

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
December 3, 2004
Information Items



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I. FISCAL

A. Operating Budget Analysis for September 2004

1. Background/Present Situation

- a) The Financial Analysis for September 30, 2004, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending September 30, 2004, is attached as [Exhibit B](#).

GUARANTEE

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II. GUARANTEE

A. Guarantee Program Capacity ([Exhibit A](#))

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III. LEGAL

A. **Florida Housing Finance Corporation v. Aloma Bend, Ltd., a Florida limited partnership; Christopher T. Spano, Robert Thollander and Betsy Spano, as Individuals**

1. **Background**

- a) On December 30, 1997, Aloma Bend, Inc. ("Aloma") closed its Multi-Family Mortgage Revenue Bond loan. Florida Housing allocated \$15,500,000.00 in Multi-Family Mortgage Revenue Bond Program funds for this development. The bond documents provide that the proceeds from any condemnation are to be paid to First Union National Bank, the Trustee.
- b) On November 21, 2000, Plaintiff, The State of Florida, Department of Transportation ("DOT") filed a Petition in eminent domain to condemn a portion of Aloma's property in the Circuit Court of Seminole County, Florida seeking to take a portion of the property for widening the road adjacent to the development known as Barrington Place.
- c) On March 28, 2002, the Circuit Court entered a Stipulated Final Judgment Including Attorneys Fees and Costs awarding Aloma the total amount of \$235,000 and requiring that Aloma additionally deposit \$51,100 into the registry of the Clerk of Court ("Condemnation Proceeds").
- d) In April of 2002, Florida Housing requested from Aloma an accounting of the Condemnation Proceeds. The statement provided by Aloma demonstrates that the Condemnation Proceeds were used to repair and pay for expenses at other unrelated properties.
- e) On June 12, 2002, Florida Housing demanded the return of the Condemnation Proceeds to Florida Housing or the Trustee. Aloma has refused to pay Florida Housing or the Trustee and has otherwise failed to perform their obligations under the Loan Agreement and Guaranty.

2. **Present Situation**

On June 23, 2003, Aloma filed a Motion to Dismiss Florida Housing's Complaint as to Thollander, which was denied on August 14, 2003. Aloma and Thollander did not file an answer to the Complaint by September 3, 2003. Defendant Betsy Spano's motion to dismiss for failure to join an indispensable party was denied on August 14, 2003. Defendant, Christopher T. Spano was served via alternative service through the Secretary of State, and did not file a proper answer within the allotted time. A motion for default on other defendants will also be heard in the near future, but the date has not yet been set. Florida Housing will continue to monitor the litigation.

B. **Collier County, Florida v. April Circle, Ltd., et al.**

1. **Background**

- a) On July 26, 2004, Plaintiff, Collier County, filed a Petition in eminent domain to condemn a portion of April Circle's property in the Circuit Court of Collier County, Florida seeking to take a portion of the property for the widening of Immokalee Road.

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- b) On October 14, 2004, Florida Housing filed its answer to the Petition in eminent domain.

2. Present Situation

Florida Housing will continue to monitor the litigation.

C. **In Re: 2004 Universal Cycle Appeals - Ranking Disputes**

1. Background

- a) On March 31, 2004, Applicants submitted applications to Florida Housing for the award of SAIL, MMRB or HOME funds and/or an allocation of Housing Credits in the 2004 Universal Cycle program.
- b) On April 29, 2004, Florida Housing notified all applicants of its score, provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes, and an Election of Rights form.
- c) Hearings were held during August and September, 2004, and on October 14, 2004, final ranking was issued for the 2004 Universal Cycle.
- d) On November 8, 2004, two Applicants filed Petitions for Informal Hearings. Goodbread Hills, Ltd. and Tiger Bay of Gainesville, Ltd.

2. Present Situation

Florida Housing is preparing for informal hearings.

D. **Bank of America, FSB v. Tower Place Apartments Limited, et al.**

1. Background

On October 2, 2001, Plaintiff, Bank of America, served a lawsuit on Florida Housing. Bank of America filed the lawsuit in the Circuit Court in Duval County seeking to foreclose the mortgage on the development known as Tower Place Apartments. The complaint also requests an action on the note and an action to foreclose the security interest. Tower Place Apartments, Ltd., failed to make the principal and interest payment due on May of 2001 and failed to repay the loan at maturity, which was August 10, 2001. Florida Housing allocated \$380,000.00 in low-income housing tax credits for this development. First Housing was the credit underwriter for the allocation of the housing credits issued by virtue of an Extended Low-Income Housing Agreement dated December 28, 1999. Florida Housing filed its answer to the Complaint on October 12, 2001. On November 26, 2001, the Circuit Court granted Bank of America's Motion to Require Deposit of Rents. On March 13, 2002, the Circuit Court entered an Order Setting Case for Non-Jury Trial and for Pretrial Conference. The Pretrial Conference is set for April 12, 2002, the Non-Jury Trial is set for May 8, 2002. On March 28, 2002, Tower Place filed a Notice of Pending Chapter 11 Reorganization. On April 15, 2002, Bank of America filed a Motion to Dismiss the bankruptcy. A hearing was held and a Motion for Summary Judgment was submitted by Bank of America. An Order granting the Motion for Summary Judgment was entered on August 6, 2002, but the Court had entered an Order Confirming Chapter 11 Plan on May 15, 2003 – effectively delaying the foreclosure action for the period of bankruptcy.

