltd.

**Statements of Operations
Years Ended December 31, 2017 and 2016**

	2017	2016
Revenue		
Rental income	\$ 289,332	\$ 288,408
Vacancies and concessions	(882)	(2,032)
Other operating income	20,834	6,005
Total revenue	309,284	292,381
Operating expenses		
Salaries and employee benefits	26,194	25,712
Repairs and maintenance	40,637	25,365
Utilities	26,310	26,906
Property management fee	14,877	13,968
Property insurance	15,598	11,005
Miscellaneous operating expenses	43,998	50,195
Total operating expenses	167,614	153,151
Net operating income (loss)	141,670	139,230
Other income (expense)		
Interest income	43	42
Interest expense - first mortgage	(30,256)	(30,256)
Miscellaneous other income (expense)	(943)	(269)
Other related party fees and expenses	(157,497)	(69,999)
Depreciation	(130,561)	(130,561)
Amortization	(3,443)	(3,443)
Total other income (expense)	(322,657)	(234,486)
Net loss	\$ (180,987)	\$ (95,256)

See Notes to Financial Statements.

Tallman Pines Associates II, Ltd.

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2017 and 2016**

	<u>General partner</u>	<u>Investment limited partner</u>	<u>Special limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2016	\$ (38,867)	\$ 442,923	\$ -	\$ 404,056
Net loss	(10)	(95,246)	-	(95,256)
Distributions	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Balance, December 31, 2016	(38,878)	347,677	-	308,799
Net loss	(18)	(180,969)	-	(180,987)
Distributions	<u>(2)</u>	<u>(14,530)</u>	<u>-</u>	<u>(14,532)</u>
Balance, December 31, 2017	<u>\$ (38,898)</u>	<u>\$ 152,178</u>	<u>\$ -</u>	<u>\$ 113,280</u>
Partners' percentage of partnership losses	<u>0.01%</u>	<u>99.99%</u>	<u>0.00%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Tallman Pines Associates II, Ltd.

**Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	2017	2016
Cash flows from operating activities		
Net loss	\$ (180,987)	\$ (95,256)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation	130,561	130,561
Amortization	3,443	3,443
Amortization of debt issuance costs	1,399	1,399
Changes in:		
Tenants' accounts receivable	(308)	254
Prepaid expenses	(2,512)	487
Other assets	25	14,100
Accounts payable - operations	(1,148)	1,072
Other accrued liabilities	1,929	(189)
Tenants' security deposits liability, net	(998)	-
Payable to general partner and affiliates	1	2,229
Net cash (used in) provided by operating activities	(48,595)	58,100
Cash flows from investing activities		
Change in reserve for replacements	(9,953)	(9,065)
Change in other reserves	(21)	(22)
Change in escrows	(3,156)	2,751
Net cash used in investing activities	(13,130)	(6,336)
Cash flows from financing activities		
Distributions to partners	(14,532)	(1)
Net cash used in financing activities	(14,532)	(1)
Net (decrease) increase in cash	(76,257)	51,763
Cash, beginning	153,691	101,928
Cash, end	\$ 77,434	\$ 153,691
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 28,857	\$ 28,857

See Notes to Financial Statements.

Tallman Pines Associates II, Ltd.

**Notes to the Financial Statements
December 31, 2017 and 2016**

Note 1 - Organization and nature of operations

Tallman Pines II Associates, Ltd (the "Partnership") was recognized by the State of Florida as a limited partnership as of December 20, 2005. The Partnership's purpose is to invest in real estate and the construction, operation, and sale and/or leasing of the Partnership property. The Partnership property consists of a 24-unit apartment complex known as Tallman Pines II Apartments (the "Project") located in Deerfield Beach, Florida.

On September 27, 2007, the partnership agreement was amended to admit a new limited partner, and to permit the withdrawal of the existing limited partner.

The former general partner was TCG Tallman Pines II, LLC and the general partner is TP Homes and Communities. The special limited partner is The Richman Group Capital Corporation and the investment limited partner is U.S.A. Institutional Tax Credit Fund LVIII, LP.

Upon sale or refinancing, the partnership agreement requires special computations to determine profit allocation and cash distributions.

Each building of the Project has been allocated low-income housing tax credits pursuant to Internal Revenue Service Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the tax credits.

Note 2 - Significant accounting policies

Accounting method

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Tenant accounts receivable and bad debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Rental property

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Land improvements	15 years
Furniture, fixtures and equipment	7 years

Tallman Pines Associates II, Ltd.

**Notes to the Financial Statements
December 31, 2017 and 2016**

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2017 and 2016.

Amortization

Tax credit monitoring fees paid to housing agencies in advance are amortized over the 15-year compliance period under the straight-line method. Organization costs are expensed when incurred. Amortization expense for the years ended December 31, 2017 and 2016 was \$3,443 and \$3,443, respectively. Accumulated amortization as of December 31, 2017 and 2016 was \$31,842 and \$28,399, respectively. Estimated amortization expense for each of the five ensuing years is \$3,443.

Rental income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are considered operating leases.

Advertising costs

The Partnership's policy is to expense advertising costs when incurred.

Debt Issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Income taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tallman Pines Associates II, Ltd.

**Notes to the Financial Statements
December 31, 2017 and 2016**

Reclassifications

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

Note 3 - Investment in rental property

Rental property, net is comprised of the following at December 31, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Land improvements	\$ 332,836	\$ 332,836
Buildings and improvements	4,334,884	4,334,884
Furniture, fixtures and equipment	<u>270,861</u>	<u>270,861</u>
Subtotal	4,938,581	4,938,581
Accumulated depreciation	<u>(1,451,587)</u>	<u>(1,321,026)</u>
Net	<u><u>\$ 3,486,994</u></u>	<u><u>\$ 3,617,555</u></u>

Note 4 - Escrow deposits and restricted balances

Insurance escrow

The Partnership has funded an insurance escrow for use in paying insurance expenses annually. As of December 31, 2017 and 2016, the balance in the insurance escrow account was \$12,049 and \$8,893, respectively.

Replacement reserve

The Partnership is required to make monthly deposits to a reserve for replacements account for use in funding future maintenance and replacement costs upon stabilization. Monthly payments will be required based on annual base amounts of \$250 per unit. After the initial conversion year, the fee is adjusted annually to reflect a 3 percent annual increase, as defined. As of December 31, 2017 and 2016, the balance in the replacement reserve account was \$95,376 and \$85,423, respectively.

Operating reserves

The Partnership is required to establish an operating deficit reserve in the initial amount of \$35,000 out of the proceeds of the fifth equity installment. As of December 31, 2017 and 2016, the balance in the operating deficit reserve was \$71,635 and \$71,614, respectively.

Note 5 - Related party transactions

Partnership administration fee

The Partnership has entered into a partnership administration service agreement with the general partner for its services in arranging for permanent financing for the Project and in managing the business of the Partnership. The partnership agreement provides for an annual payment of \$5,000 (increasing each year by a factor equal to the change in CPI, but not more than 3 percent) beginning in the year after which breakeven operations first occurs, as defined. The Partnership's operations reached breakeven during 2010. During the years ended December 31, 2017 and 2016, the Partnership incurred and paid partnership administration fees of \$157,497 and \$69,999, respectively.

Tallman Pines Associates II, Ltd.

**Notes to the Financial Statements
December 31, 2017 and 2016**

Development fee payable

The Project was developed by Tallman Pines II Development, LLC pursuant to a development agreement which provides for a development fee limited to \$873,304, as defined. The unpaid balance is repayable out of remaining available development proceeds, if any, and then out of distributable cash flow, as defined. The development fee is required to be paid by the end of the tax credit compliance period, as defined. Any remaining unpaid development fee as of the maturity date is guaranteed by the general partner and must be funded with a capital contribution. The entire fee has been earned and paid.

Priority distribution fee

The Partnership is required to pay the investor limited partner a priority distribution fee of \$2,000 per annum. The fee is payable for each full fiscal year after the year in which breakeven operations first occurs. The fee is to be increased each year by a factor equal to the change in CPI, but not more than 3 percent. During the years ended December 31, 2017 and 2016, priority distributions of \$5,971 and \$4,976 were earned, respectively, and \$4,976 and \$4,147 were paid, respectively.

Due to affiliates

During 2017 and 2016, an affiliate advanced funds to the Partnership. These funds are non-interest bearing and due upon demand. As of December 31, 2017 and 2016, \$2,230 and \$2,229, respectively, is owed to the affiliate.

Note 6 - Mortgages notes payable

Mortgage payable

The Partnership entered into a mortgage on September 11, 2007 in the amount of \$3,654,876 with Florida Housing Finance Corporation ("FHFC"). Twenty-five percent of the base loan shall bear an interest rate of zero percent and seventy-five percent of the loan shall bear an interest rate of 1 percent. The maturity date of the Base Loan is September 11, 2057, providing for a fifty-year permanent loan period, unless acceleration is made by Florida Housing pursuant to the terms of the loan agreement or the other documents evidencing or securing the loan, as defined. The supplemental loan of \$260,000 bears no interest and matures on September 11, 2027 with an option for an automatic extension to September 11, 2057. The mortgage is secured by a second trust deed on the Partnership's real property. As of December 31, 2017 and 2016, there is an outstanding balance of \$3,654,876 and \$3,654,876, respectively, and accrued interest payable of \$28,619 and \$28,619, respectively. Interest of \$30,256 and \$30,256 was incurred during 2017 and 2016, respectively, which includes \$1,399 and \$1,399 of amortization of debt issuance costs, respectively.

Tallman Pines Associates II, Ltd.

**Notes to the Financial Statements
December 31, 2017 and 2016**

Debt issuance costs, net of accumulated amortization, totaled \$42,554 and \$43,953 as of December 31, 2017 and 2016, respectively, and are related to the first mortgage.

Future principal payments on the second mortgage payable are as follows:

2018	\$	-
2019		-
2020		-
2021		-
2022		-
Thereafter		<u>3,654,876</u>
Total		3,654,876
Less current maturities		<u>-</u>
Net long-term portion	\$	<u><u>3,654,876</u></u>

Note 7 - Partnership contributions

The partnership agreement requires the investment partnership to make five capital contribution installments totaling \$2,022,000, subject to any low-income housing tax credit adjustments. The first installment, in the amount of \$910,000, was paid at closing, as defined. The second installment, in the amount of \$101,000, was paid upon 50 percent completion of construction, as defined. The third installment, in the amount of \$101,000, was paid upon 75 percent completion of construction, as defined. The fourth installment, in the amount of \$506,000, was paid upon 98 percent completion of construction, as defined. The fifth installment, in the amount of \$404,000, less a downward adjuster of \$23,310, was paid upon completion of construction, as defined. All contributions have been received as of December 31, 2017.

Note 8 - Distributions

Cash flow, which means the excess of cash receipts over cash expenditures as determined for each fiscal year or portion thereof, shall be distributed in the following order of priority as defined in the partnership agreement:

1. Payment of any outstanding credit adjuster pursuant to Section 5.01(e) of the partnership agreement;
2. Repayment of any operating deficit loans;
3. For each full year after the year in which breakeven operations first occurs, payment of an amount equal to \$2,000 per year to the investment partnership and payment of any unpaid portion of the priority distribution from prior years;
4. Payment to the developer of any accrued and unpaid development fee as set forth in Section 8.10 of the partnership agreement;
5. Payment of any installments of the partnership administration fee set forth in Section 8.11 of the partnership agreement; and

Tallman Pines Associates II, Ltd.

**Notes to the Financial Statements
December 31, 2017 and 2016**

6. The balance shall be allocated and distributed 99.99 percent to the investment partnership, and 0.01 percent to the general partner.

Note 9 - Property management fee

On July 1, 2010 the Partnership entered into a new management agreement with Professional Management, Inc. The agreement specifies a monthly management fee equal to \$3,500 or 5% of the monthly gross receipts from operations, whichever is the greater amount. During the years ended December 31, 2017 and 2016, management fees incurred and paid were \$14,877 and \$13,968, respectively.

Note 10 - Concentration of credit risk

The Partnership maintains its cash balances with two banks. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2017.

Note 11 - Commitments and contingencies

Tax credits

The Project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

Operating deficit guarantee

The general partner and affiliates of the general partner will provide funds to the Partnership necessary to pay any operating deficit in the form of a loan to the Partnership. The operating deficit loan shall be interest free and shall be repaid solely as provided in the partnership agreement. The maximum amount of operating deficit loans that the general partners shall be required to have outstanding at any one time is \$35,000. The operating deficit guarantee period begins on the latest to occur of the Closing Date, Completion of Construction or Mortgage Loan Conversion date, as defined, and ends on December 31st of the year in which the thirty-six-month anniversary of the commencement date occurs.

Ground lease

On August 1, 2006, the Partnership entered into a ground lease with the Broward County Housing Authority. Annual payments under the lease total \$10 for each of the fifty years beginning at the closing of the construction loan. Upon expiration of the lease, all improvements to the property revert to the owner. The Partnership is responsible for all real estate taxes and maintenance of any improvements during the term of the lease.

Tallman Pines Associates II, Ltd.

**Notes to the Financial Statements
December 31, 2017 and 2016**

Note 12 - Low-income housing tax credits (unaudited)

The Partnership received an allocation of low-income housing tax credits totaling \$1,958,270 from the Florida Housing Finance Corporation to be allocated over a ten-year period. As of December 31, 2017, tax credits totaling \$1,788,273 have been allocated to the partners. As of December 31, 2017, the expected availability of the remaining tax credits is as follows:

<u>Year</u>	<u>Amount</u>
2018	<u>\$ 169,997</u>
	<u>\$ 169,997</u>
Total credits	\$ 1,958,270
Less claimed	<u>(1,788,273)</u>
Remaining	<u>\$ 169,997</u>

Note 13 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of Tallman Pines II Associates, Ltd through February 23, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

Supplementary Information

Tallman Pines Associates II, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

	2017	2016
Rental income		
Rent revenue - gross potential	\$ 289,332	\$ 288,408
Total rental income	\$ 289,332	\$ 288,408
Vacancies and concessions		
Apartments vacancies	\$ 882	\$ 2,032
Total vacancies and concessions	\$ 882	\$ 2,032
Other operating income		
Pet deposits	\$ 330	\$ 360
Late fees	3,575	2,300
Application fees	680	850
Miscellaneous other income	16,249	2,495
Total other operating income	\$ 20,834	\$ 6,005
Salaries and employee benefits		
Salaries - administrative	\$ 7,878	\$ 7,719
Salaries - leasing	2,922	2,845
Salaries - maintenance	10,957	10,880
Health insurance and other benefits	1,688	1,594
Workmen's compensation insurance	2,749	2,674
Total salaries and employee benefits	\$ 26,194	\$ 25,712
Repairs and maintenance		
Exterminating	\$ 1,226	\$ 1,144
Grounds	5,365	5,408
Fire protection	1,511	1,425
Security services/contract	6,087	5,774
Supplies	2,852	2,623
HVAC expense	621	2,689
Painting, decorating and cleaning	705	612
Repairs and maintenance - other than contracts	19,333	2,589
Elevator	2,871	2,859
Miscellaneous maintenance expenses	66	242
Total repairs and maintenance	\$ 40,637	\$ 25,365

Tallman Pines Associates II, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

	2017	2016
Utilities		
Electricity	\$ 275	\$ 291
Water	9,666	10,080
Sewer	10,543	10,355
Trash removal	5,588	5,968
Cable	238	212
	<u>\$ 26,310</u>	<u>\$ 26,906</u>
Miscellaneous operating expenses		
Office supplies and expense	\$ 119	\$ 123
Training and travel	619	228
Telephone and answering service	3,185	2,839
Credit collection and eviction	112	-
Computer supplies and expense	1,088	4,014
Bad debt expense	(1,039)	-
Miscellaneous administrative	1,408	1,098
Rent free unit	12,198	13,920
Advertising and newspaper	614	796
Special promotions	400	326
Accounting	11,950	11,950
Other professional fees	12,979	14,436
Other taxes, licenses and insurance	365	465
	<u>\$ 43,998</u>	<u>\$ 50,195</u>
Miscellaneous other income (expense)		
Miscellaneous other expense	\$ (943)	\$ (269)
	<u>\$ (943)</u>	<u>\$ (269)</u>
Other related party fees and expenses		
Partnership administration fee	\$ 157,497	\$ 69,999
	<u>\$ 157,497</u>	<u>\$ 69,999</u>

See Independent Auditor's Report.

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Tallman Pines Associates, Ltd.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2017 and 2016

Tallman Pines Associates, Ltd.

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Independent Auditor's Report

To the Partners of
Tallman Pines Associates, Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Tallman Pines Associates, Ltd., which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tallman Pines Associates, Ltd. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2017 and 2016 supplementary information on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Atlanta, Georgia
February 23, 2018

Tallman Pines Associates, Ltd.

**Balance Sheets
December 31, 2017 and 2016**

	<u>Assets</u>	
	2017	2016
Investment in rental property, net	\$ 17,291,784	\$ 17,994,257
Cash	515,110	590,313
Restricted cash		
Escrows	71,046	66,177
Tenants' security deposits	205,997	193,027
Replacement reserve	152,826	152,765
Other reserves	345,004	300,633
Total restricted cash	774,873	712,602
Tenants' accounts receivable	2,842	44
Prepaid expenses	36,552	34,935
Tax credit monitoring fees, net	124,593	145,951
Due from affiliates	2,092	2,229
Prepaid land lease, net	1,843,752	1,864,585
Other assets	5,284	5,284
Total assets	\$ 20,596,882	\$ 21,350,200
<u>Liabilities and Partners' Equity (Deficit)</u>		
Liabilities		
Accounts payable - operations	\$ 31,987	\$ 24,731
Other accrued liabilities	22,970	20,876
Accrued interest - first mortgage	17,060	17,376
Tenants' security deposits liability	205,997	193,027
Due to affiliates	3,188	3,148
Mortgages and notes payable	3,761,069	3,847,168
Total liabilities	4,042,271	4,106,326
Commitments and contingencies	-	-
Partners' equity (deficit)	16,554,611	17,243,874
Total liabilities and partners' equity (deficit)	\$ 20,596,882	\$ 21,350,200

See Notes to Financial Statements.

Tallman Pines Associates, Ltd.

Statements of Operations
Years Ended December 31, 2017 and 2016

	2017	2016
Revenue		
Rental income	\$ 2,094,395	\$ 2,083,450
Vacancies and concessions	(18,878)	(18,407)
Other operating income	149,258	60,403
Total revenue	2,224,775	2,125,446
Operating expenses		
Salaries and employee benefits	238,166	238,112
Repairs and maintenance	382,470	260,317
Utilities	230,307	214,791
Property management fee	111,040	105,832
Property insurance	97,968	98,679
Miscellaneous operating expenses	82,714	97,579
Total operating expenses	1,142,665	1,015,310
Net operating income	1,082,110	1,110,136
Other income (expense)		
Interest income	592	517
Interest expense - first mortgage	(208,085)	(211,653)
Interest expense - other loans	(7,374)	(7,684)
Miscellaneous other income (expense)	(54,606)	(34,895)
Other related party fees and expenses	(699,738)	(579,994)
Depreciation	(702,473)	(702,473)
Amortization	(21,358)	(21,358)
Total other income (expense)	(1,693,042)	(1,557,540)
Net loss	\$ (610,932)	\$ (447,404)

See Notes to Financial Statements.

Tallman Pines Associates, Ltd.

**Statements of Partners' Equity (Deficit)
Years Ended December 31, 2017 and 2016**

	<u>General partner</u>	<u>Investment limited partner</u>	<u>Special limited partner</u>	<u>Total partners' equity (deficit)</u>
Balance, January 1, 2016	\$ (110,226)	\$ 17,801,510	\$ -	\$ 17,691,284
Net loss	(45)	(447,359)	-	(447,404)
Distributions	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Balance, December 31, 2016	(110,277)	17,354,151	-	17,243,874
Net loss	(61)	(610,871)	-	(610,932)
Distributions	<u>(8)</u>	<u>(78,323)</u>	<u>-</u>	<u>(78,331)</u>
Balance, December 31, 2017	<u>\$ (110,346)</u>	<u>\$ 16,664,957</u>	<u>\$ -</u>	<u>\$ 16,554,611</u>
Partners' percentage of partnership losses	<u>0.01%</u>	<u>99.99%</u>	<u>0.00%</u>	<u>100.00%</u>

See Notes to Financial Statements.

Tallman Pines Associates, Ltd.

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Net loss	\$ (610,932)	\$ (447,404)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	702,473	702,473
Amortization	21,358	21,358
Amortization of debt issuance costs	1,607	1,504
Changes in:		
Tenants' accounts receivable	(2,798)	1,294
Prepaid expenses	(1,617)	4,373
Prepaid land lease	20,833	20,833
Accounts payable - operations	7,256	(3,676)
Other accrued liabilities	2,094	(1,572)
Accrued interest - first mortgage	(316)	(295)
Payable to general partner and affiliates	40	(15,221)
Net cash provided by operating activities	139,998	283,667
Cash flows from investing activities		
Change in reserve for replacements	(61)	(61)
Change in other reserves	(44,371)	(44,297)
Due from affiliates	137	(2,229)
Change in escrows	(4,869)	9,616
Net cash used in investing activities	(49,164)	(36,971)
Cash flows from financing activities		
Principal payments on mortgage note payable	(87,706)	(83,744)
Distributions to partners	(78,331)	(6)
Net cash used in financing activities	(166,037)	(83,750)
Net (decrease) increase in cash	(75,203)	162,946
Cash, beginning	590,313	427,367
Cash, end	\$ 515,110	\$ 590,313
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 214,168	\$ 218,128

See Notes to Financial Statements.

Tallman Pines Associates, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Note 1 - Organization and nature of operations

Tallman Pines Associates, Ltd. (the "Partnership") was recognized by the State of Florida as a limited partnership as of February 11, 2005. The Partnership's purpose is to invest in real estate and the construction, operation, and sale and/or leasing of the Partnership property. The Partnership property consists of a 176-unit apartment complex known as Tallman Pines Apartments (the "Project") located in Deerfield Beach, Florida.

On October 1, 2006, the partnership agreement was amended to admit limited partners, and to permit the withdrawal of the existing limited partner.

Effective January 25, 2011, the former general partner, TCG Tallman Pines, LLC, assigned 100 percent of its right, title and interest in the Partnership to TP Homes and Communities, Inc., the general partner. Pursuant to the assignment, TP Homes and Communities, Inc.'s ownership percentage increased to 0.01 percent.

Coinciding with this change in partners, the Partnership also changed the allocations of profits and losses and tax credits to reflect the investment contributions of the new partners as follows:

General Partner	0.01%
Special Limited Partner	0.00%
Investment Limited Partner	<u>99.99%</u>
	<u><u>100.00%</u></u>

The general partner is TP Homes and Communities, Inc., the special limited partner is The Richman Group Capital Corporation and the investment limited partner is U.S.A. Institutional Tax Credit Fund LIV, L.P.

Upon sale or refinancing, the partnership agreement requires special computations to determine profit allocation and cash distributions.

Each building of the Project has been allocated low-income housing tax credits pursuant to Internal Revenue Service Code Section 42, which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the tax credits.

Note 2 - Significant accounting policies

Accounting method

The financial statements have been prepared on the accrual basis of accounting. Accordingly, income is recognized as earned and expenses as incurred, regardless of the timing of payments.

Tenant accounts receivable and bad debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Tallman Pines Associates, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

Rental property

Building and improvements, land improvements, and furniture and fixtures are recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Land improvements	15 years
Furniture and fixtures	7 years

Impairment of long-lived assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the years ended December 31, 2017 and 2016.

Amortization

Tax credit monitoring fees paid to housing agencies in advance are amortized over the 15-year compliance period under the straight-line method. Organization costs are expensed when incurred. Amortization expense for the years ended December 31, 2017 and 2016 was \$21,358 and \$21,358, respectively. Accumulated amortization as of December 31, 2017 and 2016 was \$195,782 and \$174,424, respectively. Estimated amortization expense for the five ensuing years is \$21,358.

Rental revenue

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are considered to be operating leases.

Advertising costs

The Partnership's policy is to expense advertising costs when incurred.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Income taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do

Tallman Pines Associates, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 - Investment in rental property

Rental property, net is comprised of the following at December 31, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Land improvements	\$ 2,616,825	\$ 2,616,825
Buildings and improvements	21,120,702	21,120,702
Furniture and fixtures	<u>2,091,889</u>	<u>2,091,889</u>
Subtotal	25,829,416	25,829,416
Accumulated depreciation	<u>(8,537,632)</u>	<u>(7,835,159)</u>
Net	<u>\$ 17,291,784</u>	<u>\$ 17,994,257</u>

Note 4 - Escrow deposits and restricted balances

Tax and insurance escrow

The Partnership is required to make monthly deposits to a tax and insurance reserve account for payment of property real estate taxes and insurance. The deposit amounts are reviewed by the lender annually to determine adequacy and are subject to adjustment. As of December 31, 2017 and 2016, the balance in the tax and insurance escrow is \$71,046 and \$66,177, respectively.

Replacement reserve

The Partnership is required to make monthly deposits to a reserve for replacements account for use in funding future maintenance and replacement costs upon stabilization. Monthly payments are required based on annual amounts of \$250 per unit, or \$44,000 in total. After the initial conversion year, the deposit is annually by an amount equal to 100 percent of the change in the consumer price index ("CPI"). As of December 31, 2017 and 2016, the balance in the reserve is \$152,826 and \$152,765, respectively.

Other reserves

The Partnership maintains a reserve with its lender pursuant to its mortgage loan agreement. The balance in the reserve at December 31, 2017 and 2016 is \$345,004 and \$300,633, respectively, and is included in other reserves on the accompanying balance sheets.

Tallman Pines Associates, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 5 - Related party transactions

Partnership administration fee

The Partnership has entered into a partnership administration service agreement with the general partners for its services in arranging for permanent financing for the Project and in managing the business of the Partnership. The partnership agreement provides for an annual payment of 89.99 percent of net cash flow available for distribution, beginning in the year after which substantial completion occurs, as defined. During the years ended December 31, 2017 and 2016, partnership administrative fees of \$699,738 and \$579,994, respectively, were incurred and paid. During 2017 and 2016, management overpaid the general partner fees of \$3,520 and \$9,846, respectively.

