



April 20, 2017

Mr. Todd Flower
Director of Special Assets
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Janie's Garden I f/k/a Janie Poe Revitalization I – Supplemental Loan Program and 9% Housing Credits ("HC") (2007-146C)
Extremely Low Income Housing Agreement ("ELIHA") and Supplemental Loan Subordination to the Rental Assistance Demonstration ("RAD") Use Agreement

Janie's Garden II – 4% HC (2009-521C)
ELIHA Subordination to the RAD Use Agreement

Dear Mr. Fowler:

Florida Housing Finance Corporation ("Florida Housing") requested AmeriNat® ("AmeriNat" or "Servicer") review a request from Janie Poe Associates, LLC and Janie Poe Associates 2, LLC ("Borrowers") for Florida Housing to subordinate its Supplemental Loan and ELIHA's to the RAD Use Agreement.

The Borrowers provided letters from Thomas R. Davis, Director of the Office of Recapitalization, U.S. Department of Housing and Urban Development ("HUD"), indicating that the Sarasota Housing Authority and the Borrowers have obtained HUD approval to convert Janie's Garden I & II (the "Developments") from public housing units to RAD units so the Developments can benefit from RAD project based voucher ("PBV") subsidies in place of the existing public housing operating subsidies.

Development Overview:

Janie's Garden I is an existing 86 unit development with 14 residential buildings consisting of townhomes, duplexes and garden apartments, and located in Sarasota, Sarasota County, Florida. The unit mix includes 15 one bedroom/one bathroom units, 9 two bedroom/one bathroom units, 47 two bedroom/one and one-half bathroom, 9 three bedroom/two bathroom units and 6 four bedroom/two bathroom units. The demographic commitment is Family. Of the 86 units, 20 are market rate units, 66 are Low Income Housing Tax Credit ("LIHTC") units, of which 26 are public housing units..

The Florida Housing set asides are as follows per the First Amendment to the Extended Low-Income Housing Agreement ("ELIHA"), dated March 18, 2010:

- 20% (18 Extremely Low Income "ELI" units) at or below 30% Area Median Income ("AMI") for 50 years.
- 56% (48 units) at or below 60% AMI for 50 years

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Supplemental Land Use Restriction Agreement dated August 22, 2008:

- 10% (9 units) at or below 30% AMI for 15 years.
- Supplemental ELI Set Asides are for 15 years. ELI set aside units above the 10% threshold minimum requirement may then convert to serve families at or below 60% AMI for the remaining 35 years of the 50 year period.

Janie's Garden II is an existing 68 unit development with 6 two and three story residential buildings and located in Sarasota, Sarasota County, Florida. The unit mix includes 27 one bedroom/one bathroom units, 16 two bedroom/one bathroom units, 19 two bedroom/one and one-half bathroom, 4 three bedroom/two bathroom units and 2 four bedroom/two bathroom units. The demographic commitment is Family. Of the 68 units, the Development includes 47 LIHTC units and 21 are public housing units.

The Florida Housing set asides are as follows per the Extended Low-Income Housing Agreement, dated February 9, 2012:

- 100% of the units at or below 60% AMI for 50 Years.

Financing Overview:

Janie's Garden I

- First Mortgage – Neighborhood Lending Partners of West Florida, Inc. loan in the amount of \$1,900,000 with monthly installments due of \$11,809, including interest at 6.25%, with a maturity date of June 2028.
- Second Mortgage - Florida Housing Supplemental Loan in the amount of \$765,000. The loan is non-amortizing with a 0% simple interest rate and maturity date of August 22, 2023. Principal is forgivable provided the units are targeted to ELI households for at least 15 years.
- Third Mortgage – Sarasota Housing Authority loan in the amount of \$1,869,500 with an interest rate of 6.25% compounded annually in March of each year. Principal and interest are due based upon available net cash flow, with a maturity date of March 31, 2048.
- Fourth Mortgage – Sarasota Housing Authority loan in the amount of \$325,000 with an interest rate of 1.00% compounded annually in March of each year. Principal and interest are due based upon available net cash flow, with a maturity date of March 31, 2048.

