

W Price MF Apartments North Port, Florida

Submitted To:

Thomas A. Cookingham, AICP
City of North Port, City Hall
NDS, Planning Division & Zoning
4970 City Hall Blvd.
North Port, FL 34286

NORTH PORTS - HOUSING DEVELOPMENT LOCAL SUPPORT

Submitted By:

*Applicant: Price Boulevard Redevelopment LLC
Shawn Hicks, Vice President
300 Vestavia Parkway, Suite 2300,
Birmingham, AL 35216
s.hicks@commonwealthco.net
(205) 209-6590 Phone
(205) 259-5878 Fax*

TABLE OF CONTENTS

Tab 1	Request for Contribution Application
	Exhibit A Applicants Capacity Form
	Exhibit B Qualified Development Team Contact Information
	Exhibit C Development Schedule
Tab 2	Project Narrative & Site Plan
Tab 3	Org Chart, As Approved By FHFC
	Applicant - Florida Department of State, Division of Corporations Certs
	SS-4 For Applied EIN
	Co-Sponsor- Florida Department of State, Division of Corporations Certs
	Team Resumes
Tab 4	Applicant and Co-Sponsor's Financial Statements
Tab 5	Developer & Property Management Experience Chart
Tab 6	Site Control
Tab 7	Project Proforma
Tab 8	Lee County HFA letter for Tax Exempt Bonds
Tab 9	Equity Letter of Intent
Tab 10	Construction and Permanent Financing Letter of Intent
Tab 11	Market Analysis Memo

Tab 1



CITY OF NORTHPORT, FLORIDA
REQUEST FOR CONTRIBUTIONS APPLICATION FOR DEVELOPMENT/REHABILITATION OF AFFORDABLE MULTI-FAMILY RENTAL HOUSING
FOR THE STATE OF FLORIDA'S FY 2017-2018 LOW INCOME HOUSING TAX CREDIT PROGRAM

SECTION I. APPLICANT and CO-SPONSOR

Applicant and Co-Sponsor Information

1.1 Applicant

Applicant Name Price Boulevard Redevelopment LLC

Applicant Address 9 Sheboygan Street

City Fond Du Lac State WI Zip 54935

Contact Name Shawn Hicks Title Vice President

Phone 205.209.6590 Fax 205.259.5878

Email s.hicks@commonwealthco.net FEIN Applied For - See attached SS-4

TIN _____

1.2 Co-Sponsor

Co-Sponsor Name Commonwealth Development Corporation ☐ Not Applicable

Co-Sponsor Address 9 Sheboygan Street

City Fond Du Lac State WI Zip 54935

Contact Name Shawn Hicks Title Vice President

Phone 205.209.6590 Fax 205.259.5878

Email s.hicks@commonwealthco.net FEIN 73-1642535

If awarded funds pursuant to this application, will the applicant or co-sponsor be the recipient of funds?

☒ Yes ☐ No

If "No", please indicate type of entity-to-be-formed and anticipated name: _____

1.3 Please check appropriate Applicant type:

☐ Individual ☐ For-Profit Entity ☐ Non-Profit Entity

☐ Partnership * ☒ Limited Liability Company

☐ Housing Authority ☐ Community Development Corporation *

☐ Other _____

*Date Corp or Partnership was established: 10/3/2017

1.4 Please check appropriate Co-Sponsor type

☐ Individual ☒ For-Profit Entity ☐ Non-Profit Entity

☐ Partnership * ☐ Limited Liability Company

☐ Housing Authority ☐ Community Development Corporation *

☐ Other _____

*Date Corp or Partnership was established: 5/9/2002

If joint venture, explain the role of the non-profit: _____

1.5 Organizational Documents

If the applicant or co-sponsor is a legally existing organization, submit a copy of any incorporation documents and bylaws, including (if applicable) documentation of non-profit status and certificate of legal existence for the current year.

☒ Yes ☐ No

1.6 Management Changes

Has there been any management or ownership changes in the Applicant and/or Co-Sponsor entity in the last twelve-month period? (if "Yes" describe below)

☐ Yes

☒ No

1.7 Financial Statements

Attach the last three years audited financial statements or personal financial statements (include notes and projections) for both the applicant, co-sponsors, and principals. If the Applicant and Co-Sponsor is newly formed with no historical financial statements, then please provide financial statements for the parent organization.

1.8 Applicant and Co-Sponsor's Capacity and Experience

1.8.a. Please provide a written description of the Applicant's and Co-Sponsor's record of performance, qualifications and capacity to perform its responsibilities for this development.

1.8.b. Work Completed and in Process

On the Applicant Capacity form (Exhibit A) provided, please identify:

1. All developments currently underway by the Applicant or co-sponsor
2. Developments completed in the last five years
3. Five completed developments of similar type and scale in the last five years

1.9 Bankruptcy

1.9.a Has the Applicant, Co-Sponsor, or any members of its development team, ever declared bankruptcy?

☐ Yes ☒ No

1.10 Taxes

Are the applicant and Co-Sponsor current on all local, state, and federal taxes?

☒ Yes ☐ No

SECTION II. DEVELOPMENT TEAM

2.1 Qualified Development Team Contact Information

Provide information identifying the proposed qualified development team members on the form provided (Exhibit B). Provide descriptions of relevant experience and qualifications for each team member. Include resumes for all development team members.

SECTION III. DEVELOPMENT

3.1 Development Information

Development Name W Price MF Apartments

Development Address 1191 W Price Boulevard County Sarasota

City North Port State FL Zip 34288

Is Development Located in a Low to Moderate Income Census Block Group? ☐ Yes ☒ No

3.2 Development Narrative

Each application must contain a project narrative that summarizes the scope of the proposal and the roles of the development team. This narrative should include: A description of the proposal, including its location(s), development type, unit mix and unit size; description of project design; proposed rents; a description of need and the target market; a description of special amenities and services; a summary of proposed construction and permanent financing, anticipated start and completion dates; and the project must address local housing needs and priorities, as documented in the City's 2016 Strategic Plan. Please review and address all selection criteria and evaluation factors found within the application instructions.

3.3 Development Schedule

Complete a development schedule based on key events (acquisition, site plan approval, construction, occupancy, etc.) (Exhibit C).

3.4 Does the Applicant and/or Co-Sponsor have a previous financial involvement or history with this property? ☐ Yes ☒ No

3.5 Has the Applicant and/or Co-Sponsor met with the Planning Division regarding this project? ☒ Yes ☐ No

3.6 Site Control (check all that apply)

Please attach copies of all site control documents received to date.

	Number of Parcels
Deed	
Option Agreement*	
Purchase Contract*	1
Ground Lease	
Other (i.e. -- designated/preferred developer agreement)	

Deed	Acquisition Price	_____
Option Agreement*	Expiration Date	_____
Purchase Contract*	Expiration Date	October 1, 2018
Ground Lease	Ground Lessor	_____
Other (i.e. -- designated/preferred developer		_____

Acquisition Date _____

Maturity Date _____

3.7 Site Plan

Please provide a preliminary site plan including building footprint(s) and all site improvements (identify scale on the drawings).

3.8 Schematic Drawings

Please provide elevations and proposed floor plans, if available (identify scale on the drawings).

SECTION IV. FINANCING

4.1 Labor Standards/Prevailing Wages

For projects that trigger federal prevailing wage requirements, the bid and construction documents must include all standard federal Labor Compliance clauses and the cost estimate must be based on Davis-Bacon costs. Contact your Project Representative prior to submission of the application to determine if Federal Labor requirements will be triggered. Developers, Consultants, Contractors, and Subcontractors must be cleared from State and Federal Suspended and Disbarred Contractor Lists.

Will Davis Bacon wage rates be required for this project? (Check "Yes" if there will be 12 or more HOME assisted units)

☒ Yes ☐ No

4.2 Attach Development and Operating Pro-formas including Sources and Uses of Funds (Submit own Forms).

Applicant Signature

Shawn Hicks

Co-Sponsor Signature

Date

Date



EXHIBIT A - APPLICANT CAPACITY FORM

DEVELOPMENT NAME

W Price MF Apts

APPLICANT

Price Boulevard Redevelopment LLC

CURRENT PROJECTS UNDERWAY

Applicant/Co-Sponsor Name	Project Name	Stage	# of Units	Date Initiated	Planned Completion Date	Total Development Budget	Town/City
Commonwealth Development	Attwood Pointe Apartments	Under Constr	52	8/1/2017	7/27/2018	\$ 9,160,376	Florence/SC
Commonwealth Development	Fourteen91 Lofts	Closing	72	11/17/2017	11/12/2018	\$ 12,016,142	Muncie, IN
Commonwealth Development	Preserve at Chatham Pkwy	Firm Loan Commitment	144	9/1/2017	6/23/2019	\$ 25,300,000	Savannah, GA
Commonwealth Development	The Ridge	Financing Approved	60	8/1/2017	2/24/2019	\$ 14,873,925	Colorado Springs, CO
Commonwealth Development	Lawler School Lofts - Historic School Adaptive Reuse	Under Constr	40	7/1/2017	6/26/2018	\$ 8,601,885	Prairie du Chien, WI

PROJECTS COMPLETED

Applicant/Co-Sponsor Name	Project Name	Project Type	# of Units	Date Initiated	Date Completed	Total Development Budget	Town/City
Commonwealth Development	Park View Apartments - Turnkey	Elderly	84	10/21/2014	6/18/2015	\$ 7,479,017	Antigo, WI
Commonwealth Development	Mission Village of Greeley	Family	50	3/5/2016	11/30/2016	\$ 13,388,709	Greeley, CO
Commonwealth Development	Mission Village of Pecos	Family	60	3/6/2015	12/1/2015	\$ 7,869,084	Pecos, TX
Commonwealth Development	Historic Blue Bell Lofts	Historic Rehab Adaptive Reuse	52	5/5/2016	1/30/2017	\$ 10,384,989	Columbia City, IN
Commonwealth Development	Union Square Apartments	Family	50	1/6/2015	10/3/2015	\$ 8,421,670	Appleton, WI

PROJECTS OF SIMILAR TYPE & SCALE

Applicant/Co-Sponsor Name	Project Name	Project Type	# of Units	Date Initiated	Date Completed	Total Development Budget	Town/City
Commonwealth Development	Preserve at Chatham Pkwy	Family	144	9/1/2017	6/23/2019	\$ 25,300,000	Savannah, GA
Commonwealth Development							
Commonwealth Development							
Commonwealth Development							
Commonwealth Development							



EXHIBIT B - QUALIFIED DEVELOPMENT TEAM CONTACT INFORMATION

DEVELOPMENT NAME	W Price MF Apartment	APPLICANT	Price Boulevard Redevelopment LLC
APPLICANT (Owner/Mortgagor):	Price Boulevard Redevelopment LLC		
Address:	9 Sheboygan Street Fond Du Lac, WI 54935		
Principal(s):	Louie A. Lange III	Website:	www.commonwealthco.net
Contact Person:	Shawn Hicks	Email Address:	s.hicks@commonwealthco.net
Telephone Number:	205.209.6590	Fax Number:	205.259.5878
DEVELOPER			
(Legal Name):	Commonwealth Development Corporation		
Address:	9 Sheboygan Street Fond Du Lac, WI 54935		
Principal(s):	Louie A. Lange III	Website:	www.commonwealthco.net
Contact Person:	Shawn Hicks	Email Address:	s.hicks@commonwealthco.net
Telephone Number:	205.209.6590	Fax Number:	205.259.5878
ARCHITECT			
	M+A Design		
Address:	25 South Main Street Fond Du Lac, WI 54935		
Principal(s):	Stan Ramaker	Website:	
Contact Person:	Stan Ramaker	Email Address:	s.ramaker@madesigninc.net
Telephone Number:	920.539.3041	Fax Number:	920.922.8171
CONTRACTOR			
	TBD		
Address:			
Principal(s):		Website:	
Contact Person:		Email Address:	
Telephone Number:		Fax Number:	
OTHER			
Address:			
Principal(s):		Website:	
Contact Person:		Email Address:	
Telephone Number:		Fax Number:	



EXHIBIT C - DEVELOPMENT SCHEDULE

DEVELOPMENT NAME **W Price MF Apartments** APPLICANT **Price Boulevard Redevelopment LLC**

Activity	Date: Month/Year	City Use Only
Current Year:	2016	
Site:		
Option/Contract	10/2017	
Site Acquisition	10/2018	
Zoning Approval	Complete	
Site Analysis	3/2018	
Financing:		
Construction Loan		
Loan Application	1/2018	
Conditional Commitment	3/2018	
Firm Commitment	5/2018	
Permanent Loan		
Loan Application	1/2018	
Conditional Commitment	3/2018	
Firm Commitment	5/2018	
Other Loans & Grants		
Type & Source:	FHFC SAIL (describe)	
Application	10/2017	
Award	1/2018	
Other Loans & Grants		
Type & Source:	Tax Exempt Bonds - Lee County HFA	
Application	10/17	
Award	1/2018	
Other Loans & Grants		
Type & Source:	(describe)	
Application		
Award		
Plans & Specifications:		
Schematics	1/2018	
30% drawings	3/2018	
100% drawings	7/2018	
Closing & Transfer of Property	9/2018	
Construction Start	9/2018	
Completion of Construction	1/2020	
Lease-up	1/2020 - 1/2021	
Sustaining Occupancy	1/2021	
Proforma Stabilized Year*	2021	
LIHT Credit Placed-In-Service Date	12/31/2020	

Will project construction be in phases? ☐ Yes ☒ No

If Yes, please indicate phase below and provide a separate schedule for each phase on separate sheet.

Phase: _____

* Proforma Stabilized Year (PSY) is the first full year following leaseup with sustaining occupancy.

Tab 2



W Price MF Apartments North Port, Florida

Commonwealth Development Corporation proposes to construct a 189-unit apartment community in North Port Florida. The community is designated a mixed income Workforce Community. The units will be affordable to households up to 90% AMI, with at least 45% of the units affordable to households up to 60% AMI. The project is located within Activity Center 5 and has direct access to all public utilities and an adjacent bus Stop. The site is located at 1191 W Price Boulevard, adjacent to Toledo Boulevard and the Publix Market at The Shoppes at Price Crossing. This stretch of North Port is experiencing rapid growth: commercial, office and light industrial uses (i.e. employment growth).

The property totals 12.8 acres. Community amenities will include a club house with dedicated leasing office, community space/media room for gatherings, fitness room and computer lab. There will be two outdoor patio spaces with separate picnic and recreation areas. A laundry room will also be provided. All parking is onsite, with 1.5 spaces per unit plus 10 visitor spaces near the club house. The community will also have access to the walkable Citizens Parkway.

The community will be composed of 10 residential buildings with three different architectural designs. The majority of the buildings will be three-story walk-ups, and there will be one, four-story building directly adjacent to the water feature between the proposed site and the Publix Market at the Shoppes at Price Crossing. Building exteriors will have a mix natural stone and cement board siding. All units will have full kitchens, as well as washer and dryer hook-ups. Units will be individually metered for electric and gas, and residents will be responsible for paying these utilities. A preliminary market study has been performed showing strong demand and achievable maximum tax credit rents. The Market Demand statement is included in Tab 11.

The project is designed to meet the guidelines established with City's Urban Design Standards Pattern Book for Activity Center 5. In addition to several Green Building Features. The green features includes but not limited to:

- Low-flow water fixtures in bathrooms—WaterSense labeled products
- Energy Star certified refrigerator;
- Energy Star certified dishwasher;
- Energy Star certified ventilation fan in all bathrooms;
- Water heater minimum efficiency

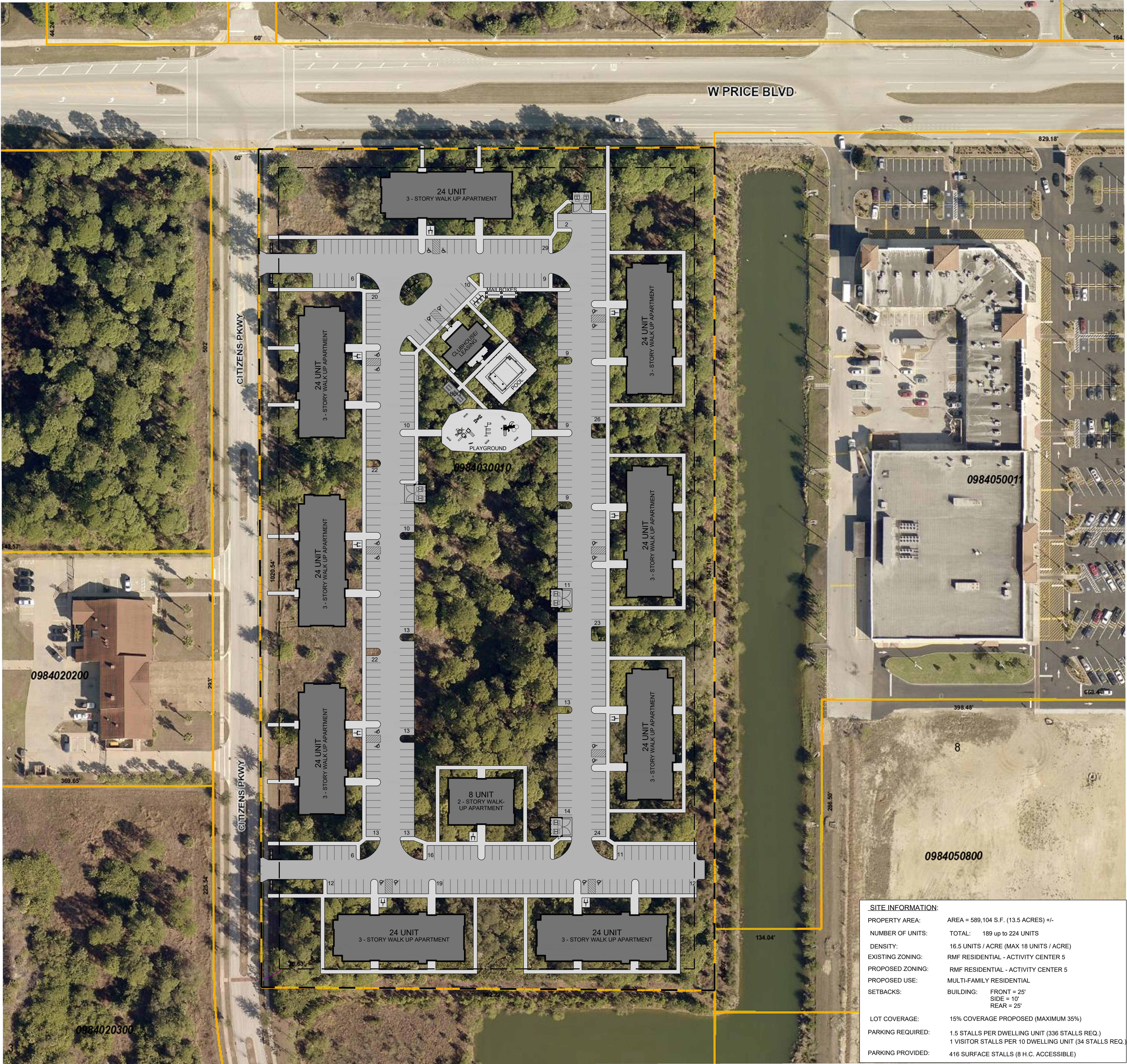
To continue to meet the demands of creating a sustainable workforce community, we will provide the following resident services:

Employment Assistance Program – The Management Company, on a quarterly basis and at no cost to the resident, will provide offer workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. Sample offered skills are

- Evaluation of current job skills;
- Assistance in setting job goals;
- Assistance in development of and regular review/update of individualized plan for each participating resident;
- Resume assistance;
- Interview preparation; and
- Placement and follow-up services

Financial Management Program – The Management Company, on a quarterly basis and at no cost to the resident, will provide a series of classes to provide residents training in various aspects of personal financial management. Sample topic includes, but not be limited to:

- Financial budgeting and bill-paying including training in the use of technologies and web-based applications;
- Tax preparation including do's and don'ts, common tips, and how and where to file, including electronically;
- Fraud prevention including how to prevent credit card and banking fraud, identity theft, computer hacking and avoiding common consumer scams;
- Retirement planning & savings options including preparing a will and estate planning; and
- Homebuyer education including how to prepare to buy a home, and how to access to first-time homebuyer programs in the county in which the development is located.



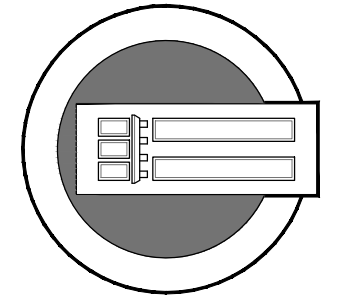
SITE INFORMATION:	
PROPERTY AREA:	AREA = 589,104 S.F. (13.5 ACRES) +/-
NUMBER OF UNITS:	TOTAL: 189 up to 224 UNITS
DENSITY:	16.5 UNITS / ACRE (MAX 18 UNITS / ACRE)
EXISTING ZONING:	RMF RESIDENTIAL - ACTIVITY CENTER 5
PROPOSED ZONING:	RMF RESIDENTIAL - ACTIVITY CENTER 5
PROPOSED USE:	MULTI-FAMILY RESIDENTIAL
SETBACKS:	BUILDING: FRONT = 25' SIDE = 10' REAR = 25'
LOT COVERAGE:	15% COVERAGE PROPOSED (MAXIMUM 35%)
PARKING REQUIRED:	1.5 STALLS PER DWELLING UNIT (336 STALLS REQ.) 1 VISITOR STALLS PER 10 DWELLING UNIT (34 STALLS REQ.)
PARKING PROVIDED:	416 SURFACE STALLS (8 H.C. ACCESSIBLE)


NORTH
**PRELIMINARY
SITE PLAN**
SCALE: 1" = 50'-0"

PRELIMINARY
SHEET DATES:

M+A DESIGN, INC.
25 SOUTH MAIN STREET
FOND DU LAC, WISCONSIN 54935
l.petrie@madesigninc.net (920) 922-8170

**COMMONWEALTH
COMPANIES**
9 SHEBOYGAN STREET
FOND DU LAC, WISCONSIN 54935
(920) 922-8170 FAX: (920) 922-8171



NEW PROJECT FOR:
NORTH PORT DEVELOPMENT
CITIZENS PARKWAY
NORTH PORT, FL

2017 © M+A DESIGN, INC.
JOB NUMBER:
2017.38
SHEET
C1.0

Tab 3

Price Boulevard Redevelopment LLC is Applicant a newly created entity

Price Boulevard Redevelopment MM LLC is GP is a newly created entity

Commonwealth Management Corporation is the sole member of the managing GP entity

Commonwealth Development Corporation of America is the developer and Co-Sponsor

Commonwealth Management Corporation is also the property management company

Louie A. Lange III is the president of each of these companies.

- Commonwealth Management Corporation
- Commonwealth Development Corporation of America

All entities above are affiliates of The Commonwealth Companies, and all entities are solely owned by Louie A. Lange III, President of The Commonwealth Companies.

Louie A. Lange III is the owner of M+A Design, LLC, which is the Project's Architect

Principal Disclosures for Applicant

APPROVED for HOUSING CREDIT APPLICATION
FHFC Advance Review 10.4.17

Select the organizational structure for the Applicant entity:

The Applicant is a: Limited Liability Company

Provide the name of the Applicant Limited Liability Company:

Price Boulevard Redevelopment LLC

First Principal Disclosure Level:

[Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for the Applicant](#)

<u>First Level Entity #</u>	<u>Select Type of Principal of Applicant</u>	<u>Enter Name of First Level Principal</u>	<u>Select organizational structure of First Level Principal identified</u>
1.	<u>Manager</u>	<u>Price Boulevard Redevelopment MM, LLC</u>	<u>Limited Liability Company</u>
2.	<u>Investor Member</u>	<u>Price Boulevard Redevelopment MM, LLC</u>	<u>Limited Liability Company</u>

Second Principal Disclosure Level:

Price Boulevard Redevelopment LLC

[Click here for Assistance with Completing the Entries for the Second Level Principal Disclosure for the Applicant](#)

Select the corresponding First
Level Principal Entity # from
above for which the Second
Level Principal is being
identified

Second
Level
Entity #

Select the type of Principal
being associated with the
corresponding First Level
Principal Entity

Enter Name of Second Level Principal

Select organizational structure
of Second Level Principal
identified

1. (Price Boulevard Redevelopment)
1. (Price Boulevard Redevelopment)

1.A.
1.B.

Managing Member
Manager

Commonwealth Management Corporation
Commonwealth Management Corporation

For-Profit Corporation
For-Profit Corporation

Third Principal Disclosure Level:

Price Boulevard Redevelopment LLC

[Click here for Assistance with Completing the Entries for the Third Level Principal Disclosure for the Applicant](#)

Select the corresponding Second Level Principal
Entity # from above for which the Third Level
Principal is being identified

Select the type of Principal
being associated with the
corresponding Second Level
Principal Entity

Enter Name of Third Level Principal
who must be a Natural Person

The organizational structure of
Third Level Principal identified
Must Be a Natural Person

1.A. (Commonwealth Management Corporation)
1.A. (Commonwealth Management Corporation)
1.A. (Commonwealth Management Corporation)

Executive Director
Officer
Shareholder

Lange III, Louie A
Lange III, Louie A
Lange III, Louie A

Natural Person
Natural Person
Natural Person

Principal Disclosures for the Developer

APPROVED for HOUSING CREDIT APPLICATION
FHFC Advance Review 10.4.17

How many Developers are part of this Application structure?
1

Select the organizational structure for the Developer entity:
The Developer is a: For-Profit Corporation

Provide the name of the Developer For-Profit Corporation:
Commonwealth Development Corporation of America

First Principal Disclosure Level: Commonwealth Development Corporation of America

[Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for a Developer](#)

<u>First Level Entity #</u>	<u>Select Type of Principal of Developer</u>	<u>Enter Name of First Level Principal</u>	<u>Select organizational structure of First Level Principal identified</u>
1.	Director	Lange III, Louie A	Natural Person
2.	Officer	Lange III, Louie A	Natural Person
3.	Shareholder	Lange III, Louie A	Natural Person

State of Florida

Department of State

I certify from the records of this office that PRICE BOULEVARD REDEVELOPMENT, LLC is a Wisconsin limited liability company authorized to transact business in the State of Florida, qualified on October 13, 2017.

The document number of this limited liability company is M17000008765.

I further certify that said limited liability company has paid all fees due this office through December 31, 2017 and that its status is active.

I further certify that said limited liability company has not filed a Certificate of Withdrawal.

*Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capital, this
the Eighteenth day of October,
2017*



Ken Detjen
Secretary of State

Tracking Number: CU3765822569

To authenticate this certificate, visit the following site, enter this number, and then follow the instructions displayed.

<https://services.sunbiz.org/Filings/CertificateOfStatus/CertificateAuthentication>

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

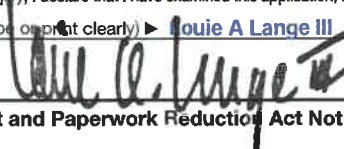
OMB No. 1545-0003

EIN

▶ See separate instructions for each line.

▶ Keep a copy for your records.

Type or print clearly.