Development fee payable

The Project was developed by Carlisle Development Group, Inc. pursuant to a development agreement which provides for a development fee of up to the lesser of the amount allowed by Florida Housing Finance Corporation or \$4,112,629. The development fee shall be payable by the Partnership from capital contributions made by the investment partnership, or mortgage loan proceeds, but only after payments of all construction costs, excess development costs and establishment of required reserves. A development fee of \$3,796,966 has been incurred and capitalized into building costs. The development fee has been paid in full.

Priority distribution

The Partnership is required to pay the investment limited partner a priority distribution fee of \$4,000 per annum. The fee is payable for each full fiscal year after the year in which breakeven operations first occurs. The fee is to be increased each year by a factor equal to the change in CPI, but not more than 3 percent. The Partnership paid the cumulative priority distributions of \$4,407 and \$-, respectively, as of December 31, 2017 and 2016.

Due to affiliate

During 2017 and 2016, the Partnership received funds from an affiliate. These funds are non-interest bearing and due upon demand. As of December 31, 2017 and 2016, \$3,188 and \$3,148, respectively, remains payable to the affiliate.

Due from affiliate

During 2017 and 2016, the Partnership advanced funds to an affiliate. These funds are non-interest bearing and due upon demand. As of December 31, 2017 and 2016, \$2,092 and \$2,229, respectively, remains receivable from the affiliate.

Note 6 - Mortgages notes payable

Mortgage payable

The Partnership had a construction mortgage in the amount of \$3,400,000 with Pacific Life Insurance Company. The mortgage bore interest at 6.7 percent per annum through the conversion date. The loan converted on April 1, 2010 and is now payable in monthly installments of principal and interest in the amount of \$21,939 based on a 30-year amortization schedule. The mortgage bears interest at a rate of 6.7 percent per annum. The mortgage matures May 29, 2025. The mortgage is secured by a first trust deed on the Partnership's real property, as defined in the mortgage, assignment, security agreement and fixture filing. As of December 31, 2017 and 2016, the outstanding balance was \$3,055,569 and \$3,112,049, respectively, and accrued interest payable was \$17,060 and \$17,376, respectively. Interest of \$208,085 and \$211,653 was incurred during 2017 and 2016, respectively, which included \$1,607 and \$1,504 of amortization of debt issuance costs, respectively.

Tallman Pines Associates, Ltd.

Notes to Financial Statements December 31, 2017 and 2016

Debt issuance costs, net of accumulated amortization, totaled \$12,470 and \$14,077 as of December 31, 2017 and 2016, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 7.22%.

Second mortgage payable

The Partnership has a second mortgage in the amount of \$1,000,059 with Broward County Board of County Commissioners ("BCBCC"). The mortgage bears interest at 1 percent through maturity on November 30, 2038, as defined. The mortgage is payable in monthly principal and interest payments in the amount of \$3,217. The mortgage is secured by a second trust deed on the Partnership's real property, as defined in the mortgage, assignment, security agreement and fixture filing. As of December 31, 2017 and 2016, there is an outstanding balance of \$717,970 and \$749,196, respectively. Interest of \$7,374 and \$7,684 was incurred during 2017 and 2016, respectively.

Future principal payments on the above mortgages payable are as follows:

	<u>Pacific Life</u>	<u>BCBCC</u>	<u>Total</u>
2018	\$ 60,554	\$ 31,539	\$ 92,093
2019	64,554	31,856	96,410
2020	69,015	32,176	101,191
2021	73,783	32,499	106,282
2022	78,882	32,826	111,708
Thereafter	<u>2,708,781</u>	<u>557,074</u>	<u>3,265,855</u>
Total	<u>\$ 3,055,569</u>	<u>\$ 717,970</u>	3,773,539
Less current maturities			<u>(92,093)</u>
Net long-term portion			<u>\$ 3,681,446</u>

Note 7 - Partnership contributions

The partnership agreement requires the investment limited partner, to make capital contribution installments totaling \$25,113,425, subject to any low-income housing tax credit adjustments. The first installment, in the amount of \$9,078,000, was paid at closing, as defined. The second installment, in the amount of \$5,210,000, was paid upon 50 percent completion of construction, as defined. The third installment, in the amount of \$3,908,000, was paid upon 75 percent completion of construction, as defined. The fourth installment, in the amount of \$3,908,000, was paid upon 98 percent completion of construction, as defined. The fifth installment, in the amount of \$3,908,000 net of a downward adjuster of \$898,575 was paid upon achievement of substantial completion. As of December 31, 2017 and 2016, contributions received were \$25,113,425, respectively. All required capital contributions from the investment limited partner have been received.

The general partner and special limited partner are required to make capital contributions of \$100 each which is payable as of December 31, 2017.

Note 8 - Distributions

All profits, loss and tax credits, except those gains and losses from certain capital transactions and special allocations as defined in Sections 11.03, 11.06, and 11.10 of the partnership agreement,

Tallman Pines Associates, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

shall be allocated among the partners in accordance with their percentage interest as set forth in Section 5.01 of the partnership agreement. All net cash flow available for distribution shall be paid as follows:

1. The payment of any outstanding credit adjuster in accordance with Section 5.01(e) of the partnership agreement;
2. Repayment of any operating deficit loans;
3. For each full fiscal year after the year in which breakeven operations first occurs, payment of an amount equal to \$4,000 per year (increasing each year by a factor equal to the change in the CPI, but not more than 3 percent) to the investor limited partner and payment of any unpaid portions of the priority distributions from prior years;
4. Payment to the developer of any accrued and unpaid development fee as set forth in Section 8.10 of the partnership agreement;
5. Payment of any installments of the partnership administration fee as set forth in Section 8.11 of the partnership agreement; and
6. The balance shall then be allocated and distributed 99.99 percent to the investor limited partner, and 0.01 percent to the general partner.

As of December 31, 2017 and 2016, distributions of \$78,331 and \$6 were made to the partners, respectively.

Note 9 - Property management fee

Effective July 1, 2010, TP Homes and Communities, Inc. engaged Professional Management, Inc. ("PMI"), an unrelated party, to manage the property, pursuant to a property management agreement. The agreement specifies a monthly management fee equal to the \$3,500 or 5 percent of gross receipts. During the years ended December 31, 2017 and 2016, management fee expense incurred was \$111,040 and \$105,832, respectively.

Note 10 - Concentration of credit risk

The Partnership maintains its cash balances with one bank. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2017.

Note 11 - Commitments and contingencies

Tax credits

The Project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

Tallman Pines Associates, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

Operating deficit guarantee

The general partner and affiliates of the general partner will provide funds to the Partnership necessary to pay any operating deficit in the form of a loan to the Partnership. The operating deficit loan shall be interest free and shall be repaid solely as provided in the partnership agreement. The maximum amount of operating deficit loans that the general partners shall be required to have outstanding at any one time is \$400,000. The operating deficit guarantee period begins after achievement of the "break-even date", as defined in the partnership agreement, and ends on the third anniversary of the "break-even date". Break-even operations occurred during 2011. As of December 31, 2017 and 2016, no operating deficit advances are outstanding.

Ground lease

On January 27, 2006, the Partnership entered into a ground lease with the Broward County Housing Authority ("BCHA"). In 2010, a one-time capitalized lease payment in the amount of \$2,000,000 was paid BCHA pursuant to terms of the lease. Annual payments under the lease total \$10 for each of the fifty years beginning at the closing of the construction loan. The total lease expense is amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. The Partnership is responsible for all real estate taxes and maintenance of any improvement during the term of the lease. During 2017 and 2016, \$20,833 and \$20,833, respectively, of amortization expense was incurred and as of December 31, 2017 and 2016, \$1,843,752 and \$1,864,585, respectively, remains as prepaid.

Note 12 - Low-income housing tax credits (unaudited)

The Partnership received a tax credit allocation from the Florida Housing Finance Corporation in the amount of \$24,350,000 to be allocated over a ten-year period. As of December 31, 2017, tax credits totaling \$22,124,315 have been allocated to the partners. As of December 31, 2017, the expected availability of the remaining tax credits is as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 2,197,706
2019	<u>27,979</u>
	<u><u>\$ 2,225,685</u></u>
Total credits	\$ 24,350,000
Less claimed	<u>(22,124,315)</u>
Remaining	<u><u>\$ 2,225,685</u></u>

Tallman Pines Associates, Ltd.

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 13 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of Tallman Pines Associates, Ltd. through February 23, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that requires recognition in the financial statements or disclosure in the notes to the financial statements.

Tallman Pines Associates, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

Supplementary Information

Tallman Pines Associates, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

	2017	2016
Rental income		
Rent revenue - gross potential	\$ 2,094,395	\$ 2,083,450
Total rental income	\$ 2,094,395	\$ 2,083,450
Vacancies and concessions		
Apartments vacancies	\$ 18,743	\$ 18,407
Rental concessions	135	-
Total vacancies and concessions	\$ 18,878	\$ 18,407
Other operating income		
Cable contract revenue	\$ 1,421	\$ 3,644
Pet deposits	2,218	1,247
Security deposit forfeitures	-	648
Late fees	36,525	34,525
Application fees	5,950	5,780
Miscellaneous other income	103,144	14,559
Total other operating income	\$ 149,258	\$ 60,403
Salaries and employee benefits		
Salaries - administrative	\$ 70,904	\$ 69,471
Salaries - leasing	26,296	25,602
Salaries - maintenance	100,740	104,755
Health insurance and other benefits	15,315	14,267
Workmen's compensation insurance	24,911	24,017
Total salaries and employee benefits	\$ 238,166	\$ 238,112
Repairs and maintenance		
Exterminating	\$ 10,863	\$ 9,905
Grounds	50,202	47,731
Fire protection	16,361	18,392
Security services/contract	54,859	51,953
Supplies	26,752	26,479
HVAC expense	7,202	7,247
Painting, decorating and cleaning	6,874	6,085
Repairs and maintenance - other than contracts	191,426	72,827
Elevator	17,226	17,152
Miscellaneous maintenance expenses	705	2,546
Total repairs and maintenance	\$ 382,470	\$ 260,317

Tallman Pines Associates, Ltd.

**Schedules of Certain Revenues and Expenses
Years Ended December 31, 2017 and 2016**

	2017	2016
Utilities		
Electricity	\$ 25,794	\$ 24,809
Water	152,082	134,358
Trash removal	50,291	53,716
Cable	2,140	1,908
Total utilities	\$ 230,307	\$ 214,791
Miscellaneous operating expenses		
Office supplies and expense	\$ 1,067	\$ 1,106
Training and travel	1,402	1,884
Telephone and answering service	28,603	25,574
Credit collection and eviction	1,246	1,887
Computer supplies and expense	4,577	7,912
Bad debt (recovery) expense	(2,515)	832
Miscellaneous administrative	7,825	8,439
Rent free unit	13,896	13,920
Advertising and newspaper	5,474	7,445
Special promotions	3,799	3,075
Legal	548	1,794
Accounting	11,950	11,950
Other professional fees	1,750	8,109
Other taxes, licenses and insurance	3,092	3,652
Total miscellaneous operating expenses	\$ 82,714	\$ 97,579
Interest expense - other loans		
Interest expense - second mortgage	\$ 7,374	\$ 7,684
Total interest expense - other loans	\$ 7,374	\$ 7,684
Miscellaneous other income (expense)		
Florida Public Housing insurance dividend	\$ 11,499	\$ -
Miscellaneous other expense	(66,105)	(34,895)
Total miscellaneous other income (expense)	\$ (54,606)	\$ (34,895)
Other related party fees and expenses		
Partnership administration fee	\$ 699,738	\$ 579,994
Total other related party fees and expenses	\$ 699,738	\$ 579,994

See Independent Auditor's Report.

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Prepared By and Return To:
David N. Tolces, Esq.
Goren, Cherof, Doody & Ezrol P.A.
3099 E. Commercial Blvd., #200
Fort Lauderdale, FL 33309

**AMENDMENT TO DECLARATION OF RESTRICTIVE COVENANTS
(Broward County HOME and SHIP Declarations)**

This Amendment to the Declaration of Restrictive Covenants dated this 1ST day of SEPTEMBER, 2016, by and between BROWARD COUNTY, a political subdivision of the State of Florida, (the "Agency"), and BROWARD COUNTY HOUSING AUTHORITY, a public body corporate and politic, (the "Borrower") and CRYSTAL LAKES REDEVELOPMENT, LTD., a Florida limited partnership (the "Partnership"), the Borrower and the Partnership are collectively the "Declarant."

WHEREAS, Borrower has obtained financing from Greystone Funding Corporation ("Lender") for the benefit of the project known as Crystal Lake Apartments, ("Project"), which loan is secured by a Multifamily Mortgage, Assignment of Leases and Rents, and Security Agreement (Florida) ("Security Instrument") dated as of September 1, 2016, and recorded in the Public Records of Broward County, Florida on SEPTEMBER 27, 2016, as Instrument Number 113956080, and is insured by the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, Borrower has received State Housing Initiatives Partnership (SHIP) Program and HOME Investment Partnerships Program (HOME) funding from the Agency, which Agency has required certain restrictions be recorded against the Project; and

WHEREAS, Declarant entered into that certain Declaration of Restrictive Covenants with respect to the Project, dated December 28, 2005, and recorded on December 29, 2005, in the Official Records Book 41182, Page 608, of the Public Records of Broward County, Florida; and a second Declaration of Restrictive Covenants with respect to the Project, dated May 1, 2007, and recorded on July 11, 2007, in the Official Records Book 44316, Page 1298, of the Public Records of Broward County, Florida, (collectively referred to as the "Declarations"); and

WHEREAS, HUD requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Declarations be subordinated to the lien, covenants, and enforcement of the Security Instrument; and

WHEREAS, the Agency has agreed to subordinate the Declarations to the lien of the Mortgage Loan of Lender in accordance with the terms of this Amendment.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Declarations and any provision contained in this Amendment, the provision contained in this Amendment shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Regulatory Agreement" means the Regulatory Agreement between Borrower and HUD with respect to the Project, as the same may be supplemented, amended, or modified from time to time.

"Lender" means Greystone Funding Corporation, its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

"Mortgage Loan Documents" means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Program Obligations" has the meaning set forth in the Security Instrument.

"Residual Receipts" has the meaning specified in the HUD Regulatory Agreement.

"Security Instrument" means the mortgage or deed of trust from Borrower in favor of Lender, as the same may be supplemented, amended, or modified.

"Surplus Cash" has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Declarations to the contrary, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the "HUD Requirements"). Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Declarations and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Agency's ability to enforce the terms of the Declarations, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of Borrower's knowledge the Declarations impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure), the Declarations (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.

(e) Borrower and the Agency acknowledge that Borrower's failure to comply with the covenants provided in the Declarations does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) Except for the Agency's reporting requirement, in enforcing the Declarations, the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

- i. Available surplus cash, if the Borrower is a for-profit entity;
- ii. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity; or
- iii. Available residual receipts authorized by HUD, if the Borrower is a non-profit entity.

(g) For so long as the Mortgage Loan is outstanding, Borrower and Agency shall not further amend the Declarations, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Agency may require the Borrower to indemnify and hold the Agency harmless from all loss, cost, damage, and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Declarations; provided, however, that Borrower's obligation to indemnify and hold the Agency harmless shall be limited to available surplus cash and/or residual receipts of the Borrower.

(i) The parties further agree that the legal description for the Project, which is attached to the Declarations, shall be amended to reflect the legal description and property addressed forth in Exhibit "A" to this Amendment, which is attached hereto and incorporated herein by reference.

(j) Except as amended herein, the Declarations shall remain in full force and effect. In the event of any conflict between the provisions of the Declarations and the provisions of this Amendment, the provisions of this Amendment shall prevail.

[Signatures & Acknowledgments are on Following Pages]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year written above.

DECLARANT:

Signed, sealed and delivered in the presence of:

BROWARD COUNTY HOUSING AUTHORITY

Ann Deibert
Print Name: _____

By: *Ann Deibert*
Ann Deibert, CEO

Rosalie Diaz-Dickie
Print Name: _____

STATE OF FLORIDA)
COUNTY OF Broward) ss:

The foregoing instrument was acknowledged before me this 15th day of September, 2016 by Ann Deibert, CEO of BROWARD COUNTY HOUSING AUTHORITY, on behalf of said public body corporate and politic. She is personally known to me or has produced a driver license as identification.

[Signature]

NOTARY PUBLIC

Print Name: _____
Commission No: _____
My Commission expires: _____




[SIGNATURE PAGES CONTINUE]


AGENCY:

Signed, sealed and delivered
in the presence of:

BROWARD COUNTY, a political subdivision of the
State of Florida, by and through its County
Administrator, authorized to execute same pursuant to
Section 27.209, Broward County Administrative Code

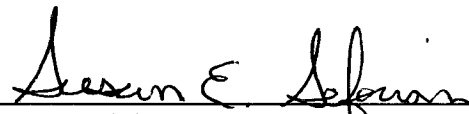

Printed Name: **ANDRÉ MORRELL**

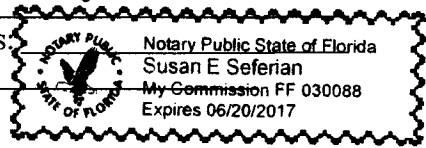
By: 
Bertha Henry


Printed Name: **MATTHEW EATON**

STATE OF FLORIDA)
) ss:
COUNTY OF BROWARD)

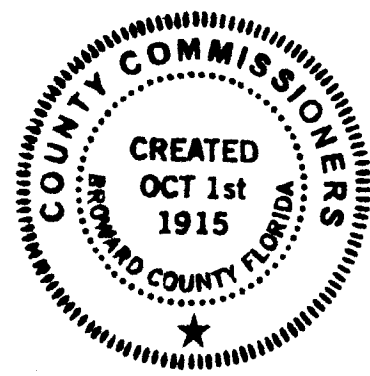
The foregoing instrument was acknowledged before me this 20th day of August, 2016, by
Bertha Henry, the County Administrator of Broward County, Florida, a political subdivision of the
State of Florida, on behalf of Broward County. Said person (check one) () is personally known
to me or () has produced a valid driver's license () as
identification.


Notary Public: State of Florida
Print Name: _____
My Commission Expires _____
My Commission No: _____



(SEAL)

Approved as to form by
Joni Armstrong Coffey
Broward County Attorney
Governmental Center, Suite 423
115 South Andrews Avenue
Fort Lauderdale, Florida 33301
Telephone: (954) 357-7600
Telecopier: (954) 357-7641



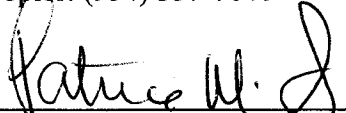
By:  Date: 8/19, 2016
Patrice M. Eichen
Assistant County Attorney

Exhibit "A"

LEGAL DESCRIPTION:

Parcel "A" of "HOLLYWOOD CRYSTAL LAKE", according to the plat thereof, as recorded in Plat Book 175, at Page 72, of the Public Records of Broward County, Florida.

LESS THE FOLLOWING DESCRIBED PARCEL OF LAND:

A portion of Parcel "A", HOLLYWOOD CRYSTAL LAKE, according to the plat thereof, as recorded in Plat Book 175, on Page 72, of the Public Records of Broward County, Florida, being more particularly described as follows:

BEGIN at the Northeast Corner of said Parcel "A"; thence South 88°08'59" West, 121.03 feet, along the Northerly Line of said Plat; thence South 01°47'18" East, 142.57 feet; thence North 88°12'42" East, 22.03 feet; thence South 01°47'18" East, 24.78 feet; thence North 88°12'42" East, 88.97 feet; thence North 50°29'02" East, 12.71 feet to the Easterly Line of said Plat; thence North 01°47'58" West, along said Easterly, 159.71 feet to the Point of Beginning.

Prepared By and Return To:
David N. Tolces, Esq.
Goren, Cherof, Doody & Ezrol P.A.
3099 E. Commercial Blvd., #200
Fort Lauderdale, FL 33309

**AMENDMENT TO DECLARATION OF RESTRICTIVE COVENANTS
(Broward County HOME and SHIP Declarations)**

This Amendment to the Declaration of Restrictive Covenants dated this 1ST day of SEPTEMBER, 2016, by and between BROWARD COUNTY, a political subdivision of the State of Florida, (the "Agency"), and BROWARD COUNTY HOUSING AUTHORITY, a public body corporate and politic, (the "Borrower") and CRYSTAL LAKES REDEVELOPMENT, LTD., a Florida limited partnership (the "Partnership"), the Borrower and the Partnership are collectively the "Declarant."

WHEREAS, Borrower has obtained financing from Greystone Funding Corporation ("Lender") for the benefit of the project known as Crystal Lake Apartments, ("Project"), which loan is secured by a Multifamily Mortgage, Assignment of Leases and Rents, and Security Agreement (Florida) ("Security Instrument") dated as of September 1, 2016, and recorded in the Public Records of Broward County, Florida on SEPTEMBER 27, 2016, as Instrument Number 113956080, and is insured by the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, Borrower has received State Housing Initiatives Partnership (SHIP) Program and HOME Investment Partnerships Program (HOME) funding from the Agency, which Agency has required certain restrictions be recorded against the Project; and

WHEREAS, Declarant entered into that certain Declaration of Restrictive Covenants with respect to the Project, dated December 28, 2005, and recorded on December 29, 2005, in the Official Records Book 41182, Page 608, of the Public Records of Broward County, Florida; and a second Declaration of Restrictive Covenants with respect to the Project, dated May 1, 2007, and recorded on July 11, 2007, in the Official Records Book 44316, Page 1298, of the Public Records of Broward County, Florida, (collectively referred to as the "Declarations"); and

WHEREAS, HUD requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Declarations be subordinated to the lien, covenants, and enforcement of the Security Instrument; and

WHEREAS, the Agency has agreed to subordinate the Declarations to the lien of the Mortgage Loan of Lender in accordance with the terms of this Amendment.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Declarations and any provision contained in this Amendment, the provision contained in this Amendment shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Regulatory Agreement" means the Regulatory Agreement between Borrower and HUD with respect to the Project, as the same may be supplemented, amended, or modified from time to time.

"Lender" means Greystone Funding Corporation, its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

"Mortgage Loan Documents" means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Program Obligations" has the meaning set forth in the Security Instrument.

"Residual Receipts" has the meaning specified in the HUD Regulatory Agreement.

"Security Instrument" means the mortgage or deed of trust from Borrower in favor of Lender, as the same may be supplemented, amended, or modified.

"Surplus Cash" has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Declarations to the contrary, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the "HUD Requirements"). Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Declarations and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Agency's ability to enforce the terms of the Declarations, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of Borrower's knowledge the Declarations impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure), the Declarations (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.

(e) Borrower and the Agency acknowledge that Borrower's failure to comply with the covenants provided in the Declarations does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) Except for the Agency's reporting requirement, in enforcing the Declarations, the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

- i. Available surplus cash, if the Borrower is a for-profit entity;
- ii. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity; or
- iii. Available residual receipts authorized by HUD, if the Borrower is a non-profit entity.

(g) For so long as the Mortgage Loan is outstanding, Borrower and Agency shall not further amend the Declarations, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Agency may require the Borrower to indemnify and hold the Agency harmless from all loss, cost, damage, and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Declarations; provided, however, that Borrower's obligation to indemnify and hold the Agency harmless shall be limited to available surplus cash and/or residual receipts of the Borrower.

(i) The parties further agree that the legal description for the Project, which is attached to the Declarations, shall be amended to reflect the legal description and property addressed forth in Exhibit "A" to this Amendment, which is attached hereto and incorporated herein by reference.

(j) Except as amended herein, the Declarations shall remain in full force and effect. In the event of any conflict between the provisions of the Declarations and the provisions of this Amendment, the provisions of this Amendment shall prevail.

[Signatures & Acknowledgments are on Following Pages]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year written above.

DECLARANT:

Signed, sealed and delivered in the presence of:

BROWARD COUNTY HOUSING AUTHORITY

Ann Deibert
Print Name: _____

By: *Ann Deibert*
Ann Deibert, CEO

Rosalie Diaz-Dickie
Print Name: _____

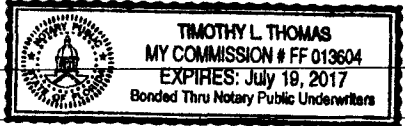
STATE OF FLORIDA)
COUNTY OF Broward) ss:

The foregoing instrument was acknowledged before me this 15th day of September, 2016 by Ann Deibert, CEO of BROWARD COUNTY HOUSING AUTHORITY, on behalf of said public body corporate and politic. She is personally known to me or has produced a driver license as identification.

[Signature]

NOTARY PUBLIC

Print Name: _____
Commission No: _____
My Commission expires: _____




[SIGNATURE PAGES CONTINUE]


AGENCY:

Signed, sealed and delivered
in the presence of:

BROWARD COUNTY, a political subdivision of the
State of Florida, by and through its County
Administrator, authorized to execute same pursuant to
Section 27.209, Broward County Administrative Code

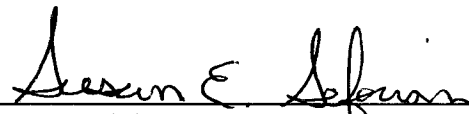

Printed Name: **ANDRÉ MORRELL**

By: 
Bertha Henry

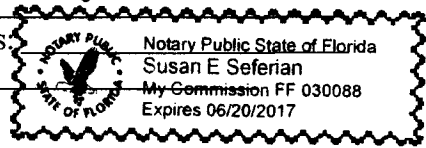

Printed Name: **MATTHEW EATON**

STATE OF FLORIDA)
) ss:
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 20th day of August, 2016, by
Bertha Henry, the County Administrator of Broward County, Florida, a political subdivision of the
State of Florida, on behalf of Broward County. Said person (check one) () is personally known
to me or () has produced a valid driver's license () as
identification.


Notary Public: State of Florida
Print Name: _____

My Commission Expires _____
My Commission No: _____



(SEAL)

Approved as to form by
Joni Armstrong Coffey
Broward County Attorney
Governmental Center, Suite 423
115 South Andrews Avenue
Fort Lauderdale, Florida 33301
Telephone: (954) 357-7600
Telecopier: (954) 357-7641



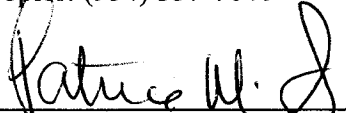
By:  Date: 8/19, 2016
Patrice M. Eichen
Assistant County Attorney

Exhibit "A"

LEGAL DESCRIPTION:

Parcel "A" of "HOLLYWOOD CRYSTAL LAKE", according to the plat thereof, as recorded in Plat Book 175, at Page 72, of the Public Records of Broward County, Florida.