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Present Situation

On October 18, 2004, Bank of America moved to re-open the foreclosure case and to amend their complaint on the grounds that Tower Place has defaulted under the Bankruptcy Plan in addition to the original Bank of America loan documents. As of the date of this report, the Court has not ruled on these Motions. Florida Housing continues to monitor this ongoing litigation.

E. U.S. Development of Orlando, Inc. v. Florida Housing Finance Corporation

1. Background

U.S. Development of Orlando, Inc. ("Petitioner") applied for funding in the 2003-2004 Supplemental Cycle of the HOME Homeownership Loan Program, requesting \$1,080,000 in downpayment assistance to finance a 36 unit single-family development to be known as "South Goldenrod Pines" (the "Development"). Petitioner's application initially failed threshold for failing to provide a completed Architect or Engineer Certification form, in that the form submitted was missing a witness signature. Petitioner was given an opportunity to cure this defect but again failed threshold, in that the second form submitted was not completed in the name of the Development. Florida Housing rejected the application, and on September 22, 2004, Petitioner filed an Amended Petition requesting an informal hearing pursuant to Section 120.57(2), Fla. Stat. An informal hearing was held on October 20, 2004 before Hearing Officer David Ramba.

2. Present Situation

Both parties filed Proposed Recommended Orders on November 5, 2004. As of the date of this report (November 12, 2004), the Hearing Officer has not yet issued a Recommended Order.

SINGLE FAMILY BONDS

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IV. SINGLE FAMILY BONDS

A. 2004 Series 1-2 Single Family Mortgage Revenue Bond Program

1. Background/Present Situation

- a) On January 23, 2004, the Board authorized issuance of the 2004 Series 1-2 Bonds. The origination period began on March 25, 2004.
- b) Lendable proceeds totaling \$68,896,875 were made available and offered at an interest rate of 5.46%. There are currently \$8,141,649 available as of November 5, 2004.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
 - (1) \$5,000,000 for purchases in Urban Infill, Targeted Areas, HOPE VI and Front Porch Communities;
 - (2) \$1,500,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and
 - (3) \$1,000,000 for individuals with Disabilities.
- d) As of November 5, 2004, the following activity was reported:

Allocated Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	68,896,875	60,755,231	628	8,141,649	88.2
Urban Infill, Front Porch and HOPE VI	6,294,004	5,858,440	69	435,564	93.1
USDA Self Help	1,500,000	120,882	2	Pooled	N/A
Disabled Homebuyers	1,085,123	1,025,417	14	59,706	95.0
HAMI Loans	Pooled	123,728	25	Pooled	N/A
HAP D/P	Pooled	3,625,906	370	Pooled	N/A
HOME Loans	Pooled	3,331,726	221	Pooled	N/A

SINGLE FAMILY BONDS

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B. 2003 Series 5 Single Family Mortgage Revenue Bond Program

1. Background/Present Situation

- a) On September 12, 2003, the Board authorized issuance of the 2003 Series 5 Bonds. The origination period began on October 27, 2003.
- b) Lendable proceeds totaling \$43,298,373 were previously offered at an interest rate of 5.68%. Staff made the determination to reduce the interest rate from 5.68% to 5.46%, so that the rates on the open issues would be the same. The rate reduction was done on August 13, 2004.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
 - (1) \$1,000,000 for purchases in HOPE VI and Front Porch Communities;
 - (2) \$2,000,000 for purchases in Urban Infill and Targeted Areas;
 - (3) \$1,000,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and
 - (4) \$1,000,000 for Disabled Homebuyers.
- d) On March 10, 2004, Staff authorized US Bank to combine the subsidized loan pools (HOPE VI and Front Porch, Section 523 Mutual Self-Help, Disabled Homebuyers and Urban Infill).
- e) As of November 5, 2004, the following activity was reported:

Allocated Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	38,506,175	38,506,175	425	0	100
Front Porch and HOPE VI, Urban Infill, USDA Self Help, and Disabled Homebuyers	5,000,000	4,855,285	60	144,715	97.1
HAMI Loans	Pooled	63,824	13	Pooled	N/A
HAP D/P	Pooled	3,692,363	377	Pooled	N/A
HOME Loans	Pooled	2,177,710	146	Pooled	N/A

SINGLE FAMILY BONDS

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C. Marketing and Outreach

1. Background/Present Situation

- a) During the month of October, the Communications Department facilitated two continuing education training sessions for members of the Greater Fort Myers & the Beach Association of Realtors (Oct. 14th) and the Orlando Regional Realtors Association (Oct. 21st). Both courses were a huge success and served as excellent networking opportunities for licensed realtors, current and prospective lenders to interact and obtain a greater understanding of their role in promoting Florida Housing's First Time Homebuyer Program.
- b) This November, we began an aggressive lender outreach and recruitment initiative in an effort to build upon Florida Housing's relevance in the lending community. The statewide lender outreach effort seeks to strengthen relationships with current and prospective lenders and change their perception of the Bond Program, while capitalizing on mutually beneficial partnerships that help in furthering our mission.
- c) We are also gearing up for our Statewide Lender Trainings, which are tentatively schedule to be held in Ft. Lauderdale, Tampa, Orlando, Jacksonville, Pensacola, and Tallahassee beginning December 13th-17th, 2004. Current and prospective lenders from across the state are invited to attend to learn the step-by-step process for originating bond loans. In addition to learning about the Mortgage Credit Certificates (MCC) Program. The Lender Trainings also provide an excellent opportunity for the lending community to network and enhance their affordable housing expertise.