AO 106 (Rev. 04/10) Application for a Search Warrant

United States District Court

for the
Western District of New York

UNITED STATES DISTRICT COURT
FILED
MAY 10 2018
MARY C. LOEWENGUTH, CLERK
WESTERN DISTRICT OF NY

In the Matter of the Search of
(Briefly describe the property to be searched or identify the person by name and address.)

Contents of and records related to Microsoft Corporation email address/accounts:
kevin.morgan@morganmanagement.com, kevin.morgan@morgancommunities.com
todd.morgan@morganmanagement.com, and todd.morgan@morgancommunities.com

Case No. 18-M- 60

APPLICATION FOR A SEARCH WARRANT

I, Erik Lars Hensen, a federal law enforcement officer or an attorney for the government, request a search warrant and state under penalty of perjury that I have reason to believe that on the following person or property *(identify the person or describe the property to be searched and give its location)*:

Contents of and records related to Microsoft Corporation email address/accounts kevin.morgan@morganmanagement.com, kevin.morgan@morgancommunities.com, todd.morgan@morganmanagement.com, and todd.morgan@morgancommunities.com, as further described in Attachment A, attached hereto.

located in the Western District of Washington, there is now concealed *(identify the person or describe the property to be seized)*:

Evidence pertaining to wire fraud and bank fraud in violation of 18 United States Code, Sections 1343 and 1344, respectively, as more fully set forth in Attachment B, attached hereto and incorporated herein by reference.

The basis for search under Fed. R. Crim. P. 41(c) is *(check one or more)*:

- ☒ evidence of a crime;
- ☒ contraband, fruits of crime, or other items illegally possessed;
- ☒ property designed for use, intended for use, or used in committing a crime;
- ☐ a person to be arrested or a person who is unlawfully restrained.

The search is related to a violation of Title 18, United States Code, Sections 1343 and 1344.

The application is based on these facts:

- ☒ continued on the attached sheet.
- ☐ Delayed notice of ____ days (give exact ending date if more than 30 days: _____) is requested under 18 U.S.C. § 3103a, the basis of which is set forth on the attached sheet.

Applicant's signature

ERIK LARS HANSEN
SPECIAL AGENT
FHFA-OIG

Printed name and title

Sworn to before me and signed in my presence.

Date: May 10, 2018

Judge's signature

City and state: Buffalo, New York

H. KENNETH SCHROEDER
UNITED STATES MAGISTRATE JUDGE

Printed name and Title

AFFIDAVIT IN SUPPORT OF SEARCH WARRANT

STATE OF NEW YORK)
COUNTY OF ERIE) SS:
CITY OF BUFFALO)

Erik Lars Hansen, being duly sworn, deposes and says:

I. INTRODUCTION AND AGENT BACKGROUND

1. I make this affidavit in support of an application for a search warrant for information associated with certain accounts that are stored at premises controlled by Microsoft Corporation ("Microsoft"), an email provider headquartered at One Microsoft Way, Richmond, WA 98052-6399. The information to be searched is described in the following paragraphs and in Attachment A. This affidavit is made in support of an application for a search warrant under Federal Rule of Criminal Procedure 41 and 18 U.S.C. §§ 2703(a), 2703(b)(1)(A) and 2703(c)(1)(A) to require Microsoft to disclose to the government copies of the information (including the content of communications) further described in Section I of Attachment B associated with the following email accounts:

kevin.morgan@morganmanagement.com ("Subject Account 1")

kevin.morgan@morgancommunities.com ("Subject Account 1A")

todd.morgan@morganmanagement.com ("Subject Account 2")

todd.morgan@morgancommunities.com ("Subject Account 2A")[1],[2]

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[1] On or about September 30, 2015, the domain name for Morgan Management LLC employee emails changed from @morganmanagement.com to @morgancommunties.com. After the domain name change, employees could receive emails sent to the same user name either at the @morganmanagement.com domain or at the @morgancommunties.com domain, but responses came from the new domain, @morgancommunties.com. For ease of reference, all email communications to and from the kevin.morgan username at either domain will be referred to as "Subject Account 1" herein, and all email communications to and from the todd.morgan username at either domain will be referred to as "Subject Account 2" herein.

[2] Microsoft responded to a preservation letter for these accounts confirming that the accounts are hosted by Microsoft.

Upon receipt of the information described in Section I of Attachment B, government-authorized persons will review that information to locate the items described in Section II of Attachment B.

2. I am a Special Agent of the Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG) and have been so employed since February of 2014. I am currently assigned to the Northeast Region of the FHFA-OIG, which conducts investigations relating to, among other things, bank and mortgage fraud. I am an "investigative or law enforcement officer" of the United States within the meaning of Title 5, United States Code, Section 8401(17)(A)(i)(I).

3. Prior to my employment with FHFA-OIG, I worked in the audit division for FHFA-OIG and the Federal National Mortgage Association ("Fannie Mae"). I received training from the Federal Law Enforcement Training Center in Glynco, Georgia.

4. I have investigated or assisted in the investigation of a number of cases involving fraudulent activity, including, but not limited to, mortgage fraud, bank fraud, securities fraud, and identity theft. In the course of conducting or participating in these investigations, I have been involved in the use of the following investigative techniques: subpoenas, interviews, physical surveillance, consensual monitoring of communications, search warrants, and arrest warrants.

5. I have knowledge of the following facts from my own investigation and my discussions with and review of reports of other law enforcement officers and witnesses. Because this affidavit is submitted for the sole purpose of establishing probable cause to support the issuance of a search warrant, I have not included each and every fact known by the government concerning this investigation.

6. Based upon information and belief, probable cause exists to believe that Kevin

Morgan and Todd Morgan violated Title 18, United States Code, Sections 1343 (Wire Fraud) and 1344 (Bank Fraud). There is also probable cause to search the information described in Attachment A for evidence, instrumentalities, and/or fruits of these crimes further described in Attachment B.

II. INVESTIGATION AND FACTUAL BASIS

A. Parties and Definitions

7. Frank Giacobbe is a mortgage broker who has operated Aurora Capital Advisors, LLC (Aurora), a commercial real estate firm engaged in the business of brokering loans for borrowers seeking financing for multi-family properties such as apartment complexes. Giacobbe employs an individual named Patrick Ogiony.

8. Morgan Management, LLC, based in Pittsford, New York, owns and operates a portfolio of residential and commercial real estate properties. Morgan Communities provided property management on behalf of Morgan Management, LLC. Kevin Morgan is a Vice President of Morgan Management, Todd Morgan is a Project Manager, and Robert Morgan is the Chief Executive Officer.

9. The Federal Home Loan Mortgage Corporation, known as "Freddie Mac," is a government-sponsored enterprise formed by the United States Congress. Among other purposes for which Congress formed Freddie Mac was to purchase mortgages, including for multi-family properties, to increase the amount of money available in the mortgage lending market. Freddie Mac works with certain approved financial institutions that issue loans, sell loans to Freddie Mac, and service loans on behalf of Freddie Mac. These institutions are known as "seller servicers," and include Arbor Commercial Mortgage, LLC ("Arbor") and Berkadia Commercial Mortgage, LLC ("Berkadia"). After purchasing loans from the

approved financial institutions, Freddie Mac then groups the loans into packages containing multiple loans. They sell these packages of loans to investors in a process known as securitization.

10. Deutsche Bank AG is a German global banking and financial services company that, like Freddie Mac, purchases multi-family property loans from seller-servicer institutions such as Arbor and Berkadia, and packages those loans into securities sold to investors.

11. Colliers International ("Colliers") and CBRE Group, Inc. ("CBRE") are real estate services companIES that, among other things, appraise multi-family properties.

12. The Rochester Village Apartments at Park Place ("Rochester Village") and the Eden Square Apartments ("Eden Square") are multi-family residential apartment complexes in Cranberry Township, Pennsylvania. The Reserve at Southpointe ("Southpointe") is a multi-family residential apartment complex in Canonsburg, Pennsylvania.

13. A "rent roll" is a spreadsheet listing, among other things: (1) all of the tenants in a multi-family property during a specific time frame, (2) the amount of rent paid by each tenant; and (3) the total rental income for the property during the time frame. The rent roll often also includes the date the tenant began occupying the apartment listed on the rent roll and the various components of each tenant's payments towards apartment rent, pet rent, storage rent, parking or garage rent and cable charges among others.

14. A "trailing twelve statement," commonly referred to as a "T12" lists the income and expenses for a property each month for the preceding twelve months, and may itemize income from rent, pet fees, cable fees, storage fees, and other sources of income.

15. The "debt service coverage ratio" ("DSCR") for a property is a ratio of a property's income to its debt obligations, and is an indicator of whether a property will be

able to sustain its debt based on its income. A higher debt service coverage ratio indicates a greater ratio of income to debts. Lenders in the multi-family property mortgage lending process generally require a certain minimum DSCR before they will issue a loan. If a property falls below a specified DSCR after a loan has been issued, loan agreements generally provide for consequences allowing the lender to have greater oversight over the property's income.

16. A "certificate of occupancy" ("CO") is a document used by a local government agency or building department certifying a building's compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupancy.

B. The Multi-Family Mortgage Lending Process

17. The multi-family property mortgage lending process begins with the construction of a multi-family property, or the purchase of an existing multi-family property. Construction of a multi-family property is generally funded with a short-term construction loan intended to finance the property during the period of construction and through a phase known as the "lease-up" phase. The "lease-up" phase is the period after a property has been constructed and while the property is being rented to a sufficient percentage of occupancy that the property is considered "stabilized" such that it should generate a consistent level of long-term income. Although the point of stabilization varies across different markets and time-frames, a property is generally stabilized when it has reached an occupancy percentage of approximately ninety-five percent. In addition to the construction loan, property owners may also obtain additional loans, sometimes known as bridge loans or other smaller loans, to complete the construction and lease-up phase and get the property stabilized.

18. Once a property has completed the lease-up phase and become stabilized, multi-family property owners seek permanent financing of the property. Permanent financing

in multi-family property markets generally involves loans with seven to ten-year terms, with balloon payments at the ends of the terms. At the expiration of a term, when the balloon payment is due, property owners often re-finance loans to make the balloon payment and satisfy any other outstanding debts. Financial institutions issuing permanent financing for multi-family properties will generally loan only approximately eighty percent of the value of the properties. The financial institutions require the borrower to come up with the remaining twenty percent either through cash or through investors because the financial institution's risk diminishes when the borrower has a financial stake in the property's future value and performance.

19. Financial institutions that are considering issuing loans on multi-family properties evaluate a number of factors in determining whether to make a loan. An appraiser inspects the property and frequently calculates a value for the property by comparison with similar property, or, more often, by analyzing the property's income to project the property's value. Elements of income that influence an appraiser's or lender's valuation of the property include, among other things, rental income, parking fees, cable television income, and income for the rental of storage units. A slight change in rental income per unit, projected over time, can significantly impact the property valuation calculated by the appraiser and lender.

20. During the closing process for a permanent loan, or for the packaging of a loan into a security, appraisals and inspections may be conducted by a number of entities, including, among others, the seller-servicer coordinating origination of a permanent loan, the institution purchasing the loan from the seller-servicer, and investors evaluating loans that may be included in a securitized package.

C. **Investigation**

21. An investigation has revealed that Frank Giacobbe, Kevin Morgan, Todd Morgan, Patrick Ogiony and others conspired to provide false information to financial institutions to overstate properties' incomes and thereby induce financial institutions to issue loans either (1) for greater values than the institutions would have authorized had they been provided with truthful information or (2) that they would not have issued at the time of issuance had they known truthful information. Among other things, the conspirators provided false rent rolls, T12 income statements, and other documents to mislead appraisers, lenders and investors into believing that properties were generating more income than they were, in fact, generating. For example, rent rolls were falsified by reporting higher rents than were actually being charged and by reporting higher occupancy in properties (and therefore more income) than was true.

22. Correspondence obtained by the FHFA-OIG indicates that Frank Giacobbe, Kevin Morgan, Todd Morgan and Pat Ogiony regularly used email, including the Subject Accounts,[3] to send false information to appraisers and financial institutions in connection with loans and appraisals for muti-family and commercial real estate properties.