LESS THE FOLLOWING DESCRIBED PARCEL OF LAND:

A portion of Parcel "A", HOLLYWOOD CRYSTAL LAKE, according to the plat thereof, as recorded in Plat Book 175, on Page 72, of the Public Records of Broward County, Florida, being more particularly described as follows:

BEGIN at the Northeast Corner of said Parcel "A"; thence South 88°08'59" West, 121.03 feet, along the Northerly Line of said Plat; thence South 01°47'18" East, 142.57 feet; thence North 88°12'42" East, 22.03 feet; thence South 01°47'18" East, 24.78 feet; thence North 88°12'42" East, 88.97 feet; thence North 50°29'02" East, 12.71 feet to the Easterly Line of said Plat; thence North 01°47'58" West, along said Easterly, 159.71 feet to the Point of Beginning.

4

Prepared by:

OFFICE OF HOUSING FINANCE
110 Northeast 3rd Street, Ste. 300
Fort Lauderdale, Florida 33301

and

COMMUNITY DEVELOPMENT DIVISION
115 South Andrews Avenue, Ste. 310
Fort Lauderdale, Florida 33301

DECLARATION OF RESTRICTIVE COVENANTS

It is understood and agreed by (i) BROWARD COUNTY HOUSING AUTHORITY, a public body corporate and politic and (ii) CRYSTAL LAKES REDEVELOPMENT, LTD., a Florida limited partnership (collectively, the "Declarant") that the multifamily dwelling being constructed by the Declarant on the real property legally described on Exhibit "A" attached hereto ("Property") is being funded under the State Housing Initiative Partnership (SHIP) Program and HOME Investment Partnership (HOME) Program, collectively referred to herein as "Program." Pursuant to the Program, the funds have been expended in providing improvements to the Property located at 3100 NW 24 Avenue, Hollywood, Broward County, Florida, and legally described as:

Parcel A, of CRYSTAL LAKE, according to the Plat thereof, as recorded in Plat Book 175, Page 72, of the Public Records of Broward County, Florida.

Under the Program, the above-referenced funds have been provided as a deferred payment loan or grant with no monthly payments required. However, as a condition of the loan or grant, I/we agree that Declarant shall only rent the Property to income eligible families as defined in and as required by the companion Rental Multifamily Development Agreement for a period of Twenty (20) years following completion of the improvements funded under the SHIP Program and for a period of Twenty (20) years following completion of the improvements funded under the HOME Program.

This Declaration of Restrictive Covenants shall be extinguished and released by Broward County following satisfaction of the Mortgage and compliance with the terms of the Promissory Note related to this Declaration.

I have read the foregoing requirements and have been explained to me and/or I fully understand their terms.

(Remainder of page intentionally left blank)

3

Dated this 28 day of December, 2005.

BROWARD COUNTY HOUSING
AUTHORITY, a public body corporate
and politic

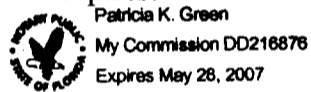
[Signature]
Print Name: DAVID O. DESTCH
[Signature]
Print Name: BARNETT JAYEN

By: [Signature]
Name: Joseph Lobo
Title: Chairman

STATE OF FLORIDA)
) SS
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 23 day of
December, 2005, by Joseph Lobo, as Chairman of
Broward County Housing Authority, who is personally known to me or who has
produced _____ as identification.

[Signature]
Print Name: _____
Notary Public, State of Florida at Large
Commission No. _____
My Commission Expires: _____



THIS INSTRUMENT PREPARED
BY AND RETURN TO:
Junious D. Brown III, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308

CFN # 109763631
OR BK 47594 Pages 859 - 866
RECORDED 12/17/10 11:46:04 AM
BROWARD COUNTY COMMISSION
DEPUTY CLERK 3110
#1, 8 Pages

ABOVE SPACE RESERVED FOR
RECORDING PURPOSES ONLY

**FIRST AMENDMENT TO
EXTENDED LOW-INCOME HOUSING AGREEMENT**

**(East Village f/k/a Ehlinger Apartments / Tax Credit Exchange Program /
RFP 2010-04 and 2010-14 / 2009-146C / 2010-045CX)**

THIS FIRST AMENDMENT TO EXTENDED LOW-INCOME HOUSING AGREEMENT (this "First Amendment") is made and entered into as of December 15, 2010, by and between FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida ("Florida Housing") (which term as used in every instance shall include Florida Housing's successors and assigns), and EHLINGER APARTMENTS, LTD., a Florida limited partnership (the "Borrower").

This First Amendment amends the Extended Low-Income Housing Agreement dated as of December 1, 2010, and recorded December 6, 2010 in Official Records Book 47562, Page 1330, of the Public Records of Broward County, Florida.

WITNESSETH:

WHEREAS, the Borrower owns and operates a multifamily rental housing development on the real property described in Exhibit "A" attached hereto (the "Land") and the improvements thereon known as East Village located in Broward County, Florida (the "Development"), in accordance with the Extended Low-Income Housing Agreement related to the issuance by Florida Housing of a Tax Credit Exchange Program loan to Borrower; and

WHEREAS, at the December 10, 2010 meeting of Florida Housing's Board of Directors, the Florida Housing Board authorized the issuance of a firm commitment to Borrower for an additional advance of Tax Credit Exchange Program funds in the amount of \$1,275,000 to be secured by the Development (the "Supplemental ELI Exchange Loan"), which firm commitment was issued on December 13, 2010 and accepted by Borrower on December 13, 2010; and

WHEREAS, in connection with such Board authorization, the Borrower has agreed to increase the number of Extremely Low-Income Units in the Development by setting aside a total of twenty percent (20%) of the total Extremely Low-Income Units (31 units) within the Development for the first fifteen (15) years of the Compliance Period set forth in the Extended Low-Income Housing Agreement; and

WHEREAS, the parties desire to amend the Extended Low-Income Housing Agreement to reflect the modifications described above; and

WHEREAS, this First Amendment shall be effective as of the date set forth above.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth in this First Amendment and Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby contract and agree to amend the Extended Low-Income Housing Agreement as follows:

SECTION 1. Amendment to Defined Terms. All defined terms used in the Extended Low-Income Housing Agreement remain in full force and effect except as modified herein.

(a) The definition of "Agreement" or "Extended Low-Income Housing Agreement" shall mean, collectively, the Extended Low-Income Housing Agreement dated as of December 1, 2010, as amended by this First Amendment to Extended Low-Income Housing Agreement dated as of December 15, 2010, as the same may be hereafter amended, supplemented or modified in accordance with its terms.

SECTION 2. Amendment to Section 3(a) -- Low-Income Tenants and Extremely Low-Income Tenants; Low-Income Units and Extremely Low-Income Units. Section 3(a) of the Extended Low-Income Housing Agreement is hereby deleted in its entirety and replaced with the following, to increase the number of Extremely Low-Income Units for the first fifteen (15) years of the Compliance Period, and to modify the number of Extremely Low-Income Units for the remaining 35 years of the Compliance Period:

(a) (i) Not later than the close of the first (1st) year of the Credit Period for each building included in the Development, at least forty percent (40%) of the occupied and completed Residential Rental Units included in the Development shall be both Rent-Restricted Units and rented to and occupied by Low-Income Tenants, and after the initial rental occupancy of such Residential Rental Units by Low-Income Tenants, at least forty percent (40%) of the completed Residential Rental Units in the Development at all times shall be both Rent-Restricted Units and rented to and occupied by (or held available for rental to, if previously rented to and occupied by a Low-Income Tenant) Low-Income Tenants as required by Section 42(g)(1) of the Code.

(ii) Further, Florida Housing has required and Borrower has agreed that at least one hundred percent (100%) of the dwelling units must be occupied and rented to Low-Income Tenants.

- A. For the first 15 years of the Compliance Period, not less than twenty percent (20%) of the Residential Rental Units (31 units) in the Development shall be leased, rented or made available on a continuous basis to Extremely Low-Income Tenants whose adjusted household income is equal to or below twenty-eight percent (28%) of the area median income for the County where the household is located ("Extremely Low-Income Units"), and not less than eighty percent (80%) of the Residential Rental Units (remaining units) in the Development shall be leased, rented or made available on a continuous basis to Low-Income Tenants whose income is sixty percent (60%) or less of area median gross income (adjusted for family size) within the meaning of Section 42(g)(1) of the Code, as the same may be amended from time to time ("Low-Income Units").

- B. For the remaining 35 years of the Compliance Period, not less than ten percent (10%) of the Residential Rental Units (16 units) in the Development shall be leased, rented or made available on a continuous basis as Extremely Low-Income Units, and not less than ninety percent (90%) of the Residential Rental Units (remaining units) in the Development shall be leased, rented or made available on a continuous basis as Low-Income Units.

(iii) The gross monthly rents for the Low-Income Units and the Extremely Low-Income Units shall not exceed thirty percent (30%) of the imputed income limitation applicable to such unit as defined in Section 1(a).

(iv) Eight (8) Extremely Low-Income Units within the Development shall be set aside for Special Needs Households.

For purposes of complying with the foregoing requirements, if (x) the income of an individual or family resident in a Rent-Restricted Unit did not exceed the applicable income limit (adjusted for family size) at the commencement of such resident's occupancy, and (y) such unit continues to be a Rent-Restricted Unit, the income of such individual or family shall be treated as continuing to not exceed the applicable income limit. The determination of whether the income of a household occupying a unit in the Development exceeds the applicable income limit shall be made at least annually on the basis of the current income of the household, except for any year if during such year no residential unit in the Development is occupied by a new household whose income exceeds the applicable income limit. A development which certifies 100% of its units as low-income shall perform one annual income recertification effective upon the first anniversary of any household's move-in or initial certification. No additional income recertification shall be required by Florida Housing. However, annual determination of student status shall be required for households comprised entirely of students. Should the annual income recertification of such households result in noncompliance with income

occupancy requirements, the next available unit must be rented to a qualifying household in order to ensure continuing compliance of the Development.

SECTION 3. Amendment to Section 3(h) -- Low-Income Tenants and Extremely Low-Income Tenants; Low-Income Units and Extremely Low-Income Units. Section 3(h) of the Extended Low-Income Housing Agreement is hereby deleted in its entirety and replaced with the following, to increase the number of Extremely Low-Income Units for the first fifteen (15) years of the Compliance Period, and to modify the number of Extremely Low-Income Units for the remaining 35 years of the Compliance Period:

(h) Notwithstanding anything elsewhere in the Agreement, the Borrower undertakes, agrees and covenants that the Compliance Period shall continue for fifty (50) years. For the first 15 years of the Compliance Period, not less than twenty percent (20%) of the Residential Rental Units (31 units) in the Development shall be leased, rented or made available on a continuous basis as Extremely Low-Income Units, and not less than eighty percent (80%) of the Residential Rental Units (remaining units) in the Development shall be leased, rented or made available on a continuous basis as Low-Income Units. For the remaining 35 years of the Compliance Period, not less than ten percent (10%) of the Residential Rental Units (16 units) in the Development shall be leased, rented or made available on a continuous basis as Extremely Low-Income Units, and not less than ninety percent (90%) of the Residential Rental Units (remaining units) in the Development shall be leased, rented or made available on a continuous basis as Low-Income Units.

SECTION 4. Remaining Provisions Unaffected. Except as expressly modified and amended by this First Amendment, the covenants, terms and conditions of the Extended Low-Income Housing Agreement shall remain unaffected and shall remain in full force and effect.

SECTION 5. Recording and Filing; Covenants to Run With the Land.

(a) Upon execution and delivery of this First Amendment, the Borrower shall cause this First Amendment to be recorded and filed in the public records of Broward County, Florida and in such manner and in such other places as Florida Housing may reasonably request; the Borrower shall pay all fees and charges incurred in connection therewith.

(b) This First Amendment and the covenants contained herein shall run with the Land and shall bind the Borrower, and its successors and assigns, and the benefits shall inure to Florida Housing and its successors and assigns during the term of the Agreement; provided, however, nothing contained in this paragraph shall be deemed to authorize or consent to any assignment by the Borrower.

(c) This First Amendment is not intended to affect the priority of the Extended Low-Income Housing Agreement.

SECTION 6. Severability. If any provision of this First Amendment or the Extended Low-Income Housing Agreement shall be invalid, illegal or unenforceable, the validity, legality

and enforceability of the remaining portions hereof or thereof shall in no way be affected or impaired, nor shall such holding of invalidity, illegality or unenforceability affect the validity, legality or enforceability of such provision under other dissimilar facts or circumstances.

SECTION 7. Governing Law. Notwithstanding that, for the convenience of the parties, the parties may be executing this First Amendment outside of the State of Florida, the Extended Low-Income Housing Agreement and all amendments shall be governed by the laws of the State of Florida, both substantive and remedial.

SECTION 8. Multiple Counterparts. This First Amendment may be simultaneously executed in one or more counterparts, all of which shall constitute the same instrument and each of which shall be deemed an original.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]


**COUNTERPART SIGNATURE PAGE FOR
FIRST AMENDMENT TO
EXTENDED LOW-INCOME HOUSING AGREEMENT**

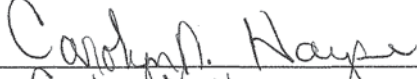
**(East Village f/k/a Ehlinger Apartments / Tax Credit Exchange Program /
RFP 2010-04 and 2010-14 / 2009-146C / 2010-045CX)**


IN WITNESS WHEREOF, Florida Housing and the Borrower have caused this First Amendment to be signed, sealed and delivered by their duly authorized representatives, all as of the date first written above.

WITNESSES:

FLORIDA HOUSING FINANCE
CORPORATION


Print: Jade Grubbs


Print: Carolyn N. Hayse

By: 
Kevin L. Tatreau
Director of Multifamily Development
Programs

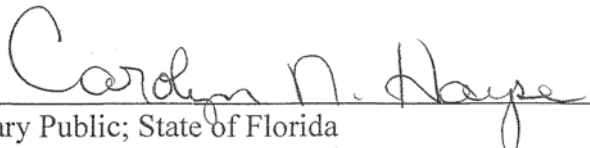
Address: 227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

[SEAL]

STATE OF FLORIDA
COUNTY OF LEON

The foregoing instrument was acknowledged before me this 14 day of December, 2010, by KEVIN L. TATREAU, as Director of Multifamily Development Programs of the FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida, on behalf of Florida Housing. Said person is personally known to me or has produced a valid driver's license as identification.




Notary Public; State of Florida
Print Name: _____
My Commission Expires: _____
My Commission No.: _____

**COUNTERPART SIGNATURE PAGE FOR
FIRST AMENDMENT TO
EXTENDED LOW-INCOME HOUSING AGREEMENT**

**(East Village f/k/a Ehlinger Apartments / Tax Credit Exchange Program /
RFP 2010-04 and 2010-14 / 2009-146C / 2010-045CX)**

IN WITNESS WHEREOF, Florida Housing and the Borrower have caused this First Amendment to be signed, sealed and delivered by their duly authorized representatives, all as of the date first written above.

WITNESSES:

EHLINGER APARTMENTS, LTD., a Florida limited partnership

By: CDG Ehlinger Apartments, LLC, a Florida limited liability company, its managing general partner

By: 
Matthew S. Greer, Manager

Print: 
Nancy Casso

Print: 
Suylen Rodriguez

Address: 2950 SW 27th Avenue, Suite 200
Miami, Florida 33133

[SEAL]

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 1 day of December, 2010, by MATTHEW S. GREER, as Manager of CDG EHLINGER APARTMENTS, LLC, a Florida limited liability company, the managing general partner of EHLINGER APARTMENTS, LTD., a Florida limited partnership, on behalf of the limited liability company and limited partnership. Said person is personally known to me or has produced a valid driver's license as identification.



SUYLEN RODRIGUEZ
NOTARY PUBLIC
STATE OF FLORIDA
Comm# DD979380
Expires 4/6/2014



Notary Public; State of Florida
Print Name: Suylen Rodriguez
My Commission Expires: _____
My Commission No.: _____

EXHIBIT "A"

LEGAL DESCRIPTION

EHLINGER APARTMENTS, according to the Plat thereof, as recorded in Plat Book 179, at Page 122, of the Public Records of Broward County, Florida.

SECOND AMENDMENT TO THE EXTENDED LOW-INCOME HOUSING AGREEMENT

EAST VILLAGE F/K/A EHLINGER APARTMENTS / 2009-146C/2010-045CX

This AMENDMENT is made and entered into between FLORIDA HOUSING FINANCE CORPORATION, a public corporation and EHLINGER APARTMENTS, LTD., a Florida limited partnership company (the "Owner").

WITNESSETH:

WHEREAS, on December 1, 2010, that certain Extended Low-Income Housing Agreement (the "Agreement") was executed between the Corporation and Owner and first amended on December 15, 2010; and

WHEREAS, the Agreement was recorded in Official Records Book 47562, page 1330 of the public records of Broward County, Florida and the First Amendment was recorded in Official Records Book 47594, page 859 of Broward County, Florida; and

WHEREAS, the Corporation has requested and Owner has agreed to amend the Agreement as more particularly set forth herein below.

1

THIS INSTRUMENT PREPARED BY:

Jade Grubbs
FLORIDA HOUSING FINANCE CORPORATION
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

RECORD & RETURN TO:

Amy Garmon
FLORIDA HOUSING FINANCE CORPORATION
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

NOW, THEREFORE, for a good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Corporation and Owner agree as follows:

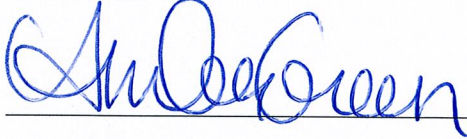
1. The foregoing recitations are true and correct and are hereby incorporated by reference.
2. The Agreement is hereby modified to amend Exhibit B Section D to read as follows:
 - D. The Applicant has committed to the following amenities in the Development:
 1. 30 Year expected life roofing on all buildings
 2. Exercise room with appropriate equipment
 3. Community center or clubhouse
 4. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development's size and expected resident population with age-appropriate equipment)
 5. Outside recreation facility: Swimming pool
 6. Library consisting of a minimum of 100 books and 5 current magazine subscriptions
 7. Computer lab on-site with minimum one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs and at least one printer
 8. Laundry hook-ups and space for full-size washer and dryer inside each unit
 9. Laundry facilities with full-size washers and dryers available in at least one common area on site
3. The Agreement is hereby modified to also amend Exhibit B Section F(8) to read as follows:
 8. Low VOC paint (less than 50 grams per liter) in all units and common areas
4. Except as herein modified, the Agreement shall remain in full force and effect and fully enforceable in accordance with its terms.

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SIGNATURE PAGE FOR OWNER
EXTENDED LOW-INCOME HOUSING AGREEMENT #2009-146C/2010-045CX

IN WITNESS WHEREOF, the Corporation and Owner have executed this Amendment as of the date of execution by the Corporation.

WITNESSES:

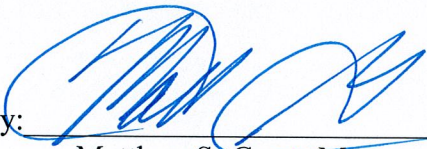


Amber Green


Suylen Rodriguez

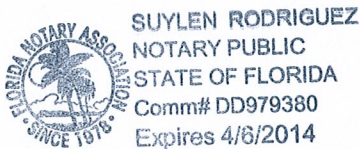
EHLINGER APARTMENTS, LTD., a Florida limited partnership


By: CDG Ehlinger Apartments, LLC, a Florida limited liability company, its managing general partner

By: 
Matthew S. Greer, Manager

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 30 day of June, 2011, by MATTHEW S. GREER, as Manager of CDG EHLINGER APARTMENTS, LLC, a Florida limited liability company, the managing general partner of EHLINGER APARTMENTS, LTD., a Florida limited partnership, on behalf of the limited liability company and limited partnership.




Notary Public
Printed Name: Suylen Rodriguez
My Commission Expires:

Personally known OR Produced Identification Type of Identification Produced _____

SIGNATURE PAGE FOR FLORIDA HOUSING FINANCE CORPORATION
EXTENDED LOW-INCOME HOUSING AGREEMENT #2009-146C/2010-045CX

WITNESSES:

FLORIDA HOUSING FINANCE CORPORATION,
a public corporation

Elizabeth Sharp

Carolyn N. Hayse

By:

[Signature]

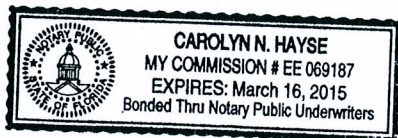
Kevin L. Tatreau
Director of Multifamily
Development Programs

(SEAL)

STATE OF FLORIDA

COUNTY OF LEON

The foregoing instrument was acknowledged before me this 6th day of July, 2011 by Kevin L. Tatreau as Director of Multifamily Development Programs of the FLORIDA HOUSING FINANCE CORPORATION, a public corporation, the successor in interest to the Florida Housing Finance Agency, on behalf of said Corporation. He is personally known to me.



Carolyn N. Hayse
Notary Public, State of Florida

THIRD AMENDMENT TO THE EXTENDED LOW-INCOME HOUSING AGREEMENT

EAST VILLAGE F/K/A EHLINGER APARTMENTS / 2009-146C/2010-045CX

This AMENDMENT is made and entered into between FLORIDA HOUSING FINANCE CORPORATION, a public corporation and EHLINGER APARTMENTS, LTD., a Florida limited partnership company (the "Owner").

WITNESSETH:

WHEREAS, on December 1, 2010, that certain Extended Low-Income Housing Agreement (the "Agreement") was executed between the Corporation and Owner and first amended on December 15, 2010 and amended again on July 6, 2011; and

WHEREAS, the Agreement was recorded in Official Records Book 47562, page 1330 of the public records of Broward County, Florida and the First Amendment was recorded in Official Records Book 47594, page 859 of Broward County, Florida and the Second Amendment was recorded in Official Records Book 48052, page 910 of Broward County, Florida; and

WHEREAS, the Corporation has requested and Owner has agreed to amend the Agreement as more particularly set forth herein below.

1

THIS INSTRUMENT PREPARED BY:

Jade Grubbs
FLORIDA HOUSING FINANCE CORPORATION
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

RECORD & RETURN TO:

Amy Garmon
FLORIDA HOUSING FINANCE CORPORATION
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

NOW, THEREFORE, for a good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Corporation and Owner agree as follows:

1. The foregoing recitations are true and correct and are hereby incorporated by reference.
2. The Agreement is hereby modified to amend Exhibit B Section F to read as follows:

F. By initialing each item, the Applicant commits to the following 10 Green Building options for this Development:

1. Programmable thermostats in each unit
2. Energy Star rated reversible ceiling fans in all bedrooms and living areas
3. Showerheads that use less than 2.5 gallons of water per minute
4. Faucets that use 2 gallons of water per minute or less in the kitchen and all bathrooms
5. Toilets that have dual flush options which include 1.6 gallons of water or less
6. Energy Star qualified lighting in all open and common areas
7. Motion detectors on all outside lighting that is attached to the units
8. Low VOC paint (less than 50 grams per liter) in all units and common areas
9. Reduced Heat-Island Effect paving (use light colored or porous paving materials)
10. Energy Star rating for all refrigerators, dishwashers and washing machines that are provided by the Applicant
11. Energy Star rating for all windows in each unit
12. Carpet and Rug Institute Green Label certified carpet and pad for all carpeting provided

13. ___ Florida Yards and Neighborhood certification on all landscaping

14. X Install daylight sensors or timers on all outdoor lighting

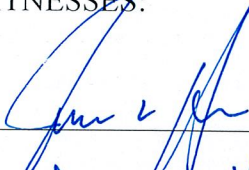
4. Except as herein modified, the Agreement shall remain in full force and effect and fully enforceable in accordance with its terms.

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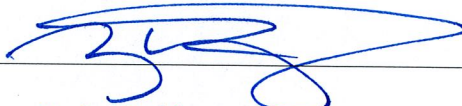
SIGNATURE PAGE FOR OWNER
EXTENDED LOW-INCOME HOUSING AGREEMENT #2009-146C/2010-045CX

IN WITNESS WHEREOF, the Corporation and Owner have executed this Amendment as of the date of execution by the Corporation.

WITNESSES:



JASON L. HAWN



Suylen Rodriguez

EHLINGER APARTMENTS, LTD., a Florida limited partnership.

By: CDG Ehlinger Apartments, LLC, a Florida limited liability company, its managing general partner

By: 


Matthew S. Greer, Manager

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 14 day of May, 2012, by MATTHEW S. GREER, as Manager of CDG EHLINGER APARTMENTS, LLC, a Florida limited liability company, the managing general partner of EHLINGER APARTMENTS, LTD., a Florida limited partnership, on behalf of the limited liability company and limited partnership.



SUYLEN RODRIGUEZ
NOTARY PUBLIC
STATE OF FLORIDA
Comm# DD979380
Expires 4/6/2014



Notary Public
Printed Name: Suylen Rodriguez
My Commission Expires: 4/6/2014

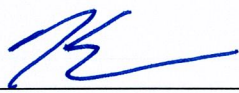
Personally known OR Produced Identification Type of Identification Produced _____

SIGNATURE PAGE FOR FLORIDA HOUSING FINANCE CORPORATION
EXTENDED LOW-INCOME HOUSING AGREEMENT #2009-146C/2010-045CX

WITNESSES:

FLORIDA HOUSING FINANCE CORPORATION,
a public corporation

Elizabeth Sharp
Jade Grubbs

By: 
Kevin L. Tatreau
Director of Multifamily
Development Programs

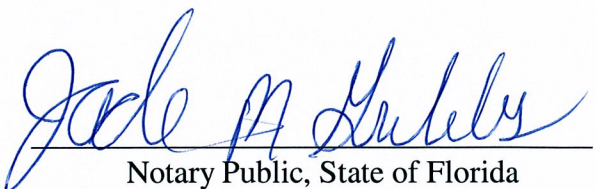
(SEAL)

STATE OF FLORIDA

COUNTY OF LEON

The foregoing instrument was acknowledged before me this 17th day of May, 2012 by Kevin L. Tatreau as Director of Multifamily Development Programs of the FLORIDA HOUSING FINANCE CORPORATION, a public corporation, the successor in interest to the Florida Housing Finance Agency, on behalf of said Corporation. He is personally known to me.




