

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 16, 2010
Information Items



COMMUNICATIONS

Information

I. COMMUNICATIONS

A. Corporate Marketing and Outreach

1. Background/Present Situation

- a) Florida Housing staff working on Hardest-Hit Fund implementation held a telepress conference on Thursday, August 19, to update interested media on the additional funding Florida will receive for the program, and announce that the pilot originally scheduled to launch on Monday, August 23, has been rescheduled to launch in early fall of this year (during October 2010). The additional funding (\$238.8) Florida will receive means that more than half-a-billion dollars (\$656.8) will be available to troubled homeowners through this fund. Florida Housing has submitted a revised plan to US Treasury to align our current Mortgage Intervention strategy with the new guidelines Treasury has issued in conjunction with the more recent allocation.
- b) Since the first announcement of Hardest-Hit funds in February, Communications staff has fielded media, consumer, provider and stakeholder calls at a steady pace. Communications is logging all consumer calls by tracking the date of initial call, county and gender of callers, and their contact information.
- c) In addition, Communications staff is in contact with Treasury officials and National Council of State Housing Agencies (NCSHA) representatives to ensure we stay in compliance with guidelines for communications efforts set forth by Treasury, while also staying apprised on how other states are handling public relations issues surrounding this initiative. The most current information on Florida Housing's HFA Hardest Hit Fund implementation is posted to our website at www.FloridaHousing.org/HardestHitHelp.
- d) Communications staff participated as an exhibitor at the 2010 Florida League of Cities (FLC) annual conference in Hollywood, Florida, last month; this participation is important as we continue to foster our relationship with local governments. More than 300 local elected officials attended the conference, and received information on Florida Housing and its programs.
- e) Staff is also gearing up for the Florida Housing Coalition and NCSHA annual conferences in September and October, respectively.
- f) Online editions of *What's Developing* and the *Communicator* newsletters will be available September 2010.

FISCAL
Information

II. FISCAL

A. Operating Budget Analysis for June 2010

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

GUARANTEE PROGRAM

Information

III. GUARANTEE PROGRAM

A. Status of Defaults within the Guarantee Program Portfolio

1. Background

- 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 August 30, 2010, there were six (6) developments in the portfolio in monetary default due to the borrower's failure to make timely payments on the note. All but one represents Risk-Sharing transactions, as outlined in [Exhibit A](#).
- 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 citing insufficiency of SMI funding.
- d) Venetian Isles I & II and Grand Pointe have received funding under the subordinate mortgage initiative (SMI). However, the monetary defaults must be cured to receive additional funding.
- e) 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 in [Exhibit B](#) reflects the developments that have been foreclosed or are in the process of foreclosure, as of August 30, 2010, listed in order; first claim to most recent.

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

LEGAL

Information

IV. LEGAL

A. In Re: MCP I, Ltd. – First DCA Case No. 1D-1134; FHFC Case No. 2009-061UC

Development Name: (“Development”):	Model City Plaza
Developer/Principal: (“Developer”):	MCP I, Ltd.
Number of Units: 100	Location: Miami-Dade County
Type: Garden Apartments	Set Aside: 10% @ 33% AMI 90% @ 60% AMI
Demographics: Family	HC: \$2,541,000

1. Background

- a) MCP I, Ltd. (“Model City”) timely submitted an Application in the 2009 Universal Cycle, seeking an allocation of \$2,541,000 in low income housing tax credits to help fund a proposed 100 unit development to be located in Miami-Dade County, Florida.
- b) On December 2, 2009, 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. Florida Housing awarded ½ of an Ability to Proceed Tie Breaker point to Model City, as Model City was required to cure a site plan approval form.
- c) On or about December 17, 2009, Model City timely filed a Petition for Informal Administrative Hearing, alleging that Florida Housing erred in the scoring of its application, asserting that Model City was entitled to full Ability to Proceed Tie Breaker Measurement Points.
- d) The informal hearing in this case was held on January 14, 2009. On February 2, 2009, the Hearing Officer filed his Recommended Order, which found that Florida Housing’s scoring was correct and that Model City was entitled to ½ of an Ability to Proceed Tie-Breaker Measurement point regarding its cure of its site plan approval form.
- e) On February 8, 2010, Model City filed a written argument in opposition to the Recommended Order, pursuant to Rule 67-48.005(3), Fla. Admin. Code, captioned, “Petitioners Exceptions to Recommended Order.” On February 12, 2010, Florida Housing filed its written argument in response (Response to Exceptions).
- f) On February 26, 2010, the Board entered a Final Order rejecting the Written Argument submitted by Model City in opposition to the Recommended Order, and adopting the Findings of Fact, Conclusions of Law and Recommendation of the Recommended Order, and dismissing Model City’s petition.

