

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**December 10, 2010**  
**Information Items**



# COMMUNICATIONS

## *Information*

### I. COMMUNICATIONS

#### A. Corporate Marketing and Outreach

##### 1. Background/Present Situation

- a) Hardest-Hit Fund (HHF) staff participated in a tele-press conference call (i.e., press conference via telephone) to announce the implementation of the HHF pilot program in Lee County on October 20. Subsequently, Florida Housing has received positive press on the program in the following media outlets (including newspapers, television stations and websites):
  - (1) ABC-WZVN in Fort Myers, Naples and Port Charlotte
  - (2) FOX 4 in Cape Coral, Fort Myers and Naples
  - (3) Mortgageorb.com
  - (4) MSNBC.com
  - (5) NBC 2 in Fort Myers
  - (6) Orlando Sentinel Newspaper
  - (7) Red, White and Blue Press online
  - (8) Sun-Sentinel Newspaper
  - (9) Sunshine State News online
- b) Follow-up articles continue to be monitored, and are being saved and cataloged.
- c) The HHF Information Line (i.e., call center) and program website ([www.FLHardestHitHelp.org](http://www.FLHardestHitHelp.org), where consumers can begin the application process) opened on Monday, October 25, at 9 a.m.; only homeowners residing in Lee County can apply to receive HHF financial assistance. Currently, approximately 700 online applications have been received. As reported by HHF staff, the program is scheduled to roll-out statewide early in 2011.
- d) The Communications Office has continued to field reporter, consumer, provider and stakeholder calls at a steady pace. In addition, Communications staff is in contact with US Treasury officials and National Council of State Housing Agencies (NCSHA) representatives to ensure we stay compliant with guidelines for communications efforts, while also staying apprised on how other states are handling public relations issues surrounding this initiative.
- e) *What's Developing*, the corporate newsletter, should be available online by late November/early December ([www.FloridaHousing.org](http://www.FloridaHousing.org)).

**FISCAL**  
***Information***

**II. FISCAL**

**A. Operating Budget Analysis for October 2010**

- a) The Financial Analysis for October 31, 2010, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending October 31, 2010, is attached as [Exhibit B](#).

# GUARANTEE PROGRAM

## Information

### III. GUARANTEE PROGRAM

#### A. Status of Defaults within the Guarantee Program Portfolio

##### 1. Background/Present Situation

- a) In November 1994, the Guarantee Program entered into an agreement with HUD to participate in the Risk-Sharing Program; characterized by a 50/50 sharing of default risk in connection with the mortgage guarantee. Since then, the Guarantee Program alone and/or in conjunction with HUD has guaranteed 120 transactions, facilitating the construction of over 28,000 housing units in Florida. Of the 91 multifamily developments in the Guarantee Program portfolio today, 58 are Risk-Sharing transactions.
- b) As of November 19, 2010, there was one (1) development in the portfolio in monetary default due to the borrower's failure to make timely payments on the note, outlined below:

<u>Development</u>	<u>Location</u>	<u>Closing Date</u>	<u>Total units</u>	<u>Mtg. bal.</u>	<u>Risk-share</u>	<u>Gen Ptr</u>	<u>Ltd Ptr</u>	<u>Status</u>
Leigh Meadows	Jacksonville	9/26/96	304	9,340,844	Yes	Vestcor Development	Wachovia	Past due: 11/1/10 pmt

- c) The owner/borrower for Leigh Meadows has been approved for funding under the subordinate mortgage initiative (SMI), but they have not yet proceeded with closing the transaction due to their inability to obtain investor approval and citing insufficiency of SMI funding. The owner/borrower has been in rolling default for the past 12 months.
- d) Since November 2008, there have been eight (8) claims filed on the Guarantee Program, representing the total (and only) multifamily claims incurred in its 16-year history. The chart at [Exhibit A](#) reflects the developments that have been foreclosed or are in the process of foreclosure, as of November 19, 2010, listed in order; first claim to most recent