Notary Public, State of Florida

8

THIS INSTRUMENT PREPARED
BY AND RETURN TO:
Junious D. Brown III, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308

CFN # 109738127
OR BK 47562 Pages 1330 - 1360
RECORDED 12/06/10 03:54:16 PM
BROWARD COUNTY COMMISSION
DEPUTY CLERK 1033
#8, 31 Pages

ABOVE SPACE RESERVED FOR
RECORDING PURPOSES ONLY

EXTENDED LOW-INCOME HOUSING AGREEMENT

**(East Village f/k/a Ehlinger Apartments / Tax Credit Exchange Program /
RFP 2010-04 and 2010-14 / 2009-146C / 2010-045CX)**

THIS EXTENDED LOW-INCOME HOUSING AGREEMENT (this "Agreement") is made and entered into as of December 1, 2010, by and between FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida ("Florida Housing") (which term as used in every instance shall include Florida Housing's successors and assigns), EHLINGER APARTMENTS, LTD., a Florida limited partnership (the "Borrower").

PREAMBLE

WHEREAS, Florida Housing has been created and organized pursuant to and in accordance with the provisions of the Florida Housing Finance Corporation Act, Chapter 420, Part V, Fla. Stat., as amended (the "Act"), for the purpose, among others, of financing the costs of residential developments that will provide decent, safe and sanitary housing for persons or families of extremely low, very low, low, moderate or middle income in the State of Florida (the "State"); and

WHEREAS, Florida Housing has entered into a grant agreement with the United States Department of the Treasury (the "Treasury") for a grant of funds in lieu of certain federal low-income housing tax credits (the "Tax Credits") under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to the Tax Credit Exchange Program under Sections 1404 and 1602 of the American Recovery and Reinvestment Act of 2009 (the "ARRA"), as implemented by Florida Housing in accordance with Chapter 420, Florida Statutes, applicable rules, and the Florida Housing Finance Corporation Request for Proposal 2010-04 (the "Exchange Program"); and

WHEREAS, Florida Housing is the "designated State housing credit agency" for the State of Florida within the meaning of the ARRA and has the authority to make subawards of the Exchange Program funds (the "Exchange Program Funds") to eligible applicants in accordance with the Program Requirements to provide affordable housing in the State of Florida; and

WHEREAS, the Borrower has applied to Florida Housing and Florida Housing has agreed, under certain conditions, to approve and administer a loan under the Exchange Program in the aggregate principal amount of SIX MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$6,275,000) (consisting of an Exchange Loan in the principal amount of \$5,000,000 and a Supplemental ELI Exchange Loan in the principal amount of \$1,275,000) (the "Loan") for the construction and permanent financing of that certain multifamily rental housing development to be known as East Village located on property in Broward County, Florida (the "County") more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Land"), to be occupied partially, at least forty percent (40%) by individuals whose income is sixty percent (60%) or less of area median gross income, within the meaning of Section 42(g) of the Code. The Borrower's leasehold interest in the Land and its fee ownership in the Improvements, the fixtures and personal property and other amenities now or hereafter located on the Land are referred to collectively hereafter as the "Development"; and

WHEREAS, as a condition to Florida Housing making the Loan, Florida Housing, the Borrower and the Servicer entered into that certain Subaward Agreement Under Section 1602 of ARRA dated of even date herewith (the "Subaward Agreement"), setting forth the terms, conditions and obligations of the Borrower with respect to the Loan of Exchange Program Funds; and

WHEREAS, in order to assure Borrower compliance with the provisions of the Exchange Program and Section 42 of the Code, Florida Housing and the Borrower have determined to enter into this Agreement in which they set forth certain terms and conditions relating to the Borrower's operation of the Development.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Florida Housing and the Borrower do hereby contract and agree as follows:

AGREEMENT

Section 1. Definitions and Interpretation.

(a) Unless otherwise expressly provided herein or unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below for all purposes of this Agreement.

"Act" shall mean the Florida Housing Finance Corporation Act, Chapter 420, Part V, Florida Statutes as now and hereafter amended.

"Borrower" shall mean EHLINGER APARTMENTS, LTD., a Florida limited partnership and its successors and assigns as permitted under Section 4 of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and as the context may require, the Treasury Regulations promulgated thereunder, and any published rulings, procedures and notices thereunder.

"Compliance Period" shall mean, with respect to any building that is included in the Development, a period of fifteen (15) years beginning on the first day of the first taxable year of the Credit Period with respect thereto, and which has been extended to fifty (50) years for the purpose of the set-aside term by Florida Housing and by agreement of the Borrower.

"County" shall mean Broward County, Florida.

"Credit Period" shall mean, with respect to any building that is included in the Development, the period of ten (10) years beginning with (x) the taxable year in which the building is placed in service, or (y) at the election of the Borrower, the succeeding taxable year.

"Development" means the improvements to be constructed on the Land, and more particularly described in Exhibit "B" attached hereto, and the Land and all personal property and fixtures from time to time attached thereto.

"Domestic Violence" means any assault, aggravated assault, battery, aggravated battery, sexual assault, sexual battery, stalking, aggravated stalking, kidnapping, false imprisonment, or any criminal offense resulting in physical injury or death of one Family or Household Member by another Family or Household Member.

"Elderly" means persons 62 years of age or older. With respect to the Exchange Program, persons meeting the Federal Fair Housing Act requirements for Elderly shall be considered Elderly.

"Extended Low-Income Housing Agreement" or "Agreement" shall mean this Extended Low-Income Housing Agreement, as may be amended or supplemented from time to time.

"Extremely Low-Income Household" or "ELI Household" means a household of one or more persons wherein the annual adjusted gross income for the family is equal to or below the percentage of area median income for the county where the household is located, as set forth on the ELI County Chart attached hereto as Exhibit "C".

"Extremely Low-Income Persons," "Extremely Low-Income Tenants," "ELI Persons" or "ELI Tenants" means extremely low income persons as defined in the Rule. In no event, however, shall occupants of a unit be considered to be of extremely low income if all the occupants are students (as defined in Section 152(f)(2) of the Code, but excluding from such definition households qualified for one of the exceptions in Section 42(i)(3)(D) of the Code).

"Extremely Low-Income Set-Aside" or "ELI Set-Aside" means the number of units designated to serve ELI Households.

"Extremely Low-Income Unit" or "ELI Set-Aside Unit" shall mean any unit in a building if: (i) the unit is a Rent-Restricted Unit satisfying the requirements of Section 2 hereof, and (ii) the individuals occupying the unit are Extremely Low-Income Tenants (or the unit is held available for rental to Extremely Low-Income Tenants if previously rented to and occupied by Extremely Low-Income Tenants) as set forth in Section 3(a) hereof.

"Family" describes a household composed of one or more persons.

"Family or Household Member" means spouses, former spouses, persons related by blood or marriage, persons who are presently residing together as if a family or who have resided together in the past as if a family, and persons who are parents of a child in common regardless of whether they have been married. With the exception of persons who have a child in common, the family or household members must be currently residing or have in the past resided together in the same single dwelling unit.

"Florida Housing" shall mean FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida, the successor in interest to the Florida Housing Finance Agency, and any agency or other entity of the State of Florida that shall hereafter succeed to the powers, duties and functions of Florida Housing.

"Gross Rent" shall mean any amount paid by a tenant in connection with the occupancy of a Residential Rental Unit, plus the cost of any services that are required to be paid by a tenant as a condition for occupancy, plus the cost of any utilities, other than telephone, for such unit. If any utilities (other than telephone) are paid directly by the tenant, "gross rent," also includes a utility allowance determined as set forth in this paragraph. "Gross Rent" does not include any payment under Section 8 of the United States Housing Act of 1937 or any comparable rental assistance program with respect to such Residential Rental Unit or to the occupants thereof, or any fee for supportive service that is paid to the owner of the unit on the basis of the low income status of the tenant of such Residential Rental Unit by any governmental program of assistance or by any tax-exempt organization if such program or organization provides assistance for rent and the amount of assistance provided for rent is not separable from the amount of assistance provided for supportive services within the meaning of Section 42(g)(2)(B) of the Code. For purposes of the foregoing, the allowable utility allowance is: (i) the United States Department of Housing and Urban Development ("HUD") utility allowances (except as provided in clause (iv) hereof) in the case of a building whose rents and utility allowances are reviewed by HUD on an annual basis; (ii) the applicable Public Housing Authority ("PHA") utility allowances established for the Section 8 Existing Housing Program (except as provided in clause (iv) hereof) in the case of a building occupied by one or more tenants receiving HUD rental assistance payments ("HUD Tenant Assistance"); (iii) in the case of a building for which there is neither HUD Tenant Assistance, nor an applicable HUD or RD utility allowance, the applicable PHA utility allowance; however, utility allowances based on estimates from local utility providers certifying the estimated costs of all covered utilities for units of comparable size and construction in the county where the building is located, determined in accordance with 26 CFR 1.42-10(b)(4)(ii)(B), may be obtained, in which case those estimates shall apply to all units of similar size and construction in the building; or (iv) the applicable RD utility allowance in the case of any Rent-Restricted Unit in a building where either the building receives RD housing assistance (including a building that is HUD-regulated) or any tenant receives RD housing assistance (including any Low-Income Tenant or Extremely Low-Income Tenant receiving HUD Tenant Assistance who resides in a building where the building or any other tenant receives RD housing assistance).

"Homeless" means a Family who lacks a fixed, regular, and adequate nighttime residence or a Family who has a primary nighttime residence that is:

- (a) A supervised publicly or privately operated shelter designed to provide temporary living accommodations, including welfare hotels, congregate shelters, and transitional housing;
- (b) An institution that provides a temporary residence for individuals intended to be institutionalized; or
- (c) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The term does not refer to any individual imprisoned or otherwise detained pursuant to state or federal law.

"HUD" means the United States Department of Housing and Urban Development.

"Land" means the real property described in Exhibit "A" attached hereto and made a part hereof.

"Loan" means the mortgage loan in the original aggregate principal amount of \$6,275,000 from Florida Housing as lender to the Borrower as borrower with respect to the Development to be made in accordance with the Note, the Subaward Agreement and the Construction Loan Agreement and secured by the Mortgage for the purpose of providing a portion of the construction and permanent financing for the Development.

"Loan Documents" means this Agreement, the Mortgage, the Note, the Construction Loan Agreement, the Subaward Agreement and all other documents evidencing, guaranteeing or securing the Loan.

"Low-Income Tenants" shall mean individuals whose income is sixty percent (60%) or less of area median gross income (adjusted for family size) within the meaning of Section 42(g)(1) of the Code, as the same may be amended from time to time (but only to the extent such amendments apply to the Development). In no event, however, shall occupants of a unit be considered to be of low income if all the occupants are students (as defined in Section 152(f)(2) of the Code, but excluding from such definition households qualified for one of the exceptions in Section 42(i)(3)(D) of the Code).

"Low-Income Unit" shall mean any unit in a building if: (i) the unit is a Rent-Restricted Unit satisfying the requirements of Section 2 hereof, and (ii) the individuals occupying the unit are Low-Income Tenants (or the unit is held available for rental to Low-Income Tenants if previously rented to and occupied by Low-Income Tenants) as set forth in Section 3(a) hereof.

"Mortgage" shall mean the Recapture Leasehold Mortgage and Security Agreement of even date herewith from the Borrower in favor of Florida Housing, granting a subordinate priority mortgage lien on and security interest in Borrower's leasehold interest in the Land, the Development and the rents and income therefrom and securing the obligations of the Borrower under the Subaward Agreement, the Construction Loan Agreement and the Note, as may be amended, modified or supplemented from time to time.

"Non-Profit" shall mean a qualified non-profit entity as defined in the Rule.

"Note" means the Subaward Promissory Note dated as of the date hereof, in the original aggregate principal amount of \$6,275,000, with the Borrower as payor and Florida Housing as payee thereunder, evidencing the Loan pursuant to the Loan Documents, as may be amended, modified or supplemented from time to time.

"Person with a Disability" means, pursuant to Section 3 of the Americans with Disabilities Act of 1990, an individual to which both of the following applies:

- (i) the individual has a physical or mental impairment that substantially limits one or more of the major life activities of such individual, and
- (ii) the individual is currently or was formerly regarded as having an existing record of such an impairment.

"RD" means the United States Department of Agriculture Rural Development.

"Related Person" to a person shall mean a relationship such that the "related person" bears a relationship to such person specified in Section 267(b) or Section 707(b)(1) of the Code, or the related person and such person are engaged in trades or businesses under common control within the meaning of Section 52(a)-(b) of the Code, except that for purposes hereof, the phrase "10 percent" shall be substituted for the phrase "50 percent" in applying Section 267(b) and Section 707(b)(1).

"Rent-Restricted Unit" shall mean a Residential Rental Unit where the Gross Rent with respect to such unit does not exceed thirty percent (30%) of the imputed income limitation applicable to such unit (or such higher limitation as provided by Section 42(g)(2)(E) of the Code). For purposes of the foregoing, the imputed income limitation applicable to a Residential Rental Unit is the income limitation set forth for Low-Income Tenants or Extremely Low-Income Tenants occupying the unit if the number of individuals occupying the unit are (x) one (1) individual, in the case of a unit that does not have a separate bedroom, and (y) one and one-half (1.5) individuals for each separate bedroom, in the case of a unit that has one or more separate bedrooms.

"Residential Rental Units" shall mean dwelling units made available for rental, and not ownership, by Low-Income Tenants, Extremely Low-Income Tenants and members of the general public, each of which units shall contain complete living facilities that are to be used other than on a transient basis together with facilities that are functionally related or subordinate to the living facilities. The units shall at all times be constructed and maintained in substantial accordance with

the applicable building code standards of the County. For purposes of the foregoing, a unit that contains sleeping accommodations and kitchen and bathroom facilities and that is located in a building used exclusively to facilitate the transition of homeless individuals to independent living and in which a governmental entity or qualified nonprofit organization provides such individuals with temporary housing and supportive services designed to assist such individuals in locating and retaining permanent housing shall not be deemed to be a unit occupied on a transient basis within the meaning hereof.

"Rule" means Chapter 67-48, Florida Administrative Code, in effect as of August 6, 2009.

"Servicer" shall mean SELTZER MANAGEMENT GROUP, INC., a Florida corporation, or any subsequent entity appointed by Florida Housing to provide services specified in this Agreement and the Loan Documents.

"Special Needs Household" means a household consisting of a Family that is considered to be Homeless, a survivor of Domestic Violence, a Person with a Disability, or Youth Aging Out of Foster Care. These households require initial, intermittent or on-going supportive services from one or more community based service providers to obtain and retain stable, adequate and safe housing in their communities.

"Youth Aging Out of Foster Care" means youth or young adults participating in independent living transition services pursuant to Section 409.1451, Florida Statutes, and meeting the eligibility requirements pursuant to Section 409.1451(2)(b), Florida Statutes.

(b) All capitalized words and terms herein which are not otherwise defined herein shall have the same meanings ascribed to them in Section 42 of the Code, the Treasury Regulations thereunder, Florida Housing's rules, or the Subaward Agreement.

(c) The terms and phrases used in the Recitals of this Agreement have been included for convenience of reference only, in the meaning, construction and interpretation of all such terms and phrases shall be determined by reference to this Section 1. The titles and headings in this Agreement have been inserted for convenience of reference only and shall be deemed to modify and restrict any other provisions of this Agreement.

(d) Unless the context clearly requires otherwise, words of masculine, feminine or neuter gender, as the case may be, shall be construed as including the other genders, and words of the singular number shall be construed to include the plural number, and vice versa. This Agreement and all of the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Agreement and to sustain the validity hereof.

Section 2. Qualified Low-Income Housing Development. Florida Housing and the Borrower hereby declare their understanding, agreement and intent that, during the Compliance Period, the Development is to be owned, managed, and operated as a qualified low-income housing development as such phrase is defined in Section 42(g) of the Code, and in accordance with the

terms and conditions of the Exchange Program, this Agreement and the Loan Documents. To that end, the Borrower hereby represents, covenants and agrees as follows:

(a) That the Development is being constructed for purposes of providing a qualified low-income housing development, and the Borrower shall own, manage and operate the Development as a qualified low-income housing development all in accordance with Section 42 of the Code and the provisions herein; and

(b) That all of the Residential Rental Units in the Development shall be similarly constructed and each such unit shall contain complete facilities for living, sleeping, eating, cooking and sanitation for at least a single individual or a family; *provided, however*, that a unit that contains sleeping accommodations and kitchen and bathroom facilities and that is located in a building used exclusively to facilitate the transition of homeless individuals to independent living and in which a governmental entity or a qualified nonprofit organization provides such individuals with temporary housing and supportive services designed to assist such individuals in locating and retaining permanent housing shall not be deemed to be a unit occupied on a transient basis within the meaning of this Section 2(b); and

(c) That, during the Compliance Period, none of the Residential Rental Units in the Development shall at any time be utilized on a transient basis; except as provided in this Section 2(c), none of the Residential Rental Units in the Development shall ever be leased or rented for an initial period of less than one hundred eighty (180) days; and neither the Development nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer court or trailer park, or health club or recreational facility (other than recreational facilities that are available only to tenants and their guests without charge for their use and that are customarily found in multifamily rental housing developments); *provided, however*, that a single-room occupancy unit shall not be treated as used on a transient basis merely because it is rented on a month-to-month basis; and *provided, further*, that a unit that contains sleeping accommodations and kitchen and bathroom facilities and that is located in a building used exclusively to facilitate the transition of homeless individuals to independent living and in which a governmental entity or a qualified nonprofit organization provides such individuals with temporary housing and supportive services designed to assist such individuals in locating and retaining permanent housing shall not be deemed to be a unit occupied on a transient basis within the meaning of this Section 2(c); and

(d) That, during the Compliance Period, the Residential Rental Units in the Development shall be leased and rented, or made available for rental on a continuous basis, to members of the general public; and the Borrower shall not give preference in renting Residential Rental Units in the Development to any particular class or group of persons, other than Low-Income Tenants and Extremely Low-Income Tenants as provided in this Agreement, and other than to Families as further described in Section 3(g) hereof; and

(e) That the Development shall consist of one (1) or more discrete edifices or other man-made construction, each consisting of an independent foundation, outer walls and roof, and containing four (4) or more Residential Rental Units and functionally-related facilities, all of which

shall be: (x) owned by the same person for federal tax purposes; (y) located on a common tract of land or two (2) or more contiguous tracts of land; *provided, however*, that separate tracts of land that are separated only by a road, street, stream or similar property shall for purposes hereof be deemed to be contiguous; and (z) financed pursuant to a common plan of financing, and shall provide, at a minimum, the features, amenities and programs described in Exhibit "B" attached hereto; and

(f) That, during the Compliance Period, the Development shall not include a unit in a building where all Residential Rental Units in such building are not also included in the Development; and

(g) That, during the Compliance Period, the Borrower shall not convert the Development to condominium ownership; and

(h) That, during the Compliance Period, no part of the Development shall at any time be owned or used by a cooperative housing corporation; and

(i) That, during the Compliance Period, no unit in the Development shall be occupied by the Borrower or a Related Person to the Borrower at any time (x) unless such person resides in a unit in a building or structure which contains at least five (5) Residential Rental Units, or (y) except as provided in Section 42(i)(3)(E) of the Code; and

(j) That, during the Compliance Period, Borrower shall not refuse to lease a unit to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder; and

(k) That the Borrower shall not discriminate on the basis of race, religion, color, sex, familial status, national origin or disability in the lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development; *provided, however*, that nothing herein shall be deemed to preclude the Borrower from discrimination based on income in renting Residential Rental Units set aside for Low-Income Tenants and Extremely Low-Income Tenants in compliance with the requirements of the Code. The Borrower shall not discriminate on the basis of age nor shall the Borrower discriminate against minor dependents (except when units are specifically being held for the Elderly or a Special Needs Household, as defined in the Rule); and

(l) That the Borrower shall submit the certification required pursuant to Section 42(l) of the Code with respect to the first year of the Credit Period to the Treasury and Florida Housing as required by the Exchange Program and the Code; and

(m) That the Development shall be constructed, operated and maintained, as set forth in Exhibit "B" attached hereto and made a part hereof; and

(n) The Borrower hereby covenants and agrees that it will immediately withdraw from circulation any advertisement determined by Florida Housing to violate or be inconsistent with its policies, with respect to promoting rental housing for persons and families whose incomes are equal

to or less than the respective amounts specified in this Agreement, and consents to the remedy of specific performance; and

(o) The Borrower must keep Florida Housing's compliance staff apprised of the progress of Development completion and advised as to the expected opening date of the Development. The Borrower and/or an authorized representative must attend a Florida Housing Compliance Training Workshop prior to the leasing of any unit; and

(p) That, during the Compliance Period, the Borrower shall comply with the Code, including:

- (i) Notwithstanding Section 3(a) below to the contrary, commencing with the issuance of the first certificate of occupancy for any building included in the Development, at least forty percent (40%) of the occupied and completed Residential Rental Units included in the Development shall be occupied by and rented to Low-Income Tenants or held available for rental to Low-Income Tenants.
- (ii) The Borrower shall obtain from each Low-Income Tenant and Extremely Low-Income Tenant and maintain on file a Tenant Income Certification pursuant to the requirements and procedures found in Florida Housing's Compliance Guidebook and HUD Handbook 4350.3 and Section 42 of the Code, as amended, immediately prior to the initial occupancy of a Residential Rental Unit in the Development by such tenant. The Borrower shall also obtain and maintain on file a Tenant Income Certification from each Low-Income Tenant and Extremely Low-Income Tenant (and from each tenant whose income is treated as continuing not to exceed the applicable income limit as provided in Section 2(p)(iii) below) to determine whether the then current income of such tenants (or such tenants whose income is treated as continuing not to exceed the applicable income limit as provided in Section 2(p)(iii) below) residing in the Development exceed the applicable income limits, adjusted for family size. In addition, the Borrower shall require each Low-Income Tenant and Extremely Low-Income Tenant (or tenant whose income is treated as continuing not to exceed the applicable income limit as provided in Section 2(p)(iii) below) to notify the Borrower of any change in household composition or student status. The Tenant Income Certification shall be in the form and contain such information as may be required by Florida Housing's rules, as the same may be, from time to time, amended by Florida Housing. The Borrower shall submit to Florida Housing an Annual Owner Certification (Form AOC-1) annually throughout the first fifteen (15) years of the Compliance Period. If the Development is occupied at the time of Loan closing, the initial Program Report shall be prepared as of the last day of the calendar month during which the Loan closing occurred. The initial Program Report shall be submitted to Florida Housing and the Servicer no later than the 15th day of the following month. The Servicer's

copy of the Program Report shall be accompanied by executed Tenant Income Certification copies for ten percent (10%) of the certified units. If the Development is not occupied at the time of Loan closing, the initial Program Report shall be prepared as of the last day of the calendar month during which rental of the initial unit occurred. The initial Program Report shall be submitted to Florida Housing and the Servicer no later than the 15th day of the following month. The Servicer's copy of the Program Report shall be accompanied by executed Tenant Income Certification copies for ten percent (10%) of the certified units. Subsequent Program Reports shall be prepared as of the last day of each calendar month and are due electronically to Florida Housing only no later than the 15th day of each month throughout the Compliance Period. Annually, for each year of the Compliance Period, on a date established by Florida Housing, provide the Servicer only with a copy of the Program Report accompanied by Tenant Income Certification copies for ten percent (10%) of the executed Tenant Income Certifications that were effective during the reporting year. Additional reports and information shall be submitted to Florida Housing and the Servicer at such other times as Florida Housing or the Servicer may, in their discretion, request.

- (iii) For purposes of complying with the requirements set forth in Section 2(p)(i) above, if the income of an individual or family resident in a Residential Rental Unit did not exceed the applicable income limit (adjusted for family size) at the commencement of such resident's occupancy, the income of such individual or family shall be treated as continuing to not exceed the applicable income limit as long as such Residential Rental Unit remains a Rent-Restricted Unit. The determination of whether the income of a household occupying a unit in the Development exceeds the applicable income limit shall be made at least annually on the basis of the current income of the household, except for any year if during such year no residential unit in the Development is occupied by a new household whose income exceeds the applicable income limit. A development which certifies 100% of its units as low-income shall perform one annual income recertification effective upon the first anniversary of any household's move-in or initial certification. No additional income recertification shall be required by Florida Housing. However, annual determination of student status shall be required for households comprised entirely of students. Should the annual income recertification of such households result in noncompliance with income occupancy requirements, the next available unit must be rented to a qualifying household in order to ensure continuing compliance of the Development.
- (iv) The Borrower shall maintain complete and accurate records pertaining to the Residential Rental Units occupied by and rented to (or held available for rental to) Low-Income Tenants and Extremely Low-Income Tenants for at least six (6) years following the indicated date of each such record and shall

permit any duly authorized representative of Florida Housing, the Servicer, the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Tenant Income Certifications and income substantiation materials of Low-Income Tenants and Extremely Low-Income Tenants (and such tenants whose income is treated as continuing not to exceed the applicable income limit as provided in Section 2(p)(iii) above) residing in the Development at any time during normal business hours.

- (v) The Borrower shall immediately notify Florida Housing and the Servicer if at any time the Residential Rental Units in the Development are not occupied or available for occupancy as provided in Section 2(p)(iii) above.

Section 3. Low-Income Tenants and Extremely Low-Income Tenants; Low-Income Units and Extremely Low-Income Units. In order to satisfy the requirements of the Code, Florida Housing's rules and regulations, the Rule, the Exchange Program and the Loan Documents, the Borrower hereby represents, covenants and agrees that, during the Compliance Period:

(a) Not later than the close of the first (1st) year of the Credit Period for each building included in the Development, at least forty percent (40%) of the occupied and completed Residential Rental Units included in the Development shall be both Rent-Restricted Units and rented to and occupied by Low-Income Tenants, and after the initial rental occupancy of such Residential Rental Units by Low-Income Tenants, at least forty percent (40%) of the completed Residential Rental Units in the Development at all times shall be both Rent-Restricted Units and rented to and occupied by (or held available for rental to, if previously rented to and occupied by a Low-Income Tenant) Low-Income Tenants as required by Section 42(g)(1) of the Code. Further, Florida Housing has required and Borrower has agreed that at least one-hundred percent (100%) of the dwelling units must be occupied and rented to Low-Income Tenants. Not less than ten percent (10%) of the Residential Rental Units (16 units) in the Development shall be leased, rented or made available on a continuous basis to Extremely Low-Income Tenants whose adjusted household income is equal to or below twenty-eight percent (28%) of the area median income for the County where the household is located, and not less than ninety percent (90%) of the Residential Rental Units (remaining units) in the Development shall be leased, rented or made available on a continuous basis to Low-Income Tenants whose income is sixty percent (60%) or less of area median gross income (adjusted for family size) within the meaning of Section 42(g)(1) of the Code, as the same may be amended from time to time. The gross monthly rents for the Low-Income Units and the Extremely Low-Income Units shall not exceed thirty percent (30%) of the imputed income limitation applicable to such unit as defined in Section 1(a). Fifty percent (50%) of the total Extremely Low-Income Units (8 units) within the Development shall be set aside for Special Needs Households.