1. Rochester Village

23. An investigation into the financing of Rochester Village revealed a variety of fraudulent conduct in connection with attempts to secure loans on the property. Among other things, the conspirators caused appraisers and lenders to be provided with fraudulent rent rolls, T12 income statements, and other documents reflecting the property's income. Kevin

[3] For ease of reading, and to avoid repetition, all references hereinafter to emails to and from Kevin Morgan were sent to and from Subject Account 1, and all references to emails to and from Todd Morgan were sent to and from Subject Account 2.

Morgan's and Todd Morgan's email communications contain evidence of their fraudulent conduct.

i. Building 19 Certificate of Occupancy

24. The investigation also revealed that, in falsifying the property's rent rolls, the conspirators reported that units in one of the buildings at Rochester Village were occupied and earning rental income before the Cranberry Township Planning and Development department issued a certificate of occupancy permitting those units to be occupied. This building was designated building number nineteen for construction purposes, and later identified as building number one (or 1000) for purposes of operating the property.

25. On September 9, 2014, Kevin Morgan emailed an employee for DGA Builders, which was involved in the construction of Rochester Village, asking "[W[hen can I say we are going to be completed with building 19? Will we have C of O [certificate of occupancy] for 18 next week?" A DGA employee replied, "We still are on track for C of O next week for 18. B19 we are pushing subs and working weekends to complete by November 1." Kevin Morgan forwarded this email to Frank Giacobbe, who responded to Kevin Morgan, Todd Morgan and Pat Ogiony.

26. On November 18, 2014, Kevin Morgan emailed Giacobbe attaching a conditional certificates of occupancy for building 19, including one issued on that date. The email is attached as Exhibit 1, with the attachment to the email included as Exhibit 1A. At the bottom of the conditional certificate of occupancy was a paragraph restricting occupancy to the parking garage, corridors, stairwells, and four units on the first floor of the building. Giacobbe responded to Kevin Morgan, writing, "I see white out in our future." (See Exh. 1.) The conspirators had already provided the appraiser with rent rolls indicating that many units

in the building had been occupied in October.

27. On November 19, 2014, Kevin Morgan forwarded an email to Giacobbe with questions that an appraiser had asked about the property, including when the property had "become stabilized," which in the multi-family property business generally means that the property was approximately ninety-five percent occupied. (Exh. 2.) Giacobbe the told the appraiser, falsely, that the "site became 100% occupied the month of October." (Id.)

28. On December 11, 2014, in anticipation of attempting to close a loan from Deutsche Bank, Giacobbe emailed Kevin Morgan and Todd Morgan stating that if the lender found out Rochester Village did not have certificates of occupancy for all floors despite Giaocbbe having stated the property was one hundred percent leased, the lender would not close a loan until certificates of occupancy were obtained for the entire site. (Exh. 3.) Giacobbe stated, "I've tried everything so I suggest we jam it at the end and hope they don't notice." (Exh. 3.)

29. In December 2014, Deutsche Bank became aware of discrepancies in the rent roll, specifically related to the occupancy of building 19 and decided not to provide financing for Rochester Village. The conspirators subsequently sought financing from Freddie Mac.

ii. Magic Storage Units

30. The investigation also revealed that Giacobbe, Kevin Morgan and Todd Morgan conspired to inflate the income for storage units at Rochester Village by reporting more units than actually existed, and greater income than the units could actually produce at the actual storage unit rental rate.

31. On October 28, 2014, Giacobbe emailed Kevin Morgan attaching a "pro forma" document listing several categories of income and expenses for Rochester Village,

including $72,900 in annual income for "storage space" with storage rentals priced at $45/month. The email is attached as Exhibit 4, with the attachment included at Exhibit 4A. The income on the pro forma would be consistent with 180 storage units. The next day, after the property manager emailed Todd Morgan indicating that the property had only 45 storage units, and Todd Morgan forwarded the email, Giacobbe emailed Todd Morgan and Kevin Morgan and asked "Ok where did 72k come from on the proforma" (sic). (Exh. 5) Kevin Morgan replied, "Magic." (Id.) Giacobbe responded to Kevin Morgan and Todd Morgan, stating "Guys now is not the time for the TRUTH!" (Id.)

32. On November 5, 2014, Giacobbe sent an email to a representative of an investor contemplating whether to buy into a securitized package of loans that would include a potential Rochester Village loan and falsely stated that Rochester Village had 180 storage units. Giacobbe copied Kevin Morgan on this email. (Exh. 6.)

iii. Staged Units

33. In addition to the foregoing, the investigation revealed that Giacobbe, Kevin Morgan and Todd Morgan conspired to stage unoccupied units during inspections to create the false impression that the units were occupied.

34. On or about January 14, 2015, after the Deutsche Bank financing fell through and the conspirators sought financing from Freddie Mac, Giacobbe, Kevin Morgan and Todd Morgan attempted to make apartments appear occupied during an inspection by turning on radios in unoccupied apartments and placing mats and shoes outside the doors of unoccupied apartments. Giacobbe also arranged, on that date, for an individual to stage an apartment to make it appear lived in during an inspection and to tell inspectors that her boyfriend was asleep in the bedroom, which was lacking a bed, to keep the inspectors from looking in the

bedroom.

35. On January 19, 2015, five days after the staged inspection, Kevin Morgan emailed the Rochester Village property manager, copying Todd Morgan. (Exh. 7.) Kevin Morgan informed the property manager that an additional inspection was forthcoming and asked whether the radios left on in the units during the January 14, 2015 inspection were still audible from the hallway and whether the mats were still in the hallways. (Id.) Todd Morgan replied to Kevin Morgan, identifying three units in which radios had been left on. (Id.)

36. On March 24, 2015, in anticipation of a March 31, 2015 inspection, Kevin Morgan emailed the Rochester Village property manager, copying Todd Morgan, and said, "On the 31st, can you have the employees and possibly DGA [construction workers] park in the garage for building 1000?" (Exh. 8.) "Building 1000" refers to the building identified above as construction building nineteen for which the conspirators had reported tenants and income before the Cranberry Township Planning and Development department issued a certificate of occupancy.

iv. Free Cable

37. The investigation also revealed that the conspirators attempted to inflate the income at Rochester Village by reporting income charged to tenants for cable television when, in fact, cable television was included free in the rent at Rochester Village.

38. On March 24, 2015, Ogiony emailed Kevin Morgan and Todd Morgan, attaching a Rochester Village marketing brochure advertising "free cable" in bold font and requesting a copy of the brochure without the reference to "free cable." (Exh. 9.) The next day, Todd Morgan emailed Giacobbe and Ogiony, copying Kevin Morgan, attaching a fraudulent Rochester Village marketing brochure without reference to free cable. The email

is attached as Exhibit 10, with the attachment included at Exhibit 10A. A week later, on March 31, 2015, a co-conspirator certified as true and accurate an operating budget containing inflated income information, including $164,160.00 in "cable income".

v. False Rent Rolls

39. The investigation also revealed that Giacobbe, Kevin Morgan, Todd Morgan and Ogiony conspired to provide false Rochester Village rent rolls to financial institutions.

40. On March 24, 2015, Todd Morgan sent an email to Ogiony and to Kevin Morgan aattaching what is believed to be a true and accurate rent roll for Rochester Village. Six days later, on March 30, 2015, Ogiony emailed a false and inflated rent roll, dated March 31, 2015, to Kevin Morgan and Todd Morgan. A comparison of the rent rolls reveals the following:

	Rent Roll Dated		
	3/24/2015	3/31/2015	Difference
Occupied Units	154	203	49
Total Units	228	228	-
Occupancy Rate	68%	89%	21%
Total Charges	$237,760	$335,030	$ 97,270
Average Rent	$ 1,544	$ 1,650	$ 106

41. On March 31, 2015, Kevin Morgan sent an email to Giacobbe with a list of apartments that the Rochester Village property manager had identified as vacant but that were identified as leased or occupied on the fraudulent rent roll. Approximately one week later, on April 6, 2015, a co-conspirator certified as true and accurate a retail rent roll that contained false and inflated information. An appraiser, Colliers, later apprised the value of the property at $64 million, based in part on false information provided by the conspirators. On May 12, 2015, Berkadia issued a $45.79 million loan purchased and securitized by Freddie Mac.

42. The appraiser from Colliers stated had he known rental or other income information was false, his appraisal could no longer be relied upon and would be invalid. Likewise, a representative from Freddie Mac stated they relied on the appraisal, rent rolls, and other income information, among other things, to determine if they were going to lend and how much. Had Freddie Mac been provided with the actual income or occupancy, Freddie Mac would not have funded the loan at that time.

43. On May 15, 2017, Todd Morgan emailed Kevin Morgan, Ogiony and Giacobbe what is believed to be a true T12 income statement. On May 16, 2017, Ogiony emailed Kevin Morgan and Todd Morgan, copying Giacobbe, and attaching a false and inflated T12 income statement for servicing of the Freddie Mac loan, to be provided to the institution servicing the loans in the securitized package in which the Rochester Village loan was included. A comparison of the May 15, 2017 document with the one Ogiony sent on May 16, 2017 reveals the following:

	Actual T12		Pat Ogiony T12		Inflated Amount	
	Rental Income	NOI	Rental Income	NOI	Rental Income	NOI
May-16	280,426.80	187,163.63	$ 398,809	$ 295,616	$ 118,382	$ 108,452
Jun-16	274,922.07	182,557.92	$ 398,477	$ 296,653	$ 123,555	$ 114,095
Jul-16	265,363.70	157,032.77	$ 396,568	$ 285,076	$ 131,204	$ 128,043
Aug-16	268,861.73	152,422.04	$ 405,374	$ 296,489	$ 136,513	$ 144,067
Sep-16	271,507.37	139,278.17	$ 397,344	$ 283,264	$ 125,837	$ 143,986
Oct-16	272,202.65	158,440.64	$ 397,333	$ 287,820	$ 125,130	$ 129,379
Nov-16	283,951.57	179,165.38	$ 399,868	$ 288,376	$ 115,917	$ 109,210
Dec-16	324,121.24	207,792.01	$ 398,611	$ 285,581	$ 74,490	$ 77,789
Jan-17	284,358.76	172,945.17	$ 398,292	$ 289,482	$ 113,934	$ 116,537
Feb-17	286,102.02	195,139.21	$ 395,957	$ 290,334	$ 109,855	$ 95,194
Mar-17	280,524.09	176,059.42	$ 395,763	$ 285,761	$ 115,239	$ 109,701
Totals	$ 3,092,342	$ 1,907,996	$ 4,382,396	$ 3,184,450	$ 1,290,054	$ 1,276,454

44. I reviewed a Freddie Mac Multifamily Securities Investor website, which posts loan performance data, to be used by investors. For the first quarter of 2017, the revenues

on Freddie Mac's website matched that in the false and inflated T12 emailed by Pat Ogiony on May 16, 2017. The DSCR reported was 1.78. However, a calculation of the DSCR from the true T12 revealed a 1.1 DSCR, which is below the required limit of 1.25. Had the actual information been provided to the servicer and Freddie Mac, the loan would technically be in default and would trigger potential contractual remedies.

