



d/b/a AmeriNatSM in KY, GA, and FL

July 20, 2016

David Westcott
Director of Homeownership Programs
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Homes of West Augustine (the "Development")
CWHIP 06-18

Dear Mr. Westcott:

Florida Housing Finance Corporation ("FHFC") requested AmeriNational Community Services, LLC d/b/a AmeriNat in KY, GA, and FL. ("AmeriNat") provide a summary analysis and a recommendation related to the request submitted by the Housing Finance Authority of St. Johns County, a Florida not-for-profit organization established in 1980 ("HFA SJC" or "Borrower").

Borrower's Request

The Borrower has requested to increase the number of lots to be developed by Habitat for Humanity from 34 to 47. Furthermore they have requested to increase the number of houses it may have under construction from three homes to five, and increase the price of the two models offered by the HFA SJC.

Background

On October 23, 2009, HFA SJC entered into a Public-Private Partnership through a Memorandum of Understanding ("MOU") with St. Johns County ("SJC"), St. Johns County Community Redevelopment Agency ("SJCCRA") which donated 111 vacant lots; and six private for-profit and non-profit organizations, who were to participate as general contractors. The organizations consisted of Habitat for Humanity of St. Augustine/St. Johns County ("Habitat"), Brunson Custom Homes, Inc. ("Brunson"), Central Florida CDC ("CFCDC"), E&C Construction of St. Augustine, Inc. ("E&C"), Gemini Development, LLC ("Gemini"), and Storm Safe Homes/High Strength Structures, LLC/aka Stanley Engineering, Inc. ("High Strength").

The Development consists of 20-acres of land containing 111 lots to be developed with 111 single-family homes. St. Johns County deeded the lots to SJCCRA, who subsequently donated 34 of the lots to Habitat to be developed with homes that will be sold as housing affordable to natural persons or families whose total annual household income does not exceed 140 percent of the area median income, adjusted for household size ("Workforce Housing"). The remaining 77 lots are to be developed by HFA SJC with the remaining aforementioned private partners and are also targeted to be sold as Workforce Housing. The homes are constructed when the Buyer is approved for financing; therefore, there has been no speculative construction.

AmeriNat submitted for consideration to the FHFC Board of Directors (the "Board") a Credit Underwriting Report dated October 8, 2009 ("CUR") with a recommendation to provide \$5,000,000 of

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Homes of West Augustine (CWHIP 06-18)

July 14, 2016

Page 2 of 3

CWHIP Program financing for the Development. As approved, each HFA SJC home receives \$42,857 to construct and permanently finance each home. Each Habitat home receives \$50,000 to construct and permanently finance each home. During construction, interest accrues at 1% and is forgiven so long as the home is sold to a person eligible to purchase Workforce Housing ("Eligible Person"). At completion of the home and closing of the sale to an Eligible Person, the applicable CWHIP Program financing maintains a subordinate position on the home and is forgiven pro rata over the 30 year term of the mortgage.

On October 23, 2009, the Board approved AmeriNat's recommendation included in the CUR. Loan closing occurred on March 12, 2010 with a Maturity Date of March 12, 2015. A recommendation regarding modifications to the Development's models was approved by the Board in July 2012 and a recommendation regarding an increase to the Development's price points was approved by the Board in October 2013. In December 2014 the Board approved a 24 month extension to the maturity date to March 12, 2017.

Present State of Affairs

To date the funding has been made in accordance with the prescribed limits per home and all other agreed upon terms. As of July 12, 2015 \$3,542,228 of CWHIP Program financing has been disbursed. All of the original 34 homes designated for Habitat have been completed and closed. HFA SJC has completed and closed on 39 of the 77 lots set-aside for them and an additional 6 homes are under contract. As of November 2014 when the analysis was completed to extend the maturity date by 24 months the absorption rate was 1.33 units per month, which was an improvement from the absorption rate of 0.88 units per month that was achieved over the first 42 months of the loan's term. Including houses under contract the absorption rate over the past year has remained at 1.33 units per month; however, the absorption rate over the past 6 months as increased to 2 units per month.

AmeriNat currently has 10 applications seeking preapproval. Gemini believes they can complete construction on an additional 14 HFA SJC homes by the current maturity date and Habitat estimates it can complete 5 homes by the maturity date.

The HFA SJC offerings include 2 models, a 3 Bedroom / 2 Bath / 2 Car Garage model approved to sell at a price of \$145,000 and a 4 Bedroom / 2 Bath / 1.5 Car Garage model approved to sell at price of \$155,000. AmeriNat reviewed an appraisal for the 3 Bedroom / 2 Bath / 2 Car Garage model engaged by USDA Rural Development dated April 18, 2016, which values the home at \$153,000. AmeriNat also reviewed an appraisal for the 4 Bedroom / 2 Bath / 1.5 Car Garage model engaged by BB&T dated June 21, 2016, which values the home at \$158,500.

Past Due and Non-Compliance

According to the May 11, 2016 FHFC Asset Management Non-Compliance Report, no non-compliance issues exist for the Borrower and its affiliates.

According to the May 11, 2016 FHFC Past Due Report, no past due items exist for the Borrower and its affiliates.

Homes of West Augustine (CWHIP 06-18)

July 14, 2016

Page 3 of 3

Recommendation

AmeriNat recommends that Habitat be allowed to develop the 13 lots in accordance with the Borrower's request, the Borrower be allowed to have up to 5 homes under construction at one time, and the sales price limit of the 3 Bedroom / 2 Bath / 2 Car Garage model and the 4 Bedroom / 2 Bath / 1.5 Car Garage model be increased to \$153,000 and \$158,500, respectively. This recommendation is subject to the following:

- The 13 additional lots to be developed by Habitat will be subject to the HFA SJC funding limit of \$42,857;
- The Borrower will be required to provide 2 additional Letters of Credit in the amount of 25% of the cost to build the home, which is the agreed upon form of construction surety.
- Satisfactory resolution, as determined by FHFC, of outstanding past due and non-compliance items, if applicable;
- Construction completion of each home in accordance with agreed upon terms as confirmed by AmeriNat's Construction Consultant;
- Payment of all fees due and payable to AmeriNat, FHFC, and its legal counsel, as applicable;
- Any other reasonable requirements of FHFC, its legal counsel, or AmeriNat.

Please do not hesitate to contact AmeriNat if you require further assistance.

Sincerely



Mark Fredericks
Senior Vice President Multifamily Services