For purposes of complying with the foregoing requirements, if (x) the income of an individual or family resident in a Rent-Restricted Unit did not exceed the applicable income limit (adjusted for family size) at the commencement of such resident's occupancy, and (y) such unit continues to be a Rent-Restricted Unit, the income of such individual or family shall be treated as continuing to not exceed the applicable income limit. The determination of whether the income of a household occupying a unit in the Development exceeds the applicable income limit shall be made at

least annually on the basis of the current income of the household, except for any year if during such year no residential unit in the Development is occupied by a new household whose income exceeds the applicable income limit. A development which certifies 100% of its units as low-income shall perform one annual income recertification effective upon the first anniversary of any household's move-in or initial certification. No additional income recertification shall be required by Florida Housing. However, annual determination of student status shall be required for households comprised entirely of students. Should the annual income recertification of such households result in noncompliance with income occupancy requirements, the next available unit must be rented to a qualifying household in order to ensure continuing compliance of the Development.

(b) During each taxable year in the Compliance Period, the applicable fraction (as such term is defined in Section 42(c)(1)(B) and is used in Section 42(h)(6) of Code) shall not be less than the smaller of: (i) the unit fraction or (ii) the floor space fraction (as such terms are defined in Sections 42(c) of the Code).

(c) The Borrower shall not evict or terminate the tenancy of any tenant (including any tenant whose income is treated as continuing not to exceed the applicable income limit as provided in Section 3(a) above) of any Low-Income Unit or Extremely Low-Income Unit in the Development, other than for good cause, or increase the Gross Rent with respect to such Low-Income Units or Extremely Low-Income Units in excess of the amount allowable as Rent-Restricted Units.

(d) The Borrower shall obtain from each Low-Income Tenant and Extremely Low-Income Tenant and maintain on file a Tenant Income Certification pursuant to the requirements and procedures found in Florida Housing's Compliance Guidebook and HUD Handbook 4350.3 and Section 42 of the Code, as amended, immediately prior to the initial occupancy of a Residential Rental Unit in the Development by such Low-Income Tenant or Extremely Low-Income Tenant. The Borrower shall also obtain and maintain on file a Tenant Income Certification from each Low-Income Tenant and Extremely Low-Income Tenant (and from each tenant whose income is treated as continuing not to exceed the applicable income limit as provided in Section 3(a) above) to determine whether the then current income of such Low-Income Tenants or Extremely Low-Income Tenants (or such tenants whose incomes are treated as continuing not to exceed the applicable income limit as provided in Section 3(a) above) residing in the Development exceed the applicable income limits, adjusted for family size. In addition, the Borrower shall require each Low-Income Tenant and Extremely Low-Income Tenant (or tenant whose income is treated as continuing not to exceed the applicable income limit as provided in Section 3(a) above) to notify the Borrower of any change in household composition or student status. The Tenant Income Certification shall be in the form and contain such information as may be required by the Code and Florida Housing's rules, as the same may be from time to time amended by Florida Housing, or in such other form and manner as may be required by applicable rules, rulings, procedures, official statements, regulations or policies now or hereafter promulgated or proposed by the Treasury or the Internal Revenue Service with respect to Tax Credits. The Borrower shall submit to Florida Housing an Annual Owner Certification (Form AOC-1) annually throughout the first fifteen (15) years of the Compliance Period. If the Development is occupied at the time of Loan closing, the initial Program Report shall be prepared as of the last day of the calendar month during which the Loan closing occurred. The initial Program Report shall be submitted to Florida Housing and the Servicer no later than the 15th

day of the following month. The Servicer's copy of the Program Report shall be accompanied by executed Tenant Income Certification copies for ten percent (10%) of the certified units. If the Development is not occupied at the time of Loan closing, the initial Program Report shall be prepared as of the last day of the calendar month during which rental of the initial unit occurred. The initial Program Report shall be submitted to Florida Housing and the Servicer no later than the 15th day of the following month. The Servicer's copy of the Program Report shall be accompanied by executed Tenant Income Certification copies for ten percent (10%) of the certified units. Subsequent Program Reports shall be prepared as of the last day of each calendar month and are due electronically to Florida Housing only no later than the 15th day of each month throughout the Compliance Period. Annually, for each year of the Compliance Period, on a date established by Florida Housing, provide the Servicer only with a copy of the Program Report accompanied by Tenant Income Certification copies for ten percent (10%) of the executed Tenant Income Certifications that were effective during the reporting year. Additional reports and information shall be submitted to Florida Housing and the Servicer at such other times as Florida Housing or the Servicer may, in their discretion, request.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low-Income Units and Extremely Low-Income Units for at least six (6) years following the indicated date of each such record and shall permit any duly authorized representative of Florida Housing, the Servicer, the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Tenant Income Certifications and income substantiation materials of Low-Income Tenants and Extremely Low-Income Tenants (and such tenants whose income is treated as continuing not to exceed the applicable income limit as provided in Section 3(a) above) residing in the Development at any time during normal business hours.

(f) The Borrower shall immediately notify Florida Housing and the Servicer if at any time the Residential Rental Units in the Development are not occupied or available for occupancy as provided in Section 3(a) above.

(g) The units within the Development shall be rented to Families.

(h) Notwithstanding anything elsewhere in the Agreement, the Borrower undertakes, agrees and covenants that the Compliance Period shall continue for fifty (50) years, and its obligation to set aside ten percent (10%) of the Rent-Restricted Units for Extremely Low-Income Tenants and ninety percent (90%) of the Rent-Restricted Units for Low-Income Tenants shall likewise continue for fifty (50) years.

(i) The Borrower shall register the Development's units on Florida Housing's Affordable Housing Locator ("Locator"), an on-line, searchable database of affordable rental housing inventory, pursuant to Florida Housing's established guidelines set forth for the Locator, unless otherwise approved by Florida Housing in its sole discretion. Registration must take place prior to leasing any unit for newly constructed developments and no later than forty-five (45) days following acquisition of an existing development, and reporting shall continue throughout the Compliance Period. In the event participation by the Borrower is deemed to be unsatisfactory by Florida Housing in its sole discretion, the Development will be added to Florida Housing's Noncompliance Report.

Section 4. Sale, Lease or Transfer of the Development or any Building.

(a) The Borrower shall not enter into a sale, lease, exchange, assignment, conveyance, transfer or other disposition (collectively, a "Disposition") of the Development or any building in the Development: (i) unless such Disposition is of all of a building in the Development; and (ii) without prior written notice to the Treasury and to Florida Housing, and the compliance with all rules and regulations of the Exchange Program, the Treasury and Florida Housing applicable to such Disposition. Additionally, to the extent required by the Code or the Exchange Program, prior to the expiration of the Compliance Period, any Disposition of a property affecting a Non-Profit entity shall be replaced by a qualified Non-Profit entity as defined herein. The Borrower shall notify Florida Housing in writing of the name and address of the person to whom any Disposition has been made within fourteen (14) days after the date thereof. It is hereby expressly stipulated and agreed that any Disposition of the Development or of any building in the Development by the Borrower in violation of this Section 4 shall be null, void and without effect, shall cause a reversion of title to the transferor Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Agreement. The Borrower shall include, verbatim or by incorporation by reference, all requirements and restrictions contained in this Agreement in any deed or other documents transferring any interest in the Development or in any building in the Development to any other person or entity to the end that such transferee has notice of and is bound by such restrictions, and shall obtain the express written assumption of this Agreement by any such transferee.

(b) The restrictions contained in Section 4(a) shall not be applicable to any of the following: (1) any transfer pursuant to or in lieu of a foreclosure or any exercise of remedies (including, without limitation, foreclosure) under any mortgage on the Development; *provided, however,* that neither the Borrower nor any Related Person to the Borrower shall acquire any interest in the Development during the remainder of the Compliance Period; (2) any sale, transfer, assignment, encumbrance or addition of limited partnership interests in the Borrower; (3) grants of utility-related easements and governmental easements shown on the title policy approved by Florida Housing and any other easement and use agreements which may be consented to by Florida Housing and service-related leases or easements, such as laundry service leases or television cable easements, over portions of the Development; *provided, however,* the same are granted in the ordinary course of business in connection with the operation of the Development as contemplated by this Agreement; (4) leases of apartment units to tenants, including Low-Income Tenants and Extremely Low-Income Tenants, in accordance with this Agreement; (5) any sale or conveyance to a condemning governmental authority as a direct result of a condemnation or a governmental taking or a threat thereof; or (6) any change in allocations or preferred return of capital, depreciation or losses or any final adjustment in capital accounts (all of which may be freely transferred or adjusted by Borrower pursuant to Borrower's partnership agreement).

Notwithstanding the foregoing, any material change (33.3% or more of an interest in the Borrower, a general partner of the Borrower or member of the Borrower, as applicable) in the ownership structure of the Borrower shall require prior approval of the Florida Housing Board of Directors. Changes to limited partnership interests or non-managing limited liability company interests, as applicable, shall not require prior approval; however, the Borrower shall provide Florida

Housing with notice of any such change in a majority of the limited partnership interests or non-managing limited liability company interests, as applicable.

(c) The Borrower shall not sell, lease (other than by residential leases in the ordinary course of business), transfer or otherwise dispose of any portion of the Development without the prior written consent of Florida Housing and in compliance with Section 67-48.030, Fla. Admin. Code. Notwithstanding the foregoing, the Development will continue to be owned and operated by the Borrower throughout the first fifteen (15) years of the Compliance Period. So long as the requirements of this Section for sale or transfer are satisfied, the Loan as to both principal and interest shall be assumable upon the sale, transfer or refinancing of the Development, subject to the following conditions:

- (i) The proposed transferee meets all specific applicant identity criteria (as specified in the Rule) which were required as conditions of the original Loan.
- (ii) The proposed transferee agrees to maintain all set-asides and other requirements of the Loan for the period originally specified or longer, and agrees to assume the Borrower's obligations under this Agreement and the Loan Documents.
- (iii) The proposed transferee and its application receives a favorable recommendation from Florida Housing's credit underwriter and approval by the Board of Directors of Florida Housing.

In the event the above-stated conditions are not met, the Loan as to both principal and interest, as well as all other obligations due or accrued under the Loan Documents, shall be due in full upon the sale, transfer or refinancing of the Development unless the consent of Florida Housing shall have been obtained or the transfer is otherwise permitted under the Loan Documents.

(d) The Borrower shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the Mortgage while the Loan is outstanding, without prior approval of Florida Housing's Board of Directors and in compliance with all applicable requirements of the Exchange Program.

Section 5. Development Within Florida Housing's Jurisdiction. The Borrower hereby represents and warrants that each building in the Development shall be located entirely within the limits of the County.

Section 6. Term of this Agreement.

(a) This Agreement shall become effective upon the date first set forth above, and shall remain in full force and effect until the expiration of the Compliance Period or as otherwise provided in this Section 6. Upon the termination of this Agreement, upon request of any party hereto, Florida Housing and the Borrower or any successor party hereto shall execute a recordable document prepared by Florida Housing or its counsel further evidencing such termination.

(b) The restrictions contained in Section 2 and Section 3 of this Agreement regarding the use and operation of the Development and of each building in the Development shall automatically terminate in the event of involuntary noncompliance caused by fire, seizure, requisition, foreclosure or transfer of title by conveyance or assignment in lieu of foreclosure to an entity other than the Borrower or a Related Person of the Borrower (except as may otherwise be determined by the Treasury), change in a federal law or an action of a federal authority after the date hereof which prevents compliance with the covenants expressed herein, or condemnation or similar event (as determined by Florida Housing upon the advice of its counsel). In such event, upon the request and at the expense of the Borrower, the parties hereto shall execute an appropriate document in recordable form prepared by Florida Housing or its counsel to evidence such automatic termination. This Section 6(b) shall not apply (and the restrictions contained in Sections 2 and 3 shall thereafter apply) to the Development in the event that, subsequent to any involuntary noncompliance as described in this Section 6(b) but prior to the expiration of the Compliance Period, (x) a Related Person to the Borrower obtains an ownership interest in the Development for tax purposes, or (y) the Treasury determines that such foreclosure or transfer of title by conveyance or assignment in lieu of foreclosure is part of an arrangement to terminate this Agreement.

(c) The restrictions contained in Section 2 and Section 3 of this Agreement regarding the use and operation of the Development and of each building in the Development shall remain in effect throughout the Compliance Period of fifty (50) years.

(d) Notwithstanding the termination of the restrictions contained in Section 2 and Section 3 prior to the expiration of the Compliance Period, the Borrower (including any successor or assignee of the Borrower) shall not, prior to the end of the three (3) year period following such termination: (i) evict or terminate the tenancy of any existing tenant (including any tenant whose income is treated as continuing not to exceed the applicable income limit as provided in Section 3(a) above) of any Low-Income Unit or Extremely Low-Income Unit, other than for good cause, or (ii) increase the Gross Rent with respect to such Low-Income Units or Extremely Low-Income Units in excess of the amounts allowable as Rent-Restricted Units.

(e) Notwithstanding any other provisions of this Agreement, this entire Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by Florida Housing and the Borrower if there shall have been received an opinion of counsel to Florida Housing that such termination is permitted under Section 42 of the Code or the Exchange Program.

(f) THROUGHOUT THE TERM OF THIS AGREEMENT, BORROWER ACKNOWLEDGES THAT FAILURE TO COMPLY WITH ALL EXCHANGE PROGRAM REQUIREMENTS MAY TRIGGER RECAPTURE, AND ANY DEBT DETERMINED TO BE SUBJECT TO SUCH RECAPTURE WILL BE A DEBT OWED TO THE UNITED STATES PAYABLE TO THE GENERAL FUND OF THE TREASURY AND ENFORCEABLE BY ALL AVAILABLE MEANS AGAINST ANY ASSETS OF THE BORROWER, INCLUDING FORECLOSURE OR OTHER REMEDIES UNDER THIS AGREEMENT, THE SUBAWARD AGREEMENT, THE MORTGAGE AND THE LOAN DOCUMENTS.

NOTICE IS HEREBY GIVEN THAT THE SPECIFIC REQUIREMENTS OF THE EXCHANGE PROGRAM AND THE RECAPTURE EVENTS AND RECAPTURE AMOUNTS FOR WHICH THE BORROWER SHALL BE RESPONSIBLE, ARE SET FORTH IN THE SUBAWARD AGREEMENT, COPIES OF WHICH MAY BE OBTAINED FROM FLORIDA HOUSING.

Section 7. Indemnification. The Borrower hereby covenants and agrees that it shall indemnify, hold harmless and defend Florida Housing and its directors, officers, members, officials, employees and agents from and against (i) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan Documents or the Development, or arising out of the construction, operation and/or management of the Development or the granting of the Loan to the Borrower; and (ii) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon as such fees, costs, expenses or liabilities become due. In the event that any action or proceeding is brought against Florida Housing, or any of its directors, officers, members, officials, employees, or agents with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. This provision shall survive the termination of this Agreement. The indemnified party shall have the right to participate in the investigation and defense thereof and may employ separate counsel with or without the approval and consent of the Borrower.

Section 8. Reliance. Florida Housing and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Borrower's use of the Exchange Program Funds. In performing their duties and obligations hereunder, Florida Housing may rely upon statements and certificates of the Borrower, Low-Income Tenants and Extremely Low-Income Tenants believed in good faith to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Development. No interlineations or manual alteration to the typed version of this Agreement shall be permitted unless initialed by all parties to the Agreement. In addition, Florida Housing may consult with its counsel, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered by Florida Housing hereunder in good faith and in conformity with the opinion of such counsel. The Borrower shall reimburse Florida Housing for reasonable attorneys' fees and expenses incurred in obtaining the opinion of such counsel. In performing its duties and obligations hereunder, the Borrower may rely upon certificates of Low-Income Tenants and Extremely Low-Income Tenants reasonably believed to be genuine and to have been executed by the proper person or persons. The Borrower may rely on the rules, regulations, guidelines and policies of Florida Housing, the Treasury, and upon reasonable interpretations of the same.

Section 9. Enforcement by Florida Housing and by Tenants. If the Borrower defaults in the performance of its obligations under this Agreement or breaches any covenant, agreement or warranty of the Borrower set forth in this Agreement, and if such default or breach remains uncured for a period of sixty (60) days (or ninety (90) days for any default not caused by a violation of Section 2 or 3 hereof) after written notice thereof shall have been given by Florida Housing to the

Borrower (or for an extended period approved in writing by Florida Housing counsel (x) if such default or breach stated in such notice can be corrected, but not within such sixty (60) day (or ninety (90) day) period, and (y) if the Borrower commences such correction within such sixty (60) day (or ninety (90) day) period and thereafter diligently pursues the same to completion within such extended period), then Florida Housing may take whatever action at law or in equity or otherwise, whether for specific performance of any covenant in this Agreement, the Mortgage, or the Subaward Agreement or such other remedy as may be deemed most effectual by Florida Housing to enforce the obligations of the Borrower under this Agreement, including declaring all amounts due under the Note to be immediately due and payable, terminate all rights of the Borrower under this Agreement and subject to the Exchange Program requirements, exercise its right to recapture under the Loan Documents, or such other remedy as may be deemed most effectual by Florida Housing to enforce the obligations of the Borrower with respect to the Development. If a default by the Borrower under this Agreement is not cured within a time period acceptable to Florida Housing, Florida Housing may institute foreclosure proceedings against the Development, as provided in the Mortgage and subject at all times to the lien priority of any senior mortgage or encumbrance.

Notwithstanding any of the foregoing, Florida Housing shall have the right to seek specific performance of any of the covenants, agreements and requirements of this Agreement concerning the construction and operation of the Development and any person who satisfies the income limitations applicable to Low-Income Tenants or Extremely Low-Income Tenants hereunder (whether prospective, present or former occupants of any Residential Rental Unit in any building included in the Development, including any tenant whose income is treated as continuing not to exceed the applicable income limit as provided in Section 3(a) above) shall separately have the right to seek specific performance and otherwise enforce the requirements of Sections 3(b), 3(c) and 3(g) with respect to such building that is part of the Development.

The Borrower must obtain Florida Housing's approval of the management company selected to manage the Development. Florida Housing must be advised of any change in the Borrower's selection of a management company, and the company must be approved by Florida Housing prior to the firm assuming responsibility for the Development.

Florida Housing has the right to require the Borrower to remove any Manager or Managing Agent who does not require compliance with this Agreement upon such Manager's or Managing Agent's being given thirty (30) days' written notice of a violation, and such right shall be expressly acknowledged in any contract between the Borrower and any Manager or Managing Agent.

Florida Housing shall have the right to enforce this Agreement and require curing of defaults in shorter periods than specified above if Florida Housing counsel makes a reasonable determination that such shorter periods are necessary to comply with Section 42 of the Code and the Exchange Program.

Section 10. Recording and Filing; Covenants to Run with the Land.

(a) Upon execution and delivery by the parties hereto, the Borrower shall cause this Agreement and all amendments and supplements hereto to be recorded and filed in the official public

records of the County in such manner and in such other places as Florida Housing may reasonably request and shall pay all fees and charges incurred in connection therewith.

(b) This Agreement and the covenants herein shall run with the land and shall bind, and the benefits shall inure to, respectively, the Borrower, Florida Housing and the Treasury and their respective successors and assigns during the term of this Agreement.

(c) Upon reasonable notice, if there has been no event of default under this Agreement, Florida Housing shall furnish to the Borrower a statement in writing certifying that the Agreement is not in default.

Section 11. Amendments Required by the Code and the Treasury. To the extent that Section 42 of the Code or any amendments thereto and any final or temporary Treasury Regulations or Revenue Rulings thereunder shall impose requirements upon the ownership or operation of the Development more or less restrictive than those imposed by this Agreement, the Borrower and Florida Housing agree that this Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements or to impose less restrictive requirements, as appropriate; *provided, however*, this Section 11 shall not affect requirements of this Agreement imposed by State law or agreed to by the Borrower that were the basis of Florida Housing's issuing the Loan to Borrower. The Borrower and Florida Housing shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary in the reasonable opinion of counsel to Florida Housing to be in compliance with the provisions of Section 42 and all other provisions of the Code and Florida law relating to Tax Credits or the Exchange Program.

Section 12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

Section 13. Notice. Any notice required to be given hereunder shall be given by personal delivery, by registered or certified U.S. Mail or by expedited delivery service at the addresses as specified below or at such other addresses as may be specified by notice to the other parties hereto, and any such notice shall be deemed received on the date of delivery, if by personal delivery or expedited delivery service, or upon actual receipt if sent by registered or certified U.S. Mail:

Florida Housing: Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329
Attention: Kevin L. Tatreau, Director of
Multifamily Development Programs
Phone: (850) 488-4197
Fax: (850) 488-9809

with a copy to: Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308
Attention: Junious D. Brown III, Esq.
Phone: (850) 224-4070
Fax: (850) 224-4073

Borrower: Ehlinger Apartments, Ltd.
c/o Carlisle Development Group, LLC
2950 SW 27th Avenue, Suite 200
Miami, Florida 33133
Attention: Matthew S. Greer
Phone: (305) 476-8118
Fax: (305) 476-1557

with a copy to: Stearns Weaver Miller Weissler Alhadeff
& Sitterson, P.A.
150 W. Flagler Street, Suite 2200
Miami, Florida 33130
Attention: Brian McDonough, Esquire
Phone: (305) 789-3308
Fax: (305) 789-3395

with a copy to: BBC-Ehlinger Apartments, Inc.
4780 North State Road 7
Lauderdale Lakes, Florida 33319
Attention: Chief Executive Officer
Fax: (954) 535-0407

with a copy to: Cohen & Grigsby, P.C.
625 Liberty Avenue
Pittsburgh, Pennsylvania 15222
Attention: Michael H. Syme, Esquire
Fax: (412) 297-1990

Tax Credit
Investor:

U.S.A. Institutional Tax Credit Fund LXXI L.P.
c/o The Richman Group Affordable Housing Corporation
340 Pemberwick Road
Greenwich, Connecticut 06831
Attention: Joanne D. Flanagan, Esquire
Phone: (203) 413-0320
Fax: (203) 869-9543

Servicer: Seltzer Management Group, Inc.
17633 Ashley Drive
Panama City Beach, Florida 32413
Attention: Ben Johnson
Phone: (850) 233-3616
Fax: (850) 233-1429

Section 14. Severability. If any provision of this Agreement shall be held by any court of competent jurisdiction to be invalid, illegal or unenforceable, such provision shall be deemed omitted from this Agreement and the validity, legality and enforceability of the remaining portions of this Agreement shall remain in full force and effect, but such holding shall not affect the validity, legality or enforceability of such provision under other, dissimilar facts or circumstances.

Section 15. Multiple Counterparts. This Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be deemed to be an original.

Section 16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties and the Treasury and their successors and assigns, but this provision shall not be construed to permit assignment by the Borrower without the written consent of Florida Housing.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]


**COUNTERPART SIGNATURE PAGE TO
EXTENDED LOW-INCOME HOUSING AGREEMENT**


(East Village f/k/a Ehlinger Apartments / Tax Credit Exchange Program /
RFP 2010-04 and 2010-14 / 2009-146C / 2010-045CX)


IN WITNESS WHEREOF, Florida Housing and the Borrower have executed this Agreement as of the date first set forth above.

WITNESSES:

FLORIDA HOUSING FINANCE
CORPORATION


Print: Karla Brown


Print: Blake C. Poston

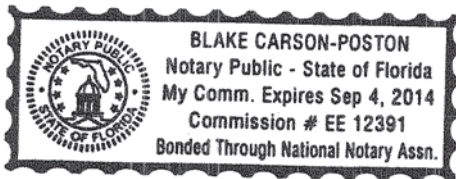
By: 
Kevin L. Tatreau
Director of Multifamily Development
Programs

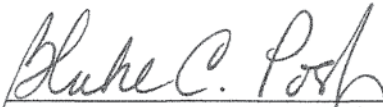
Address: 227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

[SEAL]

STATE OF FLORIDA
COUNTY OF LEON

The foregoing instrument was acknowledged before me this 19th day of November, 2010, by KEVIN L. TATREAU, as Director of Multifamily Development Programs of the FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida, on behalf of Florida Housing. Said person is personally known to me or has produced a valid driver's license as identification.




Notary Public; State of Florida
Print Name: _____
My Commission Expires: _____
My Commission No.: _____

**COUNTERPART SIGNATURE PAGE TO
EXTENDED LOW-INCOME HOUSING AGREEMENT**

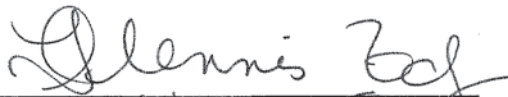
**(East Village f/k/a Ehlinger Apartments / Tax Credit Exchange Program /
RFP 2010-04 and 2010-14 / 2009-146C / 2010-045CX)**


IN WITNESS WHEREOF, Florida Housing and the Borrower have executed this Agreement as of the date first set forth above.

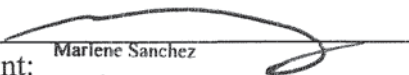
WITNESSES:

EHLINGER APARTMENTS, LTD., a Florida limited partnership

By: CDG Ehlinger Apartments, LLC, a Florida limited liability company, its managing general partner


Print: Elenis Fernandez


By: Matthew S. Greer, Manager


Print: Marlene Sanchez


Address: 2950 SW 27th Avenue, Suite 200
Miami, Florida 33133

[SEAL]

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 29 day of November, 2010, by MATTHEW S. GREER, as Manager of CDG EHLINGER APARTMENTS, LLC, a Florida limited liability company, the managing general partner of EHLINGER APARTMENTS, LTD., a Florida limited partnership, on behalf of the limited liability company and limited partnership. Said person is personally known to me or has produced a valid driver's license as identification.