Janie's Garden II

- First Mortgage – Housing Finance Authority of Lee County bond loan in the amount of \$1,880,000 with an interest at 7.25% and a maturity date of September 15, 2047.
- Second Mortgage - Sarasota Housing Authority loan in the amount of \$6,743,500 that is non-interest bearing and matures on August 31, 2050, at which time the unpaid principal balance shall be due.
- Third Mortgage – Sarasota Housing Authority loan in the amount of \$300,000 with an interest rate of 1.00% compounded annually in September of each year. Principal and interest are due based upon available net cash flow, with a maturity date of August 31, 2050.

Operating Overview:

AmeriNat received and reviewed April 2017 rent rolls for both Developments, which reflect a 96.51% occupancy rate for Phase I and 95.59% occupancy rate for Phase II.

AmeriNat received and reviewed the FYE December 31, 2016 audited financial statements for both Developments, and found them acceptable. Based on the information provided, the Developments will benefit from the inclusion of the RAD subsidy as gross rental income will increase in the amount of \$15,421 or 2.2% for Phase I and \$22,693 or 4.0% for Phase II over the current Annual Contributions Contract ("ACC") subsidy. The Operating Pro Forma's listed below reflect the FYE 2016 income and expenses for each Development and the anticipated 2017 income and expenses based on the ACC subsidy already received (5 months) and the new RAD subsidy for the remainder of the year (7 months).

Net Operating Income has increased for both Developments; however, Phase I reflects a negative cash flow after RAD conversion of \$164,210 after payment of all debt service. The first mortgage is covered with a 1.38 debt service coverage ratio ("DSC"). The Supplemental Loan does not require any debt service, and while the remaining loans are below a 1.00 DSC, they only require payment if cash flow is available.

Existing and Proposed Janie's Garden I:

FINANCIAL COSTS:		FYE 2016	Proposed 2017 w/RAD
OPERATING PRO FORMA			
INCOME:	Gross Potential Rental Income	\$488,313	\$510,060
	Rent Subsidy (ODR)	\$233,835	\$259,387
	Other Income	\$1,100	\$1,100
	Ancillary Income	\$34,919	\$34,919
	Gross Potential Income	\$758,167	\$805,466
	Less:		
	Physical Vac. Loss Percentage: 2.32%	\$17,583	\$17,583
Total Effective Gross Income		\$740,584	\$787,883
EXPENSES:	Fixed:		
	Real Estate Taxes	\$36,619	\$36,619
	Insurance	\$63,766	\$63,766
	Variable:		
	Management Fee Percentage: 6.53%	\$48,378	\$51,468
	General and Administrative	\$161,143	\$161,143
	Payroll Expenses	\$76,400	\$76,400
	Utilities	\$108,512	\$108,512
	Maintenance and Repairs/Pest Control	\$95,800	\$95,800
	Grounds Maintenance and Landscaping	\$19,458	\$19,458
	Reserve for Replacements	\$21,884	\$21,884
	Total Expenses		\$631,960
Net Operating Income		\$108,624	\$152,833
Debt Service Payments			
First Mortgage -		\$110,842	\$110,842
Second Mortgage -		\$0	\$0
Third Mortgage -		\$184,263	\$184,263
Fourth Mortgage -		\$3,475	\$3,475
Other Fees - Misc. Fee		\$720	\$720
Other Fees - Entity		\$17,743	\$17,743
Total Debt Service Payments		\$317,043	\$317,043
Cash Flow after Debt Service		-\$208,419	-\$164,210
		Annual	Annual
Debt Service Coverage Ratios			
DSC - First Mortgage		0.98	1.38
DSC - Second Mortgage		0.98	1.38
DSC - Third Mortgage		0.37	0.52
DSC - Fourth Mortgage		0.36	0.51
DSC - All Mortgages and Fees		0.34	0.48
Financial Ratios			
Operating Expense Ratio		85.33%	80.60%
Break-even Economic Occupancy Ratio (all debt)		125.17%	118.20%