2. Southpointe

45. The investigation revealed that, with respect to Southpointe, the conspirators engaged in fraudulent conduct similar to the fraudulent conduct involving Rochester Village. Among other things, they once again attempted to disguise that cable was included in the tenants' rent. They also conspired to provide financial institutions with false and inflated rent rolls and income statements. Again, evidence of their conduct can be found in Kevin Morgan and Todd Morgan's email communications.

i. Free Cable

46. On April 10, 2015, Ogiony emailed Kevin Morgan and asked him to "remove the 'Rent Inlcudes: Cable TV'" on the property's web page and to remove "Cable Included" from the website's "features and amenities" for the property. (Exh. 11.) After Giacobbe responded, "BOOM," Kevin Morgan replied, stating, "Todd wtf. This needs to be changed everywhere." (Id.) Giacobbe replied to Kevin Morgan, and copied Todd Morgan, stating, "Guys we need to be on our A game to get max dollars." (Id.) The next day, on April 11, 2015, Todd Morgan replied to Kevin Morgan, as well as to Giacobbe and Ogiony, stating "I've removed 'cable included' from the Morgan communities website. I'll try to remove it from as many ILS as I can. I don't have the software to change the brochure, but I'll have Phil or Alex work on that Monday." (Id.) Todd Morgan later replied to the same group, stating: "Update: I've been told items involving cable have been removed for Southpointe on

the websites." (Id.)

ii. False Rent Roll and Income Statement

47. On May 5, 2017, Kevin Morgan sent an email to Giacobbe, Ogiony, and Todd Morgan to inform them that Arbor was scheduling an annual inspection, that because it was a "Fannie/Freddie deal" the woman arranging the inspection needed to pick the units to be inspected, and that "we are at 84% so we need to discuss a game plan." (Exh. 12.) The email attached a true rent roll showing 84 percent occupancy.

48. On May 15, 2017, Ogiony emailed Kevin Morgan and Todd Morgan, copying Giacobbe, attaching a false and inflated T12 statement and a false and inflated rent roll dated March 31, 2017 "for servicing" of the loan for the first quarter of 2017. (Exh. 13.)

49. On May 18, 2017, Todd Morgan sent an email to Kevin Morgan attaching a true rent roll for the property. (Exh. 14.) Kevin Morgan forwarded the true rent roll to Ogiony and Giacobbe, copying Todd Morgan. (Id.) Ogiony then sent Kevin Morgan, copying Todd Morgan, an email attaching a false and inflated rent roll. (Exh. 15.) This rent roll was dated May 19, 2017 and may have been prepared for the inspection referred to in paragraph 47.

3. Eden Square

50. The investigation revealed that, with respect to Eden Square, the conspirators continued their fraudulent conduct both with respect to attempts to obtain financing and also during servicing of an issued loan. Among other things, they engaged in fraudulent conduct to pass a radon inspection and provided false and inflated rent rolls. Again, Kevin Morgan's and Todd Morgan's email communications contain evidence of their fraudulent conduct.

i. Radon Inspection Interference

51. On October 24, 2016, Giacobbe emailed Kevin Morgan with instructions to place a radon detection canister in a vacant unit on the top floor of the building "with the

window slightly cracked like a half an inch" despite instructions from the radon testing company to place the canisters only in ground floor units. (Exh. 16.) It is my understanding that radon is the second leading cause of lung cancer.

ii. False Rent Rolls

52. On December 21, 2016, Berkadia issued a $42 million loan, ultimately funded by Freddie Mac, on this property. The loan was conditioned on 94.9 percent occupancy. An appraiser, CBRE, had appraised the property at $54 million based, in part on false rent rolls.

53. In the spring of 2017, an Eden Square employee gave an inspector an accurate rent roll showing the property less than seventy percent occupied, with 164 out of 240 units occupied. The inspector was conducting an inspection on behalf of a financial institution that was providing loan servicing on a securitized package containing the Eden Square loan. After the employee gave the inspector accurate information, Kevin Morgan sent an email on March 15, 2017, to Giacobbe and to Robert Morgan, the Morgan Management CEO, proposing how they might explain the sub-70 percent occupancy after they had closed less than three months earlier purporting to have greater than 94.9 percent occupancy. (Exh. 17.) Later that day, Kevin Morgan sent an email to Berkadia attempting to explain the low occupancy with information the investigation has determined to be false. (Exh. 18.)

4. All Properties

54. Additional evidence developed during the investigation demonstrates that the fraudulent conduct was not confined to Rochester Village, Southpointe and Eden Square, but occurred across the Morgan Management/Morgan Communities real estate portfolio.

55. On April 7, 2016 Kevin Morgan sent an email to Morgan Management employees, including Todd Morgan, Bob Morgan and the current Chief Financial Officer stating "We should never send in financials that show DCR (DSCR) below where we need

to be based on the loan docs." Later that same day Kevin Morgan sent a follow up email stating "To reiterate though, we should never put ourselves in this position. DSCR should be reviewed prior to sending in and if we do not meet the requirement, we need to make adjustments so we do meet it."

III. TECHNICAL BACKGROUND

56. In my training and experience I have learned that Microsoft provides a variety of online services, including email access, to the general public. Subscribers obtain an account by registering with Microsoft. During the registration process, Microsoft asks subscribers to provide basic personal information. Therefore, the computers of Microsoft are likely to contain stored electronic communications (including retrieved and un-retrieved email for Microsoft subscribers) and information concerning subscribers and their use of Microsoft services, such as account access information, email transaction information, and account application information.

57. In general, emails that are sent to a Microsoft subscriber's "mail box" remain on Microsoft servers until the subscriber deletes the email. If the subscriber does not delete the message, the message can remain on the server indefinitely.

58. When the subscriber sends an email, it is initiated at the user's computer, transferred via the Internet to Microsoft's servers, and then transmitted to its end destination. Unless the sender of the email specifically deletes the email from the Microsoft servers, the email can remain on the system indefinitely.

59. A sent or received email typically includes the content of the message, source and destination addresses, the date and time at which the email was sent, and the size and length of the email. If an email user writes a draft message but does not send it, that message may also be saved by Microsoft but may not include all of these categories of data.

60. A Microsoft subscriber can also store files, including emails, address books, contact or buddy lists, calendar data, pictures, and other files, on servers maintained and/or owned by Microsoft.

61. Microsoft users may not store on their own computers copies of the emails stored in their Internet Microsoft account. This is particularly true when they access their Microsoft account through the Internet, or if they do not wish to maintain particular emails or files in their residence.

62. In general, email providers like Microsoft ask each of their subscribers to provide certain personal identifying information when registering for an email account. This information can include the subscriber's full name, physical address, telephone numbers and other identifiers, alternative email addresses, and for paying subscribers, means and source of payment (including any credit or bank account number).

63. Email providers typically retain certain transactional information about the creation and use of each account on their systems. This information can include the date on which the account was created, the length of service, records of log-in (*i.e.*, session) times and durations, the types of service utilized, the status of the account (including whether the account is inactive or closed), the methods used to connect to the account, and other log files that reflect usage of the account. In addition, email providers often have records of the Internet Protocol address ("IP address") used to register the account and the IP addresses associated with particular logins to the account. Because every device that connects to the Internet must use an IP address, IP address information can help to identify which computers or other devices were used to access the email account.

64. In some cases, email account users will communicate directly with an email service provider about issues relating to the account, such as technical problems, billing

inquiries, or complaints from other users. Email providers typically retain records about such communications, including records of contacts between the user and the provider's support services, as well as records of any actions taken by the provider or user as a result of the communications.

IV. INFORMATION TO BE SEARCHED AND THINGS TO BE SEIZED

65. I anticipate executing this search warrant pursuant to Federal Rule of Criminal Procedure 41 and Title 18, United States Code, Sections 2703(a), 2703(b)(1)(A) and 2703(c)(1)(A), by using the search warrant to require Microsoft to disclose to the government copies of the records and other information (including the content of communications) described in Section I of Attachment B, which is attached hereto and incorporated herein. Upon receipt of the information described in Section I of Attachment B, government authorized persons will review that information to locate the items described in Section II of Attachment B.

66. This Court has jurisdiction to issue the requested warrant because it is "a court of competent jurisdiction" for the purposes of Title 18, United States Code, Sections 2711 and 2703(a), (b)(1)(A) and (c)(1)(A). Specifically, the Court is "a district court of the United States . . . that - has jurisdiction over the offense being investigated", 18 U.S.C. Section 2711(3)(A)(I).

67. Pursuant to 18 U.S.C. Section 2703(g), the presence of a law enforcement officer is not required for the service or execution of this warrant.

V. CONCLUSION

68. Based on my training and experience, and the information outlined in the body of this affidavit, the investigative efforts to date indicate that there is probable cause to believe

Frank Giacobbe, Kevin Morgan, Todd Morgan and Patrick Ogiony committed acts in violation of Title 18, United States Code, Sections 1343 (Wire Fraud) and 1344 (Bank Fraud). In addition, there is also probable cause to search the account described in Attachment A for evidence of this crime, as described in Attachment B, both of which are incorporated as if fully set forth herein.

69. It is further respectfully requested that this Court issue an Order sealing, until further order of this Court, all papers submitted in support of this Application, including the Application, Affidavit, Attachments, and Search Warrant, and the requisite inventory notice (with the exception of a copy of the warrant provided to the providers listed in Attachment A). Sealing is necessary because the items and information to be seized are relevant to an ongoing investigation and the premature disclosure of the contents of this Affidavit and related documents may have a negative impact on this continuing investigation and may jeopardize its effectiveness.

WHEREFORE, in consideration of the foregoing, it is respectfully requested that this Court issue the requested search warrant authorizing the search of the email account described in Attachment A for the items described in Attachment B.

Lars Hansen
Special Agent
Federal Housing Finance Agency,
Inspector General

Sworn to before me this 10th day

of May 2018.

H. KENNETH SCHROEDER
United States Magistrate Judge

ATTACHMENT A

Property to Be Searched

Information and records associated with the following Microsoft email accounts:

kevin.morgan@morganmanagement.com ("Subject Account 1")

kevin.morgan@morgancommunities.com ("Subject Account 1A")

todd.morgan@morganmanagement.com ("Subject Account 2")

todd.morgan@morgancommunities.com ("Subject Account 2A")

These email accounts are stored at premises owned, maintained, controlled, or operated by Microsoft Corporation, a company headquartered at One Microsoft Way, Richmond, WA 98052-6399.

ATTACHMENT B

Items To Be Searched For And Seized

I. Information to be disclosed by Microsoft Corporation.

To the extent that the information and records described in Attachment A are within the possession, custody, or control of Microsoft Corporation, including any information and records that have been deleted but are still available to Microsoft Corporation, or have been preserved pursuant to a request made under 18 U.S.C. § 2703(f), Microsoft Corporation is required to disclose the following to the government, for the time period September 2014 through the present, for the email account listed in Attachment A:

a. The contents of all emails associated with the account, including stored or preserved copies of emails sent to and from the account, draft emails, the source and destination addresses associated with each email, the date and time at which each email was sent, and the size and length of each email;

b. All records or other information regarding the identification of the account, to include full name, physical address, telephone numbers and other identifiers, records of session times and durations, the date on which the account was created, the length of service, the types of service utilized, the IP address used to register the account, log-in IP addresses associated with session times and dates, account status, alternative e-mail addresses provided during registration, methods of connecting, log files, and means and source of payment (including any credit or bank account number); and

c. All records or other information stored at any time by an individual using the account, including address books, contact and buddy lists, calendar data, pictures, and files; and

d. All records pertaining to communications between Microsoft Corporation and any person regarding the account, including contacts with support services and records of actions taken.

HKD 5/10/18

JR 5/10/18

II. Information to be seized by the government

All information that constitutes fruits, evidence and/or instrumentalities of violations of Title 18, United States Code, Sections 1343 (Wire Fraud) and 1344 (Bank Fraud), consisting of:

a. Emails, including any corresponding attachments, between or among Frank Giacobbe, Pat Ogiony, employees of Aurora Capital Advisors, Robert Morgan, Kevin Morgan, Todd Morgan, Morgan Management, Morgan Communities, Berkadia Commercial Mortgage, Arbor or other commercial lending institutions, Colliers International or other commercial appraisers, Federal Home Loan Mortgage Corporation, or emails, including any corresponding attachments, which concern or relate to rent rolls, apartment complexes, commercial real estate developments, commercial real estate financing or re-financing, or brokerage fees, and any information or metadata associated with the emails, including but not limited to, dates, times, senders, and recipients of the emails, and subject headings of the emails;

b. Any records or other information regarding the identification and usage of the account;

c. Any records pertaining to communications between Microsoft Corporation and any person regarding the account;

d. Any log in and connection logs;

e. Any calendars, address books, directories, and contact; and

f. Any additional documents which reveal other information as to who is uploading accessing or downloading information from the servers maintained and owned by Microsoft Corporation in relation to the account.