MARLENE CASAR SANCHEZ
Comm# DD0689789
Expires 10/19/2011
Florida Notary Assn., Inc





Notary Public; State of Florida
Print Name: _____
My Commission Expires: _____
My Commission No.: _____

EXHIBIT "A"

LEGAL DESCRIPTION

EHLINGER APARTMENTS, according to the Plat thereof, as recorded in Plat Book 179, at Page 122, of the Public Records of Broward County, Florida.

EXHIBIT "B"

**(EAST VILLAGE F/K/A EHLINGER APARTMENTS /
TAX CREDIT EXCHANGE PROGRAM /
RFP 2010-04 AND 2010-14 / 2009-146C / 2010-045CX)
BROWARD COUNTY
DESCRIPTION OF FEATURES AND AMENITIES**

A. The Development will consist of:

One-hundred fifty-five (155) garden apartment units located in 8 residential buildings.

Unit Mix:

Six (6) one bedroom/ one bath units containing a minimum of 553 square feet of heated and cooled living area

Six (6) two bedroom/ two bath units containing a minimum of 1097 square feet of heated and cooled living area

Forty-two (42) two bedroom/ two bath units containing a minimum of 1,107 square feet of heated and cooled living area

Thirty-seven (37) two bedroom/ two bath units containing a minimum of 960 square feet of heated and cooled living area

Ten (10) two bedroom/ two bath units containing a minimum of 979 square feet of heated and cooled living area

Thirty-two (32) three bedroom/ two bath units containing a minimum of 1,250 square feet of heated and cooled living area

Two (2) three bedroom/ two bath units containing a minimum of 1,285 square feet of heated and cooled living area

Twenty (20) three bedroom/ two and one-half bath units containing a minimum of 1,285 square feet of heated and cooled living area

155 Total Units

The Development is to be constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change has been approved in writing by Florida Housing or

its Servicer. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act (“ADA”), as applicable.

B. Each unit will be fully equipped with the following:

1. Air conditioning in all units (window units are not allowed; however, through-wall units are permissible for rehabilitation)
2. Window treatments for each window and glass door inside each unit
3. Termite prevention and pest control throughout the entire affordability period
4. Peephole on all exterior doors
5. Exterior lighting in open and common areas
6. Cable or satellite TV hook-up in all units
7. Full-size range, oven and refrigerator in all units
8. At least two full bathrooms in all 3 bedroom or larger new construction units
9. Bathtub with shower in at least one bathroom in at least 90% of the new construction, non-Elderly units

C. The Borrower has committed to provide the following features in each new construction unit:

1. Ceramic tile bathroom floors in all units
2. Microwave oven in each unit
3. Marble window sills in all units
4. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all 2 bedroom new construction units
5. Dishwasher in all new construction units

D. The Borrower has committed to the following amenities in the Development:

1. Thirty year expected life roofing on all buildings
2. Exercise room with appropriate equipment

3. Community center or clubhouse
 4. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development's size and expected resident population with age-appropriate equipment)
 5. Outside recreation facility: Bocce Ball Court
 6. Library consisting of a minimum of 100 books and 5 current magazine subscriptions
 7. Computer lab on-site with a minimum of one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs and at least one printer
 8. Laundry hook-ups and space for full-size washer and dryer inside each unit
 9. Laundry facilities with full-size washers and dryers available in at least one common area on site
- E. The Borrower has committed to provide the following energy conservation features for all buildings in the Development:
1. Air conditioning with a minimum SEER rating of 15
 2. Electric water heater with energy factor of .93 or better
 3. Wall insulation of a minimum of R-7 for masonry/concrete block construction
 4. All windows single-pane with shading coefficient of .67 or better
 5. Energy Star certified refrigerator and dishwasher in each unit
 6. Ceiling fans in all bedrooms and living area in each unit
- F. The Borrower has committed to provide the following 10 Green Building options for this Development:
1. Programmable thermostats in each unit
 2. Energy Star rated reversible ceiling fans in all bedrooms and living areas
 3. Showerheads that use less than 2.5 gallons of water per minute
 4. Faucets that use 2 gallons of water per minute or less in the kitchen and all bathrooms
 5. Toilets that have dual flush options which include 1.6 gallons of water or less

6. Energy Star qualified lighting in all open and common areas
7. Motion detectors on all outside lighting that is attached to the units
8. Low VOC paint (less than 50 grams per gallon) in all units and common areas
9. Energy Star rating for all refrigerators, dishwashers and washing machines that are provided by the Applicant
10. Installation of daylight sensors or timers on all outdoor lighting

G. The Borrower has committed to provide the following Resident Programs:

1. Welfare to Work or Self-Sufficiency Type Programs - The Borrower commits to actively seek residents who are participating in or who have successfully completed the training provided by these types of programs.

2. Homeownership Opportunity Program

Financial Assistance with Purchase of a Home: Borrower commits to provide a financial incentive for the purchase of a home which includes the following provisions:

- the incentive must be applicable to the home selected by the resident and may not be restricted to or enhanced by the purchase of homes in which the Borrower, Developer, or other related party has an interest;
- the incentive must not be less than five percent (5%) of the rent for the resident's unit during the resident's entire occupancy (Note: Resident will receive the incentive for all months for which the resident is in compliance with the terms and conditions of the lease. Damages to the unit in excess of the security deposit will be deducted from the incentive.);
- the benefit must be in the form of a gift or grant and may not be a loan of any nature;
- the benefits of the incentive must accrue from the beginning of occupancy;
- the vesting period can be no longer than 2 years of continuous residency; and
- no fee, deposit or any other such charge can be levied against the resident as a condition of participation in this program.

3. First Time Homebuyer Seminars – Borrower or its Management Agent must arrange for and provide, at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners. Electronic media, if used, must be used in conjunction with live instruction.

4. Job Training – Borrower or its Management Agent must provide, at no cost to the resident, regularly scheduled classes in keyboarding, computer literacy, secretarial skills or other useful job skills, which will be provided at least once each quarter. If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.

5. Health and Nutrition Classes – At least 8 hours per year, provided on site at no cost to the residents. Electronic media, if used, must be used in conjunction with live instruction.
6. Financial Counseling – This service must be provided by the Borrower or its Management Agent, at no cost to the resident, and must include the following components: must be regularly scheduled at least once each quarter; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as “Learning to Budget,” “Handling Personal Finances,” “Predatory Lending,” or “Comparison Shopping for the Consumer.” Electronic media, if used, must be used in conjunction with live instruction.
7. Resident Assistance Referral Program - The Borrower or its Management Agent will make available to residents information about services such as crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident. Electronic media, if used, must be used in conjunction with live instruction.
8. Life Safety Training - The Borrower or its Management Agent must provide courses such as fire safety, first aid (including CPR), etc., on-site, at least twice each year, at no cost to the resident. Electronic media, if used, must be used in conjunction with live instruction.

EXHIBIT "C"

ELI COUNTY CHART

(RFP 2010-04)			
2010 ELI County Chart			
County	ELI Set-Aside AMI level	County	ELI Set-Aside AMI level
Alachua	35%	Lee	33%
Baker	35%	Leon	33%
Bay	40%	Levy	45%
Bradford	40%	Liberty	45%
Brevard	33%	Madison	45%
Broward	28%	Manatee	33%
Calhoun	45%	Marion	40%
Charlotte	40%	Martin	33%
Citrus	45%	Miami-Dade	33%
Clay	30%	Monroe	28%
Collier	28%	Nassau	30%
Columbia	45%	Okaloosa	30%
De Soto	45%	Okeechobee	45%
Dixie	45%	Orange	33%
Duval	30%	Osceola	33%
Escambia	35%	Palm Beach	28%
Flagler	35%	Pasco	35%
Franklin	45%	Pinellas	35%
Gadsden	33%	Polk	40%
Gilchrist	35%	Putnam	45%
Glades	45%	St. Johns	30%
Gulf	45%	St. Lucie	33%
Hamilton	45%	Santa Rosa	35%
Hardee	45%	Sarasota	33%
Hendry	45%	Seminole	33%
Hernando	35%	Sumter	40%
Highlands	45%	Suwannee	45%
Hillsborough	35%	Taylor	45%
Holmes	45%	Union	45%
Indian River	35%	Volusia	40%
Jackson	45%	Wakulla	40%
Jefferson	33%	Walton	40%
Lafayette	45%	Washington	45%
Lake	33%		

Return recorded copy to:

Development and Environmental Regulation Division
Environmental Protection and
Growth Management Department
Governmental Center West
1 North University Drive
Building A, Suite 102
Plantation, FL 33324

Document prepared by:

Evangeline G. Kalus
Development and Environmental Regulation Division
Environmental Protection and
Growth Management Department
Governmental Center West
1 North University Drive
Building A, Suite 102
Plantation, FL 33324

**DECLARATION OF RESTRICTIVE COVENANTS
(AFFORDABLE HOUSING)**

This Declaration of Restrictive Covenants, made this 16th day of September, 2010, by Broward County Housing Authority, a public body corporate and politic, hereinafter referred to as "OWNER".

WHEREAS, OWNER is the fee title owner of that certain real property known as the Ehlinger Apartments Plat ("Plat"), located in Broward County, Florida, and legally described in Exhibit "A," attached hereto and incorporated herein (the "Property"); and

WHEREAS, OWNER hereby covenants that OWNER is lawfully seized of said Property in fee simple; that the Property is free and clear of all encumbrances that are inconsistent with the terms of this Declaration and all mortgagees, if any, have been joined or subordinated; that OWNER has good right and lawful authority to make this Declaration; and that OWNER agrees to fully warrant and defend this Declaration against the claims of all persons whomsoever; and

WHEREAS, OWNER intends to build affordable housing units on the Property and has applied to BROWARD COUNTY for the waiver of One Hundred Five Thousand Nine Hundred and Thirty-Six Dollars and 0/100 (\$105,936) in impact and/or administrative fees related to the Plat; and

WHEREAS, pursuant to Section 5-184 of the Broward County Land Development Code, a condition of waiving the impact and/or administrative fees for affordable housing is that OWNER must reasonably ensure that affordable housing units are rented or sold to persons meeting the income limitations defined in Section 5-201 of the Broward County Code of Ordinances; and

WHEREAS, OWNER, in fulfillment of that obligation hereby places certain restrictions on the use of the Property; NOW, THEREFORE:

- 1. The recitals set forth above are true and correct and are incorporated into these restrictive covenants.
- 2. OWNER hereby declares that the Property shall be held, maintained, transferred, sold, conveyed, and owned subject to the following designations and restrictive covenants:

OWNER hereby agrees One Hundred Five Thousand Nine Hundred and Thirty-Six Dollars and 0/100 (\$105,936) in impact and/or administrative fees have been waived for the Plat for the construction of:

<u>3 townhouse units and 13 garden apartments</u>	very low income units
<u>97 townhouse units and 42 garden apartments</u>	low income units

within the Plat. OWNER shall ensure that the aforementioned units shall be sold and rented to persons meeting the applicable income limitations, as defined in Section 5-201 of the Broward County Code of Ordinances.

- 3. This Declaration of Restrictive Covenants shall be recorded in the Public Records of Broward County, Florida, and shall run with the Property at the specified income level(s) for a period of at least:
 - Twenty (20) years for rental housing, or
 - Ten (10) years for owner-occupied housing.
- 4. BROWARD COUNTY, at the request of OWNER or its successor, shall cause a release to be recorded in the Official Records of Broward County, Florida upon payment of all applicable impact fees at the rate in effect at the time of the request for the release of the restrictive covenant prior to the above referenced time periods.
- 5. BROWARD COUNTY, through its Board of County Commissioners, its successors and assigns, is the beneficiary of these restrictive covenants and as such, BROWARD COUNTY may enforce these restrictive covenants by an action at law or in equity against any person or persons, entity or entities, violating or attempting to violate the terms of these restrictions. Additionally, BROWARD COUNTY may institute foreclosure proceedings against the Property for the amount of fees that OWNER is bound to repay.
- 6. Any failure of BROWARD COUNTY to enforce these restrictive covenants shall not be deemed a waiver of the right to do so thereafter.

7. Invalidation of any one of these restrictive covenants by judgment or court order shall in no way affect any other conditions which remain in full force and effect.
8. This Declaration of Restrictive Covenants shall be recorded in the Public Records of Broward County, Florida, and shall become effective upon recordation.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

OWNER-CORPORATION/PARTNERSHIP

Witnesses:

Monica Alfasi
(Signature)

MONICA ALFASI
(Print Name)

Barbara D. Miller
(Signature)

BARBARA D. MILLER
(Print Name)

BROWARD COUNTY HOUSING
AUTHORITY, a public body corporate and
politic

By: Kevin Cregan
(Signature)

Kevin Cregan, Chief Executive Officer
(Print Name of Owner)

Print Address:
4780 North State Road 7

Lauderdale Lakes, Florida 33319

16th day of September, 2010

ACKNOWLEDGMENT - CORPORATION/PARTNERSHIP

STATE OF FLORIDA)
) SS
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 16th day of September 2010, by Kevin Cregan, as Chief Executive Officer of the Broward County Housing Authority, a public body corporate and politic, on behalf of the public body corporate and politic. He is personally known to me, or produced identification. Type of identification produced _____.

NOTARY PUBLIC:

(Seal)

Deatra Glaser

Print name: DEATRA GLASER

My commission expires: June 9, 2014

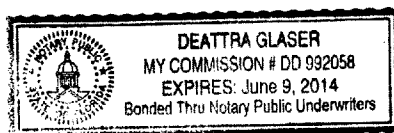


EXHIBIT "A"

LEGAL DESCRIPTION

All of the Ehlinger Apartments Plat as recorded in Plat Book 179 Page 122 of the public records of Broward County, Florida.

Return recorded copy to:

Planning and Redevelopment Division
1 North University Drive, Suite 102A
Plantation, Florida 33324

Document prepared by:
Keith M. Poliakoff, Esquire
Arnstein & Lehr, LLP
200 E. Las Olas Blvd., Suite 1000
Ft. Lauderdale, FL 33301

**DECLARATION OF RESTRICTIVE COVENANTS
(AFFORDABLE HOUSING)**

This Declaration of Restrictive Covenants, made this 4 day of August, 2015, by the Broward County Housing Authority ("OWNER") and W/A as MORTGAGEE (if property described in Exhibit "A" is encumbered by a mortgage).

WHEREAS, OWNER is the fee title owner of that certain real property known as the Oakland Preserve Plat ("Plat"), located in Broward County, Florida, and legally described in Exhibit "A," attached hereto and incorporated herein (the "Property"); and

WHEREAS, OWNER hereby covenants that OWNER is lawfully seized of said Property in fee simple; that the Property is free and clear of all encumbrances that are inconsistent with the terms of this Declaration and all mortgagees have been joined or subordinated; that OWNER has good right and lawful authority to make this Declaration; and that OWNER agrees to fully warrant and defend this Declaration against the claims of all persons whomsoever; and

WHEREAS, OWNER intends to build affordable housing units on the Property and has applied to BROWARD COUNTY for the waiver of One Hundred and Four Thousand Dollars and 0/100 (\$104,000.00) in impact and/or administrative fees related to the Plat; and

WHEREAS, pursuant to Section 5-184 of the Broward County Land Development Code, a condition of waiving the impact and/or administrative fees for affordable housing is that OWNER must reasonably ensure that affordable housing units are rented or sold to persons meeting the income limitations defined in Section 5-201 of the Broward County Code of Ordinances; and

WHEREAS, OWNER, in fulfillment of that obligation hereby places certain restrictions on the use of the Property; NOW, THEREFORE:

1. The recitals set forth above are true and correct and are incorporated into these restrictive covenants.

- 2. OWNER hereby declares that the Property shall be held, maintained, transferred, sold, conveyed, and owned subject to the following designations and restrictive covenants:

OWNER hereby agrees that One Hundred and Four Thousand Dollars and 0/100 (\$104,000.00) in impact and/or administrative fees have been waived for the Plat for the construction of:

8 very low income units
72 low income units

within the Plat. OWNER shall ensure that the aforementioned units shall be sold and rented to persons meeting the applicable income limitations, as defined in Section 5-201 of the Broward County Code of Ordinances.

- 3. This Declaration of Restrictive Covenants shall be recorded in the Public Records of Broward County, Florida, shall become effective upon recordation, and shall run with the Property at the specified income level(s) for a period of at least:

- Twenty (20) years for rental housing, or
- Ten (10) years for owner-occupied housing.

- 4. BROWARD COUNTY, at the request of OWNER or its successor, shall cause a release to be recorded in the Official Records of Broward County, Florida upon payment of all applicable impact fees at the rate in effect at the time of the request for the release of the restrictive covenant prior to the above referenced time periods.

- 5. BROWARD COUNTY, through its Board of County Commissioners, its successors and assigns, is the beneficiary of these restrictive covenants and as such, BROWARD COUNTY may enforce these restrictive covenants by an action at law or in equity against any person or persons, entity or entities, violating or attempting to violate the terms of these restrictions. Additionally, BROWARD COUNTY may institute foreclosure proceedings against the Property for the amount of fees that OWNER is bound to repay.

- 6. Any failure of BROWARD COUNTY to enforce these restrictive covenants shall not be deemed a waiver of the right to do so thereafter.

- 7. Invalidation of any one of these restrictive covenants by judgment or court order shall in no way affect any other conditions which remain in full force and effect.

8. (a) If there is a mortgage against the Property described in Exhibit "A," MORTGAGEE hereby agrees that the Mortgage it holds from OWNER recorded in Official Records Book _____, Page _____, of the Public Records of Broward County, Florida, all of which encumber the Property described herein shall be and are subordinate to the restrictive covenants set forth above, restricting the use of the real Property for the time periods set forth above.
- (b) In the event of a foreclosure whereby MORTGAGEE takes title to the Property, MORTGAGEE may request the release of the restrictive covenant restricting the Property included in Exhibit "A." The County Administrator is authorized to execute a release of the restrictive covenant upon payment of all applicable impact fees at the rate in effect at the time of the request for the release of the restrictive covenant.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, OWNER and MORTGAGEE have executed this Declaration of Restrictive Covenants and Subordination as follows:

OWNER/INDIVIDUAL

Witnesses:

N. Szugaj
(Signature)
Print name: Noah Szugajew

M. Kinney
(Signature)
Print name: Beth Kinney

Broward County Housing Authority
Name of Owner

Ann Deibert
(Signature)

Print name: Ann Deibert
Print address: 4780 N. State Rd 7
LAUDERDALE LAKES, FL 33319

4 day of AUGUST, 2015

ACKNOWLEDGMENT - INDIVIDUAL

STATE OF FLORIDA)
) SS.
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 4 day of August, 2015, by Ann Deibert, who is
 personally known to me, or
 produced identification. Type of identification produced _____

NOTARY PUBLIC: Monica Alfasi
MONICA ALFASI
Print name:



My commission expires: 1/16/2018

EXHIBIT "A"**LEGAL DESCRIPTION**

THE SOUTH HALF (S ½) OF THE NORTHEAST QUARTER (NE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF SECTION 22, TOWNSHIP 49 SOUTH, RANGE 42 EAST, SAID LANDS SITUATE, LYING AND BEING IN BROWARD COUNTY, FLORIDA.

LESS A PARCEL OF LAND IN THE SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼ OF SECTION 22, TOWNSHIP 49 SOUTH, RANGE 42 EAST, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SOUTH ½ OF NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN NORTH 89°47'48" EAST (ON AN ASSUMED BEARING) 50.01 FEET ALONG THE NORTH LINE OF SAID SOUTH ½ OF NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN DUE SOUTH 11.05 FEET ALONG A LINE PARALLEL TO THE WEST LINE OF SAID SOUTH ½ OF NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼, TO A POINT OF CURVATURE OF A CURVE TO THE RIGHT AND THE POINT OF BEGINNING; THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 1025 FEET AND A CENTRAL ANGLE OF 9°04'08", RUN SOUTHERLY 162.24 FEET, TO A POINT OF REVERSE CURVATURE; THENCE ALONG THE ARC OF A CURVE TO THE LEFT, HAVING A RADIUS OF 975 FEET AND A CENTRAL ANGLE OF 9°04'08", RUN SOUTHERLY 154.32 FEET; THENCE RUN NORTH 10°38'10" EAST 138.97 FEET; THENCE RUN DUE NORTH 178.50 FEET TO THE POINT OF BEGINNING. SAID LANDS SITUATE IN THE CITY OF OAKLAND PARK, BROWARD COUNTY, FLORIDA.

LESS THE EAST TWENTY-FIVE FEET (25') OF THE SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼, EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN NORTHERLY 337.55 FEET, TO THE NORTHWEST CORNER OF SAID SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN EASTERLY 50.01 FEET ALONG THE NORTH LINE OF SAID SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN SOUTH 11.05 FEET ALONG A LINE PARALLEL TO THE WEST LINE OF SAID SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼ TO A POINT OF CURVATURE OF A CURVE TO THE RIGHT; THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 1025 FEET AND

A CENTRAL ANGLE OF 9°04'08", RUN SOUTHERLY 162.24 FEET TO A POINT OF REVERSE CURVATURE; THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 975 FEET AND A CENTRAL ANGLE OF 9°04'08", RUN SOUTHERLY 154.32 TO A TANGENCY ON A LINE 25 FEET EAST OF AND PARALLEL TO SAID WEST LINE OF THE SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN SOUTH 11.36 FEET ALONG SAID PARALLEL LINE TO AN INTERSECTION WITH THE SOUTH LINE OF SAID SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN WEST 25 FEET ALONG SAID SOUTH LINE, TO THE POINT OF BEGINNING, IN SECTION 22, TOWNSHIP 49 SOUTH, RANGE 42 EAST, BROWARD COUNTY, FLORIDA.

TOGETHER WITH:

A PARCEL OF LAND IN THE SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼ OF SECTION 22, TOWNSHIP 49 SOUTH, RANGE 42 EAST, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN NORTH 89°47'48" EAST (ON AN ASSUMED BEARING) 50.01 FEET ALONG THE NORTH LINE OF SAID SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼; THENCE RUN DUE SOUTH 11.05 FEET ALONG A LINE PARALLEL TO THE WEST LINE OF SAID SOUTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF THE SOUTHEAST ¼, TO A POINT OF CURVATURE OF A CURVE TO THE RIGHT AND THE POINT OF BEGINNING; THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 1025 FEET AND A CENTRAL ANGLE OF 9°04'08", RUN SOUTHERLY 162.24 FEET, TO A POINT OF REVERSE CURVATURE; THENCE ALONG THE ARC OF A CURVE TO THE LEFT, HAVING A RADIUS OF 975 FEET AND A CENTRAL ANGLE OF 9°04'08", RUN SOUTHERLY 154.32 FEET; THENCE RUN NORTH 10°38'10" EAST 138.97 FEET; THENCE RUN DUE NORTH 178.50 FEET, TO THE POINT OF BEGINNING. SAID LANDS SITUATE IN THE CITY OF OAKLAND PARK, BROWARD COUNTY, FLORIDA.

TOGETHER WITH:

A PORTION OF THE SOUTH ONE-HALF (S ½) OF THE NORTHEAST ONE-QUARTER (NE ¼) OF THE NORTHWEST ONE-QUARTER (NW ¼) OF THE SOUTHEAST ONE-QUARTER (SE ¼) OF SECTION 22, TOWNSHIP 49 SOUTH, RANGE 42 EAST, BROWARD COUNTY, FLORIDA, MORE FULLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SAID SOUTH ONE-HALF (S ½) OF THE NORTHEAST ONE-QUARTER (NE ¼) OF THE NORTHWEST ONE-QUARTER (NW ¼) OF THE SOUTHEAST ONE-QUARTER (SE ¼) OF SECTION 22; THENCE NORTHERLY ALONG THE WEST LINE OF THE SAID SOUTH ONE-HALF (S ½) OF THE NORTHEAST ONE-QUARTER (NE ¼) OF THE NORTHWEST ONE-QUARTER (NW ¼) OF THE SOUTHEAST ONE-QUARTER (SE ¼) OF SECTION 22, A DISTANCE OF 337.55 TO THE NORTHWEST CORNER OF THE SAID SOUTH ONE-HALF (S ½) OF THE NORTHEAST ONE-QUARTER (NE ¼) OF THE NORTHWEST ONE-QUARTER (NW ¼) OF THE SOUTHEAST ONE-QUARTER (SE ¼) OF SECTION 22; THENCE EASTERLY MAKING AN INCLUDED ANGLE OF 90°12'17" ALONG THE NORTH LINE OF THE SAID SOUTH ONE-HALF (S ½) OF THE NORTHEAST ONE-QUARTER (NE ¼) OF THE NORTHWEST ONE-QUARTER (NW ¼) OF THE SOUTHEAST ONE-QUARTER (SE ¼) OF SECTION 22, A DISTANCE 50.01 FEET; THENCE SOUTHERLY, MAKING AN INCLUDED ANGLE OF 89°47'43", A DISTANCE OF 11.05 FEET TO A POINT OF CURVE; THENCE SOUTHERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 1,025 FEET AND A CENTRAL ANGLE OF 9°04'08", AN ARC DISTANCE OF 162.24 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHERLY ALONG SAID CURVE TO THE LEFT, WITH A RADIUS OF 975 FEET AND A CENTRAL ANGLE OF 9°04'08", AN ARC DISTANCE OF 154.32 FEET TO THE POINT OF TANGENCY; THENCE SOUTHERLY A DISTANCE OF 11.81 FEET TO A POINT ON THE SOUTH LINE OF SAID SOUTH ONE-HALF (S ½) OF THE NORTHEAST ONE-QUARTER (NE ¼) OF THE NORTHWEST ONE-QUARTER (NW ¼) OF THE SOUTHEAST ONE-QUARTER (SE ¼) OF SECTION 22; THENCE WESTERLY MAKING AN INCLUDED ANGLE OF 90°08'14" ALONG THE AFORESAID SOUTH LINE A DISTANCE OF 25.00 FEET TO THE POINT OF BEGINNING.

