

Public Housing and Community Development

701 NW 1st Court • 16th Floor
Miami, Florida 33136-3914
T 786-469-4100 F 786-469-4199

miamidade.gov

Sent Via Certified Mail No.: 7011 3500 0003 1992 9598

April 27, 2018

Cissy Proctor, Executive Director
Florida Department of Economic Opportunity
107 E Madison St.
Tallahassee, FL 32399

Re: MBCDC: Crespi Park Apartments Inc.
7900-7920 Crespi Boulevard and 1011-1023 79th Street
Miami Beach, FL 33139
Documentary Stamp Surtax loan in the amount of \$250,000
Total Units: 16 / 100% Set aside Units

Dear Ms. Proctor:

This letter serves as formal notification that MBCDC: Crespi Park Apartments, Inc. (the "Borrower") has been issued the attached Notice of Default by Miami-Dade County (the "County") of the Loan Agreement dated January 28, 2002, between the Borrower and Miami-Dade County (the "Loan Agreement"); the Promissory Note dated January 30, 2018 given by the Borrower to the County (the "Note"); the Mortgage and Security Agreement and Collateral Assignment of Leases, Rents, and the Contract Rights given by the Borrower to the County on January 28, 2002 (the "Mortgage"); the FY 2000 and FY 2001 Documentary Stamp Surtax (Surtax) Affordable Housing Contracts between the Borrower and Miami-Dade County, attested on March 1, 2000 and August 2, 2001 (respectively) in the total amount of up to \$250,000 (the "Surtax Contract"), executed simultaneously with the Rental Regulatory Agreement dated January 28, 2002, collectively referred to herein as the "Loan Documents".

At this point, it is apparent that the Borrower will be unable to cure the violations. The County has no choice but to declare a default under the mortgage with the whole indebtedness under the Promissory Note evidencing the County Loan immediately due and payable and/or proceed with foreclosure proceedings on the note and an action for specific performance on the Rental Regulatory Agreement.

Should you have any questions, please contact, Clarence Brown, Division Director, at (786) 469-2258.

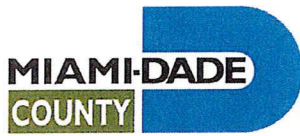
Sincerely,

Michael Liu
Director

Enclosures

c: Helen M. Albert, Acting Inspector General, USHUD
Jose Laureano, Special Agent, OIG Local Miami Office, USHUD
Ana Chavis, CPD Director, USHUD
Bob Cook, Regional Faith-Based Liaison, USHUD
Maria Ruiz, Director, HCD, City of Miami Beach
Maurice Kemp, Deputy Mayor
Richard Graham, CFO, PHCD
Clarence D. Brown, Division Director, PHCD
Jacqueline Dana, Manager, PHCD

Received 5/2/18



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Sent Via Certified Mail No.: 7011 3500 0003 1992 9581

April 27, 2018

Beatriz Cuenca-Barbeiro, Executive Director
Miami Beach Community Development Corporation
945 Pennsylvania Avenue, 2nd Floor
Miami Beach, FL 33139

Re: MBCDC: Crespi Park Apartments Inc.
7900-7920 Crespi Boulevard and 1011-1023 79th Street
Miami Beach, FL 33139
Documentary Stamp Surtax loan in the amount of \$250,000
Total Units: 16 / 100% Set aside Units

Dear Mrs. Cuenca-Barbeiro:

As a follow up to our meeting held on April 18, 2018, this letter serves as Notice of Default by Miami-Dade County (the "County") to MBCDC: Crespi Park Apartments, Inc. (the "Borrower") of the Loan Agreement dated January 28, 2002, between the Borrower and Miami-Dade County (the "Loan Agreement"); the Promissory Note dated January 30, 2018 given by the Borrower to the County (the "Note"); the Mortgage and Security Agreement and Collateral Assignment of Leases, Rents, and Contract Rights given by the Borrower to the County on January 28, 2002 (the "Mortgage"); the FY 2000 and FY 2001 Documentary Stamp Surtax (Surtax) Affordable Housing Contracts between the Borrower and Miami-Dade County, attested on March 1, 2000 and August 2, 2001 (respectively) in the total amount of up to \$250,000 (the "Surtax Contract"), executed simultaneously with the Rental Regulatory Agreement dated January 28, 2002, collectively referred to herein as the "Loan Documents".

As of April 19, 2018, the Borrower is in default with the Rental Regulatory Agreement (the "RRA") executed on January 28, 2002 and recorded at O.R. Book 524939, specifically with regard to those Sections cited below:

RRA Section I(a). Page 2 - Leasing and Occupancy, Eligible Tenants at or below 65%

Source Document: Tenant Income Certifications (TIC) Forms, Lease Agreements, and Audited Financials

1. Income calculations were tabulated incorrectly at re-certification.
2. Rent amount reported on the TIC did not match amount specified in the lease agreement.

RRA Section II. Page 3 – Rent Increase

Source Document: Vacancy Report (Move In & Move Outs)

1. Failed to obtain prior approval to change rents from at or below 65% area median income (AMI) to market rate rents. It is important to note, the Borrower failed to seek prior written approval from PHCD to change rents from at or below 65% AMI to market rate.
2. On July 21, 2017, MBCDC issued the attached notice to Tenants advising they "will not be renewing their lease at the end of the lease term". Additionally, tenants were advised to "move by the end of the lease term or sooner but no later than the last day of their lease."

3. As a result;
 - o 8 tenants moved out, of which;
 - 7 were eligible tenant households displaced and forced to vacate their unit.
 - As of April 12, these 7 units remained vacant leaving the property at 50% occupancy rate.
 - 1 tenant household was over the income limit;
 - o 8 eligible tenant households occupying units were asked to vacate.

RRA Section VII. Page 5 - Financial Reports - Maintenance Reserve for Replacements

Source Document: Audited Annual Operating Financial Statement

1. Failed to deposit the required amount, per unit, per year on a consistent basis.
 - a) Required deposit of \$200 per unit x 16 units = \$3,200 monthly.
 - b) Required total deposit of \$38,400 annually.
2. Unauthorized and ineligible use of maintenance reserve for replacement funds. Specifically, funds were withdrawn from the reserve accounts without written authorization and were not withdrawn for the purpose of replacement of structural elements and/or mechanical equipment.
3. Unable to determine Current Balance for the account.

As a result, the Borrower is in default of the Rental Regulatory Agreement (RRA). Such violations to the RRA have resulted in egregious actions by the Borrower where it is impossible for the violations to be cured at Crespi Park Apartments Inc. Therefore, to protect the County's interest, the County has no choice but to declare a default under the mortgage with the whole indebtedness under the Promissory Note evidencing the County Loan immediately due and payable and/or proceed with foreclosure proceedings on the note and an action for specific performance on the Rental Regulatory Agreement.

The Borrower has thirty (30) days to cure the Event of Default listed above. If the Borrower fails to cure the Default conditions within the thirty (30) day period, the Lender shall foreclose upon the mortgage, and otherwise enforce and protect its interest for the Note, and seek any and all remedies to the Lender at law or equity.

Should you have any questions, please contact, Clarence Brown, Division Director, at (786) 469-2258.

Sincerely,



Michael Liu
Director

Enclosures

- c: Maurice Kemp, Deputy Mayor
Shannon D. Summerset-Williams, CAO
Richard Graham, CFO, PHCD
Clarence D. Brown, Division Director, PHCD
Jacqueline Dana, Manager, PHCD