EXHIBIT 1

From: Frank Giacobbe
To: Kevin Morgan
Cc: Pat Ogiony
Subject: Re: RV Bldg 19 C of O Update 20141118
Date: Tuesday, November 18, 2014 2:33:27 PM

I see white out in our future.

Sent from my iPhone

On Nov 18, 2014, at 2:25 PM, "Kevin Morgan" <kevin.morgan@morganmanagement.com> wrote:

> Got the final C of O. Note the red paragraph at the bottom.
>
> <RV Bldg 19 (1000) Cond. C of O_20141118.pdf>

EXHIBIT 1A

CRANBERRY TOWNSHIP
http://www.cranberrytownship.org
2525 Rochester Road, Suite 400
Cranberry Township, PA 16066-6499

Planning and Community Development
p(724) 776-4806 - f(724) 776-4420

Application #
10029

Certificate of Occupancy

NEW NON-RESIDENTIAL STRUCTURE

In Accordance with 2009 I.B.C.

Butler County Map & Parcel	Address of Property
130.4F108.16AF	1101 CROSS CREEK DRIVE
Zoning District	**Development**
SP-1	PARK PLACE

Use Group: R-2 **Construction Type:** VB **Square Footage:** 45,889

Use Group: S-1 **Construction Type:** VB **Square Footage:** 15,035

Description of Construction:

ROCHESTER VILLAGE APARTMENTS - BUILDING #19 - 36 UNIT, 3 STY RESIDENTIAL MULTI-FAMILY DWELLING A PARKING GARAGE BELOW

Automatic Sprinkler Installed: Yes

Owner: PARK PLACE PITTSBURGH LLC

Address: 1170 PITTSFORD-VICTOR RD
SUITE 100
PITTSFORD, NY 14534
Phone:

Applicant: DYNAMIC BUILDING CORPORATION

Address: 51 PENNWOOD PLACE, SUITE 200
WARRENDALE, PA 15086
Phone:

Occupant: DYNAMIC BUILDING CORPORATION

J R Smith
Authorized Signature
Inspected for compliance with the Uniform Construction Code

12/19/2014
Date of Final Inspection

Conditional Occupancy- Approval has been granted for the following areas: Parking garage, 1st – 3rd floor corridors, stairwells, and 1st, 2nd and 3rd floor apartment units with exception of apartment units 304, 305, 311 and 312. A final, unconditional occupancy will be granted upon completion of open items listed on field inspection reports and memo transmittal provided to contractor and DGA.

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SP-1	PARK PLACE

Use Group: R-2 **Construction Type:** VB **Square Footage:** 45,889

Use Group: S-1 **Construction Type:** VB **Square Footage:** 15,035

Description of Construction:

ROCHESTER VILLAGE APARTMENTS - BUILDING #19 - 36 UNIT, 3 STY RESIDENTIAL MULTI-FAMILY DWELLING A PARKING GARAGE BELOW

Automatic Sprinkler Installed: Yes

Owner: PARK PLACE PITTSBURGH LLC	
Address: 1170 PITTSFORD-VICTOR RD SUITE 100 PITTSFORD, NY 14534	Phone:
Applicant: DYNAMIC BUILDING CORPORATION	
Address: 51 PENNWOOD PLACE, SUITE 200 WARRENDALE, PA 15086	Phone:
Occupant: DYNAMIC BUILDING CORPORATION	

J R Smith
Authorized Signature
Inspected for compliance with the Uniform Construction Code

12/17/2014
Date of Final Inspection

Conditional Occupancy - Approval has been granted for the following areas: Parking garage, 1st -3rd floor corridors, stairwells and the 1st and 2nd floor apartment units. Occupancy approval has not been granted for the 3rd floor apartment units.

CRANBERRY TOWNSHIP
http://www.cranberrytownship.org
2525 Rochester Road, Suite 400
Cranberry Township, PA 16066-6499

Planning and Community Development
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Application #
10029

Certificate of Occupancy

NEW NON-RESIDENTIAL STRUCTURE

In Accordance with 2009 I.B.C.

Butler County Map & Parcel	Address of Property
130.4F108.16AF	1101 CROSS CREEK DRIVE
Zoning District	**Development**
SP-1	PARK PLACE

Use Group: R-2 **Construction Type:** VB **Square Footage:** 45,889

Use Group: S-1 **Construction Type:** VB **Square Footage:** 15,035

Description of Construction:

ROCHESTER VILLAGE APARTMENTS - BUILDING #19 - 36 UNIT, 3 STY RESIDENTIAL MULTI-FAMILY DWELLING A PARKING GARAGE BELOW

Automatic Sprinkler Installed: Yes

Owner: PARK PLACE PITTSBURGH LLC	
Address: 1170 PITTSFORD-VICTOR RD SUITE 100 PITTSFORD, NY 14534	Phone:
Applicant: DYNAMIC BUILDING CORPORATION	
Address: 51 PENNWOOD PLACE, SUITE 200 WARRENDALE, PA 15086	Phone:
Occupant: DYNAMIC BUILDING CORPORATION	

J R Smith
Authorized Signature
Inspected for compliance with the Uniform Construction Code

12/10/2014
Date of Final Inspection

Conditional Occupancy- Approval has been granted for the following areas: Parking garage, 1st -3rd floor corridors, stairwells and all of the 1st floor apartment units. Occupancy approval has not been granted for the 2nd and 3rd floor units.

CRANBERRY TOWNSHIP

http://www.cranberrytownship.org
2525 Rochester Road, Suite 400
Cranberry Township, PA 16066-6499

Planning and Community Development
p(724) 776-4806 - f(724) 776-4420

Application #
10029

Certificate of Occupancy

NEW NON-RESIDENTIAL STRUCTURE

In Accordance with 2009 I.B.C.

Butler County Map & Parcel	Address of Property
130.4F108.16AF	1101 CROSS CREEK DRIVE
Zoning District	**Development**
SP-1	PARK PLACE

Use Group: R-2 **Construction Type:** VB **Square Footage:** 45,889

Use Group: S-1 **Construction Type:** VB **Square Footage:** 15,035

Description of Construction:

ROCHESTER VILLAGE APARTMENTS - BUILDING #19 - 36 UNIT, 3 STY RESIDENTIAL MULTI-FAMILY DWELLING A PARKING GARAGE BELOW

Automatic Sprinkler Installed: Yes

Owner: PARK PLACE PITTSBURGH LLC

Address: 1170 PITTSFORD-VICTOR RD
SUITE 100
PITTSFORD, NY 14534
Phone:

Applicant: DYNAMIC BUILDING CORPORATION

Address: 51 PENNWOOD PLACE, SUITE 200
WARRENDALE, PA 15086
Phone:

Occupant: DYNAMIC BUILDING CORPORATION

J R Smith
Authorized Signature
Inspected for compliance with the Uniform Construction Code

11/18/2014
Date of Final Inspection

Conditional Occupancy- approval has been granted for the following areas: Parking garage, 1st, 2nd and 3rd floor corridors, stairwells and units 102,103,104 and 105. Occupancy in any other apartment unit without prior approval is prohibited.

EXHIBIT 2

FW: Rochester Village

From: Frank Giacobbe <"/o=mex05/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=frank60e">
To: "Bilger, Matt" <matt.bilger@colliers.com>
Date: Thu, 20 Nov 2014 11:45:54 -0500
Attachments: Park Place - Rochester Village T12 September 14.pdf (28.73 kB)

Matt, received this email yesterday. Below are the answers to your questions.

1. The site became 100% occupied the month of October.
2. The first building was leased in September 2013 and it took approximately 12 months to become fully leased. Every building was preleased the moth before it came on line.
3. There was a waiting list so its difficult to say. When a building received conditional CofO tenants moved in.
4. September 2013

Regards,

Frank Giacobbe
Principal
Aurora Capital Advisors, LLC
57 Virginia Place
Buffalo, NY 14202
Office: (716)332-4544
Mobile: (716)432-9814
Fax: (716)931-9210

From: Kevin Morgan [mailto:kevin.morgan@morganmanagement.com]
Sent: Wednesday, November 19, 2014 4:36 PM
To: Frank Giacobbe; Pat Ogiony
Subject: FW: Investor Message

From: Amy Pontius
Sent: Wednesday, November 19, 2014 4:34 PM
To: Kevin Morgan; Todd Morgan
Subject: Fwd: Investor Message

I thought I should send this to you.
AP

Begin forwarded message:

> **From:** Gemma Labella <gemma.labella@morganmanagement.com>
> **Date:** November 19, 2014 at 4:32:14 PM EST
> **To:** Amy Pontius <amy.pontius@morganmanagement.com>
> **Subject: Investor Message**

Hi Amy,
I just spoke to an investor/appraiser on the phone. I actually didn't know the answers to any of the questions. His name is Matt from Colliers International. He needed answers to the following questions before the end of the day:
1. What month did our property become stabilized?
2. What was the absorption time (how many months?)
3. What was the average number of units during absorption time?
4. When was the first building opened?

His email is matt.bilger@collier.com. His phone number is: 614-437-4686.

Thank you,
Gemma LaBella
Leasing Consultant
Rochester Village Apartments
10100 Kettlecreek Dr. Suite 100
Cranberry Township, PA 16066
Ph: 724-553-5570 Fax: 724-553-5573
gemma.labella@morganmanagement.com

www.rochestervillage.com
Like us on Facebook!

EXHIBIT 3

RE: Rochester village

From: Frank Giacobbe <"/o=mex05/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=frank60e">
To: Kevin Morgan <kevin.morgan@morganmanagement.com>
Cc: Todd Morgan <todd.morgan@morganmanagement.com>, Robert Morgan <bob.morgan@morganmanagement.com>
Date: Thu, 11 Dec 2014 09:26:24 -0500

I'm not saying that. I'm going to push without it. But in the event they figure it out it might slow us down until we have that.

Regards,

Frank Giacobbe
Principal
Aurora Capital Advisors, LLC
57 Virginia Place
Buffalo, NY 14202
Office: (716)332-4544
Mobile: (716)432-9814
Fax: (716)931-9210

----Original Message----
From: Kevin Morgan [mailto:kevin.morgan@morganmanagement.com]
Sent: Thursday, December 11, 2014 9:01 AM
To: Frank Giacobbe
Cc: Todd Morgan; Robert Morgan
Subject: Re: Rochester village

We understand. We need full c of o to close. Should happen next week.

Sent from my iPhone

> On Dec 11, 2014, at 9:00 AM, Frank Giacobbe <fg@auroracap.net> wrote:
>
> Todd, let me be clear. If the lender finds out we don't have conditional cofo for all the floors and I have been saying its 100 percent leased they won't allow us to close until we have the cofo's for the entire site. I've tried everything so I suggest we jam it at the end and hope they don't notice. Again ARBOR, like any other lender has a 3rd party zoning consultant that makes sure the site is in compliance.
>
> Regards,
>
> Frank Giacobbe
> Principal
> Aurora Capital Advisors, LLC
> 57 Virginia Place
> Buffalo, NY 14202
> Office: (716)332-4544
> Mobile: (716)432-9814
> Fax: (716)931-9210
>
> ----Original Message----
> From: Todd Morgan [mailto:todd.morgan@morganmanagement.com]
> Sent: Thursday, December 11, 2014 8:20 AM
> To: Frank Giacobbe
> Subject: FW: Rochester village
>
> Frank-Are we still on track to close Rochester Village December 19th after we cleared everything up

with the C of O yesterday?
>
> ——Original Message——
> From: Kevin Morgan
> Sent: Wednesday, December 10, 2014 7:26 AM
> To: Robert Morgan
> Cc: Frank Giacobbe1; Todd Morgan
> Subject: Re: Rochester village
>
> Frank says dec 19th
>
> Sent from my iPhone
>
>> On Dec 10, 2014, at 7:22 AM, Robert Morgan <bob.morgan@morganmanagement.com> wrote:
>>
>> When can we close
>>
>> Sent from my iPhone
>>
>>> On Dec 10, 2014, at 6:23 AM, Kevin Morgan <kevin.morgan@morganmanagement.com> wrote:
>>>
>>> Frank - we need to know what the new loan amount is for Rochester village now that we have the adjustment in the real estate taxes. Please get that to us as soon as possible.
>>>
>>> Thanks,
>>>
>>> Kevin
>>>
>>> Sent from my iPhone
>

EXHIBIT 4

From: Frank Giacobbe
To: Kevin Morgan
Cc: Pat Ogiony
Subject: Rochester Village
Date: Tuesday, October 28, 2014 4:07:00 PM
Attachments: Park Place - Pro-forma - Bank - Revised Costs.xlsx

---

Give me a call to discuss.