SAID LANDS SITUATE, LYING AND BEING IN THE CITY OF OAKLAND PARK, BROWARD COUNTY, FLORIDA AND CONTAINING 214,888 SQUARE FEET (4.933 ACRES), MORE OR LESS

ALSO DESCRIBED AS:

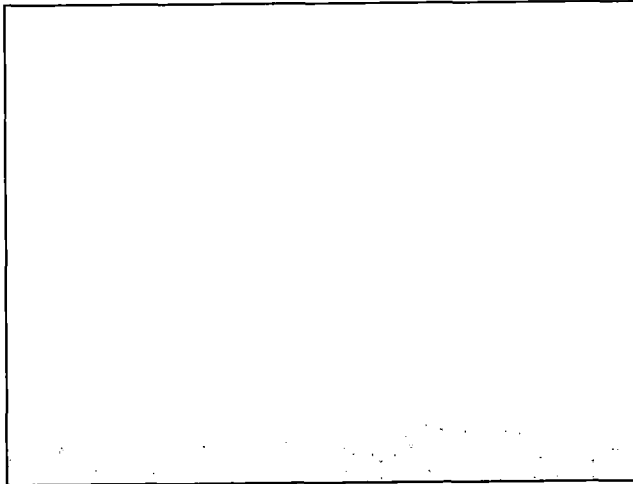
A PORTION OF THE SOUTH ONE-HALF (S. 1/2), OF THE NORTHEAST ONE-QUARTER (N.E. 1/4), OF THE NORTHWEST ONE-QUARTER (N.W. 1/4), OF THE SOUTHEAST ONE-QUARTER (S.E. 1/4), OF SECTION 22, TOWNSHIP 49 SOUTH, RANGE 42 EAST SAID PORTION BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTH ONE-HALF (S. 1/2), SAID POINT OF BEGINNING ALSO BEING THE NORTHEAST CORNER OF FELLER ESTATES ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 72, PAGE 35 OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA; THENCE NORTH 87°50'33" EAST, ALONG THE NORTH LINE OF SAID SOUTH ONE-HALF (S. 1/2) ALSO BEING THE SOUTH LINE AND THE WESTERLY EXTENSION OF SAID SOUTH LINE OF FELLER PROPERTIES ACCORDING TO

THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 73, PAGE 8 OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, 635.91 FEET, TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF N.E. 3rd AVENUE LYING 25.00 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SAID SOUTH ONE-HALF (S. 1/2); THENCE, ALONG SAID WEST RIGHT-OF-WAY AND SAID PARALLEL LINE, SOUTH $01^{\circ}57'59''$ EAST, 338.28 FEET, TO A POINT ON THE SOUTH LINE OF SAID SOUTH ONE-HALF (S. 1/2) ALSO BEING A POINT ON THE NORTH LINE OF HARLEM ADDITION ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 19, PAGE 37 OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA; THENCE, ALONG SAID SOUTH LINE, SAID NORTH LINE AND THE WESTERLY EXTENSION OF SAID NORTH LINE, SOUTH $87^{\circ}54'36''$ WEST, 635.99 FEET TO THE SOUTHWEST CORNER OF SAID SOUTH ONE-HALF (S. 1/2); THENCE, ALONG THE WEST LINE OF SAID SOUTH ONE-HALF (S. 1/2), THE SOUTHERLY EXTENSION AND THE EAST LINE OF LOTS 10 THROUGH 12 OF SAID FELLER ESTATES, NORTH $01^{\circ}57'10''$ WEST, 337.53 FEET TO THE POINT OF BEGINNING.

SAID LANDS SITUATE, LYING AND BEING IN THE CITY OF OAKLAND PARK, BROWARD COUNTY, FLORIDA AND CONTAINING 214,888 SQUARE FEET (4.933 ACRES), MORE OR LESS.

112583646.1



This instrument prepared by:
Michael R. Goldstein, Esq.
The Goldstein Environmental Law Firm, P.A.
2100 Ponce de Leon Boulevard, Suite 710
Coral Gables, FL 33134

**DECLARATION OF RESTRICTIVE COVENANT AND JOINDER AND CONSENT
AGREEMENT**

THIS DECLARATION OF RESTRICTIVE COVENANT (hereinafter "Declaration") is made this 28th day of March, 2018 by Broward County Housing Authority, a body corporate and politic established pursuant to Chapter 421 of the Florida Statutes, (hereinafter "GRANTOR") and Broward County, a political subdivision of the State of Florida, by and through its Environmental Protection and Growth Management Department, Environmental Engineering and Permitting Division (hereinafter "EPPD"). The GRANTOR and the EPPD are the "PARTIES" Under this Declaration.

RECITALS

- A. GRANTOR is the fee simple owner of that certain real property situated in the County of Broward, State of Florida, more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter the "Property");
- B. The facility name at the time of this Declaration is Oakland Preserve. This Declaration addresses the discharge that was reported to the EPPD on October 10,

2014. The EEPD Environmental Assessment and Remediation ("EAR") License Number for the Property is 1229.

C. Due to the former uses of the Property for agricultural, landfilling, and industrial purposes, the presence of arsenic and benzo(a)pyrene contamination on the Property from these former uses is documented in the following reports that are incorporated by reference:

1. Soil Management Plan Implementation – Progress Report, dated July 13, 2016, submitted by GFA International, Inc. ("GFA");
2. Soil and Groundwater Sampling Plan, dated July 21, 2016, submitted by GFA;
3. Revised Interim Source Removal and Site Assessment Report, dated September 12, 2016, submitted by GFA;
4. Year 1, Quarter 3 Natural Attenuation Monitoring Report, dated January 9, 2017, submitted by GFA;
5. Year 1, Quarter 4 Groundwater Monitoring and Surface Water Sampling and Analysis Report, dated May 17, 2017, submitted by GFA;
6. Pervious Area Assessment Report, dated July 5, 2017, submitted by GFA; and
7. Engineering and Institutional Control Plan and Proposal for No Further Action with Conditions, dated August 22, 2017, submitted by GFA.

D. The reports noted in Recital C set forth the nature and extent of the contamination described in Recital C that is located on the Property. These reports confirm that contaminated soil and groundwater as defined by Chapter 62-780, Florida Administrative Code, exists on the Property.

E. It is the intent that the restrictions in this Declaration reduce or eliminate the risk of exposure of users or occupants of the Property and the environment to the contaminants and to reduce or eliminate the threat of migration of the contaminants.

F. The EEPD has agreed to issue a No Further Action with Controls Approval (hereinafter "NFAC Approval") for the Property upon recordation of this Declaration. EEPD can unilaterally revoke the NFAC Approval if the conditions of this Declaration or of the NFAC Approval are not met. Additionally, if concentrations of contamination increase above the levels approved in the NFAC Approval, or if a subsequent discharge occurs at the Property, EEPD may require site rehabilitation to reduce concentrations of contamination to the levels allowed by the applicable Florida Department of Environmental Protection rules and the Broward County Code of Ordinances. The

NFAC Approval relating to EAR License Number 1229 is on file with the EEPD located at 1 North University Drive, Mailbox 201, Plantation, Florida 33324.

G. GRANTOR deems it desirable and in the best interest of all present and future owners of the Property that a NFAC Approval be obtained and that the Property be held subject to certain restrictions and engineering controls, all of which are more particularly hereinafter set forth and as documented in the attached Exhibits.

RESTRICTIVE COVENANTS

NOW, THEREFORE, to induce EEPD to issue the NFAC Approval and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the undersigned parties, GRANTOR agrees as follows:

1. The foregoing recitals are true and correct and are incorporated herein by reference.
2. GRANTOR hereby imposes the following restrictions and requirements:

a.i. There shall be no use of the groundwater under the Property. There shall be no drilling for water conducted on the Property, nor shall any wells be installed on the Property other than monitoring or other wells pre-approved in writing by EEPD in addition to any authorizations required by the Division of Water Resource Management ("DWRM") and the South Florida Water Management District ("SFWMD").

a.ii. For any dewatering activities, a plan approved by EEPD must be in place to address and ensure the appropriate handling, treatment, and disposal of any extracted groundwater that may be contaminated.

a.iii. Attached as Exhibit B, and incorporated by reference herein, is a Survey identifying the size and location of existing stormwater swales, stormwater detention or retention facilities, and ditches on the Property. Such existing stormwater features shall not be altered, modified or expanded, and there shall be no construction of new stormwater swales, stormwater detention or retention facilities or ditches on the Property without prior written approval from EEPD, in addition to any authorizations required by the DWRM and the SFWMD. A revised exhibit must be recorded when any stormwater feature is altered, modified, expanded, or constructed.

b.i. Due to the random and sporadic nature of reported contaminants of concern at the Property, the Property shall be permanently covered and maintained with an impermeable material or two feet of clean and uncontaminated soil that prevents human exposure as illustrated on Exhibit B (hereinafter referred to as "the Engineering Control"). An Engineering Control Maintenance Plan ("ECMP") has been approved by EEPD. The ECMP specifies the frequency of inspections and monitoring for the Engineering Control and the criteria for determining when

the Engineering Control has failed. The Engineering Control shall be maintained in accordance with the ECMP as it may be amended upon the prior written consent of the EEPD. The ECMP, as amended, relating to EAR License Number 1229 is on file with the EEPD located at 1 North University Drive, Mailbox 201, Plantation, Florida 33324.

b.ii. Excavation and construction below the Engineering Control is not prohibited provided any contaminated soils that are excavated are removed and properly disposed of pursuant to Chapter 62-780, Florida Administrative Code, and any other applicable local, state, and federal requirements. Nothing herein shall limit any other legal requirements regarding construction methods and precautions that must be taken to minimize risk of exposure while conducting work in contaminated areas. For any dewatering activities, a plan pre-approved by the EEPD must be in place to address and ensure the appropriate handling, treatment, and disposal of any extracted groundwater that may be contaminated. Nothing in this Declaration shall prevent, limit, or restrict any excavation or construction at or below the surface outside the boundary of the Property.

3. In the remaining paragraphs, all references to "GRANTOR," "Broward County," and "EEPD" shall also mean and refer to their respective successors and assigns.

4. For the purpose of monitoring the restrictions contained herein, Broward County is hereby granted a right of entry upon, over and through and access to the Property at reasonable times and with reasonable notice to GRANTOR.

5. It is the intention of GRANTOR that this Declaration shall touch and concern the Property, run with the land and with the title to the Property, and shall apply to and be binding upon and inure to the benefit of GRANTOR and Broward County, and to any and all parties hereafter having any right, title or interest in the Property or any part thereof. Broward County may enforce the terms and conditions of this Declaration by injunctive relief and other appropriate available legal remedies. Any forbearance on behalf of Broward County to exercise its right in the event of the failure of GRANTOR to comply with the provisions of this Declaration shall not be deemed or construed to be a waiver of Broward County's rights hereunder. This Declaration shall continue in perpetuity, unless otherwise modified in writing by GRANTOR and Broward County as provided in paragraph 7 hereof. These restrictions may also be enforced in a court of competent jurisdiction by any other person, firm, corporation, or governmental agency that is substantially benefited by these restrictions. If GRANTOR does not or will not be able to comply with any or all of the provisions of this Declaration, GRANTOR shall notify Broward County in writing within three (3) calendar days. Additionally, GRANTOR shall notify Broward County thirty (30) days prior to any conveyance or sale, granting or transferring the Property or portion thereof, to any heirs, successors, assigns or grantees, including, without limitation, the conveyance of any security interest in said Property.

6. In order to ensure the perpetual nature of this Declaration, GRANTOR shall record this declaration, and reference these restrictions in any subsequent lease or deed of conveyance, including the recording book and page of record of this Declaration. Furthermore, prior to the entry into a landlord-tenant relationship with respect to the Property, GRANTOR agrees to notify in writing all proposed tenants of the Property of the existence and contents of this Declaration of Restrictive Covenant.

7. This Declaration is binding until a release of covenant is executed by the EEPD (or designee) and is recorded in the public records of Broward County. To receive prior approval from EEPD to remove any requirement herein, cleanup target levels established pursuant to Florida Statutes and the Broward County Code of Ordinances must have been achieved at the Property. This Declaration may be modified in writing only. Any subsequent amendment must be executed by both GRANTOR and the EEPD and be recorded by GRANTOR as an amendment hereto.

8. If any provision of this Declaration is held to be invalid by any court of competent jurisdiction, the invalidity of that provision shall not affect the validity of any other provisions of the Declaration. All such other provisions shall continue unimpaired in full force and effect.

9. GRANTOR covenants and represents that on the date of execution of this Declaration that GRANTOR is seized of the Property in fee simple and has good right to create, establish, and impose this restrictive covenant on the use of the Property. A joinder and consent, or subordination of liens, mortgages, or encumbrances, as applicable, is attached hereto as Exhibit C.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Broward County Housing Authority has executed this instrument, this 12 day of March, 2018.

GRANTOR
Broward County Housing Authority
By: [Signature]
Name: Ann Deibert
Title: Chief Executive Officer
Full Mailing Address: 4780 North State Road 7
Lauderdale Lakes, FL 33319

Signed, sealed and delivered in the presence of:

[Signature] Date: 3-12-2018
Witness
Print Name: Monica Afasi

[Signature] Date: 3-12-2018
Witness
Print Name: Rosy Diaz-Dicke

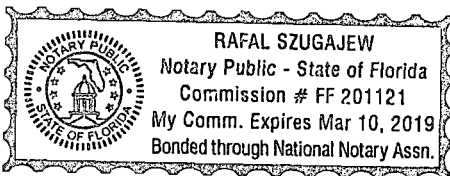
STATE OF Florida)

COUNTY OF Broward)

The foregoing instrument was acknowledged before me this 12 day of 3, 2018, by Ann Deibert.

Personally Known X OR Produced Identification _____
Type of Identification Produced _____

[Signature]
Signature of Notary Public



IN WITNESS WHEREOF, Broward County, by and through its Environmental Engineering and Permitting Division, has executed this instrument, this 28 day of March, 2018.

Broward County, by and through its Environmental Engineering and Permitting Division

By: [Signature]
Printed Name: Sermin Turregon
Title: Director
Date: 3/28/2018

Approved as to form by:
Andrew J. Meyers, Broward County Attorney
Governmental Center, Suite 423
115 South Andrews Avenue
Fort Lauderdale, FL 33301

By: [Signature]
Printed Name: Damaris Y. Henlon
Date: 3/20/18
Assistant County Attorney

Signed, sealed and delivered in the presence of:

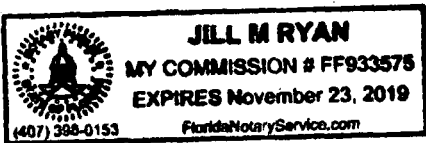
Witness: [Signature] Date: 03/28/18
Print Name: DAVID VANLANDINGHAM

Witness: [Signature] Date: 03/28/18
Print Name: PROBAS ADAN

STATE OF Florida
COUNTY OF Broward

The foregoing instrument was acknowledged before me this 28th day of March, 2018, by Sermin Turregon as representative for the Environmental Engineering and Permitting Division.

Personally Known OR Produced Identification
Type of Identification Produced _____



[Signature]
Signature of Notary Public
Jill Ryan
Print Name of Notary Public
Commission No. November 23 2019
Commission Expires: FF933575

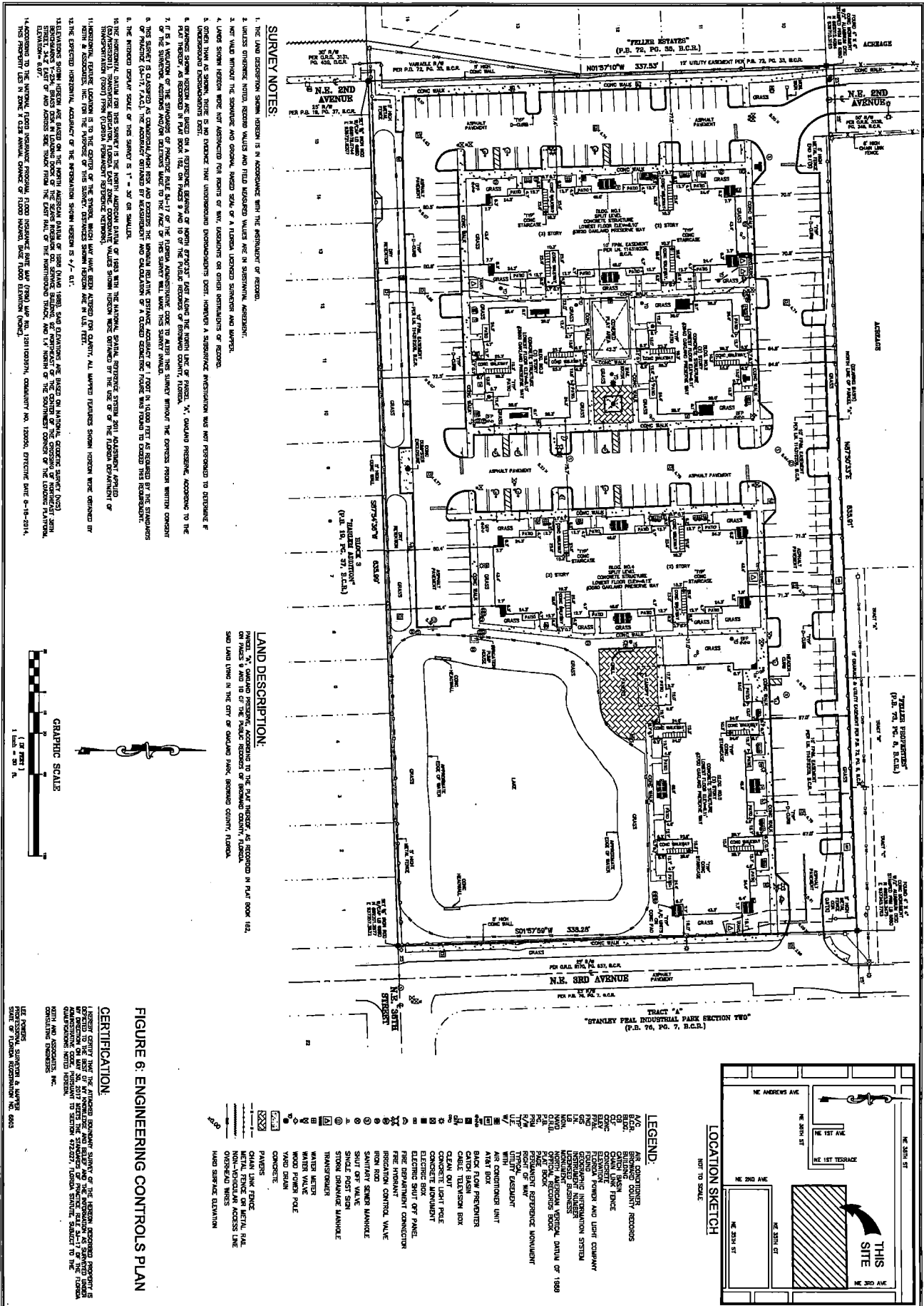
Exhibit A

Legal Description

Parcel "A", of OAKLAND PRESERVE, according to the Plat thereof, as recorded in Plat Book 182, at Page 9, of the Public Records of Broward County, Florida.

Said lands situate, lying and being in the City of Oakland Park, Broward County, Florida.

Exhibit B



SHEET 1 OF 1
PROJECT NUMBER
08034.02

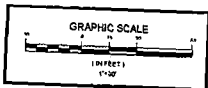
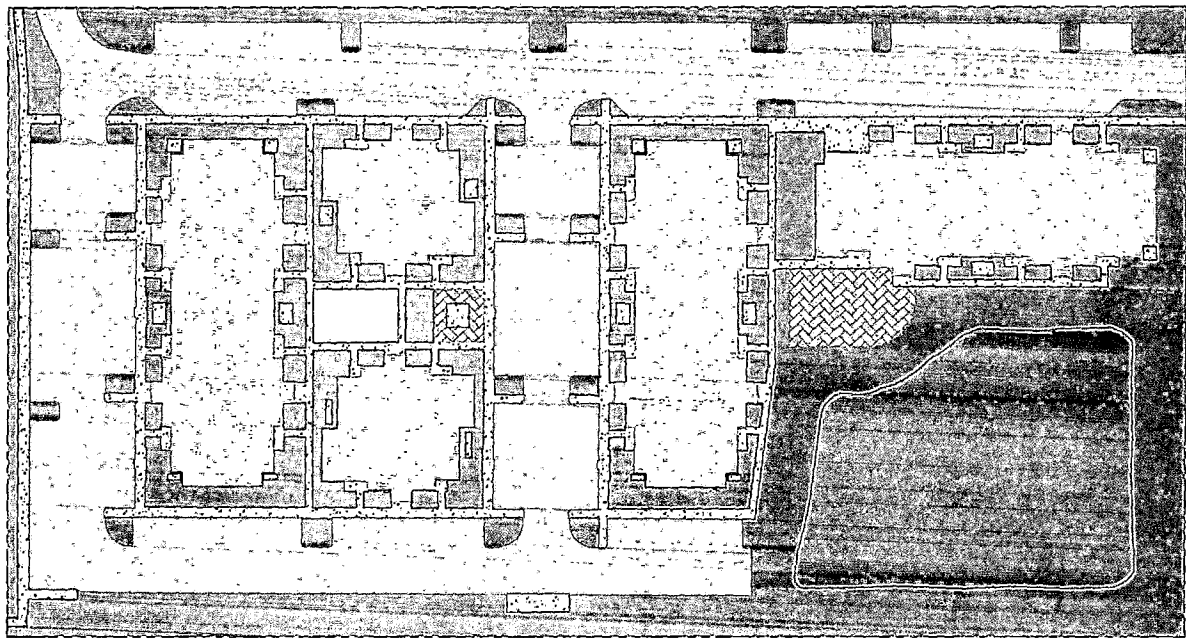
BOUNDARY SURVEY
OAKLAND PRESERVE

PARCEL "A", OAKLAND PRESERVE
PLAT BOOK 182, PAGES 9 AND 10, B.C.R.
CITY OF OAKLAND PARK BROWARD COUNTY FLORIDA

KEITH
consulting engineers

301 EAST ATLANTIC BOULEVARD
POMPANO BEACH, FLORIDA 33060-6643
(954) 788-3400 FAX (954) 788-3500
EMAIL: mail@keith-associates.com LB NO. 6860

DATE	REVISION	BY
5/30/2017		
SCALE	1" = 30'	
FIELD BOOK	754	
DRAWN BY	S.M.	
CHECKED BY	L.P.	



LEGEND	
BUILDING	
PAVEMENT	
CONCRETE/SIDEWALK	
LAKE	
PAVERS	
PERVIOUS	
ARTIFICIAL TURF	



Pervious Surface and Existing Impervious Surface Engineering Controls

Oakland Preserve
Northwest Corner of Northeast 3rd Avenue and Northeast 36th Street
Oakland Park, Broward County, Florida
PROJECT NO.: 13-2547-T, DRAWN BY: SS, DATE: 9.26.17

SCALE AS SHOWN

FIGURE 6

Exhibit C

JOINER AND CONSENT OF LENDER

The undersigned hereby certifies that WELLS FARGO BANK, NATIONAL ASSOCIATION, is the holder of that certain Construction Leasehold Mortgage which is recorded as Instrument No. 113820536, Public Records of Broward County, Florida, and that the undersigned hereby joins in and consents to the foregoing Declaration of Restrictive Covenant by the owner of the property and agrees that its mortgage, lien or other encumbrance, shall be subordinate to the foregoing Declaration.

Signed, sealed and delivered in the Presence of:

Eugenia L. Barnett
Print Name: Eugenia L. Barnett

Annie Gray
Print Name: Annie Gray

WELLS FARGO BANK, NATIONAL ASSOCIATION

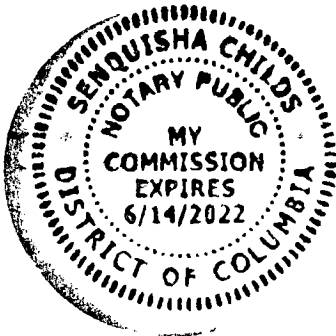
By: Erica L. Duker
Name: Erica L. Duker
Title: VICE President

District of Columbia
~~STATE OF FLORIDA~~
COUNTY OF _____

The foregoing instrument was acknowledged before me this 15 day of March, 2017, by Erica L. Duker as Vice President of WELLS FARGO BANK, NATIONAL ASSOCIATION, on behalf of the bank. He/she [she] is personally known to me or [] produced drivers license as identification.

[Signature]
Notary Public

My commission expires:



District of Columbia: SS
Subscribed and Sworn to before me
this 15 day of March, 2018
[Signature]
Senquisha Childs, Notary Public, D.C.
My commission expires June 14, 2022

10

Assistant County Attorney
115 South Andrews Avenue, Suite 423
Fort Lauderdale, Florida 33301

Return recorded document to:
Community Development Division
115 South Andrews Avenue, Suite 423
Fort Lauderdale, Florida 33301

**DECLARATION OF RESTRICTIVE COVENANTS - DEVELOPER
(Affordable Housing - Rental Units)**

THIS DECLARATION OF RESTRICTIVE COVENANTS (the "Declaration") made this 24th, day of January, 2005, by **RELIANCE-ANDREWS, LLC**, a Florida limited liability company, hereinafter referred to as 'DEVELOPER.'

WHEREAS, DEVELOPER is the fee title owner of that certain real property located in Broward County, Florida, legally described as set forth on Exhibit "A" attached hereto (the "Property").

WHEREAS, DEVELOPER has received that certain Loan from the Housing Finance Authority of Broward County ("Authority"), pursuant to a loan in the amount of THREE MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$3,600,000.00) which loan is described in a Loan Agreement dated January 24, 2005 ("Loan Agreement"), for the purpose of providing, in part, affordable rental housing (the "Project") on the Property; and

WHEREAS, as a condition of receiving the Loan, DEVELOPER is to provide affordable housing comprising of no less than 149 rental apartment units; and

WHEREAS, DEVELOPER in fulfillment of that obligation, hereby places certain restrictions on the use of the Property.

NOW, THEREFORE, DEVELOPER hereby declares that the Property shall be held, maintained, transferred, sold, conveyed and owned subject to the following designations and restrictive covenants:

1. RECITALS. The recitals set forth above are true and correct and are incorporated into these restrictive covenants.
2. RESTRICTIONS. DEVELOPER hereby agrees that the Property shall remain affordable for a minimum of fifty (50) years from the date of Project completion or January 1, 2055, whichever is later. Affordability shall mean that the Project shall contain 149 affordable rental units which shall be leased pursuant to the restrictions and requirements of Internal Revenue Code Section 42 pertaining to Federal Low Income Housing Tax Credits and 100% of the 149 affordable rental units will be rented to households whose income does not exceed 60% of the area median income.