LEGAL

Information

2. Present Situation

- a) On March 5, 2010, Model City filed a Notice of Appeal with the First District court of Appeal. On May 14, 2010, Model City moved the Court to abate the appeal proceedings. On May 20, 2010, the Court issued an order placing the case in abeyance until June 30, 2010.
- b) Model City filed its initial brief on August 23, 2010. Florida Housing's Answer Brief is due to be filed on or before September 13, 2010.

SINGLE FAMILY BONDS

Information

V. SINGLE FAMILY BONDS

A. Single Family Professional Development and Outreach

1. Background/Present Situation

- a) Single Family Program staff continues to teach a three hour DBPR approved continuing education course offered through local Realtor boards since 2003. Our 2010 Realtor training calendar has been distributed to local Realtor associations throughout the state. In August, Single Family staff conducted the class in Tamarac in Broward County. We have 3 additional classes scheduled for the remainder of the year. Through class evaluations we receive at each event, the Realtors tell us they have found the information useful for the prospective homebuyers they serve, which in turn should lead to increased loan production in the program.
- b) The Single Family Program staff, in conjunction with our Master Servicer, US Bank, and the program compliance team at eHousing, continues planning for new lender trainings. These quarterly training sessions are conducted via a teleconference format called WebEx. The WebEx format allows lenders from offices around the state along with some out of state support centers to dial in via conference call and participate in an interactive computer based training session. We conduct two 3 hour classes which allows up to 300 registered participants in each session. The morning session is for loan officers and processors while the afternoon session is for underwriters, closers, shippers, and funders. By tailoring each class for the intended working group, we find that we are able to provide more useful and job specific information. Our most recent Lender Training was held August 5, 2010 with over 300 lender staff in attendance.
- c) In our ongoing efforts to strengthen and grow our lender partner relationships, Single Family Program staff is also evaluating processes and systems within Florida Housing Finance Corporation, eHousing and US Bank to determine areas which need improvement. Single Family staff will incorporate necessary changes while offering improved education and training to our valued lender partners with an increased focus on individual loan officers. Our focus will include issues that may delay loan delivery and purchase such as the recent changes to the Real Estate Settlement Procedures Act (RESPA as well as the continued focus FHA has placed on originating lenders. As part of this effort we introduced a new loan reservation system on July 12th, 2010. This new system has been under development by HDS/eHousing for several years and will provide our lender partners and Florida Housing Program staff a much broader reporting and data gathering capability than was available with the older McWeb system. All of our lending partners have been trained on the new system. Our improved ability to monitor our loan pipeline will aid us 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 May, we received 524 total calls; of which 336 were transferred to the Single Family staff. For the month of June, we received 662 total calls; of which 399 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](#))