Regards,

Frank Giacobbe
Principal
Aurora Capital Advisors, LLC
www.auroracap.net
57 Virginia Place
Buffalo, NY 14202
Office: (716)332-4544
Mobile: (716)432-9814
Fax: (716)931-9210

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EXHIBIT 4A

Park Place Apartments

		SF	Monthly Rent Per Unit	Monthly Rent	Rate/SF	Annual Rent
# Units						
Building 1 - 2 BDR - 2 BA - Unit A	4	1156	$ 1,561	$ 6,242.40	$ 1.35	$ 74,908.80
Building 1 - 2 BDR - 2 BA - Unit B	4	1102	$ 1,488	$ 5,950.80	$ 1.35	$ 71,409.60
Buildings 2&3 - 2 BDR - 2 BA- Unit A	10	1157	$ 1,562	$ 15,619.50	$ 1.35	$ 187,434.00
Buildings 2&3 - 2BDR - 2 BA- Unit B	10	1103	$ 1,489	$ 14,890.50	$ 1.35	$ 178,686.00
Buildings 4&5 - 2BDR - 2 BA- Unit A	10	1157	$ 1,562	$ 15,619.50	$ 1.35	$ 187,434.00
Buildings 4&5 - 2BDR - 2 BA- Unit B	10	1103	$ 1,489	$ 14,890.50	$ 1.35	$ 178,686.00
Buildings 15&19 - 2BDR - 2 BA- Unit A	70	1012	$ 1,366	$ 95,634.00	$ 1.35	$ 1,147,608.00
Buildings 15&19 - 2BDR - 2 BA- Unit B	60	1068	$ 1,442	$ 86,508.00	$ 1.35	$ 1,038,096.00
Buildings 15&19 - 1BDR - 1 BA - Unit C	30	773	$ 1,121	$ 33,625.50	$ 1.45	$ 403,506.00
Buildings 15&19 - 1BDR - 1 BA - Unit D	5	692	$ 1,003	$ 5,017.00	$ 1.45	$ 60,204.00
Buildings 15&19 - 1BDR - 1 BA - Unit E	15	793	$ 1,150	$ 17,247.75	$ 1.45	$ 206,973.00
Garages - Bldgs (1)	0	1	$ 85	$ -	$ 85.00	$ -
Retail	1	12710		$ 21,225.70	$ 1.67	$ 254,708.40
Total	228			$ 332,471.15		$ 3,989,653.80

(1) Garages are included in rent.

Income:		Per Unit			
Gross Potential Rent	$ 3,989,654	17,498			
Vacancy	($199,483)	5%			
Concessions	$0	-			
Cable Income	$ 109,440		$ 40	Unit/Month	
Internet	$ -		$ -	Unit/Month	
Storage Space	$ 72,900		$ 45	Unit/Month	
Vacancy Cable & Laundry	($9,117)	5%			
Total Net Rent	$3,963,394	17,383			
Application Fees - Other Income	$228,000	1,000	1000	unit	
Total Income	**$4,191,394**	18,383			

Expenses:			Assumptions	Per unit/SF %
Payroll	$159,600	700	$ 700.00	Unit
Marketing & Advertising	$11,400	50	$ 50.00	Unit
Snow Removal	$17,100	75	$ 75.00	Unit
Utilities	$79,800	350	$ 350.00	Unit
Maintenance & Repairs	$91,200	400	$ 400.00	Unit
Insurance	$38,760	170	$ 170.00	Unit
RE Taxes	$285,000	1,250	$ 1,250.00	Unit
Management Fee	$167,656	735	4%	EGI
Cleaning/Supplies	$22,800	100	$ 100.00	Unit
Water/Sewer	$11,400	50	$ 50.00	Unit
Cable/Internet	$101,232	444	$ 37.00	Unit/month
Trash	$17,100	75	$ 75.00	Unit
Replacement Reserves	$57,000	250	$ 250.00	Unit
Total Expenses	**$1,060,048**	4,649		
Expense Ratio	*25.3%*			

NOI	**$3,131,346**	13,734
Cap Rate	6.50%	
Value	**$ 48,174,559**	211,292
Value per Unit	$ 211,292	
Loan Amount	**$ 38,539,647**	$ 169,034
Annual Debt Service	$ 2,482,670	
DSCR	1.26	
Cash Flow	**$ 648,676**	
Annual Debt Service (I/O)	$ 1,926,982	
Cash Flow (I/O)	**$ 1,204,364**	

Assumptions		
Rate:	5.00%	
Amortizaation	360.00	**Months**
Cap Rate	**6.50%**	
LTV Rate	80%	

EXHIBIT 5

Re: Storage Units-Roc Vil

From: Frank Giacobbe <"/o=mex05/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=frank60e">
To: Kevin Morgan <kevin.morgan@morganmanagement.com>
Cc: Todd Morgan <todd.morgan@morganmanagement.com>, Pat Ogiony <pogiony@auroracap.net>
Date: Wed, 29 Oct 2014 12:40:25 -0400

Guys now is not the time for the TRUTH!

Sent from my iPhone

On Oct 29, 2014, at 12:27 PM, "Kevin Morgan" <kevin.morgan@morganmanagement.com> wrote:

Magic.

From: Frank Giacobbe [mailto:fg@auroracap.net]
Sent: Wednesday, October 29, 2014 12:27 PM
To: Todd Morgan
Cc: Kevin Morgan; Pat Ogiony
Subject: Re: Storage Units-Roc Vil

Ok where did 72k come from on the proforma

Sent from my iPhone

On Oct 29, 2014, at 12:25 PM, "Todd Morgan" <todd.morgan@morganmanagement.com> wrote:

See below regarding storage at Rochester Village.

From: Jessica Hengler
Sent: Wednesday, October 29, 2014 12:25 PM
To: Todd Morgan
Cc: Amy Pontius
Subject: RE: Storage Units-Roc Vil

Todd,

We have 45 total storage units. There are 5 buildings with storage, and 3 on each floor.

Let me know if you need anything else!

Thank you,

Jessica Hengler | Property Manager

Rochester Village Apartments

10100 Kettlecreek Dr. Suite 100

Cranberry Township, PA 16066

p.724-553-5570 | f. 724-553-5573

www.rochestervillage.com

Like us on Facebook!

From: Todd Morgan
Sent: Wednesday, October 29, 2014 12:00 PM
To: Jessica Hengler
Subject: FW: Storage Units-Roc Vil
Importance: High

Can you help me out on this?

From: Todd Morgan
Sent: Tuesday, October 28, 2014 5:09 PM
To: Amy Pontius
Cc: Kevin Morgan
Subject: Storage Units-Roc Vil
Importance: High

Amy-Can you let us know how many total storage units we have at Rochester Village?

Todd Morgan

Morgan Management, LLC
1080 Pittsford-Victor Road, Suite 100
Pittsford, NY 14534
Phone: (585) 419-9630
Fax (585)419-9636

www.morgancommunities.com

****
****

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EXHIBIT 6

Re: Rochester Village - Other Income

From: Frank Giacobbe <"/o=mex05/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=frank60e">
To: Maksym Pazuniak <pazuniak@steeprockcapital.com>
Cc: John Bucci <bucci@steeprockcapital.com>
Date: Fri, 07 Nov 2014 11:59:52 -0500

I think 48million but I will check

Sent from my iPhone

On Nov 7, 2014, at 10:44 AM, "Maksym Pazuniak" <pazuniak@steeprockcapital.com> wrote:

Frank –

What is the existing debt on this thing?

Thanks,

Maks

From: Frank Giacobbe [mailto:fg@auroracap.net]
Sent: Wednesday, November 05, 2014 11:47 AM
To: Maksym Pazuniak
Cc: kevin.morgan@morganmanagement.com; John Bucci; Matthew Mitchell; Ronen Abergel (rabergel@arbor.com)
Subject: Re: Rochester Village - Other Income

Guys go with these numbers we are a week or more on those

Sent from my iPhone

On Nov 5, 2014, at 11:33 AM, "Maksym Pazuniak" <pazuniak@steeprockcapital.com> wrote:

> Yes, we can read this one well enough – what is timing on October numbers?
>
> Thanks

From: Frank Giacobbe [mailto:fg@auroracap.net]
Sent: Wednesday, November 05, 2014 11:23 AM
To: Maksym Pazuniak
Cc: kevin.morgan@morganmanagement.com; John Bucci; Matthew Mitchell; Ronen Abergel (rabergel@arbor.com)
Subject: Re: Rochester Village - Other Income

I did can you guys read it now.

Sent from my iPhone

On Nov 5, 2014, at 11:07 AM, "Maksym Pazuniak" <pazuniak@steeprockcapital.com> wrote:

> Thanks Frank -- Can you rescan and forward #4? We can't read it.
>
> ---
>
> **From:** Frank Giacobbe [mailto:fg@auroracap.net]
> **Sent:** Wednesday, November 05, 2014 10:03 AM
> **To:** Maksym Pazuniak
> **Cc:** 'kevin.morgan@morganmanagement.com'; John Bucci; Matthew Mitchell; Ronen Abergel (rabergel@arbor.com)
> **Subject:** RE: Rochester Village - Other Income
>
> 1. There are 180 possible storage units available at 45 dollars a unit. We expect fully stabilized it will be approximately 75% occupied. Currently the property's storage units are 50% occupied. No schedule is available for the storage units.
> 2. Morgan makes charges 60 per unit for basic cable. Anything above that goes directly to the cable company. Morgan Management gave free cable and storage for the first months to encourage tenants to move in now that all the units have final CofO's that has been eliminated and they are charging the going rates.
> 3. The Rent is paid for another entity as RENT and the expenses are paid by the property.
> 4. Attached
>
> Regards,
>
> Frank Giacobbe
>
> Principal
>
> Aurora Capital Advisors, LLC
>
> 57 Virginia Place
>
> Buffalo, NY 14202
>
> Office: (716)332-4544

Mobile: (716)432-9814

Fax: (716)931-9210

From: Maksym Pazuniak [mailto:pazuniak@steeprockcapital.com]
Sent: Monday, November 03, 2014 5:12 PM
To: Frank Giacobbe
Cc: 'kevin.morgan@morganmanagement.com'; John Bucci; Matthew Mitchell
Subject: Rochester Village - Other Income

Hey guys,

Just to follow up on our call earlier today, we thought it would be helpful to send over our specific questions on the Other Income so you know what we're looking for. As discussed, we're trying to get comfortable underwriting as much Other Income as possible, which as you know can be difficult for an unstabilized asset.

1. Regarding the $72,900 budgeted for Storage, what is the in place income? Can you send a schedule with the available storage units and pricing? When do you expect this income to stabilize?

2. Regarding the $164,160 budgeted for Cable, can you provide some detail on this revenue? What is the in place income? It looks like you expect to purchase the Cable in bulk for $101,232 and then re-sell it for $164,160, is this accurate?

3. Regarding the $242,224.35 in Retail Income, we believe we understand this in general, but have a few questions:

    a. The Retail Rent Roll includes income from the Resident Lounge and Fitness Center – I assume this is paid from the Property, is the related expense included in the Operating Budget?

    b. Can you shoot over the leases as well?

4. Regarding the $228,000 in Application Fees and Other Income, is this Budgeted Line item the same as the "Fees, Charges & Forfeitures" line in the Trailing-12 Operating Statement? Do you expect the ~$20k / month income that the Property has booked since May to continue?