4

Such affordability requirement shall not limit the use of the Property for other types of housing or commercial development provided the affordability requirement provided herein is satisfied as evidenced by the existence on the Property of a certificate of occupancy for 149 affordable units as provided herein.

3. Covenants; Binding upon Successors in Interest; Alteration, Modification, Amendment or Repeal; Severability. It is intended and agreed, that this Declaration of Restrictive Covenants are covenants running with the land and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Declaration, be binding, to the fullest extent permitted by law and equity, for the benefit and in favor of, and enforceable by the Authority, its successors and assigns, and any successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument. If a portion or portions of the Property are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Property.

Developer, its successors or assigns, may modify, amend, repeal or alter these restrictive covenants in whole or in part only with the written consent of the Authority which consent may be given or withheld in the sole discretion of the Authority.

The term of this Declaration shall be for 50 years at which time it may be terminated upon the written request of the then existing owner. If so requested, the Authority agrees to execute a document in recordable form, evidencing such termination.

Invalidation, in whole or in part, of any of the restrictive covenants by a judgment of a court of competent jurisdiction shall in no way affect any other provisions or parts thereof which will remain in full force and effect.

4. Alternative Restrictions. In the event the Developer is required, as a condition to obtaining any other financing (including, without limitation, low income housing tax credits) to enter into an agreement with another governmental entity which imposes the same or greater restrictions on the Project as does this Declaration, and such agreement is recorded, the Developer and Authority agree that this Declaration shall be terminated and a document in recordable form, executed by Authority, shall be recorded evidencing such termination.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the DEVELOPER has executed this Declaration on the date and year first above written.

Signed, sealed and delivered in the presence of:

[Signature]
Print Name: Robert Morris

[Signature]
Print Name: Deborah Blinderman

DEVELOPER:

RELIANCE ANDREWS, LLC, a Florida limited liability company

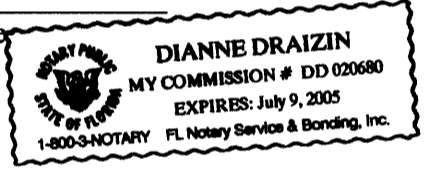
By: [Signature]
Robert O. Jackson, Manager

STATE OF FLORIDA)
) SS:
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 24th day of January, 2005, by Robert O. Jackson, as Manager of Reliance Andrews, LLC, a Florida limited liability company, on behalf of the Developer.

- Personally Known Produced Driver's License

[Signature]
Print or Stamp Name: _____
Notary Public, State of Florida at Large
Commission No.: _____
My Commission Expires: _____



Order No: 52167867LA
Reference No: 34992.077

Exhibit "A"

PARCEL 1:

Lots 19, 20, 21, 22, 25, 26, 27, 28 and 29, Block 319, of PROGRESSO, according to the plat thereof, as recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida, said lands situate lying and being in Broward County, Florida.

PARCEL 2A:

The East half of Lots 23 and 24, Block 319, of PROGRESSO, according to the plat thereof, as recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida. Said lands situate lying and being in Broward County, Florida.

PARCEL 2B:

The West half of Lots 23 and 24, Block 319, of PROGRESSO, according to the plat thereof, as recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida. Said lands situate lying and being in Broward County, Florida.

PARCEL 3:

Lots Seventeen (17) and Eighteen (18), of Block Three Hundred Nineteen (319), of PROGRESSO, according to the plat thereof, as recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida; said lands situate, lying and being in Broward County, Florida.

PARCEL 4:

Lot 30, Block 319, of PROGRESSO, according to the plat thereof, as recorded in Plat Book 2, Page 18, of the Public Records of Miami-Dade County, Florida; and Lots 31 and 32, Block 319, of the TOWN OF PROGRESSO, according to the plat thereof, as recorded in Plat Book 1, Page 125, of the Public Records of Miami-Dade County, Florida.

Return recorded copy to:

Development Management Division
115 S. Andrews Avenue, A240
Fort Lauderdale, FL 33301

Document prepared by:

Patricia K. Green
Stearns Weaver Miller Weissler
Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130

**DECLARATION OF RESTRICTIVE COVENANTS
(AFFORDABLE HOUSING)**

This Declaration of Restrictive Covenants, made this 12 day of March, 2007, by BROWARD COUNTY HOUSING AUTHORITY, a body corporate and politic, hereinafter referred to as "OWNER," and TALLMAN PINES ASSOCIATES II, LTD., a Florida limited partnership, hereinafter referred to as the "LESSEE".

WHEREAS, OWNER is the fee title owner of that certain real property located in Broward County, Florida, legally described in Exhibit "A," attached hereto and incorporated herein (the "Property"); and

WHEREAS, OWNER has leased the Property to LESSEE for a term of 50 years pursuant to Ground Lease Agreement (the "**Lease**") dated as of August 1, 2006; and

WHEREAS, OWNER hereby covenants that OWNER is lawfully seized of said Property in fee simple; that the Property has been leased to LESSEE pursuant to the Lease for LESSEE'S construction of one (1) new residential building containing approximately 24 rental apartment units with all units set aside for residents qualifying for occupancy pursuant to Section 42 of the Internal Revenue Code, along with the construction of a clubhouse and related site improvements and amenities (collectively, the "Project"); and

WHEREAS, LESSEE hereby covenants that the Property has been leased to LESSEE pursuant to the Lease for development of the Project as set forth in the preceding paragraph, and that the LESSEE's leasehold estate in the Property is free and clear of all encumbrances that are inconsistent with the terms of this Declaration and all leasehold mortgagees have been joined or subordinated; that LESSEE has good right and lawful authority to make this Declaration; and that LESSEE agrees to fully warrant and defend this Declaration against the claims of all persons whomsoever; and

(6)

WHEREAS, LESSEE intends to build the above described affordable housing units on the Property and has applied to BROWARD COUNTY for the waiver of Sixty Nine Thousand Seven Hundred Sixty Five and Zero/100 Dollars (\$69,765.00) in impact and/or administrative fees related to the Project; and

WHEREAS, pursuant to Section 5-184 of the Broward County Land Development Code, a condition of waiving the impact and/or administrative fees for affordable housing is that LESSEE must reasonably ensure that affordable housing units are rented or sold to persons meeting the income limitations defined in Section 5-201 of the Broward County Code of Ordinances; and

WHEREAS, LESSEE, in fulfillment of that obligation hereby places certain restrictions on the use of the Property;

NOW, THEREFORE:

1. The recitals set forth above are true and correct and are incorporated into these restrictive covenants.
2. OWNER hereby declares that the Property shall be held, maintained, transferred, sold, conveyed and owned subject to the following designations and restrictive covenants:

OWNER hereby agrees that Sixty Nine Thousand Seven Hundred Sixty Five and Zero/100 Dollars (\$69,765.00) in impact and/or administrative fees have been waived for the construction of:

Four (4) very low income units; and
Twenty (20) low income units

within the Project. LESSEE shall ensure that the aforementioned units shall be sold and rented to persons meeting the applicable income limitations, as defined in Section 5-201 of the Broward County Code of Ordinances.

3. This Declaration of Restrictive Covenants shall be recorded in the Public Records of Broward County, Florida, and shall run with the Property at the specified income level(s) for a period of at least:

Fifteen (15) years for rental housing, or

Five (5) years for owner-occupied housing.

4. BROWARD COUNTY, at the request of LESSEE or its successor, shall cause a release to be recorded in the Official Records of Broward County, Florida upon payment of all applicable impact fees at the rate in effect at the time of the request for the release of the restrictive covenant prior to the above referenced time periods.

5. BROWARD COUNTY, through its Board of County Commissioners, its successors and assigns, is the beneficiary of these restrictive covenants and as such, BROWARD COUNTY may enforce these restrictive covenants by action at law or in equity against any person or persons, entity or entities, violating or attempting to violate the terms of these Restrictions. Additionally, BROWARD COUNTY may institute foreclosure proceedings against the Property for the amount of fees that LESSEE is bound to repay.

6. Any failure of BROWARD COUNTY to enforce these restrictive covenants shall not be deemed a waiver of the right to do so thereafter.

7. Invalidation of any one of these restrictive covenants by judgment or court order shall in no way affect any other conditions which remain in full force and effect.

8. This Declaration of Restrictive Covenants shall be recorded in the Public Records of Broward County, Florida, and shall become effective upon recordation.

9. (a) Intentionally Deleted.

(b) In the event of a foreclosure whereby the holder of any mortgage encumbering the property takes title to the property, such holder may request the release of the restrictive covenant restricting the property included in Exhibit "A." The County Administrator is authorized to execute a release of the restrictive covenant upon payment of all applicable impact fees at the rate in effect at the time of the request for the release of the restrictive covenant.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, OWNER and LESSEE have executed this Declaration of Restrictive Covenants and Subordination as follows:

Witnesses:

Barbara Miller
(Signature)
Print name: Barbara Miller
Parnell Joyce
(Signature)
Print name: Parnell Joyce

OWNER:

BROWARD COUNTY HOUSING
AUTHORITY, a body corporate and politic

By: Kevin Cregan
Name: Kevin Cregan
Title: Chief Executive Officer

Address: 4780 N. State Road 7
Lauderdale Lakes, Florida 33319

ACKNOWLEDGMENT - OWNER

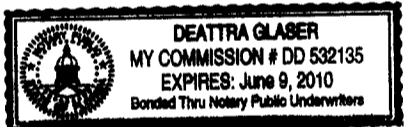
STATE OF FLORIDA)
) SS.
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 22nd day of February, 2007, by Kevin Cregan, as CEO of BROWARD COUNTY HOUSING AUTHORITY, a body corporate and politic. He or she is:

personally known to me, or
 produced identification. Type of identification produced _____.

(Seal)

My commission expires: June 9, 2010




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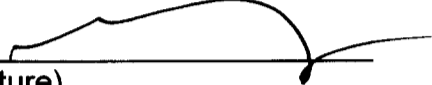
NOTARY PUBLIC:

Deatra Glaser
Print name: DEATRA GLASER

Witnesses:



 (Signature) PK Green
 Print name: _____

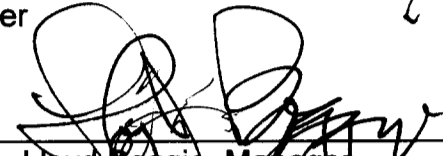


 (Signature) Mariene Sanchez
 Print name: _____

LESSEE:

TALLMAN PINES ASSOCIATES II, LTD., a Florida limited partnership

By: TCG Tallman Pines II, LLC, a Florida limited liability company, as its managing general partner



 By: Lloyd Boggio, Manager

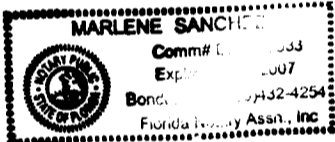
Address: 2950 SW 27th Avenue, Suite 200
Miami, FL 33133

ACKNOWLEDGMENT - LESSEE

STATE OF FLORIDA)
) SS.
COUNTY OF MIAMI-DADE)

The foregoing instrument was acknowledged before me this 28 day of February, 2007, by Lloyd Boggio, as Manager of TCG Tallman Pines II, LLC, a Florida limited liability company, as managing general partner of Tallman Pines Associates II, Ltd. He is:

personally known to me, or
 produced identification. Type of identification produced _____.

(Seal) 
 My commission expires: _____

NOTARY PUBLIC:

 Print name: _____

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EXHIBIT "A"

LEGAL DESCRIPTION

TALLMAN PINES II

A PARCEL OF LAND LYING WITHIN THE PLAT OF LEE W. SCHOOLER VILLAGE, AS RECORDED IN PLAT BOOK 81, PAGE 8 OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 21 ACCORDING TO THE SAID LEE W. SCHOOLER VILLAGE PLAT; THENCE SOUTH 89°57'22" WEST (BEARINGS ARE BASED ON THOSE SHOWN ON SAID LEE W. SCHOOLER VILLAGE PLAT), ALONG THE NORTH LINE OF SAID LOT 21 AND THE NORTH LINE OF SAID PLAT, A DISTANCE OF 178.35 FEET; THENCE SOUTH 00°02'38" EAST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE SOUTH 89°57'22" WEST, A DISTANCE OF 340.13 FEET; THENCE SOUTH A DISTANCE OF 80.65 FEET; THENCE EAST, A DISTANCE OF 20.54 FEET; THENCE SOUTH 78.26 FEET; THENCE EAST, A DISTANCE OF 44.97 FEET; THENCE NORTH A DISTANCE OF 9.00 FEET; THENCE EAST A DISTANCE OF 20.00 FEET; THENCE NORTH A DISTANCE OF 32.12 FEET; THENCE EAST, A DISTANCE OF 254.56 FEET; THENCE NORTH, A DISTANCE OF 118.05 FEET TO THE POINT OF BEGINNING.

AND

A PARCEL OF LAND LYING WITHIN THE PLAT OF LEE W. SCHOOLER VILLAGE, AS RECORDED IN PLAT BOOK 81, PAGE 8 OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF LOT 22, ACCORDING TO SAID LEE W. SCHOOLER VILLAGE PLAT; THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 22 AND THE SOUTH LINE OF SAID PLAT, A DISTANCE OF 368.00 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE NORTH A DISTANCE OF 34.00 FEET; THENCE WEST A DISTANCE OF 60.00 FEET; THENCE SOUTH, A DISTANCE OF 34.00 FEET TO A POINT ON THE SOUTH LINE OF SAID PLAT; THENCE EAST, ALONG SAID SOUTH LINE A DISTANCE OF 60.00 FEET TO THE POINT OF BEGINNING.

1
2

Return recorded copy to:

Development Management Division
115 S. Andrews Avenue, A240
Fort Lauderdale, FL 33301

Document prepared by:

Patricia K. Green
Stearns Weaver Miller Weissler
Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130

**DECLARATION OF RESTRICTIVE COVENANTS
(AFFORDABLE HOUSING)**

This Declaration of Restrictive Covenants, made this 12 day of March, 2007, by BROWARD COUNTY HOUSING AUTHORITY, a body corporate and politic, hereinafter referred to as "OWNER," TALLMAN PINES ASSOCIATES, LTD., a Florida limited partnership, hereinafter referred to as the "LESSEE" and joined by BANK OF AMERICA, N.A., a national banking association, as MORTGAGEE.

WHEREAS, OWNER is the fee title owner of that certain real property located in Broward County, Florida, legally described in Exhibit "A," attached hereto and incorporated herein (the "Property"); and

WHEREAS, OWNER has leased the Property to LESSEE for a term of 99 years pursuant to Amended and Restated Ground Lease Agreement (the "**Lease**") dated as of January 27, 2006, as amended; and

WHEREAS, OWNER hereby covenants that OWNER is lawfully seized of said Property in fee simple; that the Property has been leased to LESSEE pursuant to the Lease for LESSEE'S construction of approximately eight (8) new residential buildings containing approximately 176 rental apartment units with all units set aside for residents qualifying for occupancy pursuant to Section 42 of the Internal Revenue Code, along with the construction of a clubhouse and related site improvements and amenities (collectively, the "Project"); and

WHEREAS, LESSEE hereby covenants that the Property has been leased to LESSEE pursuant to the Lease for development of the Project as set forth in the preceding paragraph, and that the LESSEE's leasehold estate in the Property is free and clear of all encumbrances that are inconsistent with the terms of this Declaration and all leasehold mortgagees have been joined or subordinated; that LESSEE has good right and lawful authority to make this Declaration; and that LESSEE agrees to fully warrant and defend this Declaration against the claims of all persons whomsoever; and

(7)

WHEREAS, LESSEE intends to build the above described affordable housing units on the Property and has applied to BROWARD COUNTY for the waiver of Four Hundred Twenty Seven Thousand One Hundred Five and Zero/100 Dollars (\$427,105.00) in impact and/or administrative fees related to the Project; and

WHEREAS, pursuant to Section 5-184 of the Broward County Land Development Code, a condition of waiving the impact and/or administrative fees for affordable housing is that LESSEE must reasonably ensure that affordable housing units are rented or sold to persons meeting the income limitations defined in Section 5-201 of the Broward County Code of Ordinances; and

WHEREAS, LESSEE, in fulfillment of that obligation hereby places certain restrictions on the use of the Property;

NOW, THEREFORE:

1. The recitals set forth above are true and correct and are incorporated into these restrictive covenants.
2. OWNER hereby declares that the Property shall be held, maintained, transferred, sold, conveyed and owned subject to the following designations and restrictive covenants:

OWNER hereby agrees that Four Hundred Twenty Seven Thousand One Hundred Five and Zero/100 Dollars (\$427,105.00) in impact and/or administrative fees have been waived for the construction of:

Twenty Seven (27) very low income units; and
One Hundred Forty Nine (149) low income units

within the Project. LESSEE shall ensure that the aforementioned units shall be sold and rented to persons meeting the applicable income limitations, as defined in Section 5-201 of the Broward County Code of Ordinances.

3. This Declaration of Restrictive Covenants shall be recorded in the Public Records of Broward County, Florida, and shall run with the Property at the specified income level(s) for a period of at least:

Fifteen (15) years for rental housing, or

Five (5) years for owner-occupied housing.

4. BROWARD COUNTY, at the request of LESSEE or its successor, shall cause a release to be recorded in the Official Records of Broward County, Florida upon payment of

all applicable impact fees at the rate in effect at the time of the request for the release of the restrictive covenant prior to the above referenced time periods.

5. BROWARD COUNTY, through its Board of County Commissioners, its successors and assigns, is the beneficiary of these restrictive covenants and as such, BROWARD COUNTY may enforce these restrictive covenants by action at law or in equity against any person or persons, entity or entities, violating or attempting to violate the terms of these Restrictions. Additionally, BROWARD COUNTY may institute foreclosure proceedings against the Property for the amount of fees that LESSEE is bound to repay.

6. Any failure of BROWARD COUNTY to enforce these restrictive covenants shall not be deemed a waiver of the right to do so thereafter.

7. Invalidation of any one of these restrictive covenants by judgment or court order shall in no way affect any other conditions which remain in full force and effect.

8. This Declaration of Restrictive Covenants shall be recorded in the Public Records of Broward County, Florida, and shall become effective upon recordation.

9. (a) If there is a mortgage against the property described in Exhibit "A," MORTGAGEE hereby agrees that the Mortgage it holds from LESSEE recorded in Official Records Book 43564, at Page 1879, as assigned to MORTGAGEE by instrument in Official Records Book 43564, at Page 1906, all of the Public Records of Broward County, Florida, which encumbers the Property described herein shall be and is subordinate to the Restrictive Covenants set forth above, restricting the use of the real property for the time periods set forth above.

(b) In the event of a foreclosure whereby MORTGAGEE takes title to the property, MORTGAGEE may request the release of the restrictive covenant restricting the property included in Exhibit "A." The County Administrator is authorized to execute a release of the restrictive covenant upon payment of all applicable impact fees at the rate in effect at the time of the request for the release of the restrictive covenant.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, OWNER, LESSEE and MORTGAGEE have executed this Declaration of Restrictive Covenants and Subordination as follows:

Witnesses:

Barbara D. Miller

(Signature)
Print name: Barbara Miller

Parnell Joyce

(Signature)
Print name: Parnell Joyce

OWNER:

BROWARD COUNTY HOUSING
AUTHORITY, a body corporate and politic

By: X Kevin Cregan

Name: Kevin Cregan

Title: Chief Executive Officer

Address: 4780 N. State Road 7
Lauderdale Lakes, Florida 33319

ACKNOWLEDGMENT - OWNER

STATE OF FLORIDA)
) SS.
COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 23rd day of February, 2007, by Kevin Cregan, as CEO of BROWARD COUNTY HOUSING AUTHORITY, a body corporate and politic. He or she is:

personally known to me, or
 produced identification. Type of identification produced _____.

(Seal)

My commission expires: June 9, 2010



NOTARY PUBLIC:


DEATRA GLASER

Print name:


Deatra Glaser

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Witnesses:



(Signature)
Print name: PLL Green




(Signature)
Print name: Marlene Sanchez

LESSEE:

TALLMAN PINES ASSOCIATES, LTD., a Florida limited partnership

By: TCG Tallman Pines, LLC, a Florida limited liability company, as its managing general partner

By: 
Lloyd Boggio, Manager

Address: 2950 SW 27th Avenue, Suite 200
Miami, FL 33133

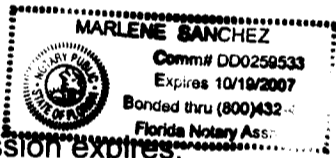
ACKNOWLEDGMENT - LESSEE

STATE OF FLORIDA)
) SS.
COUNTY OF MIAMI-DADE)

The foregoing instrument was acknowledged before me this 28 day of February, 2007, by Lloyd Boggio, as Manager of TCG Tallman Pines, LLC, a Florida limited liability company, as managing general partner of Tallman Pines Associates, Ltd. He is:

personally known to me, or
 produced identification. Type of identification produced _____.

(Seal)



My commission expires _____.

NOTARY PUBLIC:


Print name: _____

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MORTGAGEE JOINDER

The undersigned, Bank of America, N.A., the mortgagee under that certain Multifamily recorded in Official Records Book 43564, at Page 1879, as assigned to MORTGAGEE by instrument in Official Records Book 43564, at Page 1906, all of the Public Records of Broward County, Florida, hereby consents and joins in the foregoing Declaration of Restrictive Covenants, and subordinates its mortgage lien encumbering all or any part of the Property (as described in the foregoing Declaration of Restrictive Covenants) to the Declaration of Restrictive Covenants.

IN WITNESS WHEREOF, this Consent and Joinder is executed by the undersigned this 8th day of February, 2007.

Witnesses:

Mortgagee

Bank of America, N.A, a national banking association

Barbara B Brew-Adoo
Name: [Signature]

By: [Signature]
Name: [Signature]
Title: S.V.P.

Name: _____

STATE OF Maryland
COUNTY OF Prince George

The foregoing instrument was acknowledged before me this 8th day of February, 2007, by [Signature] as S.V.P. of Bank of America, N.A, a national banking association. He is:

personally known to me, or
 produced identification. Type of identification produced _____

(Seal)

My commission expires: 10/10/07

NOTARY PUBLIC:

Barbara B. Brew-Adoo
Print name:

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EXHIBIT "A"

LEGAL DESCRIPTION

TALLMAN PINES I

A PARCEL OF LAND LYING WITHIN THE PLAT OF LEE W. SCHOOLER VILLAGE, AS RECORDED IN PLAT BOOK 81, PAGE 8 OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 21 ACCORDING TO SAID LEE W. SCHOOLER VILLAGE PLAT; THENCE SOUTH 89°57'22" WEST (BEARINGS ARE BASED ON THOSE SHOWN ON SAID LEE W. SCHOOLER VILLAGE PLAT) ALONG THE NORTH LINE OF SAID PLAT, A DISTANCE OF 1511.15 FEET TO THE NORTHWEST CORNER OF SAID PLAT AND THE NORTHWEST CORNER OF LOT 1 OF SAID PLAT; THENCE SOUTH 00°49'49" WEST ALONG THE WEST LINE OF SAID PLAT A DISTANCE OF 335.83 FEET TO THE SOUTHWEST CORNER OF SAID PLAT AND THE SOUTHEAST CORNER OF LOT 47 OF SAID PLAT; THENCE EAST ALONG THE SOUTH LINE OF SAID PLAT, A DISTANCE OF 1422.32 FEET TO THE SOUTHEAST CORNER OF LOT 22 OF SAID PLAT; THENCE NORTH 15°32'20" EAST ALONG THE WEST RIGHT-OF-WAY LINE OF N.E. 8TH AVENUE (50.00 FOOT RIGHT-OF-WAY), A DISTANCE OF 349.74 FEET TO THE POINT OF BEGINNING.

LESS

A PARCEL OF LAND LYING WITHIN THE PLAT OF LEE W. SCHOOLER VILLAGE, AS RECORDED IN PLAT BOOK 81, PAGE 8 OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 21 ACCORDING TO THE SAID LEE W. SCHOOLER VILLAGE PLAT; THENCE SOUTH 89°57'22" WEST (BEARINGS ARE BASED ON THOSE SHOWN ON SAID LEE W. SCHOOLER VILLAGE PLAT), ALONG THE NORTH LINE OF SAID LOT 21 AND THE NORTH LINE OF SAID PLAT, A DISTANCE OF 178.35 FEET; THENCE SOUTH 00°02'38" EAST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE SOUTH 89°57'22" WEST, A DISTANCE OF 340.13 FEET; THENCE SOUTH A DISTANCE OF 80.65 FEET; THENCE EAST, A DISTANCE OF 20.54 FEET; THENCE SOUTH 78.26 FEET; THENCE EAST, A DISTANCE OF 44.97 FEET; THENCE NORTH A DISTANCE OF 9.00 FEET; THENCE EAST A DISTANCE OF 20.00 FEET; THENCE NORTH A DISTANCE OF 32.12 FEET; THENCE EAST, A DISTANCE OF 254.56 FEET; THENCE NORTH, A DISTANCE OF 118.05 FEET TO THE POINT OF BEGINNING.

AND LESS

A PARCEL OF LAND LYING WITHIN THE PLAT OF LEE W. SCHOOLER VILLAGE, AS RECORDED IN PLAT BOOK 81, PAGE 8 OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF LOT 22, ACCORDING TO SAID LEE W. SCHOOLER VILLAGE PLAT; THENCE WEST, ALONG THE SOUTH LINE OF SAID LOT 22 AND THE SOUTH LINE OF SAID PLAT, A DISTANCE OF 368.00 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE NORTH, A DISTANCE OF 34.00 FEET; THENCE WEST A DISTANCE OF 60.00 FEET; THENCE SOUTH, A DISTANCE OF 34.00 FEET TO A POINT ON THE SOUTH LINE OF SAID PLAT; THENCE EAST, ALONG SAID SOUTH LINE, A DISTANCE OF 60.00 FEET TO THE POINT OF BEGINNING.

AND LESS

THOSE LANDS CONVEYED TO BROWARD COUNTY IN THE WARRANTY DEED RECORDED IN OFFICIAL RECORDS BOOK 6187, PAGE 227, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.