SPECIAL ASSETS

Information

VI. SPECIAL ASSETS

A. In Re: Carlisle Lakes II a/k/a Sherwood Lakes Apartments

1. Background

- a) Carlisle Lakes II aka Sherwood Lakes Apartments d/b/a TCG Sherwood Lake, Ltd. (“the Development”) is a 149 unit multifamily development in Hillsborough County, Florida financed with \$950,000 of funds from the State Apartment Incentive Loan Program, and low income housing tax credits of \$234,848. A Land Use Restriction Agreement, dated June 24, 2002, restricts the occupancy and Area Median Income (AMI) levels at 15.43% @ 30% and 84.57% @ 60%. An Extended Low Income Housing Agreement per the tax credits, filed on September 5, 2002, restricts the occupancy of 100% of the units to families earning 60% or less of AMI.
- b) The Development is also financed with Hillsborough County Housing Finance Authority (HCHFA) bonds in the original principal amount of \$4,100,000 with a mortgage note assigned to the Bank of New York, as Trustee.
- c) By Case No. 08-08174, the Bank of New York as Trustee filed a foreclosure complaint on April 8, 2008 against TCG Sherwood Lake, Ltd. for failure to pay amounts due under the HCHFA note.
- d) On June 10, 2008, Lloyd Boggio of The Carlisle Group, not the borrower, TCG Sherwood Lake, Ltd., personally remitted funds for the payoff of the SAIL loan to be held in escrow, pending approval from Florida Housing’s Board of a workout proposal to allow time for further negotiations with the Centerline Capital Group, Inc./Related Charter L.P., (Centerline), as servicer of the HCHFA mortgage. On June 13, 2008 Florida Housing’s Board approved the workout proposal. On June 17, 2008, Mr. Boggio advised Florida Housing that Centerline had no intention of negotiating and asked that his funds held in escrow be applied to pay off the SAIL loan.
- e) A final judgment of foreclosure was entered on June 9, 2009. Public sale of the Development was scheduled on July 28, 2009, and the property was granted to 1811 Tinsley Circle, LLC, the plaintiff’s assignee, as the highest bidder.
- f) By Case No. 09-CA-002369 filed on January 30, 2009, the Bank of New York as Trustee, by and through Related Charter, L.P., instituted a claim against Florida Housing alleging breach of a subordination agreement which set forth certain duties and obligations related to receipt of payments or other rights in property of an entity known as TCG Sherwood Lake, Ltd.
- g) The Plaintiff agreed to Florida Housing’s motion to dismiss the claim for failure to state a cause of action and lack of venue and plans to file an amended complaint in Leon County. By Order dated June 18, 2009, the Court granted Florida Housing’s motion and directed the transfer of the matter to Leon County Circuit Court.

SPECIAL ASSETS

Information

2. Present Situation

- a) In relation to Case No. 08-08174, the Bank of New York vs. TCG Sherwood Lake, Ltd. et al., a Certificate of Title dated August 10, 2009 was issued in favor of 1811 Tinsley Circle, LLC as there were no objections to the sale of the Development.
- b) In relation to Case No. 09-CA-002369, the Bank of New York vs. Florida Housing, by Order dated July 6, 2010, the suit was dismissed with prejudice as jointly agreed to by the parties.

SUBORDINATED MORTGAGE INITIATIVE

Information

VII. SUBORDINATED MORTGAGE INITIATIVE

A. Program Update

1. Background/Present Situation

- a) As of this date the Board has approved funding for a total of thirty-one (31) Subordinated Mortgage Initiative (SMI) loans, with an additional request to be considered at this September 16, 2010 meeting. 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:
 - The Board has approved a total of thirty-one (31) SMI loans in the amount of \$18,670,000.
 - Twenty-five (25) of these SMI loans have been closed to date in the principal amount of \$15,226,822.45.
 - \$8,137,242.96 has been disbursed to date.
 - Six (6) loans, representing three different developers, approved in the total amount of \$2,910,000., have yet to be closed.
- c) Of the six loans yet to be closed, two loans, representing one developer, remain unclosed as a result of, among other things, unresolved issues concerning SMI funded Guarantee Fund obligations; four 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 first mortgage payment under their obligations as outlined in the SMI loan. There have been no claims made on the Guarantee Fund Program for any development receiving SMI funding.

UNIVERSAL CYCLE

Information

VIII. UNIVERSAL CYCLE

A. 2011 Universal Cycle

1. Background/Present Situation

- a) To solicit comments concerning Rule Chapters 67-21 and 67-48, F.A.C., and proposed changes to the Universal Application, a public meeting was held following the February 26, 2010 Board meeting and rule development workshops were held on April 29, 2010, June 17, 2010, July 29, 2010, August 17, 2010, and September 15, 2010.
- b) As a result of these meetings and workshops, staff is continuing to revise the Universal Application and the rules governing the multifamily programs and expects to submit the proposed Rules, Application and Qualified Allocation Plan for Board approval at the October 22, 2010 meeting.