Please send over the October TTM when it is complete. The more detail you can provide on the various Other Income line items, the easier it will be for us to understand and underwrite it.

Thanks,

Maks

Maksym Pazuniak

SteepRock Capital, LLC

212.218.5055

pazuniak@steeprockcapital.com

54 Thompson Street

4th Floor

New York, NY 10012

EXHIBIT 7

Re: Inspection

From: Frank Giacobbe <"/o=mex05/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=frank60e">
To: Jessica Hengler <jessica.hengler@morganmanagement.com>
Cc: Todd Morgan <todd.morgan@morganmanagement.com>, Kevin Morgan <kevin.morgan@morganmanagement.com>
Date: Mon, 19 Jan 2015 16:56:49 -0500

We just need to see 1 of each unit type. Last time was 5 percent.

Sent from my iPhone

On Jan 19, 2015, at 4:43 PM, "Jessica Hengler" <jessica.hengler@morganmanagement.com> wrote:

Quick question.. Is it okay to use the same apartments as last time?

Jessica Hengler | Property Manager

Rochester Village Apartments

10100 Kettlecreek Dr. Suite 100

Cranberry Township, PA 16066

p.724-553-5570 | f. 724-553-5573

www.rochestervillage.com

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From: Frank Giacobbe [mailto:fg@auroracap.net]
Sent: Monday, January 19, 2015 4:17 PM
To: Todd Morgan; Kevin Morgan; Jessica Hengler
Subject: RE: Inspection

Guys, I just got word that the inspection is going to be pushed to Friday due to the weather. So can we do

the inspection the same way on Friday of this week.

Regards,

Frank Giacobbe

Principal

Aurora Capital Advisors, LLC

57 Virginia Place

Buffalo, NY 14202

Office: (716)332-4544

Mobile: (716)432-9814

Fax: (716)931-9210

From: Todd Morgan [mailto:todd.morgan@morganmanagement.com]
Sent: Monday, January 19, 2015 11:36 AM
To: Kevin Morgan; Jessica Hengler
Cc: Frank Giacobbe
Subject: RE: Inspection

In regards to the radios, they are in the following units:

Floor 1: Unit 112

Floor 2: Unit 211 (please just confirm that is the case but it is either in that unit or in the unit right next to it)

Floor 3: Unit 301

Thanks,

Todd

From: Kevin Morgan
Sent: Monday, January 19, 2015 11:29 AM
To: Jessica Hengler
Cc: Frank Giacobbe1; Todd Morgan
Subject: Inspection

Jessica,

We have an inspection on Wednesday at 10am. I won't be there but Frank will be and he'll arrive at around 9am. When he gets there, can you close the office like you did the last time? We'll need Dean again to walk them around.

We need to show 1 of each unit type, all occupied. Let's do 1 unit in the building the office is in. Then the rest we can do in the bigger buildings since that is where the other unit types are. Let's make sure to show 1 of the occupied units in building 2000.

Also, do you know if building 19 is still the way we left it? We left some radios in the 3 of the units that were turned on, can you make sure they are still audible from the hallway? Todd can give you the unit numbers. Are the mats still sitting in the hallways? We want to make sure it still looks the same.

Let me know.

Thanks,

Kevin J. Morgan

Morgan Management, LLC
1080 Pittsford-Victor Rd.
Pittsford, NY 14534
Phone: (585) 419-9630
Fax (585)419-9636

www.morgancommunities.com

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EXHIBIT 8

Re: Inspection

From: Kevin Morgan <kevin.morgan@morganmanagement.com>
To: Frank Giacobbe <fg@auroracap.net>
Cc: Pat Ogiony <pogiony@auroracap.net>, Todd Morgan <todd.morgan@morganmanagement.com>
Date: Tue, 31 Mar 2015 07:31:29 -0400

Seems like frank is on top of it so I'll wait to hear how the inspection goes, that is if anyone cares to tell me about it.

Sent from my iPhone

On Mar 31, 2015, at 7:27 AM, Frank Giacobbe <fg@auroracap.net> wrote:

> 9:30 and DGA has the keys to most of the units in building 1 because they still aren't finished.

From: Kevin Morgan [mailto:kevin.morgan@morganmanagement.com]
Sent: Tuesday, March 31, 2015 7:04 AM
To: Pat Ogiony
Cc: Frank Giacobbe; Todd Morgan
Subject: Re: Inspection

What time is the engineering inspection today?

We need to figure this out so we don't look like a bunch of assholes.

Sent from my iPhone

On Mar 31, 2015, at 6:54 AM, Pat Ogiony <pogiony@auroracap.net> wrote:

> I'll double check and let you guys know.
>
> Sent from my iPhone
>
> On Mar 31, 2015, at 5:33 AM, Kevin Morgan <kevin.morgan@morganmanagement.com> wrote:
>
> > Pat,
> >
> > I'm apparently not that involved in this refi so can you scroll down to the units for the engineering walk that my manager decided to pick on her own that she says are vacant? I know this is

probably a stupid question but do they show as vacant or occupied on your rent roll? It's a minor detail but I figured someone better ask the question since she doesn't know what the rent roll looks like.

Thanks,

Kevin

Sent from my iPhone

Begin forwarded message:

> From: Frank Giacobbe <fg@auroracap.net>
> Date: March 30, 2015 at 11:15:54 PM EDT
> To: Kevin Morgan <kevin.morgan@morganmanagement.com>
> Subject: RE: Inspection
>
> It's not fair for you to judge. Get involved if you want to but things change and I need to figure it out. You want to know what's up it isn't that simple.
>
> ---
>
> From: Kevin Morgan [mailto:kevin.morgan@morganmanagement.com]
> Sent: Monday, March 30, 2015 9:53 PM
> To: Frank Giacobbe
> Subject: Fwd: Inspection
>
> Frank - what is the deal here?
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > From: Amy Pontius <amy.pontius@morganmanagement.com>
> > Date: March 30, 2015 at 9:48:00 PM EDT
> > To: Kevin Morgan <kevin.morgan@morganmanagement.com>
> > Subject: RE: Inspection
> >
> > Ok, Kevin...Frank had come in at end of day and wanted to get keys to the vacant ready units in 1000.
> >
> > I will make sure she knows. Is Frank aware he will not be doing the engineering inspection?

Thanks,

AP

From: Kevin Morgan
Sent: Monday, March 30, 2015 9:30 PM
To: Amy Pontius
Subject: Re: Inspection

Amy - there will be no engineering inspection. Please make sure those units do not get shown. Can you confirm Maribeth knows this?

Thanks,

Kevin

Sent from my iPhone

On Mar 30, 2015, at 9:09 PM, Amy Pontius <amy.pontius@morganmanagement.com> wrote:

> Just in case you need for tomorrow.
>
> AP
>
> Begin forwarded message:
>
> > **From:** Maribeth Kisiday <maribeth.kisiday@morganmanagement.com>
> > **Date:** March 30, 2015 at 6:45:09 PM EDT
> > **To:** Amy Pontius <amy.pontius@morganmanagement.com>
> > **Subject: RE: Inspection**
> >
> > Just an FYI, listed below are all of the apartments that are included in the walk for tomorrow, March 31st :
> >
> > Occupied Apartments
> >
> > Building 10 - #10304
> >
> > Building 9 - #9101

Building 8 - #8201

Building 7 - #7102

Building 6 - #6204 (resident requested entry after 10:00 am please)

Building 5 - #5212

Building 4 - #4105

Building 3 - #3306

Building 2 - #2107 and #2306

Building 1 - #1307

Additional Building 1 Apartments (Appraisal)

#1309 - Occupied

#1311 - Occupied

#1202 – Vacant – Moving date changed to 4/1/15

#1107 – Furnished Vacant

Engineering Walk (all vacant)

#1105

#1107

#1202

#1207

#1210

#1303

#1305

#1306

#1312

#2205

#2212

Thank you!

Maribeth Kisiday

Morgan Management

Property Manager

Rochester Village at Park Place

10100 Kettlecreek Drive Suite 100

Cranberry Township, PA 16066

Ph: 724-553-5570 Fax: 724-553-5573

www.rochestervillage.com

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From: Amy Pontius
Sent: Tuesday, March 24, 2015 10:41 PM
To: Maribeth Kisiday
Subject: Re: Inspection

Thank you maribeth... Melissa should be able to call the residents...

Thanks,

AP

On Mar 24, 2015, at 5:27 PM, "Maribeth Kisiday" <maribeth.kisiday@morganmanagement.com> wrote:

> Hi Amy,
>
> I just need to confirm the walk list with Dean in the morning and I will send

you the list immediately after I speak with him.

Thank you!

Maribeth Kisiday

Morgan Management

Property Manager

Rochester Village at Park Place

10100 Kettlecreek Drive Suite 100

Cranberry Township, PA 16066

Ph: 724-553-5570 Fax: 724-553-5573

www.rochestervillage.com

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From: Amy Pontius
Sent: Tuesday, March 24, 2015 4:03 PM
To: Maribeth Kisiday
Subject: FW: Inspection

FYI...

Can you please provide me with the list as soon as possible for the occupied's we will walk with Dean on March 31st.

Thanks,

AP

From: Kevin Morgan
Sent: Tuesday, March 24, 2015 3:19 PM

To: Amy Pontius
Cc: Todd Morgan
Subject: Inspection

Amy,

I've lost track of what round we're on but we have one more inspection on March 31st. Inspection will take place at 9am so if the office can be closed then that would be helpful. Frank Giacobbe will be there. Don't worry about people shopping you like last time, that shouldn't happen. Frank will need Dean to take him around.

All occupied units. 1 unit in building 1000, 2 in building 2000 and 1 unit in each of the other buildings. Once you've chosen the units, can you please send me the list?

On the 31st, can you have the employees and possibly DGA park in the garage for building 1000?

Thanks,

Kevin J. Morgan

Morgan Management, LLC
1080 Pittsford-Victor Rd.
Pittsford, NY 14534
Phone: (585) 419-9630
Fax (585)419-9636

www.morgancommunities.com

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EXHIBIT 9

RE: Rochester Village Marketing Brochure

From: Todd Morgan <todd.morgan@morganmanagement.com>
To: Pat Ogiony <pogiony@auroracap.net>, Kevin Morgan <kevin.morgan@morganmanagement.com>
Cc: Frank Giacobbe <fg@auroracap.net>
Date: Tue, 24 Mar 2015 17:17:36 -0400

I will request & send to you.

From: Pat Ogiony [mailto:pogiony@auroracap.net]
Sent: Tuesday, March 24, 2015 5:16 PM
To: Kevin Morgan; Todd Morgan
Cc: Frank Giacobbe1
Subject: Rochester Village Marketing Brochure

Guys,

Attached is the Marketing Brochure I have on file for Rochester Village. Can you send me an updated one that doesn't have the Feature of **Free Cable! Let me know.**

Thanks,

Patrick Ogiony
Aurora Capital Advisors, LLC
57 Virginia Place
Buffalo, NY 14202
Office: (716)332-4544 Ext 202
Mobile: (716)491-2326
Fax: (716)931-9210
www.auroracap.net

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EXHIBIT 10

Revised Rochester Village Brochure

From: Todd Morgan <todd.morgan@morganmanagement.com>
To: Frank Giacobbe <fg@auroracap.net>, Pat Oglony <poglony@auroracap.net>
Cc: Kevin Morgan <kevin.morgan@morganmanagement.com>
Date: Wed, 25 Mar 2015 08:08:57 -0400
Attachments: RochesterVillage_RP-nocable.pdf (2.76 MB); ATT00001.txt (36 bytes)

Disregard the last one I just sent. Here is the correct one:

EXHIBIT 10A

ROCHESTER VILLAGE APARTMENTS at Park Place

Ideally located within commuting distance to downtown Pittsburgh, Rochester Village Apartments at Park Place has a great deal to offer its residents. Settled in Cranberry Township, we are surrounded by western Pennsylvania's rolling natural landscape, yet we still possess many of the conveniences of city-living. There are several parks closeby featuring walking trails, playground areas, dog parks, a skatepark, a waterpark, and an outdoor amphitheater which hosts many concerts each summer. Make yourself at home at Rochester Village Apartments!