1	Legal name of entity (or individual) for whom the EIN is being requested Price Boulevard Redevelopment, LLC							
2	Trade name of business (if different from name on line 1)	3 Executor, administrator, trustee, "care of" name						
4a	Mailing address (room, apt., suite no. and street, or P.O. box) 9 Sheboygan Street	5a Street address (if different) (Do not enter a P.O. box.)						
4b	City, state, and ZIP code (if foreign, see instructions) Fond du Lac WI 54935	5b City, state, and ZIP code (if foreign, see instructions)						
6	County and state where principal business is located Fond du Lac County, Wisconsin							
7a	Name of responsible party Price Boulevard Redevelopment MM, LLC	7b SSN, ITIN, or EIN 82-2958647						
8a	Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
8b	If 8a is "Yes," enter the number of LLC members 2							
8c	If 8a is "Yes," was the LLC organized in the United States? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
9a	Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check. <input type="checkbox"/> Sole proprietor (SSN) _____ <input checked="" type="checkbox"/> Partnership _____ <input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____ <input type="checkbox"/> Personal service corporation _____ <input type="checkbox"/> Church or church-controlled organization _____ <input type="checkbox"/> Other nonprofit organization (specify) ▶ _____ <input type="checkbox"/> Other (specify) ▶ _____ <input type="checkbox"/> Estate (SSN of decedent) _____ <input type="checkbox"/> Plan administrator (TIN) _____ <input type="checkbox"/> Trust (TIN of grantor) _____ <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises Group Exemption Number (GEN) if any ▶ _____							
9b	If a corporation, name the state or foreign country (if applicable) where incorporated Wisconsin	State Wisconsin Foreign country						
10	Reason for applying (check only one box) <input checked="" type="checkbox"/> Started new business (specify type) ▶ _____ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input type="checkbox"/> Compliance with IRS withholding regulations <input type="checkbox"/> Other (specify) ▶ _____ <input type="checkbox"/> Banking purpose (specify purpose) ▶ _____ <input type="checkbox"/> Changed type of organization (specify new type) ▶ _____ <input type="checkbox"/> Purchased going business <input type="checkbox"/> Created a trust (specify type) ▶ _____ <input type="checkbox"/> Created a pension plan (specify type) ▶ _____							
11	Date business started or acquired (month, day, year). See instructions. 10/03/2017							
12	Closing month of accounting year December							
13	Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14. <table><tr><td>Agricultural</td><td>Household</td><td>Other</td></tr><tr><td>0</td><td>0</td><td>0</td></tr></table>		Agricultural	Household	Other	0	0	0
Agricultural	Household	Other						
0	0	0						
14	If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. <input type="checkbox"/>							
15	First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶ _____							
16	Check one box that best describes the principal activity of your business. <input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing <input type="checkbox"/> Health care & social assistance <input type="checkbox"/> Wholesale-agent/broker <input checked="" type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail <input type="checkbox"/> Other (specify) ▶ _____							
17	Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided. Own real estate							
18	Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," write previous EIN here ▶ _____							
Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form. Designee's name Cheryl Zitlow Designee's telephone number (include area code) 920-238-6221 Address and ZIP code 701 E Washington Ave LL002 Madison WI 54703 Designee's fax number (include area code) 920-922-8171							
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.								
Name and title (type or print clearly) ▶ Lois A Lange III Applicant's telephone number (include area code) 920-922-8170 Signature ▶  Date ▶ 10/3/17 Applicant's fax number (include area code) 920-922-8171								

State of Florida

Department of State

I certify from the records of this office that COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA is a Wisconsin corporation authorized to transact business in the State of Florida, qualified on February 10, 2017.

The document number of this corporation is F17000000805.

I further certify that said corporation has paid all fees due this office through December 31, 2017 and that its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

*Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capital, this
the Twentieth day of April, 2017*



Ken DeFoner
Secretary of State

Tracking Number: CU1993930933

To authenticate this certificate, visit the following site, enter this number, and then follow the instructions displayed.

<https://services.sunbiz.org/Filings/CertificateOfStatus/CertificateAuthentication>

OPENING DOORS TO OPPORTUNITY SINCE 2001



COMMONWEALTHCO.NET

54 EAST FIRST STREET + FOND DU LAC, WI 54935 + PH: 920-922-8170 + FAX: 920.922.8171

ABOUT US



A team of highly experienced developers, contractors, and operators, Commonwealth brings extensive knowledge of unique and sophisticated financial structures inherent in the development of affordable housing, superior and cost-efficient construction processes, and state-of-the-art property operations to bear upon any project we develop and operate.

It's our mission to build or renovate housing stock that provides high-quality, affordable places for people to live. We seek to preserve and restore the architectural legacy of the communities in which we work.

Our team is unique in our breadth of knowledge, experience and ability to deliver housing that exceeds expectations, adds value and enhances the lives of the residents we serve and the communities we work in. We pursue these goals as a community partner: working closely with neighborhood leaders, urban planners, preservationists, as well as state and local organizations and governments.



OUR STRENGTHS

1

OUR RESULTS: Commonwealth has consistently delivered all of their projects on time, on budget and has successfully completed lease up in a timely manner.

2

OUR EXPERTISE: Commonwealth has extensive experience in the development and construction of multi-family housing utilizing the low-income housing tax credit.

3

OUR FLEXIBILITY: Commonwealth has demonstrated the ability to create affordable housing opportunities in a variety of geographically, economically and socially diverse neighborhoods.

4

OUR EXPERIENCE: Commonwealth's development experience includes new construction, historic rehabilitation, adaptive reuse and preservation of existing housing.

5

OUR CUSTOMERS: Commonwealth's track record of effective partnerships with investors, lenders, state housing agencies and non-profit development partners to create housing that meets the needs of residents, neighborhoods and communities.



LOUIE A. LANGE III

PRESIDENT + THE COMMONWEALTH COMPANIES



Experience in business development and company growth.

As President of The Commonwealth Companies, **Louie Lange** has grown the firm that started in his basement to one in excess of 100 people and \$30 million in annual revenue. He has a keen eye for maximizing revenue opportunities from every opportunity in the development, construction and property management of real estate. Many times this desire has led to horizontal and vertical integration of Commonwealth's business through partnerships, acquisitions and "start-up" of new ventures.

The result has been the creation of over \$250-million in real estate projects located in Wisconsin, Texas and Oklahoma. Commonwealth has received the Wisconsin Builder's Association Developer-of-the-Year Award in 2008, the Avenues West Association Community Investment Award in 2012, the Marian University Economic Development Award in 2012 and the Wisconsin Main Street Award for Best New Building Project 2013, the Wisconsin Main Street Award for Best Adaptive Reuse Project 2013.

Louie Lange received his Bachelor of Science in Business Administration and Management from Marquette University and his MBA from the University of Notre Dame - Mendoza College of Business. A former officer in the United States Marine Corps, Louie is President and founder of The Commonwealth Companies, which was established in 2001. Commonwealth's core business includes real estate development, construction, property management and landscaping with offices in Wisconsin, Texas and Oregon.



MARISSA B. DOWNS

SENIOR VICE PRESIDENT + THE COMMONWEALTH COMPANIES



Marissa Downs is the Senior Vice President for The Commonwealth Companies, specifically focusing on the organization's development and property management companies. Commonwealth Development Corporation works with investors, lenders, state housing agencies and communities to provide affordable housing, and was named Wisconsin Builder Association's "Developer of the Year" in 2008. Commonwealth Management Corporation successfully manages housing communities throughout the state of Wisconsin.

As Senior Vice President, Marissa is responsible for all aspects of Commonwealth's affordable housing investments, including land acquisition, the entitlement process and procuring and closing debt and equity financing.

Marissa started her career in acquisitions for a national tax-credit syndicator, Related Capital, the precursor of Centerline. Prior to joining Commonwealth, Marissa was the Director of Development for a Wisconsin-based development company. She has participated in the development, acquisition and/or financing in over \$200 million in multi-family investments. She holds a Bachelor's Degree in Real Estate and Urban Land Economics from the University of Wisconsin, Madison.





BRENT J. SCHUMACHER

SENIOR VICE PRESIDENT + THE COMMONWEALTH COMPANIES



Brent Schumacher is the Senior Vice President for the Commonwealth Companies, specifically focusing on the organization's construction company.

Brent joined Commonwealth Construction Corporation in 2008 with extensive experience in the construction industry as a project manager, estimator and team leader. As Vice President, Brent's responsibilities include business development, managing employees, organizing daily operations, and overseeing completion of all of the company's projects, while maintaining quality amid time constraints and budgets. Brent is responsible for budgeting, subcontractor bidding, construction scheduling, and overall project control.

A graduate of Marquette University, with a B.A. in Business, Brent has managed numerous construction projects over the past twenty years. Brent's knowledge of construction truly comes from the field. He began his foundation as a residential carpenter for Joseph A. Schumacher, General Contractor. Brent learned every aspect of the trade, and became a foreman, working on and overseeing construction projects for the contractor. Brent then formed his own construction company, specializing in building and architectural design. Brent was responsible for maintaining project quality, construction schedules and budgets.





BERNARD J. BOLKA

SENIOR VICE PRESIDENT + THE COMMONWEALTH COMPANIES



As Senior Vice President, **Bernard Bolka** brings over 10 years of financial management experience and expertise to the Commonwealth Companies. In this role, Bernard directs all financial aspects of the business including accounting practices, budgeting, financial planning, interface with the financial community, financial analysis, acquisitions and ventures, and monitoring of financial performance.

Bernard is a CPA with experience in public accounting and private industry. Prior to joining Commonwealth, Bernard held various challenging positions as Co-Founder and COO of Modern Dental Care, Inc., in Fond du Lac, Wisconsin, Strategic Manager for the world leading appliance manufacturer Whirlpool Corporation, in Benton Harbor, Michigan, and Senior Accountant for public accounting firm Crowe Horwath, LLP, in Fort Lauderdale, Florida.

Bernard holds an MBA degree from the University of Notre Dame and a BS degree in Finance and Accounting from Indiana University.





SHAWN HICKS

VICE PRESIDENT OF DEVELOPMENT - SOUTHEAST REGION
COMMONWEALTH DEVELOPMENT CORPORATION



As Vice President of Commonwealth Development Corporation, Shawn Hicks leads the company's Birmingham, Alabama office, focusing on development opportunities throughout the Southeastern United States. Shawn has over 15 years of experience in real estate development. Throughout her career, she has primarily focused on the predevelopment and development of multi-family and senior (both independent and assisted living) residential communities that include redeveloped infrastructures, parks, retail and recreational components.

Shawn currently provides community development services that include land valuations and acquisitions, creation of critical mass development opportunities and coordination of all relevant redevelopment activities. Before joining Commonwealth, Shawn served as Development Director for The Integral Group building Mixed Use Developments that embraces a live, learn, work and play concept in sustainable communities.

Throughout Shawn's career, she has successfully closed out numerous developments on time and within budget. She has developed and managed over 1,500 units in several planned communities totaling over \$400M of public and private funding including but not limited to Low Income Housing Tax Credits, State and Federal Historic Tax Credits, Conventional Debt and Equity and several Federal Housing Administration (FHA) products.

Shawn earned her B.S. degree in Public Policy from Georgia State University with a concentration in Planning and Economic Development. She is an Urban Land Institute (ULI) 2015 Center for Leadership Graduate and is active with several community organizations, which includes YWCA-Birmingham Chapter, Women's in Affordable Housing Network and The National Association of Women in Construction (NAWIC).





ROBERT HUTTER

VICE PRESIDENT + COMMONWEALTH CONSTRUCTION CORPORATION



Robert Hutter is the Vice President of Commonwealth Construction Corporation. His responsibilities include the direction and oversight of site managers, subcontractors and project scheduling. A graduate of Bradley University in Peoria, Illinois, with Bachelor's Degree in Construction Engineering, Robert has amassed experience in estimating, project management, accounting and managing project cash flow, and client presentations. Robert's key projects and accomplishments include:

- Orion Energy Systems Corporate Headquarters, an 80,000 square foot state of the art corporate office building, utilizing many LEED design features in the HVAC system, Orion Appollo light pipes, high performance glazing system and high efficiency Orion lighting systems.
- Nemschoff, Inc., a 115,000 square foot manufacturing facility specializing in building furniture for the health care industry. This project utilized over 100 concrete caissons for the foundation system.
- Passavant Senior Apartments in Milwaukee, WI. consisted of renovations of an existing vacated maternity hospital into apartments as well as an addition to the existing building for a total of 51 senior apartments.
- Mission Village of Sheboygan was a 76 unit family apartment complex comprised of eight separate buildings.
- Riverside Senior Apartments is a four story, 46 unit building in downtown Fond du Lacc providing easy access for seniors to local businesses as well as the newly completed Commonwealth Coffee and Deli which is located on the first floor of the complex.

LUCUS PETRIE

DIRECTOR OF PROJECT MANAGEMENT + M+A DESIGN, LLC



Lucus Petrie started his career in Architecture in 2005, and completing his formal education in 2009 with a degree in Architecture and Urban Planning from UW-Milwaukee. During and since that time he worked for architectural firms in Wisconsin developing and overseeing projects that offer innovated and traditional architectural technologies on numerous projects. Ranging from preliminary concepts and construction documenting/ administration with high quality, cost effective design solutions in the hospitality industry to provide the best solutions in. M+A Design believe the cohesiveness with communication and the problem solving abilities are the keys to making each project be successful in style, function and cost. Our firm maintains environmental and energy efficient design in site development, building materials and effective mechanical systems to provide healthy and comfortable environments for occupants and tenants throughout the life of the building.

As Director of Project Management, Lucas' primary role is to oversee all architectural aspects and functions of M+A Design, LLC. He began his foundation and skills at Design II, LLC and Excel Engineering, Inc learning all aspects of the hospitality and LIHTC projects. M+A Design is a full service architectural design firm having extensive experience in new construction, adaptive re-use and historic preservations.

STAN RAMAKER

CONSULTING ARCHITECT + M+A DESIGN, LLC



Since 1983 Stan Ramaker has provided complete architectural services and experience in a diverse range of projects including hotels, retail, office and multifamily project for numerous developers and owners in Colorado, South Carolina, and Wisconsin. Most Projects include detailed project programming, construction administration, design layouts, preparation of construction documents in AutoCAD, rendering and presentation drawings, interior finish selections, feasibility studies. Stan has completed 95 Tax Credit Multifamily project with experience in new projects, adaptive rehabilitation and rehab projects.

Stan takes pride in working with his clients and managing projects from inception to completion, with over 150 hotels and 100 multifamily projects in his portfolio. He has professional associations with American Institute of Architects, Noon Rotary, Past President of WSA, Past President of Fond du Lac Builders Association and Member of Grace Reformed Church Council.

As Consulting Architect, Stan collaborates with the M+A Design team, bringing many years of impressive architectural experience with him.

M+A Design believes that team cohesiveness with concise communication and the ability to implement inventive problem solving skills are the keys to making each project be successful in style, function and cost. Our firm maintains environmental and energy efficient designs in site development, building materials and effective mechanical systems, to provide healthy and comfortable environments for occupants and tenants throughout the life of the building.

M+A Design is a full service architectural design firm having extensive experience in new construction, adaptive re-use and historic preservations.



DEVELOPMENTS UNDER CONSTRUCTION

- **PARK VIEW APARTMENTS** (Antigo, WI) – 84 units for older adults
- **MISSION VILLAGE OF PECOS** (Pecos, TX) – 60 units for families
- **UNION SQUARE APARTMENTS** (Appleton, WI) – 50 units for families
- **ELEMENTARY SCHOOL APARTMENTS** (Schofield, WI) – 36 units for families
- **NEWBURY PLACE APARTMENTS** (Ripon, WI) – 40 units for families

PROJECTS IN DEVELOPMENT

- **MISSION VILLAGE OF MONAHANS** (Monahans, TX) – 49 units for families
- **MISSION VILLAGE OF JACKSONVILLE** (Jacksonville, TX) - 48 units for families
- **ROY STATION SQUARE** (Roy, UT) - 25 units for seniors
- **MISSION VILLAGE OF GREELEY** (Greeley, CO) - 50 units for families
- **HISTORIC BLUE BELL LOFTS** (Columbia City, IN) - 40 units for families
- **HISTORIC BERLIN SCHOOL** (Berlin, WI) - 40 units for families
- **MISSION VILLAGE DODGEVILLE** (Dodgeville, WI) - 52 units for seniors

ST. PETER'S RCAC FOND DU LAC, WISCONSIN



St. Peter's RCAC is comprised of 46 residential care apartment homes for older adults. This unique project involved the renovation of the former St. Peter's Lutheran church and school into residential units, as well as new construction of additional units. The concept allows residents to age-in-place with access to additional services through Lutheran Home and Health Services.

With \$8.5 million in total development costs, St. Peter's RCAC opened to much fanfare in 2009. Project amenities include a full range of appliances, central air conditioning, prepared meal service, an exercise room, media and computer center, resident library, beauty shop and community room.

NEW VILLAGE TOWNHOMES MILWAUKEE, WISCONSIN



New Village Townhomes, completed in 2006, involved the renovation of vacant Housing Authority units, as well as new construction along Center Street in Milwaukee. The project has inspired other housing and commercial projects in the neighborhood, and has been hailed as a model for catalytic development in Milwaukee.

Project amenities include central air conditioning, in-unit hook-ups for washers and dryers, exercise room, media and computer center, a resident library, a beauty shop, and a community room.

DEVELOPED, BUILT & MANAGED BY THE COMMONWEALTH COMPANIES



HISTORIC WEST ELEMENTARY APARTMENTS RHINELANDER, WISCONSIN

Historic West Elementary Apartments

involved the renovation of a former elementary school. In partnership with the Rhinelander Housing Authority, Commonwealth Development converted the school into 24 apartments for older adults.

Amenities include central air conditioning, hook-ups for washers and dryers, exercise room, media and computer centers, a resident library, beauty shop, and community room.

Total development costs were \$5.1 million, with equity financing provided by Wachovia Securities. Investors Bank provided construction and permanent financing. Additionally, the Federal Home Loan Bank of Chicago provided an Affordable Housing Program Grant.



FOND DU LAC CENTER MILWAUKEE, WISCONSIN



Fond du Lac Center, completed in 2007, involved the construction of twenty-four apartments and street level commercial space. This project brought life to a vacant lot at a busy intersection, and continued the catalytic development activity started with the New Village Townhomes project.

Project amenities include a full range of appliances, central air conditioning, in unit hook-ups for washers and dryers, an exercise room, media and computer center, a resident library, a beauty shop, and a community room.

Total development costs for Fond du Lac Center were \$7.5 million, with equity financing provided by Wachovia Securities. Investors Bank provided construction and permanent financing.



FOND DU LAC TOWNHOMES

FOND DU LAC, WISCONSIN

Fond du Lac Townhomes were completed in 2010 and involved the construction of 48 townhome units. This project turned two underutilized parcels in Fond du Lac into high quality housing for families, featuring spacious two and three bedroom townhomes with attached garages and central air.

Families and individuals enjoy an inviting resident community center with computer and media center as well as a picnic area and playground.

Total development costs for Fond du Lac Townhomes were \$10.6 Million, with equity financing provided by National Equity Fund. Stearns Bank provided construction and permanent financing.



DEVELOPED, BUILT & MANAGED BY THE COMMONWEALTH COMPANIES

MISSION VILLAGE OF SHEBOYGAN SHEBOYGAN, WISCONSIN



The **Mission Village of Sheboygan** is a 76-unit cottage style family development which has excellent access to major thoroughfares, shopping and educational facilities while providing residents with an ideal residential setting. Each unit has its own entrance and garage. Property amenities include a full range of appliances, washers and dryers, an exercise room, community room and computer center.

DEVELOPED, BUILT & MANAGED BY THE COMMONWEALTH COMPANIES

AUXILIARY COURT WEST BEND, WISCONSIN



Auxiliary Court is a 60-unit senior housing development located in West Bend, Wisconsin. Auxiliary's development includes underground parking, a beauty salon, community space, internet cafe and a fitness center.

DEVELOPED, BUILT & MANAGED BY THE COMMONWEALTH COMPANIES



TRINITY ARTIST LOFTS

FOND DU LAC, WISCONSIN

Trinity Artist Lofts, located in Fond du Lac's Arts and Entertainment District, offers six "live-work" units to artists in order to allow them to utilize a ground floor, in-unit studio space. The common area within this artist building provides gallery space so that artists can display their work for community viewing.

All of Trinity's units are of a townhome design, offering a single-family feel with multi-story units, individual garages and entries.



DEVELOPED, BUILT & MANAGED BY THE COMMONWEALTH COMPANIES

TRINITY ARTIST SQUARE

FOND DU LAC, WISCONSIN



Trinity Artist Square is a 29-unit family housing development located in Fond du Lac, Wisconsin. All of Trinity's units are of a townhome design, offering a single-family feel with multi-story units, individual garages and entries.

DEVELOPED, BUILT & MANAGED BY THE COMMONWEALTH COMPANIES

INDIANHEAD COTTAGES

MOSINEE, WISCONSIN



Indianhead Cottages is a 24-unit family housing development located in Mosinee, Wisconsin. Indianhead Cottages is situated overlooking the scenic Indianhead Golf Course. The development includes a beauty salon, community clubhouse and fitness center.

DEVELOPED, BUILT & MANAGED BY THE COMMONWEALTH COMPANIES

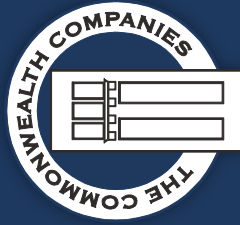
RIVERSIDE SENIOR APARTMENTS FOND DU LAC, WISCONSIN



Riverside Senior Apartments is a 46-unit senior housing development located in Fond du Lac, Wisconsin. Riverside Senior Apartments offers 2 and 2 bedroom + den apartments located in the heart of Fond du Lac. Residents enjoy shopping, dining and views of the Fond du Lac River and walkway path.

Each apartment features a balcony, full size washer/dryer, internet provided, fully equipped kitchen and heat included. The property includes a laundry room, fitness room, business center, library and beauty salon.

DEVELOPED, BUILT & MANAGED BY THE COMMONWEALTH COMPANIES



COMMONWEALTHCO.NET

54 EAST FIRST STREET + FOND DU LAC, WI 54935 + PH: 920-922-8170 + FAX: 920-922-8171

Tab 4

Commonwealth Development Corporation of America is the developer and Co-Sponsor, Financials will be sent via email to Thomas A. Cookingham, AICP

Tab 5

Company Name: Commonwealth Development Corporation

Date: September 30, 2017

No.	Name of Project	City	State	Name and Address of Developer	Number of Units	Building Types and Number of Stories	Elderly or Family?	Construction Cost	Placed In Service Date OR % Completed	8609 Issued	Type of Financing (Conventional, State or Fed)	Role of Firm and/or Principal	Source of Funds	Total Development Costs
1	Attwood Pointe Apartments	Florence	SC	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54940	52	New Construction of Garden Apartments	Family	\$ 5,644,528	Under Construction August 2017			Co-Developer	LIHTC, HOME	\$ 9,160,376
2	Auxiliary Court	West Bend	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	59	4-story Midrise	Elderly	\$ 7,438,000	4/23/2012	12/7/2012	Conventional	Developer	LIHTC, WPF	\$ 9,401,552
3	Beacon Avenue Cottages	New London	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54938	40	Cottages	Family	\$ 5,400,000	72%			Developer	LIHTC	\$ 7,110,289
4	Craftsman Village of Appleton	Appleton	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	64	2-story Townhomes	Family	\$ 6,453,000	10/1/2004	4/26/2005	Federal	Developer	LIHTC, FHA	\$ 7,453,000
5	Craftsman Village of Plover	Plover	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	40	Cottages and 2-story Townhomes	Elderly	\$ 3,232,000	6/28/2003	12/11/2003	Conventional	Developer	LIHTC	\$ 4,232,000
6	Elementary School Apartments	Schofield	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	36	2-story Historic School and Townhomes	Family	\$ 4,862,000	11/30/2015	7/16/2016	Conventional	Developer	LIHTC, HOME	\$ 6,774,808
7	Evergreen Manor - Turnkey	Rhineland	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	50	3-story Midrise	Elderly	\$ 7,084,000	1/15/2011		Conventional	Developer	LIHTC	\$ 8,084,000
8	Fond du Lac Center	Milwaukee	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	3-story Midrise	Family	\$ 5,231,000	8/31/2007	5/7/2008	Conventional	Developer	LIHTC	\$ 6,231,000
9	Fourteen91 Lofts	Muncie	IN	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	72	Historic Adaptive Reuse & New Const. Townhomes	Family	\$ 10,424,160	Closing November 2017		Conventional	Developer	LIHTC, IHCD Dev. Fund	\$ 12,016,142
10	Fond du Lac Townhomes	Fond du Lac	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	48	Cottages	Family	\$ 5,231,000	11/5/2010	5/13/2011	Conventional	Developer	LIHTC, HOME, TCAP	\$ 10,678,000
11	Garden View Senior Apartments	Elkhart	IN	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54936	55	Historic Factory	Elderly	\$ 8,194,415	40%			Developer	LIHTC, DINO, IHCD Dev. Fund	\$ 10,776,128
12	Historic Apartments on 4th	Mandan	ND	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54940	39	4-story Historic School	Family		Closing September 2017				LIHTC, NHTF	\$ 8,441,142
13	Historic Berlin School Apts.	Berlin	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	40	3-story Historic School	Family	\$ 5,879,808	11/30/2016		Conventional	Developer	LIHTC, AHP	\$ 7,870,790
14	Historic Blue Bell Lofts	Columbia City	IN	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	52	3-story Historic Factory	Elderly	\$ 7,389,400	1/30/2017		Conventional	Developer	LIHTC, DINO, IHCD Dev. Fund	\$ 10,384,989
15	Historic Lincoln School	Shawano	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	Historic	Family	\$ 2,750,573	9/30/2014	7/3/2015	Conventional	Developer	LIHTC, HOME	\$ 3,946,380
16	Historic West Elementary - Turnkey	Rhineland	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	2-story Historic School	Senior	\$ 3,977,000	10/1/2008		Conventional	Developer	LIHTC	\$ 4,977,000
17	Indianhead Cottages	Mosinee	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	Cottages	Family	\$ 3,218,170	11/30/2012	12/11/2013	Conventional	Developer	LIHTC, HOME	\$ 4,715,893
18	Lawler School Lofts	Prairie du Chien	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54939	40	4-story Historic School	Family	\$ 6,051,260	Under Construction August 2017			Developer	LIHTC	\$ 8,601,885
19	Lisbon Terrace	Milwaukee	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	2-story Midrise	Family	\$ 4,387,164	6/22/2011	9/21/2012	State	Developer	Exchange	\$ 5,754,000
20	Little Crow Lofts	Warsaw	IN	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54937	42	4-story Historic Factory/Industrial Building	Family	\$ 6,440,466	75%			Developer	LIHTC, DINO, IHCD Dev. Fund	\$ 8,757,763
21	Lynndale Village	Grand Chute	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	60	3-story Midrise and Cottages	Elderly	\$ 6,791,623	1/26/2012	9/26/2012	Conventional	Developer	LIHTC, HOME	\$ 9,401,552
22	Mission Village of Dodgeville	Dodgeville	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	40	Cottages	Family	\$ 4,515,000	7/29/2016	3/21/2017	Conventional	Developer	LIHTC, HOME, AHP	\$ 7,069,200
23	Mission Village of Cheyenne	Cheyenne	WY	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	41	3-story Midrise	Family		Closing November 2017			Developer	LIHTC, HOME	
24	Mission Village of Greeley	Greeley	CO	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	50	Cottages and Townhomes	Family	\$ 9,003,000	11/30/2016		Conventional	Developer	LIHTC, DOH-CDBG, AHP	\$ 13,388,709
25	Mission Village of Jacksonville	Jacksonville	TX	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	48	Cottages	Family	\$ 4,791,000	8/31/2016		Federal	Developer	LIHTC, City Funds	\$ 8,073,228
26	Mission Village of Kaukauna	Kaukauna	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	60	Cottages	Family	\$ 7,082,725	99%			Developer	LIHTC	\$ 9,480,327
27	Mission Village of Menasha	Menasha	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	66	Cottages	Elderly	\$ 10,661,000	11/30/2010	8/15/2011	Conventional	Developer	LIHTC, HOME, TCAP	\$ 11,661,000
28	Mission Village of Monahans	Monahans	TX	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	49	Cottages	Family	\$ 4,426,838	8/26/2016		Federal	Developer	LIHTC, HOME	\$ 9,110,501
29	Mission Village of Pecos	Pecos	TX	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	60	Cottages	Family	\$ 5,581,976	12/31/2015		Federal	Developer	LIHTC, HOME, TIF	\$ 7,869,084
30	Mission Village of Plover I	Plover	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	36	Cottages and 2-story Townhomes	Family	\$ 2,891,000	6/1/2004	12/9/2004	Conventional	Developer	LIHTC, HOME, TRG	\$ 3,891,000
31	Mission Village of Plover II	Plover	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	Cottages	Family	\$ 1,942,000	12/28/2005	8/22/2006	Conventional	Developer	LIHTC	\$ 2,942,000
32	Mission Village of Sheboygan	Sheboygan	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	76	Cottages	Family	\$ 9,581,162	11/15/2011	8/29/2012	Conventional	Developer	LIHTC, HOME	\$ 13,208,280
33	Mission Village of Tahlequah	Tahlequah	OK	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	Cottages	Elderly	\$ 2,529,828	11/28/2014	4/15/2015	Conventional	Developer	LIHTC	\$ 3,677,505
34	New Village	Milwaukee	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	2-story Townhomes	Family	\$ 4,678,000	6/29/2006	2/9/2007	Conventional	Developer	LIHTC	\$ 5,678,000
35	Newbury Place	Ripon	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	40	3-story Hospital Rehab and Townhomes	Family	\$ 4,977,000	3/31/2016	10/25/2016	Conventional	Developer	LIHTC, AHP	\$ 6,604,398