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

## SINGLE FAMILY BONDS

### *Information*

#### IV. SINGLE FAMILY BONDS

##### A. Single Family Professional Development and Outreach

###### 1. Background/Present Situation

- a) Since 2003, Single Family Program Staff has taught a three hour, DBPR approved continuing education course for Realtors, coordinated through local Realtor boards throughout the state. Our 2010 Realtor training calendar schedule has been completed. We were able to conduct 11 classes around the state in 2010. Through class evaluations, we have learned that Realtors continue to find the course information useful for their prospective homebuyers, which should contribute to increased loan production. While we do not have any additional CE classes scheduled through year end, Program Staff has been invited to speak at a symposium for housing industry professionals being held in Miami-Dade County on December 2, 2010. We have attended two similar events in Sarasota and Orange Counties. The event is being co-sponsored by Freddie Mac and Bank of America Home Loans. Bank of America Home Loans is the top Florida Bond Program lender based on loan volume. The target audience will be local area Realtors as well as other housing professionals. Freddie Mac is paying our cost of air travel and hotel expense for the event in order to make our participation possible.
- b) The Single Family Program Staff, in conjunction with our Master Servicer, US Bank, and the program compliance team at eHousing, conducted our quarterly lender training webinar on November 16, 2010. The total attendance for both sessions was 273 people. The morning session was held for loan officers and processors with the afternoon session being devoted to underwriters, closers, shippers, and post closing staff. By splitting the training into two webinars, we are better able to target the specific needs of each group.
- c) In our ongoing efforts to strengthen and grow our lender partner relationships, Single Family Program Staff continues to evaluate processes and systems within Florida Housing Finance Corporation, eHousing and US Bank to determine areas which need improvement. Single Family Staff will continue to incorporate necessary, allowable changes such as offering improved education and training to our valued lender partners with an increased focus on individual loan officers. Our focus also includes issues that may delay loan delivery and purchase, such as the changes to the Real Estate Settlement Procedures Act (RESPA) in 2010 and the heightened requirements FHA has placed on originating lenders. As part of this effort, we introduced a new loan reservation system on July 12<sup>th</sup>, 2010. This new system provides our lender partners and Florida Housing Program Staff a much broader reporting and data gathering capability. Our improved ability to monitor our loan pipeline will aid in identifying market trends and delays in loan delivery so that we may make necessary Program changes when needed to better serve our lender partners.

## SINGLE FAMILY BONDS

### *Information*

- d) Florida Housing continues to sponsor a toll-free telephone line (800-814-HOME) for first time homebuyers to call for information about our program. For the month of October, we received 533 total calls; of which 258 were transferred to the Single Family Staff. The remaining callers that were not transferred to the Single Family Staff were able to receive information for accessing our First Time Homebuyer Wizard tool which is located on our website. We continue to closely monitor these calls to evaluate the best way to efficiently handle the call volume in the long term.

### **B. Single Family Bonds Information ([Exhibit A](#))**

## SUBORDINATED MORTGAGE INITIATIVE (SMI)

### *Information*

#### V. SUBORDINATED MORTGAGE INITIATIVE (SMI)

##### A. Program Update

##### 1. Background/Present Situation

- a) As of this date the Board has approved funding for a total of thirty-two (32) Subordinated Mortgage Initiative (SMI) loans. The purpose of these loans is to provide subordinate financing on these developments which are credit enhanced by the Guarantee Program, and determined to be in financial distress, in order to provide temporary assistance in funding their mortgage debt service obligations for a period of up to twenty-four (24) months. Florida Housing provided funding for up to one mortgage payment per each three month period. The developer is required to make the remaining payments. This process is to be repeated for up to twenty-four (24) months, with Florida Housing potentially making up to a total of eight mortgage payments and the developer making a total of sixteen mortgage payments during this period.
- b) Attached as [Exhibit A](#) is a spreadsheet of the status of the SMI loans approved to date. Highlights of the data are as follows:
  - (1) The Board has approved a total of thirty-two (32) SMI loans in the amount of \$19,120,000.
  - (2) Twenty-six (26) of these SMI loans have been closed to date in the principal amount of \$16,129,179.45.
  - (3) \$10,068,660.73 has been disbursed to date.
  - (4) Six (6) loans, representing four different developers, approved in the total amount of \$2,445,000., have yet to be closed.
- c) Of the six loans yet to be closed, three loans, representing two developers, are expected to close by the end of the year; three loans, representing two different developers, remain unclosed due to an inability to obtain, at this time, the required consent of the investment limited partner.
- d) Since the inception of the Subordinated Mortgage Initiative only one developer, involving two SMI loans, has failed to make a required payment under their obligations as outlined in the SMI loan. However, the required payments were ultimately made and, as a result, there have been no claims made on the Guarantee Fund Program for any development receiving SMI funding.