FEATURES

- Gourmet Kitchens with Islands*
- Granite Countertops
- Stainless Steel Appliances
- Garage Parking Included
- Balconies & Patios*
- Elevators in Each Building
- 9 Foot Ceilings

*(*avaliable in select units)*

- Park-Like Setting
- 24-Hour Fitness Center
- Resident Lounge
- Grill Stations
- Pet Friendly *(with terms)*
- Minutes to Graham Park, I-79, & Turnpike
- **Free Internet!**

LEASING TERMS

- Standard 12-month leases
- Short term leases may be available (fees may apply)

SCHOOL DISTRICT

- Seneca Valley School District

FLOOR PLANS

• The Auburn	One Bedroom	$_____
• The Aurora	One Bedroom	$_____
• The Geneva	One Bedroom	$_____
• The Naples	Two Bedroom	$_____
• The Ithaca	Two Bedroom	$_____
• The Seneca	Two Bedroom	$_____

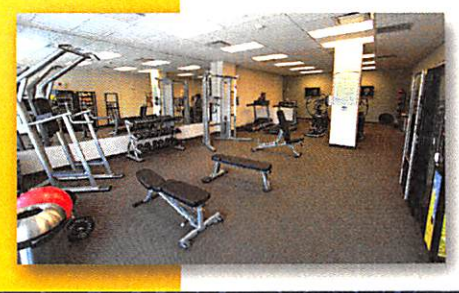
10100 Kettlecreek Drive Suite 100
Cranberry Township, PA 16066

Phone: 724-553-5570
Fax: 724-553-5573

rochestervillage@morgancommunities.com

OFFICE HOURS

Monday-Friday	9:00am-6:00pm
Saturday	10:00am-5:00pm
Sunday	12:00pm-5:00pm



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morgan communities

EXHIBIT 11

RE: Southpointe

From: Todd Morgan <todd.morgan@morganmanagement.com>
To: Pat Ogiony <pogiony@auroracap.net>, Frank Giacobbe <fg@auroracap.net>, Kevin Morgan <kevin.morgan@morganmanagement.com>
Date: Wed, 15 Apr 2015 08:40:39 -0400
Attachments: Reserve at Southpoint T-12 thru Mar 2015.pdf (72.4 kB)

Attached let me know if you need anything further.

From: Pat Ogiony [mailto:pogiony@auroracap.net]
Sent: Monday, April 13, 2015 10:06 AM
To: Todd Morgan; Frank Giacobbe1; Kevin Morgan
Subject: RE: Southpointe

Ok great – I will double check. Can you please forward me the current T-12 for Southpointe through March as well.

Thanks,

Patrick Ogiony
Aurora Capital Advisors, LLC
57 Virginia Place
Buffalo, NY 14202
Office: (716)332-4544 Ext 202
Mobile: (716)491-2326
Fax: (716)931-9210

From: Todd Morgan [mailto:todd.morgan@morganmanagement.com]
Sent: Monday, April 13, 2015 10:04 AM
To: Frank Giacobbe; Kevin Morgan
Cc: Pat Ogiony
Subject: RE: Southpointe

Update: I've been told items involving cable have been removed for Southpointe on the websites.

I checked & didn't see anything but if you find anything else, please let me know & I will handle ASAP.

From: Todd Morgan
Sent: Saturday, April 11, 2015 2:24 PM
To: Frank Giacobbe1; Kevin Morgan
Cc: Pat Ogiony
Subject: Re: Southpointe

Below from our marketing dept:

I've removed "cable included" from the Morgan communities website. I'll try to remove it from as many II S as I can. I don't have the software to change the brochure, but I'll have Phil or Alex work on that Monday.

From: Frank Giacobbe <fg@auroracap.net>
Sent: Friday, April 10, 2015 7:17 PM
To: Kevin Morgan
Cc: Pat Ogiony; Todd Morgan
Subject: Re: Southpointe

Guys we need to be on our A Game to get max dollars.

Sent from my iPhone

On Apr 10, 2015, at 7:07 PM, Kevin Morgan <kevin.morgan@morganmanagement.com> wrote:

> Todd wtf. This needs to be changed everywhere.
>
> Sent from my iPhone
>
> On Apr 10, 2015, at 7:01 PM, Frank Giacobbe <fg@auroracap.net> wrote:
>
> > BOOM
> >
> > Sent from my iPhone
> >
> > On Apr 10, 2015, at 6:31 PM, Pat Ogiony <pogiony@auroracap.net> wrote:
> >
> > > Kevin,
> > >
> > > http://www.morgancommunities.com/apartments/ApartmentDetail.aspx?ID=140&Name=Reserve-at-Southpointe
> > >
> > > Please remove the "Rent Includes: Cable TV" at the bottom of the page.
> > >
> > > Also if you click the link for features and amenities "Cable Included".
> > >
> > > Lastly, if you click on the property brochure remove "Cable Included."
> > >
> > > Any questions let me know.
> > >
> > > Thanks,
> > >
> > > Patrick Ogiony
> > > Aurora Capital Advisors, LLC
> > > 57 Virginia Place
> > > Buffalo, NY 14202
> > > www.auroracap.net
> > > Office: (716)332-4544 Ext 202
> > > Mobile: (716)491-2326
> > > Fax: (716)931-9210

EXHIBIT 12

Fwd: Emailing - RentRoll05-05-2017 (2).pdf

From: Kevin Morgan <kevin.morgan@morgancommunities.com>
To: Todd Morgan <todd.morgan@morgancommunities.com>, Pat Oglony <pogiony@auroracap.net>, Frank Giacobbe <fg@auroracap.net>
Date: Fri, 05 May 2017 14:11:09 -0400

Guys - I was just informed that arbors annual inspection for reserve at southpointe is next Friday. The woman said because this is a Fannie/Freddie deal she needs to pick units to inspect which I've never seen before. Anyway, we are at 84% so we need to discuss a game plan.

Begin forwarded message:

> **From:** Todd Morgan <todd.morgan@morgancommunities.com>
> **Date:** May 5, 2017 at 12:50:42 PM CDT
> **To:** Kevin Morgan <kevin.morgan@morgancommunities.com>
> **Subject:** Emailing - RentRoll05-05-2017 (2).pdf
>
>
>
>

EXHIBIT 13

Servicing

From: Pat Ogiony <pogiony@auroracap.net>
To: Kevin Morgan <kevin.morgan@morgancommunities.com>, Todd Morgan <todd.morgan@morgancommunities.com>
Cc: Frank Giacobbe <fg@auroracap.net>
Date: Mon, 15 May 2017 16:07:36 -0400
Attachments: Reserve at Southpointe I T-12 3.31.17.pdf (29.91 kB); Reserve at Southpointe Rent Roll 3.31.17.pdf (169.87 kB); River's Pointe II - Rent Roll 3.31.17.pdf (145.62 kB); River's Pointe II YTD IS 03-2017.pdf (14.36 kB); 7100 South Shore March 2017 T-12.pdf (33.1 kB); 7100 South Shore Rent Roll 3.31.17.pdf (113.49 kB)

Guys,

These three deals should be good to go for Servicing:

- Southpointe
- Rivers Pointe II
- 7100 South Shore

I will have another bunch for you tomorrow including Rochester Village and am hoping to finish everything up Weds or Thurs of this week.

Thanks,

Patrick Ogiony
Aurora Capital Advisors, LLC
57 Virginia Place
Buffalo, NY 14202
Office: (716)332-4544 Ext 202
Mobile: (716)491-2326
Fax: (716)931-9210
www.auroracap.net

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EXHIBIT 14

FW: RentRoll05-18-2017.xlsx

From: Kevin Morgan <kevin.morgan@morgancommunities.com>
To: Pat Oglony <poglony@auroracap.net>, Frank Giacobbe <fg@auroracap.net>
Cc: Todd Morgan <todd.morgan@morgancommunities.com>
Date: Thu, 18 May 2017 08:30:22 -0400

As discussed.

From: Todd Morgan
Sent: Thursday, May 18, 2017 8:27 AM
To: Kevin Morgan <kevin.morgan@morgancommunities.com>
Subject: RentRoll05-18-2017.xlsx

EXHIBIT 15

Southpointe 5/19/17 Rent Roll

From: Pat Ogiony <pogiony@auroracap.net>
To: Kevin Morgan <kevin.morgan@morgancommunities.com>, Frank Giacobbe <fg@auroracap.net>
Cc: Todd Morgan <todd.morgan@morgancommunities.com>
Date: Thu, 18 May 2017 11:08:59 -0400
Attachments: Reserve at Southpointe Rent Roll 5.19.17.pdf (175.98 kB)

Kevin,

See attached.

Thanks,
Pat

From: Kevin Morgan [mailto:kevin.morgan@morgancommunities.com]
Sent: Thursday, May 18, 2017 8:33 AM
To: Pat Ogiony <pogiony@auroracap.net>; Frank Giacobbe <fg@auroracap.net>
Cc: Todd Morgan <todd.morgan@morgancommunities.com>
Subject: RE: RentRoll05-18-2017.xlsx

Pat – when you get in, call me on this.

From: Kevin Morgan
Sent: Thursday, May 18, 2017 8:30 AM
To: 'Pat Ogiony' <pogiony@auroracap.net>; Frank Giacobbe1 <fg@auroracap.net>
Cc: Todd Morgan <todd.morgan@morgancommunities.com>
Subject: FW: RentRoll05-18-2017.xlsx

As discussed.

From: Todd Morgan
Sent: Thursday, May 18, 2017 8:27 AM
To: Kevin Morgan <kevin.morgan@morgancommunities.com>
Subject: RentRoll05-18-2017.xlsx

EXHIBIT 16

RE: Eden Square - Site Inspection Scheduling

From: Frank Giacobbe <"/o=mex05/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=frank60e">
To: Kevin Morgan <kevin.morgan@morgancommunities.com>
Date: Mon, 24 Oct 2016 15:06:05 -0400

Smart! I like that I didn't know if velocity had to place them. Just pick one vacant unit on the top floor and do it with the window slightly cracked like a half an inch.

Regards,

Frank Giacobbe
Principal
Aurora Capital Advisors, LLC
57 Virginia Place
Buffalo, NY 14202
Office: (716)332-4544
Mobile: (716)432-9814
Fax: (716)931-9210

From: Kevin Morgan [mailto:kevin.morgan@morgancommunities.com]
Sent: Monday, October 24, 2016 3:04 PM
To: Frank Giacobbe <fg@auroracap.net>
Cc: Pat Ogiony <pogiony@auroracap.net>; Todd Morgan <todd.morgan@morgancommunities.com>
Subject: Re: Eden Square - Site Inspection Scheduling

My concern is that the appraiser will be there with the engineering firm and will see them place canisters in the units. I think I will have have my maintenance people place them on Wednesday instead of waiting till Thursday.

On Oct 24, 2016, at 3:01 PM, Frank Giacobbe <fg@auroracap.net> wrote:

> Some are more strict then others. This is Nicks group. I doubt there is radon in a new build.
>
> Sent from my iPhone
>
> On Oct 24, 2016, at 2:21 PM, Kevin Morgan <kevin.morgan@morgancommunities.com> wrote:
>
> > Site. She said the engineer wants to place them while there.
> >
> > On Oct 24, 2016, at 2:12 PM, Pat Ogiony <pogiony@auroracap.net> wrote:
> >
> > > Kevin,
> > >
> > > Did you let Anna know to send them to the site or you need me to? Let me know.
> > >
> > > Thanks,
> > > Pat

From: Kevin Morgan [mailto:kevin.morgan@morgancommunities.com]
Sent: Monday, October 24, 2016 2:07 PM
To: Todd Morgan <todd.morgan@morgancommunities.com>
Cc: Pat Ogiony <pogiony@auroracap.net>; Frank Giacobbe <fg@auroracap.net>
Subject: Re: Eden Square - Site Inspection Scheduling

They are sending them to the site.