Company Name: Commonwealth Development Corporation

Date: September 30, 2017

No.	Name of Project	City	State	Name and Address of Developer	Number of Units	Building Types and Number of Stories	Elderly or Family?	Construction Cost	Placed In Service Date OR % Completed	8609 Issued	Type of Financing (Conventional, State or Fed)	Role of Firm and/or Principal	Source of Funds	Total Development Costs
36	Parish School Apartments	Fond du Lac	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54940	47	2-story Historic Schools; Duplex Cottage; 4-unit Townhouse	Family	\$ 7,325,562	55%			Co-Developer	LIHTC	\$ 10,238,370
37	Park View Apartments - Turnkey	Antigo	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	84	4-story Rehabilitation	Elderly	\$ 3,442,717	6/18/2015	6/3/2016		Developer & General Contractor	LIHTC, AHP, HUD	\$ 7,479,017
38	Pleasant View Townhomes	Plymouth	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	2-story Townhomes	Family	\$ 3,502,396	11/30/2012	8/21/2013	Conventional	Developer	LIHTC	\$ 5,148,196
39	Prince Hall Village	Milwaukee	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	3-story Midrise and Townhomes	Family	\$ 5,606,000	8/19/2008	3/23/2009	Conventional	Developer	LIHTC	\$ 6,606,000
40	Riverside Senior Apartments	Fond du Lac	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	46	5-story Midrise	Elderly	\$ 5,498,031	10/31/2013	8/4/2014	Conventional	Developer	LIHTC	\$ 7,041,800
41	St. Peters RCAC	Fond du Lac	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	46	5-story Historic Rehab	Elderly	\$ 7,074,000	8/27/2009	12/2/2009	Conventional	Developer	LIHTC, HOME, AHP	\$ 8,074,000
42	Station Square	Roy	UT	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	31	3-story Midrise	Elderly	\$ 4,078,262	12/30/2016		Conventional	Developer	LIHTC, OWHLF, Energy Rebates	\$ 5,942,400
43	The Jefferson	Ripon	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	24	3-story Midrise and Townhomes	Family	\$ 2,452,594	9/30/2014	5/27/2015	Conventional	Developer	LIHTC, HOME, AHP	\$ 3,782,625
44	The Ridge	Colorado Springs	CO	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54940	60	3-story mid-rise	Family		Closing March 2018			Co-Developer	LIHTC	\$ 14,873,925
45	The Village on Water	Marinette	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	49	Cottages	Family	\$ 6,669,905	11/30/2013	4/25/2014	Conventional	Developer	LIHTC, HOME, AHP	\$ 8,633,820
46	Townhomes at Craftsman Village	Plover	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	44	2-story Townhomes	Family	\$ 5,924,124	9/29/2011	4/10/2012	Conventional	Developer	LIHTC	\$ 8,063,000
47	Trinity Artist Square	Fond du Lac	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	35	2- & 3-story Townhomes	Family	\$ 5,814,065	8/28/2012	3/19/2013	Conventional	Developer	LIHTC, TIF	\$ 8,587,475
48	Union Square Apartments	Appleton	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	50	3-story Midrise and Townhomes	Family	\$ 6,190,000	10/31/2015	4/29/2016	Conventional	Developer	LIHTC, HOME	\$ 8,421,670
49	Western Townhomes	Neenah	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	68	2-story Townhomes	Family	\$ 9,310,689	11/1/2012	6/12/2013	Conventional	Developer	LIHTC	\$ 12,732,549
50	White Pines Apartments	Cloquet	MN	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54940	35	3-story mid-rise	Family		Closing March 2018			Developer	LIHTC	\$ 6,396,234
51	William A. Passavant	Milwaukee	WI	Commonwealth Development Corp. 9 Sheyboygan St., Fond du lac, WI 54935	51	Historic Rehab	Elderly	\$ 6,532,610	7/6/2011	5/23/2012	Conventional	Developer	LIHTC, TCAP	\$ 9,535,000

Tab 6

Purchase and Sale Agreement
(Vacant Land)

This Purchase and Sale Agreement ("Agreement") dated as of the Effective Date, as hereinafter defined, by and between:

SELLER

American Momentum Bank
One Momentum Blvd,
College Station, TX 77845
Telephone: (979) 599-9341
Attention: Julius C. Dunlap, Senior Vice President

BUYER

Price Boulevard Redevelopment, LLC, a Wisconsin
limited liability company
9 Sheboygan Street
Fond Du Lac WI 54935
Attn: Louie A. Lange III
Telephone 920-922-8170
Email : l.lange@commonwealthco.net

1. SALE AND PURCHASE.

Subject to the provisions of Paragraph 3 below, Seller agrees to sell, assign, transfer and convey to Buyer, and the Buyer agrees to purchase from Seller the following:

a. **Property Description.** The tract of land, situated in Sarasota County, Florida, described on Exhibit "A" attached hereto and by this reference made a part hereof, which shall be deemed to include:

- i. All improvements, appurtenances, licensees, easements, rights-of-way, tenements and hereditaments, if any, incident thereto, if any, and any and all title and interest of Seller in and to all strips and gores and any land lying in the bed of any adjoining street.
- ii. All leases or occupancy agreements, if any, for any portion of the Property.
- iii. All permits, approvals, vested rights, prepaid impact fees or other governmental rights or benefits, if any, specifically associated or related to the above described property.
- iv. Any incidental or related personal property, equipment or fixtures located on the Property and belonging to Seller, including but not limited to, the following:
 - All equipment, machinery and supplies, if any, owned by Seller and located at and used in connection with the operation of the Property.

 LAL

- Buyer understands and agrees that to the extent that any of the foregoing personal property is included in the sale of the Property, such personal property was acquired by Seller through foreclosure or similar legal process and that such personal property will be sold and delivered in its "as is" and "where is" condition without warranty of any kind.

b. **Definition.** Unless the context clearly requires otherwise, the property and rights described in subparagraph (a) above, and the subparagraphs thereof, are collectively called the "Property".

2. PURCHASE PRICE AND PAYMENT.

In consideration of the conveyance of the Property to Buyer, Buyer shall pay to Seller the sum of One Million Six Hundred Thousand and No/100 Dollars (\$1,600,000.00) (the "Purchase Price") payable to Seller as follows:

- | | |
|--|-----------------------|
| a. Deposit. The Deposit shall be paid to the Escrow Agent, as defined below, within 5 business days following complete execution of this Agreement. | \$15,000.00 |
| b. Cash at Closing. The balance of the Purchase Price, subject to the adjustments and prorations required by this Agreement, shall be paid by Buyer at Closing in the form of a confirmed wire transfer. | \$1,585,000.00 |
| c. Total Purchase Price. | \$1,600,000.00 |

d. **Escrow Agent.** The Deposit shall be deposited in escrow with First American Title Insurance Company, the "Escrow Agent" to be held in accordance with this Agreement and pursuant to the Escrow Agent; standard form of joint order earnest money escrow agreement. All interest earned on the Deposit shall be credited to Buyer upon Closing.

3. PROPERTY CONVEYED "AS IS".

a. EXCEPT AS EXPRESSLY STATED IN THIS CONTRACT, BUYER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES (OTHER THAN THE WARRANTY OF TITLE AS SET OUT IN THE SPECIAL WARRANTY DEED, AS DEFINED BELOW), PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY THEREOF, (B) THE INCOME TO BE DERIVED FROM THE PROPERTY OR THE TAX CONSEQUENCES OF OWNING SAME, (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES

LAL

WHICH BUYER MAY CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, OR PROFITABILITY, OF THE PROPERTY (F) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY, (G) THE QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY, OR (H) ANY OTHER MATTER WITH RESPECT TO THE PROPERTY. SPECIFICALLY, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS REGARDING COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE, ZONING OR DEVELOPMENT OF REGIONAL IMPACT LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING THE EXISTENCE IN, ON, OR UNDER THE PROPERTY OF HAZARDOUS MATERIALS (AS DEFINED BELOW). BUYER FURTHER ACKNOWLEDGES AND AGREES THAT BUYER REPRESENTS THAT IT IS A KNOWLEDGEABLE BUYER OF REAL ESTATE AND HAS BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER AND AT THE CLOSING AGREES TO ACCEPT THE PROPERTY AND WAIVE ALL OBJECTIONS OR CLAIMS AGAINST SELLER (INCLUDING, BUT NOT LIMITED TO, ANY RIGHT OR CLAIM OF CONTRIBUTION) ARISING FROM OR RELATED TO THE PROPERTY OR TO THE PRESENCE OF ANY HAZARDOUS MATERIALS IN, ON, OR UNDER THE PROPERTY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER OR SELLER'S AGENT WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, OR OTHER PERSON. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS. BUYER UNDERSTANDS AND ACKNOWLEDGES THAT THE PROPERTY WAS ACQUIRED BY SELLER BY FORECLOSURE, DEED IN LIEU OF FORECLOSURE OR SIMILAR PROCEEDING AND THAT SELLER'S KNOWLEDGE CONCERNING THE HISTORY, CONDITION OR OPERATION OF THE PROPERTY AND THE RIGHTS BEING PURCHASED BY BUYER IS LIMITED AND INCOMPLETE. IT IS UNDERSTOOD AND AGREED THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATION TO REFLECT THAT ALL OF THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY BUYER SUBJECT TO THE FOREGOING. TO THE EXTENT THAT THE SALE OF THE PROPERTY INCLUDES THE SALE OF ANY INCIDENTAL OR RELATED PERSONAL PROPERTY, EXCEPT AS EXPRESSLY STATED IN THIS CONTRACT SELLER ALSO DISCLAIMS ANY AND ALL WARRANTIES OR REPRESENTATIONS, EXPRESS OR



IMPLIED, CONCERNING THE CONDITION THEREOF INCLUDING, BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. UPON CLOSING, BUYER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER'S INSPECTIONS AND INVESTIGATIONS. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING.

b. **Hazardous Materials.** The term "Hazardous Materials" shall mean any substance which is or contains (i) any "hazardous substance" as now or hereafter defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.) ("CERCLA") or any regulations promulgated under or pursuant to CERCLA; (ii) any "hazardous waste" as now or hereafter defined in the Resource Conservation and Recovery Act (42 U.S.C. §6901 et. seq.) ("RCRA") or regulations promulgated under or pursuant to RCRA; (iii) any substance regulated by the Toxic Substances Control Act (15 U.S.C. §2601 et seq.); (iv) gasoline, diesel fuel, or other petroleum hydrocarbons; (v) asbestos and asbestos containing materials, in any form, whether friable or non-friable; (vi) polychlorinated biphenyls; (vii) radon gas; and (viii) any additional substances or materials which are now or hereafter classified or considered to be hazardous or toxic under Environmental Laws (as hereinafter defined) or the common law, or any other applicable laws relating to the Property. Hazardous Materials shall include, without limitation, any substance, the presence of which on the Property, (A) requires reporting, investigation or remediation under Environmental Laws; (B) causes or threatens to cause a nuisance on the Property or adjacent property or poses or threatens to pose a hazard to the health or safety of persons on the Property or adjacent property; or (C) which, if it emanated or migrated from the Property, could constitute a trespass. The term "Environmental Laws" shall mean all laws, ordinances, statutes, codes, rules, regulations, agreements, judgments, orders, and decrees, now or hereafter enacted, promulgated, or amended, of the United States, the states, the counties, the cities, or any other political subdivisions in which the Property is located, and any other political subdivision, agency or instrumentality exercising jurisdiction over the owner of the Property, the Property, or the use of the Property, relating to pollution, the protection or regulation of human health, natural resources, or the environment, or the emission, discharge, release or threatened release of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or waste or Hazardous Materials into the environment (including, without limitation, ambient air, surface water, ground water or land or soil).

c. **Release.** Buyer, on behalf of itself and its heirs, successors and assigns hereby waives, releases, acquits and forever discharges Seller its officers, directors, shareholders, employees, agents, attorneys, representatives, and any other persons acting on behalf of Seller, and the successors and assigns of any of the preceding, of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Buyer or any of its heirs, successors or assigns now has or which may arise in the future on account of or in any way related to or in connection with any past, present, or future physical characteristic or condition of the Property, including, without limitation, any Hazardous Materials in at, on, under or related to the Property, or any violation or potential violation of any Environmental Requirement applicable thereto (except any violation directly caused by Seller's discharge of Hazardous

Materials onto the Property). Notwithstanding anything to the contrary set forth herein, this release shall survive the Closing or termination of this Agreement.

4. INSPECTION PERIOD.

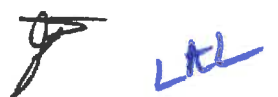
a. **Inspection Period.** Seller acknowledges that Buyer contemplates acquiring the Property for Multifamily purposes (the "Intended Uses"). From and after the Effective Date through 5:00 p.m. EST on that date which is two hundred seventy (270) days after the Effective Date (the "Inspection Period") during which time, upon reasonable notice to Seller, Seller shall afford to Buyer and authorized representatives of Buyer reasonable access to the Property in order that Buyer may have full opportunity to inspect the Property, conduct surveys, perform tests of the Property, and otherwise, without limitation, evaluate its suitability for the Intended Uses subject to the following: (i) Buyer and its agents, officers, directors, partners, contractors, employees, successors and assigns (collectively, "Buyer's Representatives") shall restore the Property to its prior condition, reasonable wear and tear excepted; (ii) Buyer and Buyer's Representatives shall indemnify and hold Seller, its officers, directors, employees and agents, harmless from all loss, cost or damage, direct or indirect, including, without limitation, attorneys' fees, arising from the aforesaid investigations; and (iii) Buyer and Buyer's Representatives shall keep confidential and not disclose the information or results of any such investigations to any third party except the lender, if any, financing Buyer's acquisition of the Property unless Seller consents otherwise in writing. Buyer's obligations pursuant to clauses (i), (ii), and (iii) shall survive the delivery of the Deed or earlier termination of this Agreement for any reason.

b. **Buyer's Inspections.** In furtherance of the foregoing, Buyer, at its sole cost, may perform or cause to be performed, on its own behalf and at its own expense, engineering and other "due diligence" studies, tests and analyses of the Property, including, without limitation, environmental site assessments, by one or more engineers, contractors and/or exterminators selected by Buyer, and such other investigations as Buyer deems necessary.

c. **Delivery of Materials in Seller's Possession.** To the extent actually in Seller's possession, Seller agrees to deliver, within fifteen (15) days from the Effective Date, any and all surveys, environmental studies, soil reports, engineering drawings, beach mouse studies, wetlands delineation/studies, development orders and all previous governmental submissions relating to the Property. Buyer acknowledges and agrees that any and all information as described above or as otherwise delivered to Buyer by Seller or Seller's employees or agents will be delivered to Buyer for Buyer's general information only and without certification, warranty or representation of any kind as to accuracy or usefulness for any purpose.

d. **Cooperation of Seller.** From and after the Effective Date, Seller agrees that Seller shall, at the request of the Buyer and without cost to Seller, use commercially reasonable efforts to cooperate with Buyer in connection with any and all governmental approvals, rezoning, land subdivisions, historic approvals, tax credit applications and other matters relating to Buyer's Intended Uses, provided that Seller shall have no obligation to incur any out of pocket cost or expense in so doing.

e. **SAIL Loan Reservation.** In addition to any and all other conditions and contingencies in this Agreement, Seller acknowledges that Buyer's obligations under this

Handwritten signature and initials in blue ink, likely representing the parties to the agreement.

Agreement are conditioned upon Buyer's receipt, on or before the expiration of the Inspection Period, of a SAIL Loan reservation from Florida Housing Finance Corporation (FHFC) (the "AUTHORITY") for the Intended Uses (the "Condition Precedent"). Buyer agrees to submit financing applications to the AUTHORITY by October 18th, 2017. In the event Buyer shall fail to receive the SAIL Loan reservation prior to the expiration of the Inspection Period, Buyer shall have the right to notify Seller, in writing, that it elects to either (i) terminate this Agreement (and upon such termination be entitled to an immediate refund of the Deposit, plus any accrued interest thereon) or (ii) waive the Condition Precedent and proceed to Closing. In the event that the Buyer shall fail to provide written notice that it elects to terminate this Agreement, Buyer shall be deemed to have waived the Condition Precedent.

f. **Termination of Agreement.** On or before the expiration of the Inspection Period, Buyer may, in Buyer's sole discretion and, at Buyer's option, notify Seller in writing, of Buyer's election to terminate this Agreement. If Buyer so elects to terminate this Agreement pursuant to this provision, then the Deposit, together with all interest earned thereon, if any, shall be returned to Buyer and this Agreement shall thereupon terminate without recourse to the parties (except as otherwise provided in this Agreement) and without any obligation to pay brokerage commissions. In the event Buyer fails to so notify Seller of Buyer's termination of this Agreement prior to the expiration of the Inspection Period, (i) the Deposit shall become non-refundable and shall be deemed earned by Seller regardless of whether the transaction is consummated (unless such failure is the result of Seller's material default), and (ii) Buyer shall be deemed to have waived Buyer's right to terminate this Agreement under the terms of this Paragraph. Buyer agrees that, in the event this transaction is not consummated for any reason, Buyer shall furnish to Seller copies of any written reports or documents in respect of the Property paid for in whole or part by Seller and any original permits in the Buyers' possession.

5. TITLE INSURANCE.

a. **Commitment.** Buyer shall have the right and responsibility to obtain, at Buyer's expense, a written binder (the "Commitment") for an ALTA Form (Florida version) marketable title insurance policy, in the amount of the Purchase Price from First American Title Insurance Company or another title company selected by Buyer (the "Title Company") agreeing to issue to Buyer, upon the recording of the Special Warranty Deed heretofore mentioned, a title insurance policy, insuring Buyer's title to the Real Property subject only to the Permitted Exceptions, as hereinafter defined.

b. **Title Defects.** If Schedule B-2 of the Commitment contains any exception or defect not acceptable to Buyer in Buyer's sole discretion, the Buyer shall deliver to Seller written notice of Buyer's objections within sixty (60) days after the Effective Date (the "Title Review Period"). Such written notice shall specifically set forth the nature of Buyer's objections to title. In the event that Buyer shall fail to object to any matter set forth in the Commitment within the Title Review Period, such matter shall be deemed to be a "Permitted Exception". The Seller shall have fifteen (15) days after receipt of such notice (the "Title Cure Period"), to either (i) cure or remove such defects and furnish to the Buyer appropriate evidence that the same have been cured or removed; or (ii) notify Buyer in writing that Seller is unable or unwilling to correct or remove such defect(s). By mutual written agreement, the parties may agree to extend the Title Cure Period. If the Seller notifies the Buyer that it is unable or unwilling to correct or remove

said defect(s), the Buyer shall have the option, to be exercised in its sole discretion, to notify the Seller in writing within fifteen (15) days after delivery of such notice by Seller, that Buyer elects to either: (i) complete the purchase and accept title to the Property subject to said title defects on the Closing Date or (ii) terminate this Agreement and not complete the purchase, in which event the Buyer shall be entitled to an immediate refund by Escrow Agent of the Deposit, plus any accrued interest thereon, whereupon all rights and liabilities of the parties hereto to each other shall end. In the event that the Buyer shall fail to notify the Seller in writing within such fifteen (15) day period that Buyer elects to terminate this Agreement, the Buyer shall be deemed to have agreed to accept title to the Property subject to said title defects and shall proceed to close on the Closing Date.

c. **Standard Exceptions.** Standard printed exceptions relating to parties (except tenants) in possession, survey matters and construction liens shall be deleted at closing upon delivery to the Title Company by Seller of an owner's affidavit meeting the requirements of Florida Law and in form acceptable to the Title Company. Standard exceptions relating to boundary encroachments and similar matters and unrecorded easements and related rights shall be deleted upon delivery to the Title Company prior to the Closing Date of the current Survey as defined in Paragraph 6 below (with reasonable exceptions for the matters shown thereon). Standard exceptions relating to filled lands or sovereign rights shall only be removed upon delivery to the Title Company of a Survey together with such other documentation as may be required by the Title Company, evidencing that such exceptions are not relevant to the Property. The Seller shall only be responsible for delivery of the owner's affidavit.

6. SURVEY.

Buyer shall have the right and responsibility to obtain, at Buyer's expense, a new or updated survey of the Property, in a form determined by Buyer (the "Survey"). If the Survey discloses any matters which are not acceptable to Buyer in Buyer's sole discretion, Buyer shall provide written notice to Seller of such matters within Ninety (90) days after the Effective Date (the "Survey Review Period"). In the event that the Buyer shall fail to timely provide such written notice to Seller, Buyer shall be deemed to have accepted such matters. The Seller shall have fifteen (15) days after receipt of such notice (the Survey Cure Period") within which to either (1) cure or remove such survey matters and furnish to Buyer appropriate evidence that same have been cured or removed; or (ii) notify Buyer that it is unable or unwilling to cure or remove such matters. By mutual written agreement, the parties may agree to extend the Survey Cure Period. If the Seller notifies the Buyer that it is unwilling or unable to correct or remove such survey matters, the Buyer shall have the option, in its sole discretion, to notify the Seller in writing and within fifteen (15) days after delivery of such notice by Seller, that Buyer elects to either : (i) complete the purchase and accept the Property subject to such survey matters on the Closing Date set forth herein or (ii) terminate this Agreement and not complete the purchase, in which event Buyer shall be entitled to an immediate refund of the Deposit plus any accrued interest thereon, whereupon all right and liabilities of the parties hereto to each other shall end. In the event that Buyer shall fail to notify the Seller in writing within said fifteen (15) day period that Buyer elects to terminate this Agreement, the Buyer shall be deemed to have agreed to accept the Property subject to said survey matters and shall proceed to close on the Closing Date.

CLOSING.

a. **Closing.** The closing (the "Closing") shall be on or before on July 1st, 2018 (the "Closing Date"). Notwithstanding the foregoing, the Buyer shall have the right to extend the Closing Date for two (2) periods of forty-five days each (respectively, until August 15th, 2018 and October 1st, 2018) upon the payment to Escrow Agent of a non-refundable sum (an "Extension Fee") of Ten Thousand Dollars (\$10,000.00) for each such extension. Each such Extension Fee payment must be received by the Escrow Agent at least ten (10) days prior to the original Closing Date (or extended Closing Date, as the case may be). Closing shall take place at the offices of Seller's counsel, or at such other place as the parties may agree to in writing.

b. **Possession.** Possession of the Property shall be delivered to Buyer at the Closing, subject to the Permitted Exceptions.

c. **Proration of Taxes and Other Expenses and Profits.** At Closing, pro-rations of income and expense and the apportionment of taxes shall be as follows:

All rents, income and operating expenses with respect to the Property, if any, for the month in which the Closing occurs, and real estate and personal property taxes, property owner association and other assessments with respect to the Property for the year in which the Closing occurs, shall be prorated as of the date of Closing. If the Closing shall occur before any rents from the Property have actually been paid for the month in which the Closing occurs, only the rents actually received by the Seller will be prorated at Closing. Subsequent to the Closing, if any such rents are actually received by the Buyer, immediately upon its receipt of such rents, Buyer shall pay to the Seller its proportionate share thereof. Buyer shall make a good faith effort and attempt to collect any such rents not apportioned at the Closing, for the benefit of Seller. Seller shall have the responsibility for any delinquent or unpaid rent accruing prior to the date of Closing. To the extent that Seller is in actual possession of any security deposits under the leases, Buyer shall receive a credit at Closing for such security deposits.

If the Closing shall occur before the tax rate or the assessed valuation of the Property is fixed for the then current year, the apportionment of taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation, with full discounts applied. Subsequent to the Closing, the parties agree that there shall be no adjustment of such taxes. If the Property is not assessed as a separate parcel for tax or assessment purposes, then such taxes and assessments attributable to the Property shall be determined by Seller in its reasonable discretion. If, as of the Closing, the Property is not being treated as a separate tax parcel, then Buyer shall, at its sole cost and expense, use diligent best efforts to ensure that the Property is assessed separately for tax and assessment purposes within no more than one year from the Closing Date.

Seller shall pay special assessments levied by the property owner's association which are required to be paid on or before the Closing. Buyer shall pay special assessments levied by the association which are required to be paid after the Closing. A special assessment shall be deemed "levied" for purposes of this paragraph on the date when the Association's Board of Administration or the required percentage of

owners, or both, has voted in accordance with Florida law and the association documents to approve the special assessment.

d. **Utilities.** Utilities serving the Property shall not be prorated. On the day following closing, Seller shall have each utility provider render a final bill through said date and Seller shall on said date terminate all such accounts and be entitled to receive a refund of any and all utility deposits. Buyer shall be solely responsible for establishing new accounts with such utility providers in Buyer's own name.

e. **Insurance.** Any insurance coverage maintained by Seller that is assumed by Buyer shall be prorated at Closing. If said policies are not assumed by Buyer, then on the day following Closing, Seller shall have the right to cancel any existing policy of insurance and receive a full refund of all unearned premiums.

f. **Service Contracts.** Seller shall cancel all service contracts, if any, affecting the Property unless Buyer has assumed responsibility therefore.

g. **Survival of Paragraph.** The agreements of Seller and Buyer set forth in this Paragraph shall survive the Closing.

h. **Financing.** This Agreement is not contingent upon the Buyer obtaining financing for the purchase of the Property.

7. CLOSING COSTS.

Unless otherwise set forth herein or in any addendum attached hereto, the closing costs associated with this transaction shall be paid as follows:

(i) Seller shall pay:

Seller's attorney fees.

The cost of curing any title or survey conditions which Seller may have elected to cure, subject to the provisions of this Agreement.

The documentary stamps to be attached to the Deed.

All brokerage fees or commissions that are owed to any broker representing the Seller.

(ii) Buyer shall pay:

The cost of the Owner's Title Insurance Commitment and Policy, including all search fees, endorsements and premiums related thereto.

The recording fee required to record the Deed.

The cost of the Survey referenced in Paragraph 6 above.

 LAL

The costs of all due diligence inspections and reports obtained by Buyer.

Buyer's attorney fees.

8. CLOSING DOCUMENTS AND OBLIGATIONS.

a. **Seller's Obligations at the Closing.** At the Closing, Seller shall deliver to Buyer the following documents, as applicable:

(i) **Deed.** Special Warranty Deed (the "Deed") executed by Seller conveying the Property to Buyer subject to no exceptions other than the Permitted Exceptions, and tenants in possession.

(ii) **FIRPTA Affidavit.** An affidavit of Seller certifying that Seller is not a "foreign person," as defined in the Federal Foreign Investment in Real Property Tax Act of 1980, and the 1984 Tax Reform Act, as amended.

(iii) **Owner's Affidavit.** An executed affidavit or other document acceptable to the Title Company in issuing the Owner's Policy without exception for possible lien claims of mechanics, laborers and materialmen or for parties in possession (except tenants under written or oral leases), as applicable.

(iv) **Leases.** Copies of all Leases, if any, and security deposits, if any, in the possession of Seller. Seller shall have no liability to Buyer for any tenant security deposits or prepaid rents not actually in the possession of Seller. Seller shall provide an assignment of Seller's interest in all outstanding leases relating to the Property and an assumption effective as of the Closing Date by Buyer of same. Seller shall use its best efforts to obtain and provide estoppel certificates from each tenant, if any, at the Property on or before the Closing Date.

(v) **Contracts.** Copies of all service contracts, if any, affecting the Property which are in the possession of Seller.

(vi) **Form Notice to Tenants.** If applicable, a form Notice to Tenant notifying same of the sale and transfer and providing the name and address of the Buyer.

(vii) **Closing Statement.** A closing statement setting forth the allocation of closing costs, purchase proceeds, etc.

(viii) **Assignment of Governmental Permits and Approvals.** An Assignment of Governmental Permits and Approvals executed by Seller assigning all of Seller's right, title and interest, if any, in and to all governmental approvals, consents, permits, waivers, prepaid sewer and water fees and impact fees or density credits specifically related to the Property.

(ix) **Quit Claim Bill of Sale.** A Quit Claim Bill of Sale transferring the personal property, equipment or fixtures located on the Property in which Seller may have any interest.

Handwritten signature and initials in blue ink, located at the bottom right of the page.

(b) **Buyer's Obligations at the Closing.** At the Closing, Buyer shall deliver to Seller:

(i) **Purchase Price.** The Purchase Price by confirmed wire transfer of immediately available U.S. funds;

(ii) **Evidence of Authority.** Such consents and authorizations as Seller may reasonably deem necessary to evidence authorization of Buyer for the purchase of the Property, the execution and delivery of any documents required in connection with Closing and the taking of all action to be taken by the Buyer in connection with Closing; and

(iii) **Other Documentation.** Such other documents as may be reasonable and necessary in the opinion of the Seller or its counsel to consummate and close the purchase and sale contemplated herein pursuant to the terms and provisions of this Agreement.