Existing and Proposed Janie's Garden II:

FINANCIAL COSTS:		FYE 2016	Proposed 2017 w/RAD
OPERATING PRO FORMA			
INCOME:	Gross Potential Rental Income	\$314,073	\$314,658
	Rent Subsidy (ODR)	\$277,406	\$294,805
	Other Income	\$1,029	\$1,050
	Ancillary Income	\$15,761	\$15,761
	Gross Potential Income	\$608,269	\$626,274
	Less:		
	Physical Vac. Loss Percentage: 2.72%	\$16,539	\$16,539
Total Effective Gross Income		\$591,730	\$609,735
EXPENSES:	Fixed:		
	Real Estate Taxes	\$31,448	\$31,448
	Insurance	\$44,865	\$44,865
	Variable:		
	Management Fee Percentage: 6.50%	\$38,472	\$39,643
	General and Administrative	\$93,538	\$93,538
	Payroll Expenses	\$11,714	\$11,714
	Utilities	\$73,825	\$73,825
	Maintenance and Repairs/Pest Control	\$86,853	\$86,853
	Grounds Maintenance and Landscaping	\$13,862	\$13,862
	Reserve for Replacements	\$20,400	\$20,400
Total Expenses		\$414,977	\$416,148
Net Operating Income		\$176,753	\$193,587
Debt Service Payments			
First Mortgage -		\$132,111	\$132,111
Second Mortgage -		\$0	\$0
Third Mortgage -		\$3,160	\$3,160
Fourth Mortgage -		\$0	\$0
Other Fees - Misc. Financial		\$8,689	\$8,689
Total Debt Service Payments		\$143,960	\$143,960
Cash Flow after Debt Service		\$32,793	\$49,627
		Annual	Annual
Debt Service Coverage Ratios			
DSC - First Mortgage		1.34	1.47
DSC - Second Mortgage		1.34	1.47
DSC - Third Mortgage		1.31	1.43
DSC - Fourth Mortgage		1.31	1.43
DSC - All Mortgages and Fees		1.23	1.34
Financial Ratios			
Operating Expense Ratio		70.13%	68.25%
Break-even Economic Occupancy Ratio (all debt)		91.89%	89.43%

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Status of Developments:

An Annual Management Review and Physical Inspection was completed on December 10, 2015 for Phase I and May 22, 2015 for Phase II, which found both properties to be in compliance. A Closeout Letter was issued on December 22, 2015 for Phase I and June 25, 2015 for Phase II.

According to FHFC's Asset Management Noncompliance Report, dated February 13, 2017, the development team has no noncompliance items outstanding.

According to FHFC's Past Due Report, dated February 13, 2017, the development team has no past due items outstanding.

Recommendation:

Based on the information provided, the Developments will benefit from the inclusion of the RAD subsidy, which will increase gross rental income and further stabilize each Development. Therefore, AmeriNat recommends Florida Housing consent to the subordination of the RAD Use Agreement.

Conditions:

This recommendation is subject to the following:

1. Borrower shall agree to maintain all set-asides and other requirements of the ELIHA and Supplemental Loan for each Development.
2. Payment of any outstanding arrearages to Florida Housing, its Legal Counsel, Servicer or any Agent or Assignee of Florida Housing for Past Due issues applicable to the Development Team (Applicant, Developer or Principal, Affiliate or Financial Beneficiary as described in Rule 67-48.0075(5) F.A.C. of an Applicant or a Developer).
3. Satisfactory resolution of any outstanding past due and noncompliance items.
4. All other Due Diligence required by Florida Housing or its Legal Counsel and Servicer.
5. Review and approval by Florida Housing and its Legal Counsel of all documents consistent with the terms outlined above.
6. Any other requirement of Florida Housing, its Legal Counsel and Servicer.

Please contact me with any questions or comments.

Sincerely,



Kimberly A. Thorne
Credit Underwriter