On Oct 24, 2016, at 2:06 PM, Todd Morgan <todd.morgan@morgancommunities.com> wrote:

> Yep I will choose the units.
>
> Kevin-Do we want the canisters to be sent to our office?

From: Kevin Morgan
Sent: Monday, October 24, 2016 2:04 PM
To: Pat Ogiony <pogiony@auroracap.net>
Cc: Todd Morgan <todd.morgan@morgancommunities.com>; Frank Giacobbe1 <fg@auroracap.net>
Subject: Re: Eden Square - Site Inspection Scheduling

Todd - can you pick the units and let Shelby and Shannon know? Let's use the 2 vacants that pat mentioned below, 8 occupied ground floor units and 2 upper floor occupied units. This is for the Thursday inspection.

Thanks,

Kevin

On Oct 24, 2016, at 1:50 PM, Pat Ogiony <pogiony@auroracap.net> wrote:

> Kevin/Todd,
>
> See below – we will need to place 8 radon canisters. One in each building in a ground level unit. I would suggest we do all occupied units for these. In total we need to see 12 units. Pick 8 ground level units plus an additional 4 more varying units. If you want to include 2 vacant units, I have units 4-212 and 5-202 Vacant on my Rent Roll.
>
> Let me know where you want the radon canisters mailed to? I would think right to the property, but let me know who they should be made attention to.
>
> Any questions please let me know.
>
> Thanks,
> Pat
>
> **From:** Anna Krauze [mailto:akrauze@velocityconsulting.com]
> **Sent:** Monday, October 24, 2016 11:51 AM
> **To:** Pat Ogiony <pogiony@auroracap.net>; Shini Paul <SPaul@velocityconsulting.com>
> **Subject:** Re: Eden Square - Site Inspection Scheduling

Good Morning Pat,

Thank you for confirming the inspection for this Thursday, the 27th, at 10:30 am. Shini will confirm the time, depending on her travel arrangements. We will do radon testing in each of the 8 buildings and only in ground floor residential units. Please let me know the person and exact address where we should mail out the canisters.

Best,

Anna Krauze

Velocity Consulting, Inc.
55 West 39th Street, Suite 14N
New York, NY 10018
T: 212-629-0690
F: 212-629-0692

On Fri, Oct 21, 2016 at 5:45 PM, Anna Krauze <akrauze@velocityconsulting.com> wrote:

> Good Afternoon Kevin,
>
> Velocity has been retained to conduct an engineering inspection on the above mentioned property in Cranberry Township, PA. We were hoping to set up the inspection for Thursday, the 27th of October, at 10:30 am.
>
> We will need access to all common areas, boiler/mechanical rooms, roofs - if they are accessible, and 5% of the total number of units. In addition, we will need to conduct radon testing. May you please let me know how many residential buildings there are at this property?
>
> Please let me know if you can confirm the inspection for Thursday, the 27th.
>
> Thank you,
>
> Anna Krauze
>
> Velocity Consulting, Inc.
> 55 West 39th Street, Suite 14N
> New York, NY 10018
> T: 212-629-0690
> F: 212-629-0692

EXHIBIT 17

Re: email to nick

From: Frank Giacobbe <"/o=mex05/ou=exchange administrative group (fydlbohf23spdlt)/cn=recipients/cn=frank60e">
To: Robert Morgan <bob.morgan@morgancommunities.com>
Cc: Kevin Morgan <kevin.morgan@morgancommunities.com>
Date: Wed, 15 Mar 2017 13:00:57 -0400

I agree with Bob bit everything else seems tight.

Sent from my iPhone

On Mar 15, 2017, at 12:58 PM, Robert Morgan <bob.morgan@morgancommunities.com> wrote:

We should say that if you need any help on this to enhance the credit of the project because of these issues that the ownwer is willing to put up a letter Of Credit for 12-24 months because we feel confident we will fill project with proper people.

From: Kevin Morgan
Sent: Wednesday, March 15, 2017 12:52 PM
To: Frank Giacobbe1 <fg@auroracap.net>; Robert Morgan <bob.morgan@morgancommunities.com>
Subject: email to nick

Nick,

Regarding our current occupancy, I'll give you an update on what's unfolded over the last few months. Prior to the end of the year, we had an unfortunate incident take place where a vet that recently returned from the Middle East committed suicide in building 6000. He committed suicide by shooting himself and in doing so, the bullet traveled into the wall hitting a sprinkler line which ended up causing water damage in many of the units in that building. This caused us to lose many residents in that building for a couple reasons. The first reason was the stigma of what happened, rumors about someone being murdered were circulating as well as people just not wanting to live in a building where something like this happened. The second reason was time to get this building back in service and even though we were putting residents up in hotels, they didn't want wait for the insurance claim to run its course and for us to make the repairs.

Not that that wasn't enough, we've also turned over our entire office staff. The staff that we had to get rid of caused major customer service issues which also made us lose occupancy. They were leaving the office unattended for days by clocking each other in and leaving, therefore not answering resident work requests, not sending renewal notices in a timely manner and by not being in the office, we were not able to lease to fill the vacancy we were building up. We are also seeing certain pockets in Pittsburgh softening due to new product that has come online and Cranberry is one of those pockets. We still absolutely believe this is one of the nicest new properties in Cranberry and feel that with our new staff and leasing season being less than a month away, we will fill the vacancy very quickly.

As far as the second question goes, there are a couple reasons for this as well. When we build a new

project, we are always preleasing at least 6 months in advance of when our contractor tells us they will turn over the building. As most projects go, we build in a cushion because of potential construction delays which we unfortunately had while building Eden Square. We planned leases to happen on move in dates but we because we had delays, we allowed the residents to move their belongings into the units and put them up in hotels until the units/buildings were ready. The other reason for this could be that we received a verbal that it was ok to occupy but the inspector didn't actually give us the certificate of occupancy until a week or two after the verbal.

One other thing to note is that the construction building numbers are different than the address numbers that we were assigned by Cranberry Township that appear on the rent roll. It's very confusing. For instance, "construction" building 6 is actually building 5000 which appears as 5 on the rent roll. "Construction" building 5 is actually building 6000 which appears as building 6 on the rent roll. The same flip flow of construction building number to address happens with building 1 and 2. The rest of the buildings also have different construction building numbers vs. the addresses. Again, it's confusing how they assigned the addresses.

If you need Bob and myself to jump on a call, we are happy to do so.

Thanks,

Kevin Morgan

kevin.morgan@morgancommunities.com

p: 585.419.9630

<image002.png>

1080 Pittsford Victor Road • Pittsford, NY 14534

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EXHIBIT 18

Umberger, Lori A.

From: Niemi, Gavin M.
Sent: Monday, March 27, 2017 4:38 PM
To: Umberger, Lori A.
Subject: FW: Eden Square

Gavin Niemi
Risk Distribution & Credit
Freddie Mac Multifamily
8100 Jones Branch Drive
McLean, VA 22102
gavin_niemi@freddiemac.com
o: 703-714-2711
m: 571-218-7300

From: Hamill, Thomas <thomas_hamill@freddiemac.com>
Date: Wednesday, Mar 15, 2017, 4:49 PM
To: Deming, Caitlin E. <caitlin_deming@freddiemac.com>
Cc: Niemi, Gavin M. <gavin_niemi@freddiemac.com>
Subject: FW: Eden Square

I haven't read the whole thing yet. See below.

Tom Hamill
Senior Regional Director Underwriting and Credit
200 Park Avenue
New York, NY 10166
212-418-8925 (Office)
917-748-3877 (Cell)
Thomas_hamill@freddiemac.com

From: Michael Tremiti [mailto:michael.tremiti@morgancommunities.com]
Sent: Wednesday, March 15, 2017 4:41 PM
To: Hamill, Thomas <thomas_hamill@freddiemac.com>
Subject: FW: Eden Square

See below. Thanks

Michael J. Tremiti | Vice President of Finance
michael.tremiti@morgancommunities.com
p: 585.419.9630 •
1080 Pittsford Victor Road • Pittsford, NY 14534

From: Kevin Morgan
Sent: Wednesday, March 15, 2017 3:55 PM

To: Michael Tremiti <michael.tremiti@morgancommunities.com>
Cc: Robert Morgan <bob.morgan@morgancommunities.com>
Subject: FW: Eden Square

Mike – I sent this to Nick but wanted to also forward this to you since Tom contacted you directly.

Thanks,

Kevin

From: Kevin Morgan
Sent: Wednesday, March 15, 2017 3:19 PM
To: 'Nick Cassino' <Nick.Cassino@berkadia.com>
Cc: Robert Morgan <bob.morgan@morgancommunities.com>
Subject: Eden Square

Nick,

Regarding our current occupancy, I'll give you an update on what's unfolded over the last few months. Prior to the end of the year, we had an unfortunate incident take place where a veteran that recently returned from the Middle East committed suicide in building 6000. He committed suicide by shooting himself and in doing so, the bullet traveled into the wall hitting a sprinkler line which ended up causing water damage in many of the units in that building. This caused us to lose residents in that building for a couple reasons. The first reason was the stigma of what happened, rumors about someone being murdered were circulating as well as people just not wanting to live in a building where something like this happened. The second reason was time to get this building back in service and even though we were putting residents up in hotels, they didn't want wait for the insurance claim to run its course and for us to make the repairs. This incident slipped through the cracks in our Risk Management department as it is a very unusual situation and they did not notify me when it happened. I found out about the incident in January when our contractor contacted me to discuss starting the repairs.

Not that that wasn't enough, we've also turned over our entire office staff. The staff that we had to get rid of caused major customer service issues which also made us lose occupancy. They were leaving the office unattended for days by clocking each other in and leaving, therefore not answering resident work requests, not sending renewal notices in a timely manner and by not being in the office, we were not able to lease to fill the vacancy we were building up. We are also seeing certain pockets in Pittsburgh softening due to new product that has come online and Cranberry is one of those pockets. We still absolutely believe this is one of the nicest new properties in Cranberry and feel that with our new staff and leasing season being less than a month away, we will fill the vacancy very quickly.

As far as the second move in dates vs. C of O dates, there are a couple reasons for this as well. When we build a new project, we are always preleasing at least 6 months in advance of when our contractor tells us they will turn over the building. As most projects go, we build in a cushion because of potential construction delays which we unfortunately had while building Eden Square. The move in dates on the rent roll are the planned move in dates. We planned leases to happen on move in dates but because we had delays in getting buildings turned over to us, we allowed the residents to move their belongings into the units and we put them up in hotels until the units/buildings were ready. The other reason for this is that we were given a verbal that it was ok to occupy but the inspector didn't actually hand us the certificate of occupancy until a week or two after the verbal. As long as the life safety was in place and we had people that needed to move in by a certain date, they allowed us to do so.

Another thing to note is that the construction building numbers are different than the address numbers that we were assigned by Cranberry Township that appear on the rent roll. It's very confusing. For instance, "construction" building 6 is actually building 5000 which appears as 5 on the rent roll. "Construction" building 5 is actually building 6000 which appears as building 6 on the rent roll. The same flip flop of construction building number to address happens with

building 1 and 2. The rest of the buildings also have different construction building numbers vs. the addresses. Again, it's confusing how they assigned the addresses.

One of our corporate 2016 initiatives was the conversion our software programs from Timberline to Yardi and the implementation of Yieldstar. Pittsburgh was our last region that went live and even though it was last, we had yet another very poor conversion. Yardi did the conversion and between training issues and data transfer issues, to say it did not go well was an understatement.

We have a great relationship with Berkadia and Freddie Mac. Bob and I want to emphasize that while this deal is not going the way either of us had anticipated, we stand behind it 100%. We don't have any other loans with Freddie that aren't performing and we know we can get this one back on track. If it helps solidify things, we would put up a letter of credit until this deal is re-stabilized.

Please let me know if you want us to jump on a call.

Thanks,

Kevin Morgan
kevin.morgan@morgancommunities.com
p: 585.419.9630

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