9. RISK OF LOSS.

a. **Condemnation.** If, prior to the Closing, action is initiated to take any of the Property by eminent domain proceedings or by deed in lieu thereof, Buyer may either (a) terminate this Agreement by written notice to Seller delivered to Seller within fifteen (15) days following the date that Seller delivers to Buyer written notice of such proposed taking, or (b) consummate the Closing, in which latter event the award of the condemning authority shall be assigned to Buyer at the Closing.

b. **Casualty.** Seller assumes all risks and liability for damage to or injury occurring to the Property by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If the Property, or any part thereof, suffers any damage in excess of N/A of the Purchase Price prior to the Closing from fire or other casualty, which Seller, at its sole option, does not repair, Buyer may either (a) terminate this Agreement by written notice to Seller delivered to Seller within fifteen (15) days following the date that Seller delivers to Buyer written notice of such casualty and Seller's intent not to repair, or (b) consummate the Closing, in which event the proceeds of any insurance not exceeding the Purchase Price and covering such damage shall be assigned to Buyer at the Closing. If the Property, or any part thereof, suffers any damage less than the aforementioned amount prior to the Closing, Buyer agrees that it will consummate the Closing and accept the assignment of the proceeds of any insurance covering such damage at the Closing. In the event of casualty damage pursuant to this Paragraph, the Closing Date shall be postponed for a reasonable period (not to exceed ninety (90) days) to permit Seller to do so.

10. DEFAULTS.

a. **Breach by Seller.** If Seller breaches this Agreement, Buyer may, as Buyer's sole and exclusive remedy hereunder, terminate this Agreement and thereupon shall be entitled to the immediate return of the Deposit (and any Extension Fees) as well as liquidated damages in the amount of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) (and not as a penalty) or in the alternative, Buyer may prior to that date that is thirty (30) days following the original scheduled or mutually agreed upon extended Closing Date, bring an action for specific

performance of this Agreement (but in connection therewith shall not be entitled to damages as a result of Seller's breach or delay). Seller and Buyer have made the above provision for liquidated damages because it would be difficult to calculate, on the date hereof, the amount of actual damages for such breach, and that these sums represent reasonable compensation to Buyer for such breach. In no event shall Seller be liable to Buyer for any actual, punitive, speculative, consequential or other damages of any kind.

b. **Breach by Buyer.** If Buyer breaches this Agreement, Seller may, as Seller's sole remedy and relief hereunder, terminate this Agreement and thereupon be entitled to receive the Deposit (and Extension Fees, if such Extension Fees had already been paid to Buyer) as liquidated damages (and not as a penalty). Seller and Buyer have made the above provision for liquidated damages because it would be difficult to calculate, on the date hereof, the amount of actual damages for such breach, and that these sums represent reasonable compensation to Seller for such breach.

c. **Return/Delivery of Deposit.** In the event the Deposit is returned to the Buyer, as provided in subparagraph a. above, or delivered to the Seller, as provided in subparagraph b. above, upon the return or delivery of the same, the parties hereto shall have no further rights, obligations or liabilities with respect to each other hereunder, except for the obligations specifically required to survive closing or termination of this Agreement as set forth herein.

11. OPERATIONS PENDING CLOSING.

From the Effective Date of this Agreement until the Closing or earlier termination of this Agreement, Seller shall keep and maintain the Property in substantially the same condition as of the date of this Agreement, reasonable wear and tear excepted.

12. ASSIGNMENT BY BUYER.

Buyer shall not have the right to assign this Agreement without the prior written approval of Seller, which such approval may be given or withheld in Seller's sole discretion. Approval of any such assignment by Buyer would be given, if at all, only if the proposed assignee is a subsidiary or entity which is wholly owned and controlled by Buyer. However, any such assignment shall not relieve Buyer of Buyer's obligations of performance under this Agreement.

13. NOTICES.

All notices, demands and requests which may be given or which are required to be given by either party to the other under this Agreement, and any exercise of a right of termination provided by this Agreement, shall be in writing and shall be deemed effective when either: (i) personally delivered to the intended recipient; (ii) three (3) business days after having been sent, by certified or registered mail, return receipt requested, addressed to the intended recipient at the address specified herein; (iii) at 5:00 p.m. of the business day next following after having been deposited into the custody of a nationally recognized overnight delivery service such as Federal Express Corporation, UPS, Emery, or Purolator, addressed to such party at the address specified herein, or (iv) upon delivery by electronic or digitally scanned copy stored in an electronic or digital format (e.g., ".pdf" or ".tff" format), which preserves the graphical or pictorial appearance

Handwritten signature and initials, possibly "LAL", in the bottom right corner of the page.

of the original and delivered by electronic or digital means, such as electronic mail, so that the same may be printed in a tangible format, which shall be deemed an original for all purposes. Any notice sent as required by this section and refused by recipient shall be deemed delivered as of the date of such refusal. For purposes of this Paragraph, the addresses of the parties for all notices are as set forth in the Preamble of this Agreement (unless changed by similar notice in writing given by the particular person whose address is to be changed). A copy of any notices to Seller shall also be provided to: Malcolm J. Pitchford, Esquire, Shumaker, Loop & Kendrick, LLP, 240 South Pineapple Avenue, Sarasota, FL 34236. (Email : mpitchford@slk-law.com)

14. BROKERAGE.

Seller and Buyer warrant each to the other (and it is agreed that this warranty shall survive delivery of the deed) that no broker or agent has been employed with respect to the sale of the Property except Colliers International (the "Seller's Broker"). Each party agrees to indemnify and hold harmless the other from any claim made by brokers or agents who claim to act for the party sought to be charged for a commission, compensation, brokerage fees, or similar payment in connection with this transaction and against any and all expense or liability arising out of any such claim other than the Seller's Broker

16. ESCROW AGENT.

The Escrow Agent shall hold the Deposit in accordance with this Agreement. In receiving and maintaining such Deposit, Escrow Agent shall be deemed to be acting only as a stakes holder and shall have no liability for any loss or damage or for the improper delivery of such funds, except where such loss or damage is the result of Escrow Agent's gross negligence. In the event of a dispute, Escrow Agent may deposit the funds held by it in the court registry and the parties agree to indemnify Escrow Agent from any costs or fees associated therewith. Escrow Agent may reasonably rely upon the written or oral directions of the parties without verifying the accuracy thereof.

17. RADON.

RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT. THIS DISCLOSURE IS REQUIRED BY FLORIDA LAW TO BE CONTAINED IN ALL CONTRACTS FOR SALE OR LEASE OF BUILDINGS.

18. REGULATORY CONTINGENCY.

Notwithstanding anything herein to the contrary, the obligations of the Seller under this Agreement shall be subject to and contingent upon the following:

- (i) Buyer (and any approved assignee of Buyer) must be, and must remain, in compliance with the Trading with the Enemy Act , as amended, and each of the

Handwritten signature and initials in the bottom right corner of the page.

- foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation, regulations or executive orders relating thereto, and the Uniting and Strengthening America By Providing Appropriate Tools Required To Intercept and Obstruct Terrorism Act (USA Patriot Act of 2001), as amended, and any other enabling legislation, regulations or executive orders relating thereto;
- (ii) Buyer must be, and must remain, in compliance with 31 U.S.C., Section 5313, as amended, 31 C.F.R Section 103.22, as amended, and any similar laws or regulations involving currency transaction reports or disclosures relating to transactions in currency of more than \$10,000.00, or of more than any other minimum amount specified by any laws or regulations; and
 - (iii) Neither Buyer nor any approved assignee of Buyer is or shall be, as of the Closing Date (i) a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) engages in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such person in any manner violative of Section 2, or (iii) a person or entity on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

19. MISCELLANEOUS.

- a. **Entire Agreement.** This Agreement embodies the entire agreement between the parties relative to the subject matter hereof, and there are no oral or written agreements between the parties, nor any representations made by either party relative to the subject matter hereof, which are not expressly set forth herein.
- b. **Amendment.** This Agreement may be amended only by a written instrument executed by the party or parties to be bound thereby.
- c. **Headings.** The captions and headings used in this Agreement are for convenience only and do not in any way limit, amplify, or otherwise modify the provisions of this Agreement.
- d. **Time of Essence.** TIME IS OF THE ESSENCE OF THIS AGREEMENT; however, if the final date of any period which is set out in any provision of this Agreement falls on a Saturday, Sunday or legal holiday under the laws of the United States or the State of Florida, then, in such event, the time of such period shall be extended to the next day which is not a Saturday, Sunday or legal holiday.
- e. **Governing Law.** This Agreement shall be governed by the laws of the State of Florida and the laws of the United States pertaining to transactions in such State. All of the parties to this Agreement have participated freely in the negotiation and preparation hereof; accordingly, this Agreement shall not be more strictly construed against any one of the parties hereto.

f. **Successors and Assigns; Assignment.** This Agreement shall bind and inure to the benefit of Seller and Buyer and their respective heirs, executors, administrators, personal and legal representatives, successors and assigns.

g. **Invalid Provision.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid, or unenforceable provision or by its severance from this Agreement.

h. **Attorneys' Fees.** In the event it becomes necessary for either party hereto to file suit to enforce this Agreement or any provision contained herein, the party prevailing in such suit shall be entitled to recover, in addition to all other remedies or damages, as provided herein, reasonable attorneys' fees, paralegal fees and cost incurred in such suit at trial, appellate, bankruptcy and/or administrative proceedings.

i. **Multiple Counterparts and Electronic Transmittals.** This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one (1) agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart executed by the party to be charged. This Agreement and any and all documents and signatures relating thereto may be transmitted by facsimile or electronic mail. All of such documents and signatures transmitted by facsimile or electron mail shall deemed to be originals.

j. **Date of this Agreement.** This Agreement shall not be effective unless signed by both Buyer and Seller. As used in this Agreement, the term "Effective Date" shall mean and refer to the date of execution of the last of Buyer or Seller to execute this Agreement.

k. **Relation to Seller.** Buyer represents and warrants that neither Buyer nor any of its principals or any entity owned or controlled by Buyer or any of its principals or any entity in which the Buyer or any of its principals has or has a legal or equitable ownership interest in is affiliated in any manner with Seller or any entity owned or controlled by Seller or any entity in which Seller has a legal or equitable ownership interest.

Buyer represents and warrants to Seller as true on the Effective Date, and on the Closing Date, that neither Buyer nor any of its principals or partners or affiliates, is now, or has at any time in the past: (i) been, a defendant in any litigation involving Seller, American Momentum Bank (or any subsidiary or affiliated entity of Seller) (each, a "Seller Party"); (ii) been subject to a judgment in favor of any Seller Party, and (iii) had any arrangements or agreements concerning the Property with any person or entity that has been a defendant in any litigation with any Seller Party or that is subject to any judgment in favor of a Seller Party.

20. ACCEPTANCE.

The offer by the first party to execute this Agreement to sell or buy the Property shall terminate unless this Agreement is accepted and executed by the other party on or before

Handwritten signature and initials, possibly "JL" and "LAL", in the bottom right corner.

October 17, 2017. The date on which the last of the Seller and the Buyer shall have executed this Agreement shall be the "Effective Date"

IN WITNESS WHEREOF, the Buyer and Seller have executed this Agreement as of the Effective Date.

Signed, sealed and delivered in the presence of:

SELLER:

American Momentum Bank

WITNESSES:

Frank J. Varisco
Print Name: Frank J. Varisco

By: Julius C. Dunlap
Julius C. Dunlap, as its Senior Vice President

Laura Gardner
Print Name: LAURA GARDNER

Date: 10-16-17

BUYER:

Price Boulevard Redevelopment, LLC, a Wisconsin limited liability company

WITNESSES:

Bobbie Collier
Print Name: Bobbie Collier

By: Louie A. Lange III
Print Name: Louie A. Lange III
Title: President

Tana Waktola
Print Name: Tana Waktola

Date: 10/16/17

Last Sale Price/Bldg Sq Ft:

Tab 7

RFA 2017-107 DEVELOPMENT COST PRO FORMA

(Page 1 of 7)

- NOTES:
- (1) Developer fee may not exceed the limits established in Rule Chapter 67-48, F.A.C., or this RFA Any portion of the fee that has been deferred must be included in Total Development Cost.
 - (2) Because Housing Credit equity proceeds are being used as a source of financing, complete Columns 1 and 2. The various FHFC Program fees should be estimated and included in column 2 for at least the Housing Credit and SAIL Programs, along with the MMRB Program, if applicable.
 - (3) General Contractor's fee is limited to 14% of actual construction cost (for Application purposes, this is represented by A1.1. Column 3), rounded down to nearest dollar. The General Contractor's fee must be disclosed. The General Contractor's fee includes General Conditions, Overhead, and Profit.
 - (4) For Application purposes, the maximum hard cost contingency allowed cannot exceed 5% of the amount provided in column 3 for A1.3. TOTAL ACTUAL CONSTRUCTION COSTS for Developments where 50 percent or more of the units are new construction. Otherwise the maximum is 15%. The maximum soft cost contingency allowed cannot exceed 5% of the amount provided in column 3 for A2.1 TOTAL GENERAL DEVELOPMENT COST. Limitations on these contingency line items post-Application are provided in Rule Chapter 67-48, F.A.C.
 - (5) Operating Deficit Reserves (ODR) of any kind are not to be included in C. DEVELOPMENT COST and cannot be used in determining the maximum Developer fee. In addition, an ODR is not permitted in this Application at all. If one has been included, it will be removed by the scorer, reducing total costs. However, one may be included during the credit underwriting process where it will be sized. The final cost certification may include an ODR, but it cannot exceed the amount sized during credit underwriting.
 - (6) Although the Corporation acknowledges that the costs listed on the Development Cost Pro Forma, Detail/Explanation Sheet, Construction or Rehab Analysis and Permanent Analysis are subject to change during credit underwriting, such costs are subject to the Total Development Cost Per Unit Limitation as provided in the RFA, as well as the other cost limitations provided in Rule Chapter 67-48, F.A.C., as applicable.

USE THE DETAIL/EXPLANATION SHEET FOR EXPLANATION OF * ITEMS. IF ADDITIONAL SPACE IS REQUIRED, ENTER THE INFORMATION ON THE ADDENDA LOCATED AT THE END OF THE APPLICATION.

What was the Development Category of the Proposed Development:
Indicate the number of total units in the proposed Development:

New Construction (w/ or w/o Acquisition)
189 Units

	1 HC ELIGIBLE COSTS	2 HC INELIGIBLE COSTS	3 TOTAL COSTS
DEVELOPMENT COSTS			
<i>Actual Construction Costs</i>			
Accessory Buildings			
Demolition			
New Rental Units	<u>17,038,500.00</u>		<u>17,038,500.00</u>
*Off-Site Work (explain in detail)			
Recreational Amenities			
Rehab of Existing Common Areas			
Rehab of Existing Rental Units			
Site Work	<u>880,000.00</u>	<u>220,000.00</u>	<u>1,100,000.00</u>
*Other (explain in detail)			
A1.1. Actual Construction Cost	\$ <u>17,918,500.00</u>	\$ <u>220,000.00</u>	\$ <u>18,138,500.00</u>
A1.2. General Contractor Fee <small>See Note (3)</small> (Max. 14% of A1.1., column 3)	\$ <u>2,319,000.00</u>	\$	\$ <u>2,319,000.00</u>
A1.3. TOTAL ACTUAL CONSTRUCTION COSTS	\$ <u>20,237,500.00</u>	\$ <u>220,000.00</u>	\$ <u>20,457,500.00</u>
A1.4. HARD COST CONTINGENCY <small>See Note (4)</small>	\$ <u>511,925.00</u>	\$ <u>400,000.00</u>	\$ <u>911,925.00</u>

RFA 2017-107 DEVELOPMENT COST PRO FORMA

(Page 2 of 7)

	1 HC ELIGIBLE COSTS	2 HC INELIGIBLE COSTS	3 TOTAL COSTS
<i>General Development Costs</i>			
Accounting Fees	<u>25,000.00</u>		<u>25,000.00</u>
Appraisal	<u>10,000.00</u>		<u>10,000.00</u>
Architect's Fee - Site/Building Design	<u>275,000.00</u>		<u>275,000.00</u>
Architect's Fee - Supervision	<u>60,000.00</u>		<u>60,000.00</u>
Builder's Risk Insurance	<u>65,900.00</u>		<u>65,900.00</u>
Building Permit	<u>105,000.00</u>		<u>105,000.00</u>
Brokerage Fees - Land/Buildings			
Capital Needs Assessment			
Engineering Fees	<u>85,000.00</u>		<u>85,000.00</u>
Environmental Report	<u>17,500.00</u>		<u>17,500.00</u>
FHFC Administrative Fee ^{See Note (2)}		<u>87,000.00</u>	<u>87,000.00</u>
FHFC Application Fee ^{See Note (2)}		<u>6,000.00</u>	<u>6,000.00</u>
FHFC Compliance Fee ^{See Note (2)}		<u>115,000.00</u>	<u>115,000.00</u>
FHFC Credit Underwriting Fees ^{See Note (2)}		<u>32,500.00</u>	<u>32,500.00</u>
Green Building Certification/ HERS Inspection Costs	<u>35,000.00</u>		<u>35,000.00</u>
*Impact Fees (list in detail)	<u>392,768.00</u>		<u>392,768.00</u>
Inspection Fees	<u>25,000.00</u>	<u>25,000.00</u>	<u>50,000.00</u>
Insurance	<u>69,400.00</u>		<u>69,400.00</u>
Legal Fees	<u>175,000.00</u>	<u>75,000.00</u>	<u>250,000.00</u>
Market Study	<u>7,500.00</u>	<u>5,000.00</u>	<u>12,500.00</u>
Marketing/Advertising		<u>75,000.00</u>	<u>75,000.00</u>
Property Taxes		<u>77,900.00</u>	<u>77,900.00</u>
Soil Test Report	<u>17,300.00</u>	<u>5,300.00</u>	<u>22,600.00</u>
Survey	<u>27,500.00</u>		<u>27,500.00</u>
Title Insurance & Recording Fees	<u>89,000.00</u>	<u>4,500.00</u>	<u>93,500.00</u>
Utility Connection Fee	<u>125,000.00</u>		<u>125,000.00</u>
*Other (explain in detail)	<u>125,000.00</u>		<u>125,000.00</u>
A2.1. TOTAL GENERAL DEVELOPMENT COST	\$ <u>1,731,868.00</u>	\$ <u>508,200.00</u>	\$ <u>2,240,068.00</u>
A2.2. SOFT COST CONTINGENCY ^{See Note (4)}	\$ <u></u>	\$ <u>50,000.00</u>	\$ <u>50,000.00</u>

RFA 2017-107 DEVELOPMENT COST PRO FORMA

(Page 3 of 7)

	1 HC ELIGIBLE COSTS	2 HC INELIGIBLE COSTS	3 TOTAL COSTS
<i>Financial Costs</i>			
Construction Loan Origination/ Commitment Fee(s)	<u>380,000.00</u>	<u>123,000.00</u>	<u>503,000.00</u>
Construction Loan Credit Enhancement Fee(s)	<u>63,000.00</u>	<u>75,000.00</u>	<u>138,000.00</u>
Construction Loan Interest	<u>367,500.00</u>	<u>103,000.00</u>	<u>470,500.00</u>
Non-Permanent Loan(s) Closing Costs	<u>50,000.00</u>	<u>50,000.00</u>	<u>100,000.00</u>
Permanent Loan Origination/ Commitment Fee(s)		<u>67,500.00</u>	<u>67,500.00</u>
Permanent Loan Credit Enhancement Fee(s)			
Permanent Loan Closing Costs		<u>57,000.00</u>	<u>57,000.00</u>
Bridge Loan Origination/ Commitment Fee(s)			
Bridge Loan Interest			
*Other (explain in detail)			
A3. TOTAL FINANCIAL COSTS	\$ <u>860,500.00</u>	\$ <u>475,500.00</u>	\$ <u>1,336,000.00</u>
<i>ACQUISITION COST OF EXISTING DEVELOPMENT (excluding land)</i>			
Existing Building(s)			
*Other (explain in detail)			
B. TOTAL ACQUISITION COSTS OF EXISTING DEVELOPMENT (excluding land)	\$	\$	\$
C. DEVELOPMENT COST (A1.3+A1.4+A2.1+A2.2+A3+B)	\$ <u>23,341,793.00</u>	\$ <u>1,653,700.00</u>	\$ <u>24,995,493.00</u>
<i>Developer Fee See Note (1)</i>			
Developer Fee on Acquisition Costs			
Developer Fee on Non-Acquisition Costs	<u>4,035,801.00</u>		<u>4,035,801.00</u>
D. TOTAL DEVELOPER FEE	\$ <u>4,035,801.00</u>	\$	\$ <u>4,035,801.00</u>
E. OPERATING DEFICIT RESERVES See Note (5)	\$	\$	\$
F. TOTAL LAND COST		\$ <u>1,600,000.00</u>	\$ <u>1,600,000.00</u>
G. TOTAL DEVELOPMENT COST See Note (6) (C+D+E+F)	\$ <u>27,377,594.00</u>	\$ <u>3,253,700.00</u>	\$ <u>30,631,294.00</u>

RFA 2017-107 DEVELOPMENT COST PRO FORMA

(Page 4 of 7)

Detail/Explanation Sheet

Totals must agree with Pro Forma. Provide component descriptions and amounts for each item that has been completed on the Pro Forma that requires a detailed list or explanation.

DEVELOPMENT COSTS

Actual Construction Cost

(as listed at Item A1.)

Off-Site Work:

Other:

General Development Costs

(as listed at Item A2.)

Impact Fees:

Other:

Financial Costs

(as listed at Item A3.)

Other:

Acquisition Cost of Existing Developments

(as listed at Item B2.)

Other:

NOTES: Neither brokerage fees nor syndication fees can be included in eligible basis. Consulting fees, if any, and any financial or other guarantees required for the financing must be paid out of the Developer fee. Consulting fees include, but are not limited to, payments for Application consultants, construction management or supervision consultants, or local government consultants.

CONSTRUCTION/REHAB ANALYSIS

AMOUNT

LOCATION OF DOCUMENTATION

A. Total Development Costs \$ 30,631,294.00

B. Construction Funding Sources:

1. SAIL Workforce Loan Request Amount	\$ <u>7,890,000.00</u>		
2. MMRB Request Amount	\$ _____		
3. HC Equity Proceeds Paid Prior to Completion of Construction which is Prior to Receipt of Final Certificate of Occupancy or in the case of Rehabilitation, prior to placed-in service date as determined by the Applicant.	\$ <u>1,195,219.00</u>	Attachment	<u>9</u>
4. HC Equity Bridge Loan	\$ _____	Attachment	_____
5. Non-MMRB Tax-Exempt Bond Financing	\$ <u>18,310,000.00</u>	Attachment	<u>8</u>
6. Second Mortgage Financing	\$ _____	Attachment	_____
7. Third Mortgage Financing	\$ _____	Attachment	_____
8. Grants	\$ _____	Attachment	_____
9. Other: _____	\$ _____	Attachment	_____
10. Other: _____	\$ _____	Attachment	_____
11. Deferred Developer Fee	\$ <u>3,236,075.00</u>	(Deferred Developer Fee must be equal to at least 50% of the amount listed for Development Cost Item D, column 3.)	
12. Total Construction Sources	\$ <u>30,631,294.00</u>		
C. Construction Funding Surplus			
(B.12. Total Construction Sources, less A. Total Development Costs):	\$ <u>0.00</u>	(A negative number here represents a funding shortfall.)	

Each Attachment must be listed behind its own Tab. DO NOT INCLUDE ALL ATTACHMENTS BEHIND ONE TAB.

PERMANENT ANALYSIS

	AMOUNT	LOCATION OF DOCUMENTATION	
A. Total Development Costs	\$ 30,631,294.00		
B. Permanent Funding Sources:			
1. SAIL Workforce Loan Request Amount	\$ 7,890,000.00		
2. MMRB Request Amount	\$		
3. HC Syndication/HC Equity Proceeds	\$ 4,780,876.00	Attachment	9
4. First Mortgage Financing	\$ 15,310,000.00	Attachment	10
5. Second Mortgage Financing	\$	Attachment	
6. Third Mortgage Financing	\$	Attachment	
7. Grants	\$	Attachment	
8. Other: _____	\$	Attachment	
9. Other: _____	\$	Attachment	
10. Deferred Developer Fee	\$ 2,650,418.00		
11. Total Permanent Funding Sources	\$ 30,631,294.00		
C. Permanent Funding Surplus			
(B.11. Total Permanent Funding Sources, less A. Total Development Costs):	\$ 0.00	(A negative number here represents a funding shortfall.)	

Each Attachment must be listed behind its own Tab. DO NOT INCLUDE ALL ATTACHMENTS BEHIND ONE TAB.

RFA 2017-107 DEVELOPMENT COST PRO FORMA

The intent of this page is to assist the Applicant in determining a TDC PU Limitation for the proposed Development and comparing it to the appropriate RFA's TDC PU Limitation. The accuracy of the comparison is dependent upon the accuracy of the inputs. FHFC will not use this page to score TDC PU Limitation criteria. If FHFC makes any adjustments to the Applicant's data or assumptions, FHFC's TDC PU for Limitation purposes of the proposed Development or the TDC PU Limitation determined by FHFC may be different than the amounts provided below. Please read the RFA for qualifying responses and definition of terms. Applicant is responsible to verify and be in compliance with all aspects of the Application to meet RFA criteria.

TDC PU LIMITATION ANALYSIS

Not in South Florida, New Construction, Garden, Wood.

In which county is the proposed Development to be located? Sarasota

What is the proposed Development's Development Type? Garden

Does the proposed Development qualify as concrete construction? No

The TDC PU Base Limitation for the above defined Development is..... \$188,800

Does the proposed Development qualify for any of the following TDC PU Add-Ons or Multipliers? Choose all that apply.

- | | | |
|--|------------|-------------------------------------|
| 1. (a) PHA is a Principal Add-On..... | <u>No</u> | (Select either option or no option) |
| (b) Requesting HOME from FHFC Add-On..... | <u></u> | |
| 2. Tax-Exempt Bond Add-On..... | <u>Yes</u> | (Select if applicable) |
| 3. (a) North Florida Keys Area Multiplier..... | <u>No</u> | (Select either option or no option) |
| (b) South Florida Keys Area Multiplier..... | <u>No</u> | |

4. (a) Persons with Special Needs Multiplier.....
 (b) Persons with a Disabling Condition Multiplier.....
 (c) Homelss Demographic Multiplier.....
5. Elderly ALF Multiplier.....
- (Select one or no option, as applicable)
- (Select if applicable)

The final overall TDC PU Limitation for the above defined Development is.. \$193,800.00

Derivation of the TDC PU of the proposed Development for Limitation purposes:

Total Development Costs (Line G., column 3)	\$30,631,294.00
Less Land Costs (Line F., column 3)	\$1,600,000.00
Less Operating Deficit Reserves (Line E., column 3)	\$0.00
TDC of the proposed Development for Limitation Purposes:	\$29,031,294.00
TDC PU of the proposed Development for Limitation Purposes:	\$153,604.73
Is the proposed Development's TDC PU for Limitation purposes equal to or less than the TDC PU Limitation provided in the RFA?.....	Yes

Tab 8



Housing Finance Authority of Lee County, Florida

P.O. Box 2258 • Fort Myers, FL 33902
2449 First Street • Fort Myers, FL 33901
philburnett@embarrqmail.com
www.LeeHFA.org

Office
(239) 334-1922

Fax
(239) 334-7799

October 19, 2017

Mr. Brantley Henderson
Director of Multifamily Program
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Price Boulevard Redevelopment LLC (the "Applicant")

Dear Mr. Henderson:

This letter is to confirm that the above Applicant has submitted an Application for Tax Exempt Bonds to be issued by the Housing Finance Authority of Lee County, Florida (the "Authority") for the Price BLVD MF Apartments located at 1191 Price Blvd, North Port, FL. The Applicant has made an Application request for \$20,000,000 of bond allocation. The Applicant has not closed the bond transaction and will not close prior to the application deadline of October 23, 2017.

Please do not hesitate to contact Philip L. Burnett, Counsel for the Authority at the above address or phone if you have any questions and/or comments.

Sincerely,

A handwritten signature in blue ink that reads "E. Walter Barletta". The signature is stylized with a long horizontal line extending to the right.

