

MEMORANDUM

To: Harmony Community Development District ("District")

From: Birchwood Acres Limited Partnership, LLLP ("Birchwood")

Date: January 27, 2016

Re: Assessment Blending Proposal

This Memorandum addresses Birchwood's proposal to the Board of the District to solve the issue relating to the excessive level of assessments currently apportioned against the lots in Neighborhood H-2 so that current and future owners (including homeowners who will bear the greatest burden of such assessments) are not burdened with unreasonably high assessments that do not bear relation to the assessments levied against other equivalent lots in other Neighborhoods within the District's boundaries. The proposal provides for the blending of the assessments currently apportioned to Neighborhoods H-2, F, A2 and M (all such neighborhoods are in the 2014 Series), in order to achieve a reasonable apportionment of assessments against the lots in Neighborhood H-2. To this end, the following bullet points set forth certain matters relevant to the Board's consideration of this proposal. Additionally, attached to this Memorandum as Schedule "1" is a table comparing current Debt and O&M assessments for equivalent residential units (i.e. 50' and 52' lots) within the District's boundaries, and Schedule "2" is a table showing the current and proposed Debt and O&M assessments for Neighborhoods H-2, F, A2 and M.

- Birchwood, Lennar Homes, LLC ("Lennar"), and Richmond American Homes of Florida, LP ("Richmond"), are the sole owners of the lots in Neighborhood F and Neighborhood H-2, and Birchwood is the sole owner of the land comprising Neighborhood A2 and Neighborhood M.
- Birchwood, Lennar and Richmond all support this proposal and have communicated such support to the District's Management Company.
- This proposal will not affect the assessments applicable to any other owner in Harmony.
- This proposal will not affect the assessments levied against Neighborhoods H-2, F, A2 and M for the current year. The proposal would go it affect next year.
- Neighborhood H-2 and Neighborhood F contain the same lot type (50' lots), were platted at the same time (the plats were recorded on the same day), and assessments were levied against the lots in these neighborhoods at effectively the same time. Accordingly, the lots in Neighborhood H-2 and Neighborhood F are equivalent residential units.
- The assessments levied against the lots in these Neighborhoods H-2 and F (as equivalent residential units) should be the same (or at least substantially the same).

- However, as more particularly set forth in Schedule "1", the current assessments against the (i) lots in Neighborhood H-2 total ~\$4,400 per year, and (ii) lots in Neighborhood F total ~\$2,300 per year. Accordingly, the lots in Neighborhood H-2 currently pay more than ~\$2,100 per year (or 47% more) than lots in Neighborhood F.
- Additionally, as also more particularly set forth in Schedule "1", when comparing the current assessments against the lots in Neighborhood H-2 against the equivalent lots in other Neighborhoods (the Existing Neighborhoods on Schedule "1") the assessment disparity is even greater (in thousands of Dollars) than the previously described assessment disparity between Neighborhood H-2 and Neighborhood F.
- Schedule "2" shows the calculation of the current Debt and O&M assessments and the proposed calculation of Debt and O&M assessments for Neighborhoods H-2, F, A2 and M and how the proposed calculation of Debt and O&M assessments Neighborhoods H-2, F, A2 and M would result in assessments that are reasonable in light of the Debt and O&M assessments applicable to the equivalent lots in other Neighborhoods (shown as Existing Neighborhoods on Schedule "1").

SCHEDULE "1"

(see attached)

Existing Neighborhoods (Other than the those included in the Proposal)			
	<u>Width</u>	<u>Current O & M</u>	<u>Current Debt Service</u>
B	52	\$999.99	\$1,244.66
C-1	52	\$938.56	\$1,224.21
C-2	52	\$1,022.76	\$1,273.01
D-1	52	\$1,056.66	\$1,315.20
D-2		\$965.64	\$1,201.91
G	52	\$1,163.12	\$1,447.71
H-1	50	\$1,250.01	\$1,594.98
Average Payment		\$1,056.68	\$1,328.81

Neighborhoods Included in the Proposal			
	<u>Width</u>	<u>Current O & M</u>	<u>Current Debt Service</u>
H2 - Hawthorn	50	\$1,917.33	\$2,502.13
F - Cherry Hill	50	\$1,040.08	\$1,357.30
A2	50	\$676.31	\$882.57
M	50	\$1,060.16	\$1,383.53
Average Payment		\$1,173.47	\$1,531.38

Proposed			
	<u>Width</u>	<u>O & M</u>	<u>Debt Service</u>
H-2, F, A-2, M	50	\$1,195.61	\$1,560.27

SCHEDULE "2"

(see attached)

DEBT

	Units	Acres	Density	% of Total	<u>Current</u>		<u>Proposed</u>	
					Debt	DS/Unit	Debt	DS/Unit
H2 - Hawthorn	40	17.82	2.24	39.11%	\$100,085.00	\$2,502.13	\$62,410.98	\$1,560.27
F - Cherry Hill	66	15.95	4.14	35.01%	\$89,582.00	\$1,357.30	\$102,978.11	\$1,560.27
A2	28	4.40	6.36	9.66%	\$24,712.00	\$882.57	\$43,687.68	\$1,560.27
M	30	7.39	4.06	16.22%	\$41,506.00	\$1,383.53	\$46,808.23	\$1,560.27
	164	45.56		100.00%	\$255,885.00		\$255,885.00	

Notes: **Current Debt** is calculated by multiplying parcel acreage by \$5,616.44
Proposed Debt is calculated by multiplying Units by \$1,560.27

O & M

	Units	Acres	Density	% of Total	<u>Current</u>		<u>Proposed</u>	
					O & M	Per Unit	O & M	Per Unit
H2 - Hawthorn	40	17.82	2.24	39.11%	\$76,693.00	\$1,917.33	\$47,824.22	\$1,195.61
F - Cherry Hill	66	15.95	4.14	35.01%	\$68,644.97	\$1,040.08	\$78,909.96	\$1,195.61
A2	28	4.40	6.36	9.66%	\$18,936.54	\$676.31	\$33,476.95	\$1,195.61
M	30	7.39	4.06	16.22%	\$31,804.79	\$1,060.16	\$35,868.17	\$1,195.61
	164	45.56		100.00%	\$196,079.31		\$196,079.31	

Notes: **Current O & M** is calculated by multiplying parcel acreage by \$4,303.76
Proposed O & M is calculated by multiplying Units by \$1,195.60