E. Walter Barletta, Chairman
Housing Finance Authority of Lee County,
Florida

CC: Shawn Hicks, Vice President, Commonwealth Development Corp

Tab 9

October 11, 2017

Shawn Hicks
Price Boulevard Redevelopment LLC (its Applicant)
300 Vestavia Parkway – Suite 2300
Birmingham, AL 35216

Re: W Price MF Apartments (“the Project”)
North Port, FL

Dear Ms. Hicks:

We are pleased to present the following summary terms for an equity investment to Price Boulevard Redevelopment LLC, which will own and operate a 189 unit low income housing project to be known as W Price MF Apts, located in North Port, FL. This summary of terms is based on the information we have received and is further based on certain assumptions made by NEF regarding the development budget, lease-up schedule, pro-forma operating statements, and ownership structure.

Annual Low Income Housing \$514,124
Tax Credit Allocation:

NEF, as Limited Partner, will
be entitled to 99.99% of \$5,140,726
LIHTCs, totaling:

Price per LIHTC: \$0.93

Total Tax Credit Equity: \$4,780,876

Equity Pay-In Schedule: Capital Contribution #1
(25%) at Closing

Capital Contribution #2
(25%) at Placed in Service, Cost Certification,
Certificates of Occupancy.

Capital Contribution #3
(50%) at Achievement of Stabilized Operations,
and Conversion of Construction Loan to
Permanent Debt, Delivery of 8609 and First
Year Tax Filing

Capitalized Operating Reserve: 6 months of projected operating expenses and
debt service.

Annual Replacement Reserves: No less than \$300/unit/year, increasing 3.0%
annually.

Due Diligence Fee: \$52,000, paid at closing.

Other Terms and Conditions:

- 1) The General Partner must have a firm commitment for construction financing and fixed-rate permanent financing with terms, conditions and lender acceptable to NEF.
- 2) Receipt, review, and approval of the appraisal, market study, environmental and geological reports, plans and specifications, contractor and architect agreements, and such other due diligence as is customary and reasonable for an equity investment of this nature and amount.
- 3) The Capital Contributions are based on mutually agreed upon closing date, construction schedule and lease-up schedules.
- 4) The terms of this letter are subject to change based upon investor yield requirements at the time of credit award.

After you have reviewed the terms outlined above, please contact me with any questions or issues that you may have. Upon the project's receipt of a Low Income Housing Tax Credit award, NEF will issue our binding Letter of Intent and begin our underwriting and closing process.

As always, we thank you for the opportunity and are excited about the prospect of investing in this development.

Very truly yours,

NATIONAL EQUITY FUND, INC.

By: 

Rachel Rhodes
Regional Vice President
312-697-8255

Accepted:

By: Price Boulevard Redevelopment LLC
Its Applicant

By: Shawn Hicks

DATE: _____

Tab 10



October 11, 2017

Price Boulevard Redevelopment LLC
300 Vestavia Parkway, Suite 2300
Birmingham, AL 35216
Attn: Louie Lang

Re: Price Boulevard Apartments - Construction to Permanent Financing Letter

Churchill Mortgage Investment LLC, a subsidiary of Churchill Stateside Group, LLC (collectively defined as the “Lender”), is pleased to provide this Conditional Commitment for construction and permanent financing insured under Section 221(d)4 of the National Housing Act for the aforementioned proposed affordable housing development. The terms and conditions of the proposed financing are as follows:

Subject Property:	Price Boulevard Apartments North Port, FL
Borrower:	Price Boulevard Redevelopment LLC
Loan Amount:	\$18,310,000 (subject to LTV and DSCR constraints described below)
Guarantors:	Commonwealth Management Corporation; and Louie A Lang III (non-recourse except for standard carve-outs)
Security:	First Deed of Trust with assignment of rents on the subject property and improvements to be constructed thereon; legal description to govern
Interest Rate:	4.25% fixed
Term/Amortization:	40/40 (interest only for 24 month construction period)
Loan to Cost:	87% maximum
Debt Service Coverage Ratio:	1.15 minimum; based on mandatory-pay debt service and Lender’s underwritten Net Operating Income.
Lender Processing Fee:	\$7,500 due at acceptance of application by Borrower; credited to Lender Financing Fee upon successful closing.
Lender Financing Fee:	1.50% of the Loan Amount
Permanent Placement Fee:	0.75% of the Loan Amount
HUD MIP:	Initial - 0.50% of the Loan Amount, due at closing Ongoing - 0.25% of the Loan Amount due annually
HUD Exam Fee:	0.30% of the Loan Amount, due at closing
HUD Inspection Fee:	0.50% of the Loan Amount, due at closing
Other Fees:	The Borrower shall be responsible for the Lender’s reasonable legal fees, all third party reports, and any other reasonable fees incurred during the processing of the Borrower’s application and the loan closing

Funding of the Loan is conditioned upon, but not limited to, the following:

1. Receipt and review by Lender of all due diligence items and applicable third party reports;
2. Approval of the proposed transaction by Lender's Investment Committee;
3. Receipt of a Firm Commitment from the Department of Housing and Urban Development;
4. Resolution of all conditions set forth in the Lender Commitments; and,
5. Payment of all fees, escrows and reserve deposits required by the Lender.


This conditional commitment shall expire if all conditions set forth above are not met within one-hundred eighty (180) days from acceptance of the terms and conditions set forth herein, or it is mutually agreed by the Lender and Borrower to terminate this agreement. The Borrower can request up to three (3), one month extensions beyond the initial one-hundred eighty (180) day period. Said extensions shall be at the sole discretion of the Lender.

Thank you for the opportunity to provide financing for this project. Please let me know if you have any questions related to this matter.

Sincerely,

CHURCHILL MORTGAGE INVESTMENT, LLC

By:


Daniel Duda
Vice President

The foregoing is hereby agreed to and confirmed:

PRICE BOULEVARD REDEVELOPMENT LLC

By: Shawn Hicks

Date: 10/11 ____, 2017

Name: _____

Title: Vice Presiden

Tab 11



REAL PROPERTY RESEARCH GROUP

WASHINGTON/BALTIMORE ■ ATLANTA

To: Shawn Hicks, Commonwealth Development Corporation

From: Brett Welborn and Tad Scepianiak

Date: September 21, 2017

Re: North Port LIHTC Preliminary Memo

Introduction:

Commonwealth Development Corporation (Developer) has retained Real Property Research Group (RPRG) to conduct a preliminary demand analysis for a proposed mixed-income rental community in North Port, Florida. You anticipate submitting an application for four percent Low Income Housing Tax Credits (LIHTC) allocated by the Florida Housing Finance Corporation. You also plan to submit an application to HUD for mortgage insurance through the 221 (d)(4) program. This analysis will be used to determine current rents in the market and if sufficient demand exists to support the proposed development and existing competitive supply.

Market Area Definition:

The North Port Market Area consists of census tracts in southeastern Sarasota County including much of North Port and all of the city of Warm Mineral Springs (Map 1). The neighborhoods included in the market area appear most comparable with the area immediately surrounding the subject site and residents of this market area would likely consider the site an acceptable shelter location. The most comparable multi-family rental communities are inside this market area. The North Port Market Area does not extend into Charlotte County to the south and it does not extend further in any other direction given the large size of census tracts and limited development in these areas. A site visit was not performed for this desktop analysis and the market area may be altered following a site and neighborhood visit.

Map 1 – North Port Market Area



10400 Little Patuxent Parkway ■ Suite 450 ■ Columbia, Maryland 21044 ■ 410.772.1004 ■ Fax 866.243.5057

3227 South Cherokee Lane ■ Suite 1360 ■ Woodstock, Georgia 30188 ■ 770.517.2666 ■ Fax 866.243.5057

Key Demographic Data:

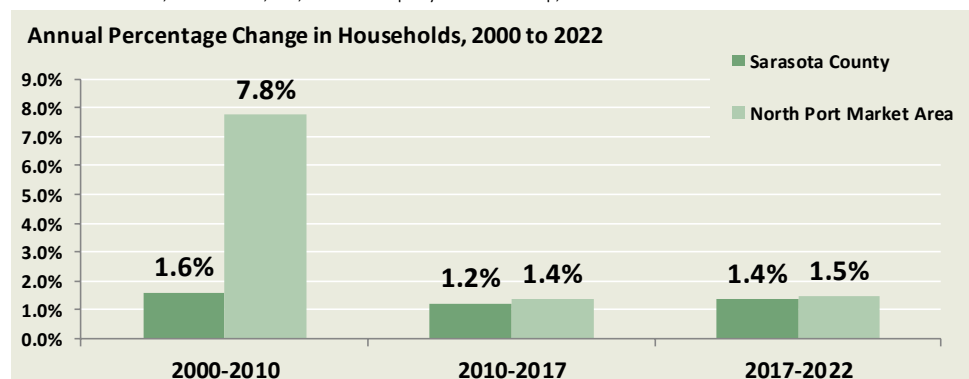
Population and household growth in the North Port Market Area was strong during the previous decade with the addition of 3,432 people (8.4 percent) and 1,317 households (7.8 percent) per year between the 2000 and 2010 Census counts (Table 1). Annual growth in the market area slowed significantly but remained steady from 2010 to 2017 at 964 people (1.5 percent) and 357 households (1.4 percent).

Growth is expected to accelerate over the next five years with the net addition of 1,099 people (1.6 percent) and 420 households (1.5 percent) per year from 2017 to 2022. Market area growth has outpaced Sarasota County growth on a percentage basis since 2000.

Table 1 - Population and Household Projections

	Sarasota County						North Port Market Area					
Population	Count	Total Change		Annual Change		Count	Total Change		Annual Change			
		#	%	#	%		#	%	#	%		
2000	325,957					27,650						
2010	379,448	53,491	16.4%	5,349	1.5%	61,969	34,319	124.1%	3,432	8.4%		
2017	414,899	35,451	9.3%	5,064	1.3%	68,716	6,747	10.9%	964	1.5%		
2022	445,172	30,273	7.3%	6,055	1.4%	74,212	5,496	8.0%	1,099	1.6%		
		Total Change		Annual Change			Total Change		Annual Change			
Households	Count	#	%	#	%	Count	#	%	#	%		
2000	149,937					11,853						
2010	175,746	25,809	17.2%	2,581	1.6%	25,021	13,168	111.1%	1,317	7.8%		
2017	191,205	15,459	8.8%	2,208	1.2%	27,519	2,498	10.0%	357	1.4%		
2022	204,776	13,571	7.1%	2,714	1.4%	29,620	2,101	7.6%	420	1.5%		

Source: 2000 Census; 2010 Census; Esri; and Real Property Research Group, Inc.



The North Port Market Area is primarily an owner market; however, the renter percentage has increased steadily since 2000. Renter households accounted for one-third (33.7 percent) of net household growth in the market area in the past decade resulting in an increase in renter percentage from 10.9 percent in 2000 to 22.9 percent in 2010 (Table 2); the market area added more than 4,400 net renter households between the 2000 and 2010 Census counts. The renter percentage in the market area is estimated to have increased significantly to 27.3 percent in 2017 with the addition of roughly 1,800 net renter households or 72.0 percent of net household growth from 2010 to 2017. The market area's renter percentage is expected to increase slightly to 27.4 percent by 2022 with the addition of 602 net renter households (28.7 percent of net household growth) over the next five years.

Table 2 - Households by Occupancy Status

Sarasota County	2000		2010		Change 2000-2010		2017		Change 2010-2017		2022		Change 2017-2022	
Housing Units	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Owner Occupied	118,531	79.1%	131,759	75.0%	13,228	51.3%	135,732	71.0%	3,973	25.7%	144,795	70.7%	9,063	66.8%
Renter Occupied	31,406	20.9%	43,987	25.0%	12,581	48.7%	55,473	29.0%	11,486	74.3%	59,981	29.3%	4,508	33.2%
Total Occupied	149,937	100%	175,746	100%	25,809	100%	191,205	100%	15,459	100%	204,776	100%	13,571	100%
Total Vacant	32,530		52,667				55,615				58,439			
TOTAL UNITS	182,467		228,413				246,820				263,215			

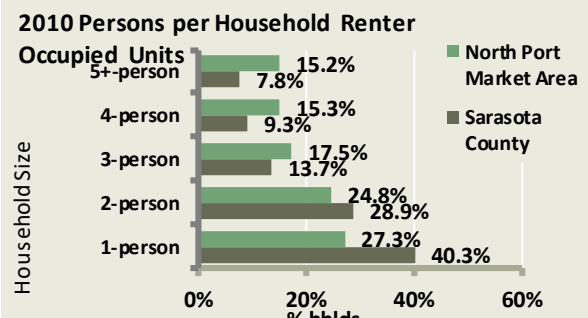
North Port Market Area	2000		2010		Change 2000-2010		2017		Change 2010-2017		2022		Change 2017-2022	
Housing Units	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Owner Occupied	10,562	89.1%	19,296	77.1%	8,734	66.3%	19,995	72.7%	699	28.0%	21,494	72.6%	1,499	71.3%
Renter Occupied	1,291	10.9%	5,725	22.9%	4,434	33.7%	7,524	27.3%	1,799	72.0%	8,126	27.4%	602	28.7%
Total Occupied	11,853	100%	25,021	100%	13,168	100%	27,519	100%	2,498	100%	29,620	100%	2,101	100%
Total Vacant	2,149		6,673				6,412				6,562			
TOTAL UNITS	14,002		31,694				33,931				36,182			

Source: U.S. Census of Population and Housing, 2000, 2010; Esri, RPRG, Inc.

The market area comprised a range of renter household sizes including a significant percentage of large households. Roughly 52 percent of renter households in the North Port Market Area contained one or two people including 27.3 percent with one person (Table 3) as of the 2010 Census. Approximately one-third (32.7 percent) of market area renter households had three or four people and 15.2 percent had five or more people.

Table 3 - Renter Households by Persons per Household

Renter Occupied	Sarasota County		North Port Market Area	
	#	%	#	%
1-person hhld	17,710	40.3%	1,563	27.3%
2-person hhld	12,704	28.9%	1,420	24.8%
3-person hhld	6,039	13.7%	1,000	17.5%
4-person hhld	4,085	9.3%	874	15.3%
5+ person hhld	3,449	7.8%	868	15.2%
TOTAL	43,987	100%	5,725	100%



Household Size	North Port Market Area (%)	Sarasota County (%)
5+ person	15.2%	7.8%
4-person	15.3%	9.3%
3-person	17.5%	13.7%
2-person	24.8%	28.9%
1-person	27.3%	40.3%

Source: 2010 Census

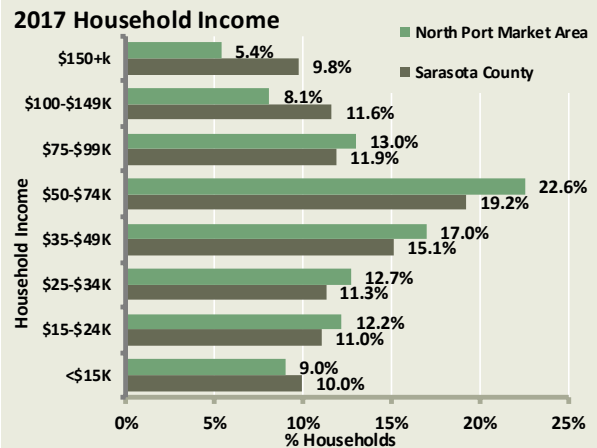
The North Port Market Area is generally less affluent than Sarasota County with 2017 median incomes of \$49,172 and \$53,327, respectively (Table 4). The market area has a large proportion of moderate income households including 29.7 percent earning \$25,000 to \$49,999 and 22.6 percent earning \$50,000 to \$74,999. Roughly 21 percent of market area households earn modest incomes of less than \$25,000 and 26.5 percent earn upper incomes of at least \$75,000 including 13.5 percent earning \$100,000 or more.

Based on the U.S. Census Bureau's American Community Survey data, the breakdown of tenure, and household estimates, RPRG estimates that the median income of North Port Market Area households by tenure is \$41,455 for renters and \$52,212 for owners (Table 5). Renter households in the market area have a wide range of incomes including 30.1 percent earning less than \$25,000, 28.7 percent earning \$25,000 to \$49,999, and 21.8 percent earning \$50,000 to \$74,999. Approximately 19 percent of market area renter households earn upper incomes of \$75,000 or more.

Table 4 - Household Income

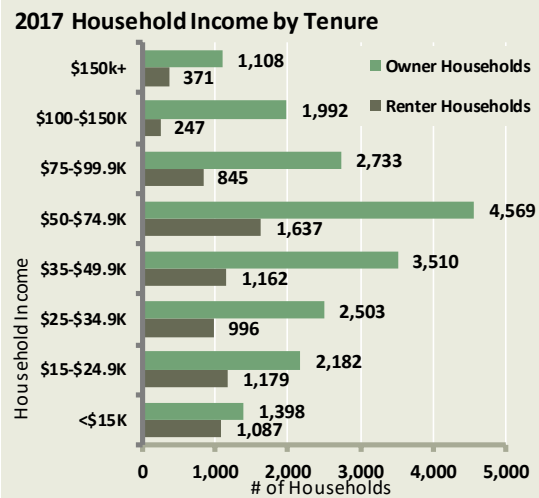
Estimated 2017 Household Income	Sarasota County		North Port Market Area	
	#	%	#	%
less than \$15,000	19,044	10.0%	2,485	9.0%
\$15,000 \$24,999	21,122	11.0%	3,361	12.2%
\$25,000 \$34,999	21,602	11.3%	3,499	12.7%
\$35,000 \$49,999	28,935	15.1%	4,672	17.0%
\$50,000 \$74,999	36,804	19.2%	6,206	22.6%
\$75,000 \$99,999	22,729	11.9%	3,578	13.0%
\$100,000 \$149,999	22,271	11.6%	2,239	8.1%
\$150,000 Over	18,698	9.8%	1,479	5.4%
Total	191,205	100%	27,519	100%
Median Income	\$53,327		\$49,172	

Source: Esri; Real Property Research Group, Inc.

**Table 5 - Household Income by Tenure**

Estimated 2017 Hhld Income	Renter Households		Owner Households	
	#	%	#	%
North Port Market Area				
less than \$15,000	1,087	14.4%	1,398	7.0%
\$15,000 \$24,999	1,179	15.7%	2,182	10.9%
\$25,000 \$34,999	996	13.2%	2,503	12.5%
\$35,000 \$49,999	1,162	15.4%	3,510	17.6%
\$50,000 \$74,999	1,637	21.8%	4,569	22.8%
\$75,000 \$99,999	845	11.2%	2,733	13.7%
\$100,000 \$149,999	247	3.3%	1,992	10.0%
\$150,000 over	371	4.9%	1,108	5.5%
Total	7,524	100%	19,995	100%
Median Income	\$41,455		\$52,212	

Source: American Community Survey 2011-2015 Estimates, RPRG, Inc.

**Affordability Analysis:**

We have performed an affordability analysis utilizing the unit mix and rents provided by the developer (Commonwealth Development Corporation). The subject would be a 217-unit mixed income LIHTC community with 97 units targeting households earning up to 60 percent of the Area Median Income (AMI) and 120 market rate units generally targeting moderate income renters earning at or above the market area's median income (up to 120 percent of AMI). Proposed LIHTC rents are at maximum allowable levels.

A projected 1,516 renter households in 2019 will fall within the subject property's projected income range of \$25,269 to \$40,890 for the proposed LIHTC units; the subject has a 6.4 percent overall renter capture rate for the 97 proposed LIHTC units. A projected 2,242 renter households will fall within the subject property's projected income range of \$42,873 to \$81,780 for the proposed market rate units with a 5.4 percent overall renter capture rate for the 120 market rate units. The project's overall renter capture rate is acceptable at 5.8 percent. By floor plan, all renter capture

rates are considered generally acceptable especially given the limited rental market in the market area (Table 6).

Table 6 – Affordability Analysis

60% Units	One Bedroom Units		Two Bedroom Units		Three Bedroom Units	
	Min.	Max.	Min.	Max.	Min.	Max.
Number of Units	24		59		14	
Net Rent	\$663		\$800		\$931	
Gross Rent	\$737		\$885		\$1,022	
% Income for Shelter	35%		35%		35%	
Income Range (Min, Max)	\$25,269	\$29,490	\$30,343	\$35,400	\$35,040	\$40,890
Total Households						
Range of Qualified HHlds	22,435	20,999	20,708	19,003	19,112	17,343
# Qualified Households		1,436		1,705		1,769
Total HH Capture Rate		1.7%		3.5%		0.8%
Renter Households						
Range of Qualified HHlds	5,417	4,959	4,866	4,329	4,358	3,900
# Qualified HHlds		458		537		457
Renter HH Capture Rate		5.2%		11.0%		3.1%

120% Units	One Bedroom Units		Two Bedroom Units		Three Bedroom Units	
Number of Units	30		72		18	
Net Rent	\$1,105		\$1,327		\$1,533	
Gross Rent	\$1,179		\$1,412		\$1,624	
% Income for Shelter	33%		33%		33%	
Income Range (Min, Max)	\$42,873	\$58,980	\$51,345	\$70,800	\$59,055	\$81,780
Total Households						
Range of Qualified HHlds	16,743	12,322	14,249	9,339	12,303	7,201
# Qualified Households		4,422		4,910		5,102
Total HH Capture Rate		0.7%		1.5%		0.4%
Renter Households						
Range of Qualified HHlds	3,745	2,675	3,111	2,001	2,671	1,503
# Qualified Households		1,070		1,110		1,168
Renter HH Capture Rate		2.8%		6.5%		1.5%

Income Target	# Units	All Households = 28,359					Renter Households = 7,764		
		Band of Qualified HHlds		# Qualified HHs	Capture Rate		Band of Qualified HHlds		# Qualified HHs
60% Units	97	Income Households	\$25,269 \$40,890	22,435 17,343	5,092	1.9%	\$25,269 \$40,890	5,417 3,900	1,516
120% Units	120	Income Households	\$42,873 \$81,780	16,743 7,201	9,543	1.3%	\$42,873 \$81,780	3,745 1,503	2,242
Total Units	217	Income Households	\$25,269 \$81,780	22,435 7,201	14,634	1.5%	\$25,269 \$81,780	5,417 1,503	3,759
									5.8%

Source: Income Projections, RPRG, Inc.

Preliminary Demand Estimates

The preliminary demand estimates are based on a commonly used demand methodology among southeast housing finance agencies; Florida Housing Finance Corporation does not include demand methodology guidelines in their 2017 Low Income Housing Tax Credit Qualified Allocation Plan. Demand estimates illustrate demand for the subject property overall and by floor plan.

All comparable units planned or under construction in the market area are subtracted from demand estimates. Per Nicole Galehouse with the North Port Planning and Zoning Department, no apartment communities are planned, approved, or under construction in North Port and the market area.

Total net demand for the subject property is 1,447 renter households with an overall capture rate

of 15.0 percent (Table 7). Demand capture rates by income level are 16.6 percent for the 97 LIHTC units and 13.9 percent for the 120 market rate units. Capture rates by floor plan and income target range from 4.0 percent to 28.6 percent with capture rates of 9.2 percent for all one-bedroom units, 20.7 percent for all two-bedroom units, and 5.1 percent for all three-bedroom units. All capture rates are below the common threshold of 30 percent and are considered acceptable.

Table 7 – Overall Demand Estimates

<i>Income Target</i>	60% Units	120% Units	Total Units
<i>Minimum Income Limit</i>	\$25,269	\$42,873	\$25,269
<i>Maximum Income Limit</i>	\$40,890	\$81,780	\$81,780
<i>(A) Renter Income Qualification Percentage</i>	19.5%	28.9%	48.4%
Demand from New Renter Households <i>Calculation: (C-B) * A</i>	67	100	167
Plus			
Demand from Substandard Housing <i>Calculation: B * D * F * A</i>	94	139	233
Plus			
Demand from Rent Over-burdened Households <i>Calculation: B * E * F * A</i>	423	625	1,048
Equals			
Total PMA Demand	584	863	1,447
Less			
Comparable Units	0	0	0
Equals			
Net Demand	584	863	1,447
Proposed Units	97	120	217
Capture Rate	16.6%	13.9%	15.0%

Demand Calculation Inputs	
(B) 2017 HH	27,519
(C) 2020 HH	28,780
(D) ACS Substandard Percentage	6.4%
(E) ACS Rent Over-Burdened Percentage	28.8%
(F) 2017 Renter Percent	27.3%

Table 8 –Demand Estimates by Floorplan

One Bedroom Units	60% Units	120% Units	Total Units
<i>Minimum Income Limit</i>	\$25,269	\$42,873	\$25,269
<i>Maximum Income Limit</i>	\$29,490	\$58,980	\$58,980
<i>Renter Income Qualification Percentage</i>	5.9%	13.8%	19.7%
Total Demand	176	412	588
Supply	0	0	0
Net Demand	176	412	588
Units Proposed	24	30	54
Capture Rate	13.6%	7.3%	9.2%

Two Bedroom Units	60% Units	120% Units	Total Units
<i>Minimum Income Limit</i>	\$30,343	\$51,345	\$30,343
<i>Maximum Income Limit</i>	\$35,400	\$70,800	\$70,800
<i>Renter Income Qualification Percentage</i>	6.9%	14.3%	21.2%
Total Demand	207	427	634
Supply	0	0	0
Net Demand	207	427	634
Units Proposed	59	72	131
Capture Rate	28.6%	16.8%	20.7%

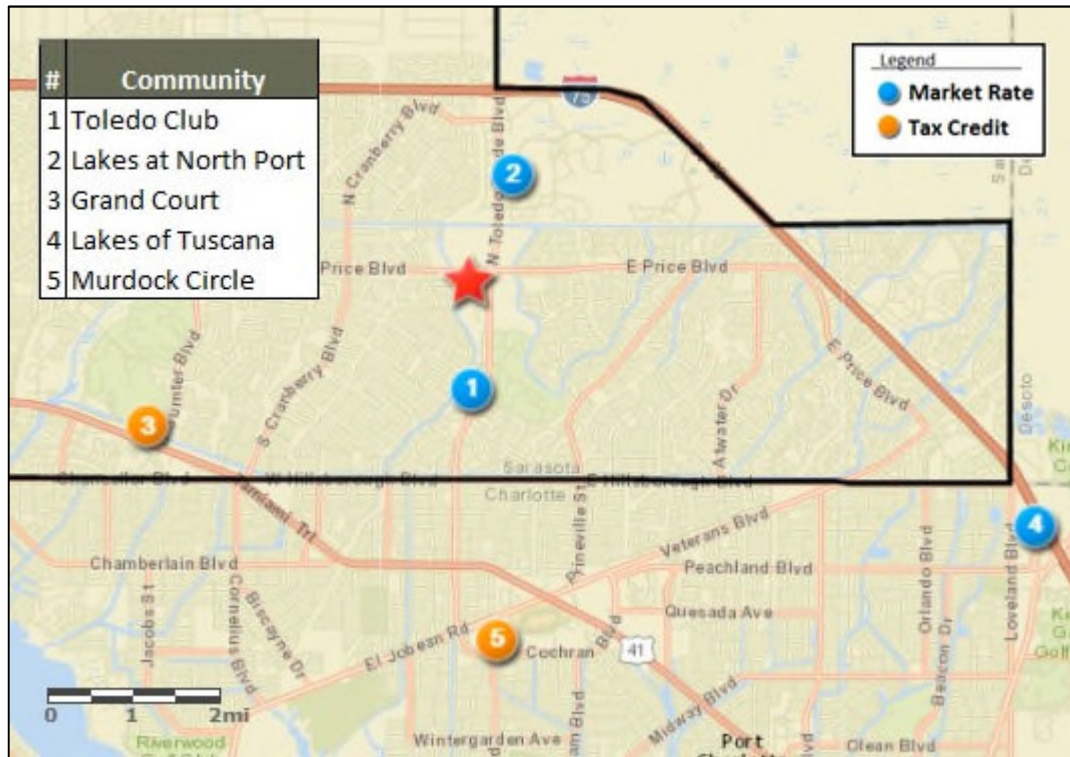
Three Bedroom Units	60% Units	120% Units	Total Units
<i>Minimum Income Limit</i>	\$35,040	\$59,055	\$35,040
<i>Maximum Income Limit</i>	\$40,890	\$81,780	\$81,780
<i>Renter Income Qualification Percentage</i>	5.9%	15.0%	20.9%
Total Demand	176	450	626
Supply	0	0	0
Net Demand	176	450	626
Units Proposed	14	18	32
Capture Rate	7.9%	4.0%	5.1%

Demand by floor plan is based on gross demand multiplied by each floor plan's income

Competitive Rental Market Conditions

The North Port Market Area's rental market is limited. RPRG surveyed three general occupancy multi-family rental communities inside the market area including two market rate communities and one community funded in part with Low Income Housing Tax Credits (LIHTC); LIHTC communities have rent and income restrictions. We identified an additional general occupancy LIHTC community (Victoria Pointe) in the market area but we were unable to survey; Victoria Pointe is deeply subsidized through the USDA Rural Development program and would not be comparable to a rental community without rental assistance. We excluded age-restricted rental communities from this analysis as they would not be comparable to a general occupancy community without age restrictions. Two communities with market rate rents were surveyed just outside the market area in Port Charlotte to determine market rents in the region as limited market rate options exist in the market area. Profiles of surveyed communities are presented in Appendix 1 and locations of each surveyed community are shown in Map 2.

Map 2 – Surveyed Rental Communities



The results of our survey are as follows:

- All surveyed communities offer garden buildings and have been built since 2000 with the newest communities built in 2006. The average community size inside the market area is 263 units with a range from 128 to 348 units. The two communities outside the market area have 264 and 272 units (Table 9).
- The rental markets both inside and outside the market area are performing well. The three surveyed communities inside market area had 32 total vacancies among 788 combined units for an aggregate vacancy rate of 4.1 percent; the LIHTC community (Grand Court) had a vacancy rate of 3.1 percent among 128 units (Table 9). The communities outside the market area have the same aggregate vacancy rate of 4.1 percent among 536 combined units. All surveyed communities (inside and outside the market area) had a vacancy rate of less than six percent.
- All surveyed communities offer one, two, and three-bedroom units (Table 10). Toledo Club (inside the market area) offers efficiencies and Murdock Circle (outside the market area) offers four-bedroom units.
- Average effective rents at communities **inside the market area** adjusted to include water/sewer and trash removal are:
 - **One bedroom** units at \$931 for 758 square feet or \$1.23 per square foot.
 - **Two bedroom** units at \$1,065 for 970 square feet or \$1.10 per square foot.
 - **Three bedroom** units at \$1,278 for 1,187 square feet or \$1.08 per square foot.
- Average effective rents at communities **outside the market area** adjusted to include water/sewer and trash removal are:

- **One bedroom** units at \$958 for 857 square feet or \$1.12 per square foot.
- **Two bedroom** units at \$1,112 for 1,141 square feet or \$0.97 per square foot.
- **Three bedroom** units at \$1,306 for 1,311 square feet or \$1.00 per square foot.
- Average effective rents include LIHTC rents at 60 percent of the Area Median Income (AMI). Market rate rents are significantly higher than LIHTC rents both inside and outside the market area with the highest market rate rents in the market area being \$1,149 for one-bedroom units, \$1,300 for two-bedroom units, and \$1,500 for three-bedroom units, all at Toledo Club.

Table 9 – Rental Summary, Surveyed Rental Communities

Map #	Community	Year Built	Structure Type	Total Units	Vacant Units	Vacancy Rate	Avg 1BR Rent (1)	Avg 2BR Rent (1)	Incentive
Communities Inside the Market Area									
1	Toledo Club	2006	Gar	348	10	2.9%	\$1,124	\$1,263	None.
2	Lakes at North Port	2000	Gar	312	18	5.8%	\$920	\$1,040	None.
3	Grand Court*	2005	Gar	128	4	3.1%	\$725	\$862	None.
Inside PMA Total				788	32	4.1%			
Inside PMA Average				2004	263		\$923	\$1,055	
Communities Outside the Market Area									
4	Lakes of Tuscana	2006	Gar	272	16	5.9%	\$1,135	\$1,337	None.
5	Murdock Circle*	2001	Gar	264	6	2.3%	\$857	\$985	None.
Outside PMA Total				536	22	4.1%			
Outside PMA Average				2004	268		\$996	\$1,161	

Tax Credit Communities*

Source: Field Survey, Real Property Research Group, Inc. September 2017.

(1) Rent is contract rent, and not adjusted for utilities or incentives

Table 10 – Unit Distribution, Size and Pricing, Surveyed Rental Communities

Community	Total Units	One Bedroom Units				Two Bedroom Units				Three Bedroom Units			
		Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF	Units	Rent(1)	SF	Rent/SF
Subject 60% AMI	97	24	\$663			59	\$800			14	\$931		
Subject - Market Rate	120	30	\$1,105			72	\$1,327			18	\$1,533		
Communities Inside the Market Area													
Toledo Club	348	132	\$1,149	811	\$1.42	172	\$1,293	1,087	\$1.19	8	\$1,495	1,329	\$1.12
Lakes at North Port	312		\$920	687	\$1.34		\$1,040	904	\$1.15		\$1,350	1,160	\$1.16
Grand Court* 60% AMI	128		\$725	775	\$0.94		\$862	918	\$0.94		\$990	1,073	\$0.92
Inside PMA Total/Average	788		\$931	758	\$1.23		\$1,065	970	\$1.10		\$1,278	1,187	\$1.08
Inside PMA Unit Distribution	348	132				172				8			
% of Total	44.2%	37.9%				49.4%				2.3%			
Communities Outside the Market Area													
Lakes of Tuscana	272		\$1,160	1,135	\$1.02		\$1,367	1,443	\$0.95		\$1,516	1,599	\$0.95
Murdock Circle	39		\$995	718	\$1.39		\$1,109	990	\$1.12		\$1,408	1,167	\$1.21
Murdock Circle* 60% AMI	225		\$718	718	\$1.00		\$861	990	\$0.87		\$995	1,167	\$0.85
Outside PMA Total/Average	536		\$958	857	\$1.12		\$1,112	1,141	\$0.97		\$1,306	1,311	\$1.00

Tax Credit Communities*

Source: Field Survey, Real Property Research Group, Inc. September 2017.

(1) Rent is adjusted to include only Water/Sewer and Trash and incentives



Preliminary Conclusions

Population and household growth in the North Port Market Area was strong in the previous decade with growth slowing but remaining steady from 2010 to 2022. Affordability and LIHTC demand capture rates are acceptable given the proposed unit mix and rents. The proposed LIHTC rents are below existing LIHTC rents in the market area and the proposed market rate rents are at or near the top of the market, generally comparable to rents at Toledo Club.



Appendix 1 – Surveyed Community Profiles

Grand Court

Multifamily Community Profile

5203 Greenwood Ave.
North Port, FL

CommunityType: LIHTC - General

Structure Type: 3-Story Garden

128 Units 3.1% Vacant (4 units vacant) as of 9/19/2017

Opened in 2005

Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse:	Pool-Outdr:
Eff	--	--	--	--	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
One	--	\$725	775	\$0.94	Comm Rm:	Basketball:
One/Den	--	--	--	--	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Two	--	\$862	918	\$0.94	Centrl Lndry:	Tennis:
Two/Den	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
Three	--	\$990	1,073	\$0.92	Elevator:	Volleyball:
Four+	--	--	--	--	<input type="checkbox"/>	<input type="checkbox"/>
					Fitness:	CarWash:
					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
					Hot Tub:	BusinessCtr:
					<input type="checkbox"/>	<input type="checkbox"/>
					Sauna:	ComputerCtr:
					<input type="checkbox"/>	<input type="checkbox"/>
					Playground:	
					<input checked="" type="checkbox"/>	

Features

Standard: Dishwasher; Disposal; Microwave; In Unit Laundry (Full Size); Central A/C

Select Units: Ceiling Fan

Optional(\$): --

Security: --

Parking 1: Free Surface Parking

Parking 2: --

Fee: --

Fee: --

Property Manager: --

Owner: --

Comments

Floorplans (Published Rents as of 9/19/2017) (2)

Historic Vacancy & Eff. Rent (1)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	1	1	--	\$725	775	\$.94	LIHTC/ 60%	9/19/17	3.1%	\$725	\$862	\$990
Garden	--	2	2	--	\$862	918	\$.94	LIHTC/ 60%					
Garden	--	3	2	--	\$990	1,073	\$.92	LIHTC/ 60%					
									Adjustments to Rent				
									Incentives: None				
									Utilities in Rent: Heat Fuel: Electric				
									Heat: <input type="checkbox"/> Cooking: <input type="checkbox"/> Wtr/Swr: <input checked="" type="checkbox"/>				
									Hot Water: <input type="checkbox"/> Electricity: <input type="checkbox"/> Trash: <input checked="" type="checkbox"/>				

Lakes at North Port

Multifamily Community Profile

1015 Ohana Way
North Port, FL

CommunityType: Market Rate - General

Structure Type: 3-Story Garden

312 Units 5.8% Vacant (18 units vacant) as of 9/19/2017

Opened in 2000

Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse: <input checked="" type="checkbox"/>	Pool-Outdr: <input checked="" type="checkbox"/>
Eff	--	--	--	--	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One	--	\$920	687	\$1.34	Centrl Lndry: <input checked="" type="checkbox"/>	Tennis: <input type="checkbox"/>
One/Den	--	--	--	--	Elevator: <input type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two	--	\$1,040	904	\$1.15	Fitness: <input checked="" type="checkbox"/>	CarWash: <input type="checkbox"/>
Two/Den	--	--	--	--	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Three	--	\$1,350	1,160	\$1.16	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
Four+	--	--	--	--	Playground: <input type="checkbox"/>	
Features						
Standard: Dishwasher; Disposal; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Storage (In Unit)						
Select Units: --						
Optional(\$): --						
Security: --						
Parking 1: Free Surface Parking				Parking 2: --		
Fee: --				Fee: --		
Property Manager: --						
Owner: --						

Comments

Pond on-site.

Laminate countertops, white appliances, crown molding, and carpet/laminate hardwood flooring.

Floorplans (Published Rents as of 9/19/2017) (2)

Historic Vacancy & Eff. Rent (1)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	1	1	--	\$920	687	\$1.34	Market	9/19/17	5.8%	\$920	\$1,040	\$1,350
Garden	--	2	2	--	\$1,040	904	\$1.15	Market					
Garden	--	3	2	--	\$1,350	1,160	\$1.16	Market					
Adjustments to Rent													
Incentives:													
None.													
Utilities in Rent: Heat Fuel: Electric													
Heat: <input type="checkbox"/> Cooking: <input type="checkbox"/> Wtr/Swr: <input checked="" type="checkbox"/>													
Hot Water: <input type="checkbox"/> Electricity: <input type="checkbox"/> Trash: <input checked="" type="checkbox"/>													

Lakes at North Port

FL115-026176

Lakes of Tuscana

Multifamily Community Profile

24001 Madaca Ln.
Port Charlotte, FL

Community Type: **Market Rate - General**

Structure Type: **Garden**

272 Units 5.9% Vacant (16 units vacant) as of 9/19/2017

Opened in 2006

Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse: <input checked="" type="checkbox"/>	Pool-Outdr: <input checked="" type="checkbox"/>
Eff	--	--	--	--	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One	--	\$1,160	1,135	\$1.02	Centrl Lndry: <input type="checkbox"/>	Tennis: <input checked="" type="checkbox"/>
One/Den	--	--	--	--	Elevator: <input type="checkbox"/>	Volleyball: <input type="checkbox"/>
Two	--	\$1,367	1,443	\$0.95	Fitness: <input checked="" type="checkbox"/>	CarWash: <input checked="" type="checkbox"/>
Two/Den	--	--	--	--	Hot Tub: <input checked="" type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Three	--	\$1,516	1,599	\$0.95	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
Four+	--	--	--	--	Playground: <input checked="" type="checkbox"/>	
Features						
Standard: Dishwasher; Disposal; Microwave; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; HighCeilings						
Select Units: --						
Optional(\$): --						
Security: Unit Alarms; Gated Entry						
Parking 1: Free Surface Parking				Parking 2: Detached Garage		
Fee: --				Fee: \$175		
Property Manager: --						
Owner: --						

Comments

Lake and walking trail on-site. Premiums for lake views.

Screened porch, garden tubs, and select units have stainless appliances for a \$40 monthly fee.

Laminate hardwood flooring on 1st floor and carpet/laminate tile on 2nd and 3rd floor units.

Floorplans (Published Rents as of 9/19/2017) (2)

Historic Vacancy & Eff. Rent (1)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	1	1	--	\$1,135	1,135	\$1.00	Market	9/19/17	5.9%	\$1,160	\$1,367	\$1,516
Garden	--	2	2	--	\$1,337	1,443	\$0.93	Market					
Garden	--	3	2	--	\$1,403	1,535	\$0.91	Market					
Garden	--	3	2	--	\$1,560	1,664	\$0.94	Market					
Adjustments to Rent													
Incentives:													
None.													
Utilities in Rent: Heat Fuel: Electric													
Heat: <input type="checkbox"/> Cooking: <input type="checkbox"/> Wtr/Swr: <input type="checkbox"/>													
Hot Water: <input type="checkbox"/> Electricity: <input type="checkbox"/> Trash: <input type="checkbox"/>													

Lakes of Tuscana

FL015-026177

Murdock Circle

Multifamily Community Profile

17800 Murdock Cir.
Port Charlotte, FL

CommunityType: LIHTC - General

Structure Type: Garden

264 Units 2.3% Vacant (6 units vacant) as of 9/19/2017

Opened in 2001

Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse: <input checked="" type="checkbox"/>	Pool-Outdr: <input checked="" type="checkbox"/>
Eff	--	--	--	--	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input checked="" type="checkbox"/>
One	--	\$857	718	\$1.19	Centrl Lndry: <input type="checkbox"/>	Tennis: <input type="checkbox"/>
One/Den	--	--	--	--	Elevator: <input type="checkbox"/>	Volleyball: <input checked="" type="checkbox"/>
Two	--	\$985	990	\$0.99	Fitness: <input checked="" type="checkbox"/>	CarWash: <input checked="" type="checkbox"/>
Two/Den	--	--	--	--	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Three	--	\$1,202	1,167	\$1.03	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
Four+	--	\$1,302	1,438	\$0.91	Playground: <input checked="" type="checkbox"/>	
Features						
Standard: Dishwasher; Disposal; Microwave; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C						
Select Units: --						
Optional(\$): --						
Security: Gated Entry						
Parking 1: Free Surface Parking				Parking 2: --		
Fee: --				Fee: --		
Property Manager: --						
Owner: --						

Comments

225 LIHTC units and 39 market rate units. Management could not provide any further unit distribution breakdown.

Floorplans (Published Rents as of 9/19/2017) (2)										Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program		Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	1	1	--	\$718	718	\$1.00	LIHTC/ 60%		9/19/17	2.3%	\$857	\$985	\$1,202
Garden	--	1	1	--	\$995	718	\$1.39	Market						
Garden	--	2	2	--	\$861	990	\$0.87	LIHTC/ 60%						
Garden	--	2	2	--	\$1,109	990	\$1.12	Market						
Garden	--	3	2	--	\$995	1,167	\$0.85	LIHTC/ 60%						
Garden	--	3	2	--	\$1,408	1,167	\$1.21	Market						
Garden	--	4	3	--	\$1,104	1,438	\$0.77	LIHTC/ 60%						
Garden	--	4	3	--	\$1,500	1,438	\$1.04	Market						
										Adjustments to Rent				
										Incentives:				
										None.				
										Utilities in Rent: Heat Fuel: Electric				
										Heat: <input type="checkbox"/> Cooking: <input type="checkbox"/> Wtr/Swr: <input checked="" type="checkbox"/>				
										Hot Water: <input type="checkbox"/> Electricity: <input type="checkbox"/> Trash: <input checked="" type="checkbox"/>				

Murdock Circle

FL015-026178

Toledo Club

Multifamily Community Profile

3695 Island Club Dr.
North Port, FL

CommunityType: Market Rate - General

Structure Type: 3-Story Garden

348 Units 2.9% Vacant (10 units vacant) as of 9/19/2017

Opened in 2006

Unit Mix & Effective Rent (1)					Community Amenities	
Bedroom	%Total	Avg Rent	Avg SqFt	Avg \$/SqFt	Clubhouse: <input checked="" type="checkbox"/>	Pool-Outdr: <input checked="" type="checkbox"/>
Eff	10.3%	\$1,036	660	\$1.57	Comm Rm: <input checked="" type="checkbox"/>	Basketball: <input type="checkbox"/>
One	37.9%	\$1,149	811	\$1.42	Centrl Lndry: <input type="checkbox"/>	Tennis: <input checked="" type="checkbox"/>
One/Den	--	--	--	--	Elevator: <input type="checkbox"/>	Volleyball: <input checked="" type="checkbox"/>
Two	49.4%	\$1,293	1,087	\$1.19	Fitness: <input checked="" type="checkbox"/>	CarWash: <input type="checkbox"/>
Two/Den	--	--	--	--	Hot Tub: <input type="checkbox"/>	BusinessCtr: <input checked="" type="checkbox"/>
Three	2.3%	\$1,495	1,329	\$1.12	Sauna: <input type="checkbox"/>	ComputerCtr: <input checked="" type="checkbox"/>
Four+	--	--	--	--	Playground: <input checked="" type="checkbox"/>	
Features						
Standard: Dishwasher; Disposal; Microwave; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony						
Select Units: --						
Optional(\$): --						
Security: --						
Parking 1: Free Surface Parking				Parking 2: Detached Garage		
Fee: --				Fee: \$175		
Property Manager: --						
Owner: --						

Comments

Laminate hardwood flooring for 1st floor units and carpet/laminate tile flooring for 2nd and 3rd floor units.

White appliances which are being transitioned to stainless steel as units become vacant.

Formica countertops.

Floorplans (Published Rents as of 9/19/2017) (2)									Historic Vacancy & Eff. Rent (1)				
Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program	Date	%Vac	1BR \$	2BR \$	3BR \$
Garden	--	Eff	1	36	\$1,013	660	\$1.53	Market	9/19/17	2.9%	\$1,149	\$1,293	\$1,495
Garden	--	1	1	132	\$1,124	811	\$1.39	Market					
Garden	--	2	2	172	\$1,263	1,087	\$1.16	Market					
Garden	--	3	2	8	\$1,460	1,329	\$1.10	Market					
									Adjustments to Rent				
									Incentives: None.				
									Utilities in Rent: Heat Fuel: Electric				
									Heat: <input type="checkbox"/> Cooking: <input type="checkbox"/> Wtr/Swr: <input type="checkbox"/>				
									Hot Water: <input type="checkbox"/> Electricity: <input type="checkbox"/> Trash: <input type="checkbox"/>				

Toledo Club

FL115-026175

**COMMONWEALTH CONSTRUCTION
CORPORATION AND AFFILIATES**

Fond du Lac, WI

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Accountants' Review Report

As of and for the Years Ended December 31, 2016 and 2015

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

TABLE OF CONTENTS

Independent Accountants' Review Report	1 - 2
Consolidated Financial Statements	
Consolidated Balance Sheets with Consolidating Information	3 - 4
Consolidated Statements of Operations with Consolidating Information	5 - 6
Consolidated Statements of Equity	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 34
Supplemental Information	
Income from Construction	35
Completed Contracts	36
Uncompleted Contracts	37

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Stockholder and Board of Directors
Commonwealth Construction Corporation and Affiliates
Fond du Lac, Wisconsin

We have reviewed the accompanying consolidated financial statements of Commonwealth Construction Corporation and Affiliates which comprise of the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, stockholder's equity, and cash flows for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure from Accounting Principles Generally Accepted in the United States of America

As more fully described in Note 20 to the consolidated financial statements, the accounts of variable interest entities for which the company is the primary beneficiary of have not been consolidated into the company. The company's consolidated financial statements should include the accounts of these variable interest entities to conform with accounting principles generally accepted in the United States of America. Management has informed us that the effects of this departure from generally accepted accounting principles on its financial position, results of operations, and cash flows have not been determined.

Stockholder and Board of Directors
Commonwealth Construction Corporation and Affiliates

Other Matters

Our reviews were made for the purpose of expressing the conclusion that there are no material modifications that should be made to the consolidated financial statements in order for them to be in conformity with generally accepted accounting principles. The consolidating information (as identified in the table of contents) provided, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies. Such information has been subjected to the review procedures applied in the review of the consolidated financial statements taken as a whole. The supplemental information identified in the table of contents is presented only for supplementary analysis purposes and has been subjected to the inquiry and analytical procedures applied in the reviews of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Baker Tilly Virchow Krause, LLP

Appleton, Wisconsin
May 9, 2017

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

CONSOLIDATED BALANCE SHEET WITH CONSOLIDATING INFORMATION

As of December 31, 2016

	Consolidating Information					
	Commonwealth Construction Corporation and Subsidiaries	Commonwealth Development Corporation of America and Subsidiaries	Commonwealth Real Estate Investments LLC and Subsidiaries	Commonwealth Management Corporation and Subsidiaries	Elimination Entries Incr. (DeCr.)	Commonwealth Construction Corporation and Affiliates
CURRENT ASSETS						
Cash and cash equivalents	\$ 246,123	\$ 123,917	\$ 6,003	\$ 93,224	\$ -	\$ 489,267
Accounts receivable, net	6,314,853	133,227	1,446	536,763	(270,992)	6,715,297
Development fee receivable, related parties	-	3,312,573	-	-	-	3,312,573
Advances receivable, related parties	4,529,890	3,898,996	-	483,946	(8,892,832)	-
Project receivables, related parties	-	1,400,006	-	-	-	1,400,006
Costs and estimated earnings in excess of billings on uncompleted contracts	100,046	-	-	-	-	100,046
Inventories	-	-	-	55,822	-	55,822
Other current assets	13,849	17,549	6,829	-	-	38,227
Total Current Assets	11,204,761	8,886,268	14,278	1,149,755	(9,163,824)	12,091,238
PROPERTY AND EQUIPMENT, NET	1,235,857	760,376	5,514,598	159,201	-	7,670,032
OTHER ASSETS						
Intangible assets	-	-	-	27,437	-	27,437
Investments in projects	-	-	-	522,732	-	522,732
Property held for investment	-	-	1,613,810	-	-	1,613,810
Development fees receivable, related parties	-	4,523,213	-	-	-	4,523,213
Other assets	168,100	168,100	-	-	-	336,200
Total Other Assets	168,100	4,691,313	1,613,810	550,169	-	7,023,392
TOTAL ASSETS	<u>\$ 12,608,718</u>	<u>\$ 14,337,957</u>	<u>\$ 7,142,686</u>	<u>\$ 1,859,125</u>	<u>\$ (9,163,824)</u>	<u>\$ 26,784,662</u>
CURRENT LIABILITIES						
Line of credit	\$ -	\$ 3,154,786	\$ -	\$ -	\$ -	\$ 3,154,786
Long-term debt and capital lease obligations, current	116,355	42,862	71,787	27,586	-	258,590
Accounts payable	5,365,237	303,429	14,792	164,988	(270,992)	5,577,454
Advances payable, related parties	2,274,320	642,149	5,241,716	1,349,647	(8,892,832)	615,000
Accrued expenses	127,793	43,329	-	98,246	-	269,368
Billings in excess of costs and estimated earnings on uncompleted contracts	495,104	-	-	-	-	495,104
Other current liabilities	1,815	-	7,598	11,701	-	21,114
Total Current Liabilities	8,380,624	4,186,555	5,335,893	1,652,168	(9,163,824)	10,391,416
LONG-TERM LIABILITIES						
Long-term debt and capital lease obligations	794,600	583,144	2,007,781	38,788	-	3,424,313
Total Liabilities	9,175,224	4,769,699	7,343,674	1,690,956	(9,163,824)	13,815,729
EQUITY						
Common stock	10	-	-	-	-	10
Additional paid-in capital	120,937	-	-	-	-	120,937
Retained earnings	3,312,547	-	-	-	-	3,312,547
Total Controlling Interest	3,433,494	-	-	-	-	3,433,494
Noncontrolling interest in variable interest entities	-	10,875,509	(200,988)	735,303	-	11,409,824
Less: Project receivables, related parties	-	-	-	(34,000)	-	(34,000)
Less: Notes receivable, related parties	-	-	-	(533,134)	-	(533,134)
Less: Development fees receivable, related parties	-	(1,307,251)	-	-	-	(1,307,251)
Total Equity	3,433,494	9,568,258	(200,988)	168,169	-	12,968,933
TOTAL LIABILITIES AND EQUITY	<u>\$ 12,608,718</u>	<u>\$ 14,337,957</u>	<u>\$ 7,142,686</u>	<u>\$ 1,859,125</u>	<u>\$ (9,163,824)</u>	<u>\$ 26,784,662</u>

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

CONSOLIDATED BALANCE SHEET WITH CONSOLIDATING INFORMATION As of December 31, 2015

	Consolidating Information									
	Commonwealth Construction Corporation and Subsidiaries	Commonwealth Development Corporation of America and Subsidiaries	Commonwealth Real Estate Investments LLC and Subsidiaries	Commonwealth Management Corporation and Subsidiaries	Elimination Entries Incr. (DeCr.)	Commonwealth Construction Corporation and Affiliates				
CURRENT ASSETS										
Cash and cash equivalents	\$ 777,543	\$ 299,618	\$ 13,667	\$ 11,275	\$ -	\$ 1,102,103				
Accounts receivable, net	5,090,359	9,918	402,399	485,289	(67,052)	5,920,913				
Development fee receivable, related parties	-	3,196,024	-	-	-	3,196,024				
Advances receivable, related parties	3,457,937	3,295,683	-	618,154	(7,371,774)	-				
Project receivables, related parties	-	1,053,171	-	-	-	1,053,171				
Costs and estimated earnings in excess of billings on uncompleted contracts	632,957	-	-	-	-	632,957				
Inventories	-	-	-	44,422	-	44,422				
Other current assets	800	-	-	-	-	1,888				
Total Current Assets	9,959,596	7,854,414	417,154	1,159,140	(7,438,826)	11,951,478				
PROPERTY AND EQUIPMENT, NET	554,464	132,376	4,563,940	238,261	-	5,489,041				
OTHER ASSETS										
Intangible assets	-	-	-	27,437	-	27,437				
Investments in projects	-	-	-	203,092	-	203,092				
Property held for investment	-	-	1,682,490	-	-	1,682,490				
Development fees receivable, related parties	-	-	-	-	-	1,419,813				
Total Other Assets	-	1,419,813	1,682,490	230,529	-	3,332,832				
TOTAL ASSETS	10,514,060	9,406,603	6,663,584	1,627,930	(7,438,826)	20,773,351				
CURRENT LIABILITIES										
Long-term debt and capital lease obligations, current	\$ 94,855	\$ 29,245	\$ 71,528	\$ 26,341	\$ -	\$ 221,969				
Accounts payable	3,907,791	42,273	70	122,219	(67,052)	4,005,301				
Advances payable, related parties	1,476,116	339,925	4,096,438	1,459,295	(7,371,774)	-				
Accrued expenses	95,419	49,875	-	64,311	-	209,605				
Billings in excess of costs and estimated earnings on uncompleted contracts	1,482,253	-	-	-	-	1,482,253				
Other current liabilities	6,450	-	10,025	-	-	16,475				
Total Current Liabilities	7,062,884	461,318	4,178,061	1,672,166	(7,438,826)	5,935,603				
LONG-TERM LIABILITIES										
Line of credit	-	2,555,080	-	-	-	2,555,080				
Long-term debt and capital lease obligations	270,452	87,318	2,260,604	66,218	-	2,684,592				
Total Long-Term Liabilities	270,452	2,642,398	2,260,604	66,218	-	5,239,672				
Total Liabilities	7,333,336	3,103,716	6,438,665	1,738,384	(7,438,826)	11,175,275				
EQUITY										
Common stock	10	-	-	-	-	10				
Additional paid-in capital	120,937	-	-	-	-	120,937				
Retained earnings	3,059,777	-	-	-	-	3,059,777				
Total Controlling Interests	3,180,724	-	-	-	-	3,180,724				
Noncontrolling interest in variable interest entities	-	9,884,227	224,919	434,680	-	10,543,826				
Less: Project receivables, related parties	-	-	-	(34,000)	-	(34,000)				
Less: Note receivable, related party	-	-	-	(511,134)	-	(511,134)				
Less: Development fees receivable, related party	-	(3,581,340)	-	-	-	(3,581,340)				
Total Equity	3,180,724	6,302,887	224,919	(110,454)	-	9,598,076				
TOTAL LIABILITIES AND EQUITY	10,514,060	9,406,603	6,663,584	1,627,930	(7,438,826)	20,773,351				

See accompanying notes to consolidated financial statements and independent accountants' review report.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENT OF OPERATIONS WITH CONSOLIDATING INFORMATION For the Year Ended December 31, 2016

	Consolidating Information				
	Commonwealth Construction Corporation and Subsidiaries	Commonwealth Development Corporation of America and Subsidiaries	Commonwealth Real Estate Investments LLC and Subsidiaries	Commonwealth Management Corporation and Subsidiaries	Commonwealth Construction Corporation and Affiliates
REVENUES EARNED	\$ 46,622,822	\$ 3,776,944	\$ 227,685	\$ 4,722,148	\$ 54,729,599
COSTS OF REVENUES EARNED	<u>44,178,137</u>	<u>1,846,136</u>	-	<u>1,651,118</u>	<u>47,107,474</u>
Gross Profit	2,444,685	1,930,808	227,685	3,071,030	7,622,095
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	<u>2,695,504</u>	<u>902,063</u>	<u>172,522</u>	<u>2,730,681</u>	<u>6,448,657</u>
Operating Income (Loss)	<u>(250,819)</u>	<u>1,028,745</u>	<u>55,163</u>	<u>340,349</u>	<u>1,173,438</u>
OTHER INCOME (EXPENSE)					
Interest income	-	178,870	-	31,000	209,870
Interest expense	(27,950)	(140,332)	(99,957)	(3,327)	(271,566)
Loss from disposal of property held for investment	-	-	(27,511)	-	(27,511)
Income from joint venture	579,105	-	-	-	579,105
Income (loss) from investments, net	-	-	-	(50,012)	(50,012)
Other income (expense)	39,023	-	-	7,674	46,697
Net Other Income (Expense)	<u>590,178</u>	<u>38,538</u>	<u>(127,468)</u>	<u>(14,665)</u>	<u>486,583</u>
NET INCOME (LOSS)	339,359	1,067,283	(72,305)	325,684	1,660,021
NONCONTROLLING INTERESTS	-	(1,067,283)	72,305	(325,684)	(1,320,662)
NET INCOME FROM COMMONWEALTH CONSTRUCTION CORPORATION AND SUBSIDIARIES	<u>\$ 339,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,359</u>

See accompanying notes to consolidated financial statements and independent accountants' review report.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENT OF OPERATIONS WITH CONSOLIDATING INFORMATION For the Year Ended December 31, 2015

	Consolidating Information					
	Commonwealth Construction Corporation and Subsidiaries	Commonwealth Development Corporation of America and Subsidiaries	Commonwealth Real Estate Investments LLC and Subsidiaries	Commonwealth Management Corporation and Subsidiaries	Elimination Entries Incr. (Decr.)	Commonwealth Construction Corporation and Affiliates
REVENUES EARNED	\$ 37,988,557	\$ 5,361,513	\$ 139,361	\$ 3,704,330	\$ (2,510,033)	\$ 44,683,728
COSTS OF REVENUES EARNED	<u>35,176,951</u>	<u>1,507,098</u>	-	<u>1,177,762</u>	<u>(2,485,763)</u>	<u>35,376,048</u>
Gross Profit	2,811,606	3,854,415	139,361	2,526,568	(24,270)	9,307,680
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	<u>1,966,951</u>	<u>571,581</u>	<u>245,043</u>	<u>2,077,151</u>	<u>(73,634)</u>	<u>4,787,092</u>
Operating Income (Loss)	<u>844,655</u>	<u>3,282,834</u>	<u>(105,682)</u>	<u>449,417</u>	<u>49,364</u>	<u>4,520,588</u>
OTHER INCOME (EXPENSE)	6	102,581	-	31,000	-	133,587
Interest income	(21,365)	(57,400)	(111,831)	(4,390)	-	(194,986)
Interest expense	-	-	63,044	-	-	63,044
Gain on disposal of property held for investment	-	-	-	-	-	-
Income from joint venture	18,050	-	-	-	-	18,050
Loss from investments, net	961	-	-	(58,641)	-	(57,680)
Other income (expense)	<u>55,941</u>	<u>(40,118)</u>	<u>(10)</u>	<u>150,032</u>	<u>(49,364)</u>	<u>116,481</u>
Net Other Income (Expense)	<u>53,593</u>	<u>5,063</u>	<u>(48,797)</u>	<u>118,001</u>	<u>(49,364)</u>	<u>78,496</u>
NET INCOME (LOSS)	898,248	3,287,897	(154,479)	567,418	-	4,599,084
NONCONTROLLING INTERESTS	-	(3,287,897)	154,479	(567,418)	-	(3,700,836)
NET LOSS FROM COMMONWEALTH CONSTRUCTION CORPORATION AND SUBSIDIARIES	<u>\$ 898,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 898,248</u>

See accompanying notes to consolidated financial statements and independent accountants' review report.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF EQUITY For the Years Ended December 31, 2016 and 2015

	Common Stock	Additional Paid-In Capital	Retained Earnings	Noncontrolling Interest	Project Receivables	Note Receivable	Development Fees Receivable	Total Equity
BALANCES, December 31, 2014	\$ 10	\$ 120,937	\$ 2,511,594	\$ 7,183,324	\$ (34,000)	\$ (330,134)	\$ (2,981,343)	\$ 6,470,388
Net income	-	-	898,248	3,700,836	-	-	-	4,599,084
Contributions	-	-	-	344,665	-	-	-	344,665
Distributions	-	-	(350,065)	(685,000)	-	-	-	(1,035,065)
Advances/accrued interest on notes receivable, related parties	-	-	-	-	-	(201,421)	-	(201,421)
Collections on notes receivable, related parties	-	-	-	-	-	20,421	-	20,421
Change in development fees receivable	-	-	-	-	-	-	(599,997)	(599,997)
BALANCES, December 31, 2015	10	120,937	3,059,777	10,543,825	(34,000)	(511,134)	(3,581,340)	9,598,075
Net income	-	-	339,359	1,320,662	-	-	-	1,660,021
Distributions	-	-	(86,589)	(454,663)	-	-	-	(541,252)
Advances/accrued interest on notes receivable, related parties	-	-	-	-	-	(31,000)	-	(31,000)
Collections on notes receivable, related parties	-	-	-	-	-	9,000	-	9,000
Change in development fees receivable	-	-	-	-	-	-	2,274,089	2,274,089
BALANCES, December 31, 2016	\$ 10	\$ 120,937	\$ 3,312,547	\$ 11,409,824	\$ (34,000)	\$ (533,134)	\$ (1,307,251)	\$ 12,968,933

See accompanying notes to consolidated financial statements and independent accountants' review report.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,660,021	\$ 4,599,084
Adjustments to reconcile net income to net cash flows from operating activities:		
Interest accrued on development fees receivable	(178,870)	(102,553)
Interest accrued on notes receivable, related parties	(31,000)	(31,000)
Depreciation	515,407	349,493
Amortization of debt issuance costs	108	107
(Gain) loss from disposals of property and equipment	(182,993)	(43,822)
(Gain) loss from sales of property held for investment	27,511	(63,044)
(Income) loss from investments in projects	50,012	58,641
Income from joint venture	(579,105)	(18,050)
Increase in allowance for doubtful accounts	16,106	24,770
Changes in assets and liabilities:		
Accounts receivable	(810,490)	(4,088,856)
Development fees receivable	(766,990)	(3,279,721)
Costs and estimated earnings in excess of billings on uncompleted contracts	532,911	(242,961)
Inventories	(11,400)	1,299
Other current assets	(36,339)	9,744
Accounts payable	1,572,153	2,655,358
Accrued expenses	59,763	(92,525)
Billings in excess of costs and estimated earnings on uncompleted contracts	(987,149)	1,125,530
Other current liabilities	9,274	4,300
Net Cash Flows from Operating Activities	<u>858,930</u>	<u>865,794</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,782,549)	(1,719,943)
Proceeds from disposals of property and equipment	382,988	164,975
Net advances on project receivables	(346,835)	(351,639)
Investments in projects	(378,374)	(110)
Distributions received from investments in projects	8,722	8,092
Purchases of property held for investment	-	(317,720)
Proceeds from sales of property held for investment	41,169	126,257
Advances on notes receivable, related parties	-	(170,421)
Collections on notes receivable, related parties	9,000	20,421
Investment in joint venture	-	(500)
Distributions received from joint venture	574,470	25,000
Investment in other long-term assets	(336,200)	-
Net Cash Flows from Investing Activities	<u>(1,827,609)</u>	<u>(2,215,588)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows from line of credit	599,706	1,697,324
Principal payments on long-term debt and capital lease obligations	(337,611)	(174,482)
Additional paid-in capital and capital contributions received	-	344,665
Proceeds from related party advances	615,000	-
Distributions paid	(541,252)	(1,035,065)
Net Cash Flows from Financing Activities	<u>335,843</u>	<u>832,442</u>
Net Change in Cash and Cash Equivalents	<u>(632,836)</u>	<u>(517,352)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,102,103</u>	<u>1,619,455</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 469,267</u>	<u>\$ 1,102,103</u>

See accompanying notes to consolidated financial statements
and independent accountants' review report.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations

Commonwealth Construction Corporation and Affiliates (the company) is based out of Fond du Lac, Wisconsin and provides services to customers throughout the United States of America.

Commonwealth Construction Corp. (CCC) is a general contractor engaged in the construction of multi-family housing developments and commercial structures. The work is performed under fixed-price and time and material contracts and are generally completed within two years. CCC grants credit to customers. CCC is the sole owner of M+A Design, Inc (MAD). MAD performs architecture and engineering services for related and unrelated entities. CCC is the sole owner of CCC Aviation, LLC (CA). CA was formed during the year ended December 31, 2016 and is the 50% owner and lessor of a corporate jet to CCC.

Commonwealth Real Estate Investments, LLC (CREI) invests in real estate used in the development of multi-family housing projects, residential and commercial rental properties, and other investment properties. CREI's operating agreement calls for CREI to dissolve upon the earlier of the date provided by law or specific events detailed in the operating agreement. CREI is the sole owner of several single-member limited liability companies.

Commonwealth Management Corp. (CMC), through various wholly owned subsidiaries, is the managing member in several multi-family housing projects and provides management and accounting services to these projects. CMC is the sole owner of Commonwealth Landscape and Maintenance, LLC (CLM). CLM provides landscape and snow removal services to projects managed by CMC and unrelated customers and operates a garden retail center.

Commonwealth Development Corporation of America, Inc. (CDC) is engaged in the development of multi-family housing projects. CDC is the sole owner of Commonwealth Coffee Company, LLC (COF). COF was a coffee shop and restaurant located in Fond Du Lac, Wisconsin. COF ceased all business operations and dissolved the entity during the year ended December 31, 2016. All operating assets of COF were transferred to CDC effective January 1, 2015. CDC is the sole owner of CDC Aviation, LLC (DA). DA was formed during the year ended December 31, 2016 and is the 50% owner and lessor of a corporate jet to CDC.

Principles of Presentation

The company's consolidated financial statements include the accounts of CCC, MAD, CA, CREI, CMC, CLM, CDC, COF, and DA. All intercompany balances and transactions have been eliminated on the accompanying consolidated financial statements as of and for the years ended December 31, 2016 and 2015.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Cash and Cash Equivalents

The company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

The company maintains its cash balances at area banks. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. The company does not believe it is subject to significant risk from balances which, at times, exceed amounts insured by the FDIC.

Accounts Receivable and Credit Policies

In the normal course of business, the company extends limited unsecured credit to its customers. Accounts receivable are uncollateralized customer obligations resulting from the performance of construction contracts, management services, and landscape and snow removal services. Balances are based on terms of the contract or invoice amount. The company follows the practice of filing liens on construction projects where collection problems are anticipated. The liens serve as collateral on the associated accounts receivable. The company provides an allowance for doubtful accounts, when appropriate, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions, on a per customer basis. Normal accounts receivable are due in accordance with contract terms. Retained accounts receivable are due according to terms of the contract, generally upon completion of the contract and acceptance from the contract owner. In accordance with industry practice, accounts receivable include retentions, a portion of which may not be collected within one year.

Payments of accounts receivable are applied to the specific invoices identified on the customers remittance advice or, if unspecified, to the earliest unpaid invoices. Receivables are written-off only after all collection attempts have failed, and are based on the individual credit evaluation and specific circumstances of the customer. Recoveries of receivables previously written-off are recorded when received.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Development Fees Receivable

Development fees receivable are uncollateralized obligations receivable from related entities for services performed in the development of multi-family housing projects. Collections on the development fees receivable are based on the achievement of certain milestones as defined in the development agreement between the company and the project owner. Collections are funded with capital contributions from project investors, proceeds from the long-term debt obligations of the project, proceeds from grants awarded to the project, or operating cash flows generated by the project.

Development fees receivable are classified on the accompanying consolidated balance sheets based on the terms of the development agreement and management's expectation for collection of the receivable. The classifications used by management, and the criteria to determine the classifications, are summarized as follows:

Current Assets -	Classification includes development fees receivable, including accrued interest, that management expects to be funded by capital contributions from project investors, proceeds from long-term debt obligations of the project, proceeds from grants awarded to the project, or cash flows from operations, and collection is expected to occur within one year from the balance sheet date.
Other Assets -	Classification includes development fees receivable, including accrued interest, that management expects to be funded by capital contributions from project investors, proceeds from long-term debt obligations of the project, proceeds from grants awarded to the project, or cash flows from operations, and collection is not expected to occur within one year from the balance sheet date.
Reduction of Equity -	Classification includes development fees receivable, including accrued interest, that will only be collected if the project produces positive operating cash flows. In the event the project does not produce positive operating cash flows by a date specified in the development agreement, the company would be required to make an investment in the project in an amount that would be sufficient to satisfy the outstanding balance on the development fees receivable.

Advances Receivable

Advances receivable are unsecured, non-interest bearing advances to members of the consolidated group. The advances are due on demand and have been eliminated on the accompanying consolidated balance sheets.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Project Receivables

Project receivables are unsecured, non-interest bearing advances to multi-family housing projects including projects in the planning or predevelopment stages and projects that are completed and operational. The classifications used by management, and the criteria to determine the classifications, are summarized as follows:

Current Assets -	Classification includes receivables from projects primarily related to project development costs paid by the company on behalf of the project. Collection is expected to occur within one year from the balance sheet date.
Reduction of Equity -	Classification includes receivables from projects related to cash advances made to fund operating deficits of the project. Collection on the project receivables will only occur if the project produces positive operating cash flows.

Inventories

Inventories consist primarily of plants and other landscaping materials and supplies and are valued at lower of cost, using the average cost method, or market.

Property and Equipment

Property and equipment are stated at cost. Major expenditures for property and equipment are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Vehicles acquired through capital lease obligations are recorded as property and equipment and long-term debt and capital lease obligations, respectively, on the accompanying consolidated balance sheets. The vehicles are being depreciated over the terms of the lease.

Property and equipment are depreciated using the straight-line method over their estimated useful lives:

	<u>Years</u>
Construction equipment	5-10
Office equipment, furniture, and fixtures	3-7
Vehicles	3-7
Rental real estate	27.5-40
Aviation	4-15

Intangible Assets

Intangible assets consists of goodwill acquired through the acquisition of CLM (Note 7). The company accounts for business acquisitions by assigning the purchase price to tangible and intangible assets and liabilities. Assets acquired and liabilities assumed are recorded at their fair values, and the excess of the purchase price over the amounts assigned is recorded as goodwill. Goodwill is analyzed annually for potential impairment.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Debt Issuance Costs

Debt issuance costs totaling \$3,196 as of December 31, 2016 and 2015, have been capitalized and are being amortized over the life of the loans using the straight-line method. Unamortized debt issuance costs are included within long-term debt and capital lease obligations on the consolidated balance sheets and amortization expense is included within interest expense on the consolidated statements of operations. Accumulated amortization on these fees was \$968 and \$861 as of December 31, 2016 and 2015, respectively.

Investment in Joint Venture

CCC is a 50% member of a joint venture involved in the construction of multi-family housing projects (Note 8). The investment has been accounted for using the equity method of accounting. Under this method, the company's share of net income from the project is included in earnings. The company's investment in the joint venture is increased by the company's share of net income and is decreased by distributions received from the joint venture. The company has received distributions in excess of its investment and share of earnings totaling \$1,815 and \$6,450 as of December 31, 2016 and 2015, respectively. The excess distribution is included with other current liabilities on the accompanying consolidated balance sheets as of December 31, 2016 and 2015.

Investments in Projects

The company accounts for its investments in multi-family housing projects using the equity method of accounting (Note 9 and 20). Under this method, the company's share of net income or loss from the projects is included in earnings. The company's investment in the projects is increased by capital contributions to the project and the company's share of net income and is decreased by distributions received from the project and the company's share of net loss.

Property Held for Investment

Property held for investment consists of undeveloped land and other real estate held for future resale. Improvements to the properties are capitalized. Carrying costs, including interest expense and real estate taxes, are expenses as incurred.

Other Assets

Other prepaid assets consists of payments made by CA and DA for an engine maintenance program on the corporate jet. The program provides coverage for future engine overhauls and servicing. Payments are based on engine hours and are recorded when paid. Upon completion of the engine overhauls, the prepaid asset will be capitalized as an aviation asset and depreciated over the expected useful life of the engines.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Impairment of Long-Lived Assets

The company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

Revenue Recognition for Construction and Service Activities

The accompanying financial statements have been prepared using the percentage-of-completion method of accounting on long-term construction projects and, therefore, take into account the cost, estimated earnings, and revenue to date on construction contracts not yet completed.

The amount of revenue recognized at the statement date is the portion of the total contract price that the cost expended bears to the anticipated final total cost. In all circumstances, the revenue recognized is not related to the progress billings to customers.

Contract costs include all direct material, labor, subcontract, and certain indirect costs. Administrative costs are charged to expense as incurred.

If long-term contracts extend over one or more years, revisions in estimates of total cost and gross profit during the course of the work are reflected in the current accounting period. Claims for delays, incomplete specifications, or similar items are presented to customers from time to time. Such claims involve negotiations and sometimes litigation. Claims and contract change orders are considered in the contract estimate at such time as realization is probable and amounts can be reasonably estimated.

At the time a loss on a contract becomes known, the entire amount of the estimated ultimate loss is recognized in the financial statements.

Costs and estimated earnings in excess of billings on uncompleted contracts (underbillings) are classified as current assets. Billings in excess of costs and estimated earnings on uncompleted contracts (overbillings) are classified as current liabilities.

Assets and liabilities related to the long-term contracts are included in current assets and current liabilities in the accompanying consolidated balance sheets, as they will be liquidated in the normal course of the contract completion, although this may require more than one year.

Revenues from time and material construction projects, landscape, and snow removal services are recognized as work is performed.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Revenue Recognition for Development Fees

Revenues are recognized for services performed in the development of multi-family housing projects based on the terms of the development agreement between the company and the project owner. If the development agreement does not specify the earnings schedule, the company recognizes 20% of the development fee at the project closing, 20% of the development fee upon commencement of construction, 30% of the development fee when construction is 50% complete, and 30% of the development fee when construction is complete.

Revenue Recognition for Management Fees

Revenues relating to the performance of management and accounting services provided to multi-family housing projects are recognized on a monthly basis as the services are performed. The company invoices for these services on a monthly basis in accordance with the terms of the management services agreements.

Revenue Recognition from Architecture and Engineering Services

Revenues from architecture and engineering services are recognized on the accrual basis as services are performed.

Revenue Recognition for Rental Activities

Revenues from the rental of residential and commercial real estate are recognized in accordance with the terms of the lease agreements.

Revenue Recognition for Property Held for Investment

Revenues from the sales of property held for investment are recognized on the closing date of the sale.

Grant Income

Proceeds from grants are recognized as other income upon receipt.

Predevelopment Costs

Predevelopment costs relate to payments made for costs such as application fees, consulting fees, legal fees, and architectural and engineering fees. The company incurs these costs in the predevelopment and due diligence stages of a project application and capitalizes the costs as a project receivable until it is known if the project is awarded to the company. The company is reimbursed for predevelopment costs through the collection of project receivables on projects that are awarded to the company. The company charges the predevelopment costs to expense, through the write-off of the project receivable, if the project is not awarded to the company.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Warranty

The company accrues for estimated warranty expense when the amount of the liability is reasonably determinable. Warranty expense covers defects in workmanship and materials following substantial completion of the contract and is included in costs of revenues earned. Management has determined a warranty accrual is not necessary as of December 31, 2016 and 2015.

Income Taxes

CCC, CDC, and CMC, with the consent of the sole stockholder, have elected S corporation status. Under the S corporation election, the net income, loss, and credits of each company are included on the stockholder's individual income tax returns. Accordingly, the company does not incur income tax obligations, or provide for income taxes.

CREI is a disregarded entity for federal and state income tax purposes. As such, income, losses, and credits are included on the income tax returns of the sole member.

The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position and the jurisdiction taxes of the company and not the stockholder. The company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit and the tax related to the position would be due to the entity and not the stockholder. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. The company has not recorded any uncertain tax positions as of December 31, 2016.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was \$70,857 and \$25,867 for the years ended December 31, 2016 and 2015, respectively.

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.

The company recognizes revenues from fixed-price construction contracts using the percentage-of-completion method, measured by the percentage of cost incurred to date to management's estimated total cost for each contract. This method is used because management considers total costs to be the best available measure of progress on the contracts. Because of the inherent uncertainties in estimating costs and revenues, it is at least reasonably possible that the estimates used will change within the near term. The company recognized gross profit of \$1,617,000 and \$177,000 during the years ended December 31, 2016 and December 31, 2015, resulting from changes in estimates on uncompleted contracts as of December 31, 2015 and December 31, 2014, respectively.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Estimates (cont.)

Revenues earned for services performed in the development of multi-family housing projects are subject to upward or downward adjustments as defined in the development agreement between the company and the project owner. Adjustments to the development fee are recognized in the period the adjustment becomes known.

Classification of development fees receivable as a component of current assets, other assets, or as a reduction of equity on the accompanying consolidated balance sheets is based on management's expectation of a project's expected future cash flows as of the report date. Reclassification of the development fees receivable occurs at the time management becomes aware of changes in a project's expected future cash flows.

Subsequent Events

The company has evaluated subsequent events occurring through May 9, 2017, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the company's financial statements.

NOTE 2 - Accounts Receivable

Accounts receivable are summarized as follows:

	<u>2016</u>	<u>2015</u>
Trade receivables, current	\$ 5,350,622	\$ 3,830,757
Trade receivables, retainage	1,359,481	1,679,557
Trade receivables, unbilled	46,070	35,369
Other receivables	-	400,000
Less: Allowance for doubtful accounts	<u>(40,876)</u>	<u>(24,770)</u>
Total	<u>\$ 6,715,297</u>	<u>\$ 5,920,913</u>

Other receivables represents a grant awarded to CREI to fund construction of property and equipment.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 3 - Development Fees Receivable

Development fees receivable as of December 31, 2016 are summarized as follows:

Project	Balance Sheet Classification			
	Current Assets	Other Assets	Reduction of Equity	Total
Craftsman Village of Appleton, LLC	\$ 91,913	\$ -	\$ 685,434	\$ 777,347
Elementary School Apartments	22,137	365,985	-	388,122
Fond du Lac Center, LLC	-	-	125,451	125,451
Historic Berlin School Apartments, LLC	299,735	89,134	-	388,869
Historic Blue Bell Loft, LLC	258,125	-	-	258,125
Historic Lincoln School, LLC	-	109,925	-	109,925
Indianhead Cottages, LLC	13,855	59,435	-	73,290
Jefferson Street Apartments, LLC	28,487	100,317	-	128,804
Lisbon Terrace, LLC	-	75,000	-	75,000
Little Crow, LLC	-	274,805	-	274,805
Lynndale Village, LLC	39,433	46,425	-	85,858
Mission Village of Dodgeville, LLC	445,921	135,100	-	581,021
Mission Village of Greeley, LLC	125,000	900,000	-	1,025,000
Mission Village of Jacksonville, LLC	508,347	283,580	-	791,927
Mission Village of Kaukauna, LLC	311,480	-	-	311,480
Mission Village of Monahans, LLC	517,140	293,222	-	810,362
Mission Village of Pecos, LLC	-	522,052	-	522,052
Mission Village of Plover, LLC	26,669	-	167,003	193,672
Mission Village of Plover II, LLC	674	-	-	674
Mission Village of Tahlequah, LLC	-	106,656	-	106,656
Newbury, LLC	193,286	193,606	-	386,892
Pleasant View Townhomes, LLC	29,691	32,440	-	62,131
Prince Hall Hall Village, LLC	10,300	-	123,382	133,682
Riverside Senior, LLC	93,325	107,756	-	201,081
St. Peters RCAC, LLC	-	-	205,980	205,980
Station Square Apartments, LLC	99,218	244,782	-	344,000
Trinity Square, LLC	67,553	335,937	-	403,490
Union Square, LLC	78,543	97,962	-	176,505
Village on Water, LLC	51,741	149,095	-	200,836
Total	<u>\$ 3,312,573</u>	<u>\$ 4,523,214</u>	<u>\$ 1,307,250</u>	<u>\$ 9,143,037</u>

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 3 - Development Fees Receivable (cont.)

Development fees receivable as of December 31, 2015 are summarized as follows:

Project	Balance Sheet Classification			
	Current Assets	Other Assets	Reduction of Equity	Total
Antigo Park View Apartments, LLC	\$ 177,388	\$ -	\$ 71,366	\$ 248,754
Craftsman Village of Appleton, LLC	78,151	-	738,628	816,779
Elementary School Apartments	452,495	-	127,540	580,035
Fond du Lac Center, LLC	-	-	125,451	125,451
Historic Berlin School Apartments, LLC	-	388,870	-	388,870
Historic Blue Bell Loft, LLC	147,500	-	-	147,500
Historic Lincoln School, LLC	331,158	-	59,865	391,023
Indianhead Cottages, LLC	8,157	-	64,454	72,611
Jefferson Street Apartments, LLC	-	-	121,681	121,681
Lisbon Terrace, LLC	-	75,000	3,751	78,751
Lynndale Village, LLC	57,634	-	78,430	136,064
Mission Village of Dodgeville, LLC	-	212,515	-	212,515
Mission Village of Greeley, LLC	125,000	300,000	-	425,000
Mission Village of Jacksonville, LLC	230,062	145,476	-	375,538
Mission Village of Monahans, LLC	-	115,060	271,167	386,227
Mission Village of Pecos, LLC	388,511	-	419,526	808,037
Mission Village of Plover, LLC	24,879	-	184,617	209,496
Mission Village of Plover II, LLC	49,888	-	-	49,888
Mission Village of Tahlequah, LLC	57,113	-	106,656	163,769
Newbury, LLC	279,108	182,892	-	462,000
Pleasant View Townhomes, LLC	30,315	-	57,988	88,303
Prince Hall Hall Village, LLC	10,017	-	133,682	143,699
Riverside Senior, LLC	75,025	-	190,928	265,953
St. Peters RCAC, LLC	-	-	205,980	205,980
Trinity Square, LLC	77,420	-	392,661	470,081
Union Square, LLC	588,375	-	35,500	623,875
Village on Water, LLC	7,828	-	191,469	199,297
Total	\$ 3,196,024	\$ 1,419,813	\$ 3,581,340	\$ 8,197,177

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 4 - Project Receivables

Project receivables as of December 31, 2016 are summarized as follows:

Project	Balance Sheet Classification		
	Current Assets	Reduction of Equity	Total
Craftsman Village of Plover, LLC	\$ -	\$ 34,000	\$ 34,000
Garden View Senior Apartments, LLC	527,275	-	527,275
Mission Village of Florence, LLC	203,160	-	203,160
Lawler School Lofts, LLC	158,878	-	158,878
Parish School Apartments	193,454	-	193,454
Various	317,239	-	317,239
Total	<u>\$ 1,400,006</u>	<u>\$ 34,000</u>	<u>\$ 1,434,006</u>

Project receivables as of December 31, 2015 are summarized as follows:

Project	Balance Sheet Classification		
	Current Assets	Reduction of Equity	Total
Craftsman Village of Plover, LLC	\$ -	\$ 34,000	\$ 34,000
Historic Blue Bell Loft, LLC	729,302	-	729,302
Various	323,869	-	323,869
Total	<u>\$ 1,053,171</u>	<u>\$ 34,000</u>	<u>\$ 1,087,171</u>

NOTE 5 - Costs, Estimated Earnings, and Billings on Uncompleted Contracts

Uncompleted contracts are summarized as follows:

	2016	2015
Costs incurred on uncompleted contracts	\$ 12,699,926	\$ 18,728,685
Estimated earnings	<u>1,620,145</u>	<u>865,164</u>
	14,320,071	19,593,849
Less: Billings to date	<u>(14,715,129)</u>	<u>(20,443,145)</u>
	<u>\$ (395,058)</u>	<u>\$ (849,296)</u>

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 5 - Costs and Estimated Earnings on Uncompleted Contracts (cont.)

The above data is presented in the accompanying balance sheets as follows:

	<u>2016</u>	<u>2015</u>
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 100,046	\$ 632,957
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(495,104)</u>	<u>(1,482,253)</u>
	<u>\$ (395,058)</u>	<u>\$ (849,296)</u>

NOTE 6 - Property and Equipment

The major categories of property and equipment are summarized as follows:

	<u>2016</u>	<u>2015</u>
Construction equipment	\$ 435,880	\$ 434,330
Office equipment, furniture, and fixtures	297,601	169,777
Vehicles	1,306,773	1,322,906
Rental real estate	5,489,935	4,452,844
Land	315,375	349,187
Aviation	<u>1,378,982</u>	<u>-</u>
Total	9,224,546	6,729,044
Less: Accumulated depreciation	<u>(1,554,514)</u>	<u>(1,240,003)</u>
Net	<u>\$ 7,670,032</u>	<u>\$ 5,489,041</u>

NOTE 7 - Goodwill

Goodwill, with a carrying value of \$27,437 as of December 31, 2016 and 2015, relates to the acquisition of CLM. Goodwill is presented as an intangible asset on the accompanying consolidated balance sheets.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2016 and 2015

NOTE 8 - Investment in Joint Venture

CCC is a 50% member of a joint venture involved in the construction of multi-family housing projects. The company's share of net liabilities in excess of net assets is included as a component of other current liabilities on the accompanying consolidated balance sheets.

The company's share of the financial activity in the joint venture is summarized as follows:

	<u>2016</u>	<u>2015</u>
Total assets	\$ 126,620	\$ 509,071
Less liabilities	<u>130,249</u>	<u>521,970</u>
Net Assets (Liabilities)	\$ (3,629)	\$ (12,899)
	<u>50 %</u>	<u>50 %</u>
Company's Share of Net Assets (Liabilities)	<u>\$ (1,815)</u>	<u>\$ (6,450)</u>
Revenues earned	\$ 8,708,882	\$ 300,843
Costs of revenues earned	<u>7,550,673</u>	<u>264,743</u>
Net Income	1,158,209	36,100
	<u>50 %</u>	<u>50 %</u>
Company's Share of Net Income	<u>\$ 579,105</u>	<u>\$ 18,050</u>

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 9 - Investments in Projects

The company's investments in multi-family housing projects include direct ownership in project LLCs and indirect ownership in managing member LLCs that hold an interest in a project. The company's investments, recorded using the equity method of accounting, are summarized as follows:

Project	Ownership	Investment	
		2016	2015
Antigo Park View Apartments, LLC	< 1%	\$ (30)	\$ -
Auxiliary Court, LLC	<1%	(6,495)	(4,251)
Columbia Square, LLC	<1%	440	442
Craftsman Village of Plover, LLC	<1%	170,508	170,517
Elkhorn Sedgemoor I, LP	<1%	91	93
Fond du Lac Center, LLC	<1%	(44,874)	(44,874)
Commonwealth Antach Management, LLC	<1%	42,259	44,807
Elementary School Apartments, LLC	49%	377,953	-
Historic Lincoln School, LLC	<1%	(44)	(37)
Indianhead Cottages, LLC	<1%	(44)	(37)
Jefferson Street Apartments, LLC	<1%	(9)	(6)
Lisbon Terrace, LLC	99.99%	(349,668)	(299,374)
Lynndale Village, LLC	<1%	(55)	(48)
Mission Village of Dodgeville, LLC	<1%	21	100
Mission Village of Greeley, LLC	<1%	(13)	10
Mission Village of Jacksonville, LLC	<1%	100	100
Mission Village of Kaukauna, LLC	<1%	100	-
Mission Village of Monahans, LLC	<1%	100	100
Mission Village of Pecos, LLC	<1%	36	100
Mission Village of Sheboygan, LLC	<1%	(8,416)	(8,408)
Mission Village of Tahlequah, LLC	<1%	63	588
Newbury Place, LLC	<1%	(19)	-
New Village I, LLC	<1%	79,916	79,934
Pleasant View Townhomes, LLC	<1%	(47)	(40)
Prince Hall Hall Village, LLC	<1%	(85)	(85)
Riverside Senior, LLC	<1%	13,931	13,934
Station Square Apartments, LLC	<1%	94	-
Townhomes of Craftsman Village, LLC	<1%	(14,464)	(14,454)
Trinity Square, LLC	<1%	149,953	149,963
Union Square Apartments, LLC	<1%	(24)	-
Village on the Water, LLC	<1%	(62)	(50)
Western Townhomes, LLC	<1%	111,558	114,106
Other	<1%	(42)	(38)
Total		\$ 522,732	\$ 203,092

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 10 - Notes Receivable, Related Parties

CMC has advanced funds received through various grants to projects for which the company is the managing member. Terms of the agreements require the accrual of interest ranging from 6% to 8% and annual payments of interest, subject to available cash flow. Outstanding principal balances are due during the year ending December 31, 2041. Total outstanding receivables were \$533,134 and \$511,134 as of December 31, 2016 and 2015, respectively. The receivables are classified as a reduction of equity on the accompanying consolidated balance sheets.

NOTE 11 - Accounts Payable

Accounts payable are summarized as follows:

	<u>2016</u>	<u>2015</u>
Trade payables, current	\$ 4,102,747	\$ 2,807,710
Trade payables, retainage	<u>1,474,707</u>	<u>1,197,591</u>
Total	<u>\$ 5,577,454</u>	<u>\$ 4,005,301</u>

NOTE 12 - Lines of Credit

The company has a line of credit financing agreement with Sterling Bank, with maximum borrowing capacity of \$2,388,000 and \$2,000,000 as of December 31 2016 and 2015, respectively, to be used primarily for general working capital needs of the company. Interest is payable monthly at a fixed rate of 4.75%. The line is personally guaranteed by the company's sole stockholder and is secured by real estate, the assignment of a life insurance policy on the sole stockholder, and a security interest in low-income housing tax credits. The line matures in July 2017.

The company has a line of credit financing agreement with Sterling Bank, with maximum borrowing capacity of \$3,000,000 as of December 31, 2016 and 2015, to be used primarily to fund pre-closing expenses on the development of multi-family housing projects. Draws on the line are subject to a borrowing base limitation. Interest is payable monthly at a fixed rate of 4.75%. The line is personally guaranteed by the company's sole stockholder and is secured by real estate, the assignment of a life insurance policy on the sole stockholder, and a security interest in low-income housing tax credits. The line matures in May 2017.

Outstanding balances on the lines totaled \$3,154,786 and \$2,555,080 as of December 31, 2016 and 2015, respectively.

The lines are supported by agreements that provide, among other matters, certain financial and restrictive covenants. The company was in compliance with all covenants as of December 31, 2016 and 2015, respectively.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 13 - Long-Term Debt and Capital Lease Obligations

Long-term debt and capital lease obligations are summarized as follows:

	2016	2015
Notes payable by CCC; total future monthly payments of \$2,578, including principal and interest; fixed interest rates between 0% and 1.99%; secured by vehicles; final payment on one remaining note due November 2018	\$ 10,326	\$ 76,208
Capital lease obligations payable by CCC; total future monthly payments of \$9,603; effective interest rates between 3.53% and 12.75%; secured by vehicles; final payments due between May 2019 and August 2021	342,400	289,096
Capital lease obligations payable by CDC; total future monthly payments of \$3,050; effective interest rates between 5.48% and 8.04%; secured by vehicles; final payments due between December 2018 and May 2020	67,777	116,563
Notes payable by CREI; total future monthly payments of \$13,612; fixed interest rates between 4.15% and 6.52%; secured by a real estate mortgages; final payments due between April 2022 and December 2037	2,081,796	2,334,469
Capital lease obligations payable by CMC; total future monthly payments of \$1,145; effective interest rates between 7.71% and 7.84%; secured by vehicles; final payments due between December 2018 and April 2019	27,405	37,637
Note payable by CLM; monthly payments of \$450; secured by equipment; final payment due during July 2018	8,309	14,446
Capital lease obligation payable by CLM; monthly payments of \$922; effective interest rate of 3.48%; secured by vehicle; final payment due during November 2019	30,660	40,477
Note payable by CCC, CA, CDC, DA, CMC, and the company's sole stockholder as co-borrowers; monthly payments of \$7,233, including principal and interest; fixed interest rate of 4.69%; secured by the corporate jet; final payment due in September 2036	1,116,458	-
Long-Term Debt Including Current Portion	3,685,131	2,908,896
Less: Unamortized debt issuance costs	(2,228)	(2,335)
Totals	3,682,903	2,906,561
Less: Current Portion	258,590	221,969
Long-Term Portion	<u>\$ 3,424,313</u>	<u>\$ 2,684,592</u>

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 13 - Long-Term Debt and Capital Lease Obligations (cont.)

Principal requirements on long-term debt and capital lease obligations for years ending after December 31, 2016 are as follows:

2017	\$ 258,590
2018	269,748
2019	229,973
2020	174,791
2021	139,745
2022 and thereafter	<u>2,612,284</u>
Total	<u>\$ 3,685,131</u>

NOTE 14 - Equity

Common stock of CCC (\$.01 par value) is summarized as follows:

	<u>2016</u>	<u>2015</u>
Authorized shares	10,000	10,000
Issued and outstanding shares	1,000	1,000

NOTE 15 - Statement of Cash Flows

Cash Paid For Interest

The company paid cash for interest expense totaling \$271,459 and \$194,878 for the years ended December 31, 2016 and 2015, respectively.

Noncash Investing and Financing Activities

The company financed property and equipment purchases with long-term debt and capital lease obligations totaling \$1,269,930 and \$1,613,065 during the years ended December 31, 2016 and 2015, respectively.

Long-term debt totaling \$156,086 was paid with proceeds from the sale of property and equipment during the year ended December 31, 2016.

The company refinanced short-term construction loans with long-term debt in the amount of \$1,906,832 during the year ended December 31, 2015.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 16 - Operating Leases

As Lessee

The company leases real estate and equipment under short-term and long-term operating leases. Lease expense incurred under these leases totaled \$151,784 and \$107,633 for the years ended December 31, 2016 and 2015, respectively.

As Lessor

The company leases residential and commercial real estate under short-term and long-term operating leases. Gross proceeds received from rental activities totaled \$220,036 and \$129,243 for the years ended December 31, 2016 and 2015, respectively.

NOTE 17 - Retirement Plan

The company maintains a profit sharing plan pursuant to Section 401(k) of the Internal Revenue Code. All employees who are at least 21 years of age and have completed at least one year of service with at least 1,000 hours are eligible to participate in the plan. The company is required to contribute a 3% safe harbor contribution to the plan for all eligible employees and has the option to make additional discretionary contributions. Contributions to the plan totaled \$110,356 and \$80,936 for the years ended December 31, 2016 and 2015, respectively.

NOTE 18 - Concentrations

The operations of CCC, MAD, CDC, and CMC are concentrated in the multi-family housing industry and are dependent on the development, design, construction, and management of multi-family housing projects that receive awards of low-income housing tax credits under Section 42 of the Internal Revenue Code.

NOTE 19 - Related Party Transactions

Development Fees

Revenues earned by the company from services performed for the development of multi-family housing projects are based on terms of development agreements between the company and entities for which the company is the managing member. Development fee revenues earned totaled \$3,776,944 and \$5,348,594 for the years ended December 31, 2016 and 2015, respectively. Interest earned on development fees receivable totaled \$178,870 and \$102,552 for the years ended December 31, 2016 and 2015, respectively. Collections on the development fees earned are based on the terms of the development agreements (Note 3).

Project Receivables

Advances to multi-family housing projects for which the company is the managing member are unsecured and non-interest bearing (Note 4).

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 19 - Related Party Transactions (cont.)

Notes Receivable

The company advanced funds received through various grants to projects for which CMC is the managing member (Note 10).

Advances Payable

Advances payable to the company's sole stockholder are non-interest bearing, unsecured, and are due on demand. Outstanding balances totaled \$615,000 and \$0 as of December 31, 2016 and 2015, respectively.

Construction Revenues Earned

Revenues earned from the construction of multi-family housing projects are through contracts primarily between the company and entities for which the company is the managing member (Note 9). Construction revenues earned on related party projects totaled approximately \$37,183,000 and \$24,227,000 for the years ended December 31, 2016 and 2015, respectively. Accounts receivable from related party construction project activities totaled approximately \$4,384,000 and \$3,295,000 as of December 31, 2016 and 2015, respectively.

Architecture and Engineering Revenues Earned

Revenues earned from architecture and engineering services for multi-family housing projects are based on terms of contract agreements primarily between the company and entities for which the company is the managing member. Architecture and engineering revenues earned on related party projects totaled approximately \$1,317,000 and \$773,000 for the years ended December 31, 2016 and 2015, respectively. Accounts receivable from related party architecture and engineering services totaled approximately \$574,000 and \$8,000 as of December 31, 2016 and 2015, respectively.

Management Fee Revenue Earned and Payroll Reimbursements

Revenues earned from the performance of management and accounting services for multi-family housing projects are based on terms of management agreements between the company and entities for which the company is the managing member and include management services for on-going rental operations and initial lease-up fees for newly constructed properties. Management fee revenues earned and payroll reimbursements totaled \$3,026,286 and \$2,385,971 for the years ended December 31, 2016 and 2015, respectively. Accounts receivable from related party management services totaled \$234,000 and \$217,000 as of December 31, 2016 and 2015, respectively.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 20 - Variable Interest Entities

The Financial Accounting Standards Board's ("FASB") standard on accounting for variable interest entities ("VIEs") requires more qualitative than quantitative analyses to determine the primary beneficiary of a VIE, requires continuous assessments of whether an enterprise is the primary beneficiary of a VIE, enhances disclosures about an enterprise's involvement with a VIE, and amends certain criteria for determining whether an entity is a VIE. A VIE must be consolidated if the enterprise has both (a) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

CCC has determined that it is the primary beneficiary of CDC, CREI, and CMC based on the following factors:

- > The sole stockholder of CCC is also the sole stockholder of CDC and CMC and the sole member of CREI. The common controlling ownership provides CCC the power to direct the activities of CDC, CREI, and CMC.
- > CCC has historically advanced significant working capital to CDC, CREI, and CMC under non-interest bearing, unsecured loans to fund operating cash needs. CCC could be exposed to losses if CDC, CREI, or CMC were unable to produce the cash flows necessary to repay the advances.
- > A significant portion of revenues earned by CCC are through subcontracts with CDC for the construction of multi-family housing projects. CCC could be exposed to losses if CDC was unsuccessful in obtaining additional project awards that would allow CCC to operate at a similar volume.
- > CCC is a co-guarantor on construction loans used to fund the development and construction of multi-family housing projects for which CMC is the managing member (Note 21). CCC could be exposed to losses if CMC was not able to satisfy its obligations as the managing member or the projects were unable to comply with the terms of the construction loan agreements.

CCC has no other arrangements that could require it to provide additional financial support to CDC, CREI, or CMC.

The creditors of CDC, CREI, and CMC do not have recourse to the general credit of CCC. The assets and liabilities of CDC, CREI, and CMC have been presented separately on the company's consolidating balance sheets as of December 31, 2016 and 2015.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 20 - Variable Interest Entities (VIE) (cont.)

The company determined that it is the primary beneficiary of several multi-family housing projects (Note 9) based on the following factors:

- > The company is the managing member, through direct ownership in the project or through ownership in limited liability companies performing the role of the managing member, of all projects for which the company invests in.
- > The company guarantees construction loans used to finance the project until the construction loans are paid in full with funding from capital contributions from project investors, proceeds from long-term debt obligations of the project, or proceeds from grants awarded to the project.
- > The company is obligated to advance funds to the projects in the form of unsecured, non-interest bearing loans or capital contributions to the project if project operating cash flows are not sufficient for the project to meet obligations as they become due.
- > A portion of the development fees earned by the company will only be collected from positive operating cash flows of the projects (Note 3).

These factors provide the company the power to direct the activities of the VIEs that most significantly impact the entity's economic performance and the obligation to absorb losses that could potentially be significant to the VIEs. If the projects fail to comply with the terms of the long-term debt agreements or fail to produce cash flows sufficient to meet other obligations as they become due, the company could be exposed to losses.

The projects are financed through equity investments from members, proceeds from long-term debt, and proceeds from grants.

The company accounts for its investments in multi-family housing projects using the equity method of accounting which is a departure from accounting principles generally accepted in the United States of America. As the primary beneficiary, the company should consolidate the accounts of the multi-family housing projects. The company has not determined the effects of this departure on its financial position, results of operations, or cash flows.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 20 - Variable Interest Entities (VIE) (cont.)

The classification and carrying amounts of the company's assets and liabilities on the accompanying financial statements related to its involvement with the multi-family housing projects, including the company's maximum exposure to loss, are as follows:

	2016	Maximum Exposure to Loss	2015	Maximum Exposure to Loss
Assets				
Accounts receivable	\$ 4,384,000	\$ 4,384,000	\$ 3,295,000	\$ 3,295,000
Development fees receivable	7,835,786	7,835,786	4,615,837	4,615,837
Project receivables	1,400,006	1,400,006	1,053,171	1,053,171
Costs and estimated earnings in excess of billings on uncompleted contracts	100,046	100,046	594,097	594,097
Investments in projects	522,732	522,732	203,092	203,092
Liabilities				
Billings in excess of costs and estimated earnings on uncompleted contracts	415,763	-	611,699	-
Guarantees	-	33,970,790	-	3,506,743
Stockholder's Equity				
Project receivables	34,000	34,000	34,000	34,000
Notes receivable	533,134	533,134	511,134	511,134
Development fees receivable	1,307,251	1,307,251	3,581,340	3,581,340

The maximum exposure to loss amounts disclosed above consist of the carrying amounts of the company's assets and liabilities and the the maximum notional amount of the company's debt guarantees related to its involvement with the projects. This maximum exposure to loss assumes the value of the project's assets, including collateral for the construction loans guaranteed by the company, declines to zero and that the company's debt guarantee of the construction loans results in the maximum loss possible to the company.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 21 - Commitments and Contingencies

Debt Guarantees

The company is a guarantor on loans used to fund the development and construction of several multi-family housing projects that the company invests in and manages.

Loans guaranteed as of the report date and the outstanding balances as of December 31, 2016 are summarized as follows:

Project	Maximum Available Borrowings	Outstanding Balance	Effective Interest Rate	Maturity Date
Beacon Avenue Cottages,	\$ 5,078,602	\$ -	3.020%	12/8/2018
Historic Berlin School Apartments, LLC	5,282,393	4,180,628	3.470%	12/30/2017
Historic Blue Bell Loft, LLC	8,400,000	5,034,898	2.750%	2/12/2019
Little Crow Lofts, LLC	6,190,000	-	3.170%	12/12/2018
Mission Village of Dodgeville, LLC	4,600,000	4,327,050	3.770%	10/23/2017
Mission Village of Greeley, LLC	9,239,377	7,642,843	3.190%	10/20/2017
Mission Village of Jacksonville, LLC	4,400,000	4,152,790	6.000%	10/1/2017
Mission Village of Kaukauna, LLC	7,466,180	976,680	3.770%	8/4/2018
Mission Village of Monahans, LLC	4,400,000	4,318,796	6.000%	12/17/2017
Newbury Place, LLC	3,887,778	3,337,105	3.520%	4/7/2017 *
	<u>\$ 58,944,330</u>	<u>\$ 33,970,790</u>		

* Loan was paid in full prior to the report date.

Loans outstanding as of December 31, 2015 are summarized as follows:

Project	Maximum Available Borrowings	Outstanding Balance	Effective Interest Rate	Maturity Date
Historic Berlin School Apartments, LLC	\$ 5,282,393	\$ -	3.130%	12/30/2017
Historic Blue Bell Loft, LLC	8,400,000	-	2.366%	2/12/2019
Mission Village of Dodgeville, LLC	4,600,000	287,606	3.430%	10/23/2017
Mission Village of Greeley, LLC	9,239,377	-	2.940%	10/20/2017
Mission Village of Jacksonville, LLC	4,400,000	561,911	6.000%	10/1/2017
Mission Village of Monahans, LLC	4,400,000	942,790	6.000%	12/17/2017
Newbury Place, LLC	3,887,778	1,714,436	3.180%	4/7/2017
	<u>\$ 40,209,548</u>	<u>\$ 3,506,743</u>		

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 21 - Commitments and Contingencies (cont.)

Debt Guarantees (cont.)

The loans require either monthly principal and interest payments or monthly payments of interest only. The outstanding principal balances are expected to be paid in full on or before the maturity date of the loans with proceeds from capital contributions from project investors, proceeds from long-term debt obligations of the project, or proceeds from grants awarded to the project. The company could be obligated to make payment on the guarantees if the outstanding principal balance on the construction loan is not paid in full by the maturity date of the loan.

As of the report date, the projects are compliant with the terms of the loans.

Bonding

Many customers, particularly in connection with new construction, require the company to post performance and payment bonds issued by a financial institution known as a surety. If the company fails to perform under the terms of a contract or to pay subcontractors and vendors who provided goods or services under a contract, the customer may demand that the surety make payments or provide services under the bond. The company may be required to reimburse the surety for any expenses or outlays it incurs. To date, the company is not aware of any losses to the company's sureties in connection with bonds the sureties have posted on the company's behalf and does not expect such losses to be incurred in the foreseeable future.

NOTE 22 - Backlog

As of December 31, 2016, the company had approximately \$32,380,000 of remaining revenue to recognize on uncompleted contracts. As of the report date, the company has signed additional backlog of approximately \$15,520,000 that is not reflected on the uncompleted contracts schedule as of December 31, 2016.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016 and 2015

NOTE 23 - Future Accounting Standards

Revenue from Contracts with Customers

During May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers". ASU No. 2014-09 will supersede virtually all revenue recognition guidance under generally accepted accounting principles in the United States of America (US GAAP). The standard creates a single source of revenue guidance for all companies in all industries and is more principles-based than the current guidance and lacks some of the complexity and specificity of the current guidance. The standard also provides a more robust framework for addressing revenue recognition issues and more useful information to third party users through improved disclosure requirements. The new guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018. The company is currently assessing the effect that ASU No. 2014-09 will have on its results of operations, financial position, and cash flows.

Leases

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "Leases". ASU No. 2016-02 requires lessees to recognize lease assets and liabilities for the rights and obligations created by those leases and recognize expenses on their income statements in a manner similar to current accounting standards. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The company is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position, and cash flows.

SUPPLEMENTAL INFORMATION

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

INCOME FROM CONSTRUCTION For the Years Ended December 31, 2016 and 2015

	2016		
	Revenues Earned	Costs of Revenues Earned	Gross Profit
Completed contracts	\$ 32,379,351	\$ 31,545,627	\$ 833,724
Uncompleted contracts	<u>14,243,471</u>	<u>12,632,510</u>	<u>1,610,961</u>
Total (Commonwealth Construction Corporation and Subsidiaries)	<u>\$ 46,622,822</u>	<u>\$ 44,178,137</u>	<u>\$ 2,444,685</u>
	2015		
	Revenues Earned	Costs of Revenues Earned	Gross Profit
Completed contracts	\$ 18,757,506	\$ 16,798,929	\$ 1,958,577
Uncompleted contracts	<u>19,231,051</u>	<u>18,378,022</u>	<u>853,029</u>
Total (Commonwealth Construction Corporation and Subsidiaries)	<u>\$ 37,988,557</u>	<u>\$ 35,176,951</u>	<u>\$ 2,811,606</u>

See independent accountants' review report.

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

COMPLETED CONTRACTS For the Year Ended December 31, 2016

Contract	Contract Totals			Prior to January 1, 2016			For the Year Ended December 31, 2016		
	Contract Amount	Cost of Construction	Gross Profit (Loss)	Revenue Earned	Cost of Construction	Gross Profit (Loss)	Revenue Earned	Cost of Construction	Gross Profit (Loss)
Mission Village of Greeley	\$ 9,452,948	\$ 8,742,929	\$ 710,019	\$ 1,048,121	\$ 923,407	\$ 124,714	\$ 8,404,827	\$ 7,819,522	\$ 585,305
Mission Village of Monhans	5,426,838	5,789,516	(362,678)	261,136	232,521	28,615	5,165,702	5,556,995	(391,293)
Mission Village of Pecos	5,300,000	6,743,947	(1,443,947)	4,880,579	5,898,129	(1,017,550)	419,421	845,818	(426,397)
Mission Village of Dodgeville	5,258,029	5,338,016	(79,987)	405,622	357,264	48,358	4,852,407	4,980,752	(128,345)
Newbury	5,002,474	4,882,058	120,416	3,327,476	2,947,621	379,855	1,674,998	1,934,437	(259,439)
Mission Village of Jacksonville	4,791,003	5,104,960	(313,957)	1,591,268	1,420,884	170,384	3,199,735	3,684,076	(484,341)
Bad River Housing Authority	4,466,505	4,028,380	438,125	4,018,464	3,448,987	569,477	448,041	579,393	(131,352)
Appleton Heights Townhomes (Silver Spring)	2,933,252	2,226,994	706,258	1,744,206	1,491,580	252,626	1,189,046	735,414	453,632
Glendale Heights Townhomes (N Port Wash)	2,680,704	2,100,975	579,729	1,731,686	1,481,677	250,009	949,018	619,298	329,720
Pheasant Hatchery	1,601,487	1,489,225	112,262	486,264	439,010	47,254	1,115,223	1,050,215	65,008
UWGB - Village Apartments	1,497,967	1,357,187	140,780	22,427	20,189	2,238	1,475,540	1,336,998	138,542
CREI Retlaw *	347,014	347,014	-	-	-	-	347,014	347,014	-
CREI Wells *	165,156	165,156	-	-	-	-	165,156	165,156	-
CREI White Fish Lodge *	49,677	49,677	-	-	-	-	49,677	49,677	-
Small Jobs and T&M Jobs	1,445,876	1,109,204	336,672	-	-	-	1,445,876	1,098,524	347,352
CCC Contract Totals	50,418,930	49,475,238	943,692	19,517,249	18,661,269	855,980	30,901,681	30,803,289	98,392
MAD Totals	1,477,670	742,338	735,332	-	-	-	1,477,670	742,338	735,332
Totals	\$ 51,896,600	\$ 50,217,576	\$ 1,679,024	\$ 19,517,249	\$ 18,661,269	\$ 855,980	\$ 32,379,351	\$ 31,545,627	\$ 833,724

* Contract activity is eliminated for the purpose of consolidated financial statement presentation

COMMONWEALTH CONSTRUCTION CORPORATION AND AFFILIATES

UNCOMPLETED CONTRACTS As of December 31, 2016

Contract	Contract Estimates			Contracts to Date			Future Workload / Backlog				
	Contract Amount	Estimated Cost of Construction	Estimated Gross Profit (Loss)	Revenue Earned	Cost of Construction	Gross Profit (Loss)	Progress Billings	Under (Over) Billings	Backlog Remaining	Estimated Cost to Complete	Estimated Gross Profit
Porter House Apartments	\$ 14,372,908	\$ 13,487,352	\$ 885,556	\$ 778,045	\$ 730,107	\$ 47,938	\$ 857,386	\$ 79,341	\$ 13,594,863	\$ 12,757,245	\$ 837,613
Historic Blue Bell Apartments	7,389,872	6,560,295	829,577	6,395,813	5,677,827	717,986	6,511,054	115,241	994,059	882,468	111,591
Mission Village of Kaukauna	7,082,725	6,233,965	848,760	1,730,970	1,523,539	207,431	1,630,924	(100,046)	5,351,755	4,710,426	641,323
Little Crow Lofts	6,440,466	5,733,732	706,734	60,106	53,510	6,596	126,586	66,480	6,380,360	5,680,222	700,133
Historic Berlin School	5,879,808	5,176,529	703,279	5,335,490	4,697,316	638,174	5,527,147	191,657	544,318	479,213	65,105
Beacon Avenue Cottages	5,329,235	4,781,241	547,994	19,647	17,627	2,020	62,033	42,386	5,309,588	4,763,614	545,974
Totals	\$ 46,495,014	\$ 41,973,113	\$ 4,521,901	\$ 14,320,071	\$ 12,699,926	\$ 1,620,145	\$ 14,715,129	\$ 395,058	\$ 32,174,943	\$ 29,273,187	\$ 2,901,756
		Less: Recognized in prior years		(76,600)	(67,416)	(9,184)					
		Recognized in current year		\$ 14,243,471	\$ 12,632,510	\$ 1,610,961					

See independent accountants' review report.