

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
July 12, 2012
Information Items



AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

Information

I. AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

A. Changes to Construction Features and Amenities and/or Resident Programs

1. Background/Present Situation

The following development has requested, and staff has approved, changes to the Construction Features & Amenities and/or Resident Programs in their Application since the last Board meeting:

Vista Grand at Spring Hill (2009-208C/2010-050CX) has swapped: “toilets that have dual flush options which include 1.6 gallons of water or less” (1 green feature point) and “motion detectors on all outside lighting that is attached to the units” (1 green feature point) for “energy star qualified lighting in all open and common areas” (1 green feature point) and “reduced heat-island effect paving (use light colored or porous paving materials)” (1 green feature point). This exchange is of equal point value to the amenities originally chosen in the application.

Staff will amend the appropriate EUAs and/or LURAs for each of the developments, as appropriate.

COMMUNICATIONS

Information

II. COMMUNICATIONS

A. Hardest-Hit Fund

1. Background/Present Situation

a) Since the implementation of the statewide launch, Florida Housing has received press on the program in the following media outlets (including print, broadcast and Internet):

- (1) Bay News 9 Tampa
- (2) Boston Today Newspaper
- (3) Bradenton Herald Newspaper
- (4) CBS 4 in Miami
- (5) Clay Today Newspaper
- (6) CitrusDaily.com Online
- (7) Daytona News-Journal Newspaper
- (8) First Coast News.com Online
- (9) Florida Courier
- (10) Florida Current
- (11) Florida Times Union Newspaper
- (12) Florida Today Newspaper
- (13) Florida Trend
- (14) Fox News
- (15) Herald Tribune Newspaper
- (16) Highlandstoday.com Online
- (17) Housingwire.com Online
- (18) Miami Herald Newspaper
- (19) Mortgageorb.com Online
- (20) News Channel 5 (online)
- (21) News-Press Newspaper in Fort Myers

COMMUNICATIONS

Information

- (22) News 13 Online
- (23) New York Times
- (24) NorthEscambia.com Online
- (25) Ocala.com Online
- (26) Ocala Star Banner Newspaper
- (27) Orlando Sentinel
- (28) Palm Beach Post
- (29) Pensacola News Journal Newspaper
- (30) RealEstateRama.com Online
- (31) Stateline.org Online
- (32) St. Augustine Record Newspaper
- (33) St. Pete Times Newspaper
- (34) Sun-Sentinel Newspaper
- (35) Tampa Bay Times Online
- (36) TCPalm.com Online
- (37) Tomrollins.com Online
- (38) Treasury Notes
- (39) Watchdog
- (40) WBBH Channel 2 Charlotte County
- (41) WCTV
- (42) WDEF News Channel 12 online wdef.com
- (43) WEAR Channel 3 Pensacola
- (44) WESH 2 News Orlando
- (45) WFTV News Orlando
- (46) WJXT Channel 9 Jacksonville
- (47) WOFL Channel 35 Lake Mary
- (48) WPTV Channel 5 West Palm Beach

COMMUNICATIONS

Information

- (49) WTVT Channel 13 Fox Tampa
 - (50) WUFT 89 FM Radio Gainesville
 - (51) WZVN ABC Channel 7 Fort Myers
- b) As a result of recent changes to Florida HHF eligibility criteria and program benefits, Communications staff has revised all outreach and marketing materials, all of which are now available on the HHF Download Center (in color and black/white) for use by Advisor Agencies. Also, Communications staff participated in Advisor Agency re-trainings on the program changes.
 - c) HHF and Communications staff continues to participate in single-servicer events. Bank of America has held several events, statewide, at which HHF was represented. At the most recent three-day event held in Cape Coral/Bonita Springs, HHF staff was able to perform “on-site decisioning” that resulted in an HHF applicant being approved and closed for UMAP assistance on the spot. Florida Housing is the first HFA to be able to do this on-site at a servicer event. Florida Housing Communications staff helped support the effort by coordinating Advisor’s presence, as well as assisting HHF underwriting staff by performing the pre-screening for prospective applicants.
 - d) Chase has contacted Florida Housing to participate in a similar manner at their events.

B. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Communications is on schedule to debut the new electronic *What’s Developing* corporate newsletter in September 2012. This new format for the newsletter will allow for increased distribution at a lower cost. The newsletter will focus on showcasing four (4) affordable housing success stories from throughout the state, with at least one story featuring Florida HHF, special needs housing (i.e., Veterans, youth aging out of foster care, elderly, etc.), and/or green building, just to name a few. The goal is to be able to use the newsletter as way to put the “human” face on the work that Florida Housing does to fulfill its mission.
- b) There also will be regular sections to the newsletter, including program updates (single family/multifamily), legislative updates, housing policy, foreclosure prevention, and groundbreakings/ribbon-cuttings.
- c) In an effort to continue building relationships with affordable housing advocates and providers, Communications staff will be participating as an exhibitor at the following annual conferences this year:
 - (1) August 23-25—Florida League of Cities Annual Conference, Hollywood, Florida
 - (2) September 10-12—Florida Housing Coalition Annual Conference, Orlando, Florida

FISCAL
Information

III. FISCAL

A. Operating Budget Analysis for May 2012

1. Background/Present Situation

- a) The Financial Analysis for May 31, 2012, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending May 31, 2012, is attached as [Exhibit B](#).

GUARANTEE

Information

IV. GUARANTEE

A. Status of the Guarantee Program Portfolio

1. Background/Present Situation

- a) Since the implementation of the Guarantee Program in 1993, it has guaranteed 120 transactions, facilitating the construction of over 28,000 housing units in Florida. 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. Of the 76 multifamily developments in the Guarantee Program portfolio today, 52 are Risk-Sharing transactions.
- b) Since November 2008, there have been eight (8) multifamily claims filed on the Guarantee Program, representing the total (and only) multifamily claims incurred in its 18-year history. The last multifamily claim occurred in April 2010. The chart in Exhibit B reflects the developments that have been foreclosed as of June 30, 2012, listed in chronological order by claim filed date.
- c) There are no foreclosures in inventory.
- d) As of June 30, 2012, there was one (1) development in the portfolio in monetary default (due to the borrower's failure to make timely payments on the note):

<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>
Tuscan Isle	Naples	12/4/2002	298	\$17,126,272	Yes	Creative Choice Homes	Hunt Capital	Past due: 5/15/12 & 6/15/12 pmts

GUARANTEE

Information

- e) Between 2008 and 2009, Tuscan Isle, Creative Choice Homes (Dilip Barot), was in “rolling” default status for over a year. In March 2009, the general partner and limited partner (Capmark, at the time) reached agreements to share in the funding of operating deficits and cure the monetary default. The latter was cured in October 2009. Capmark filed bankruptcy in late 2009. At the end of 2011, Hunt Capital acquired Capmark’s portfolio, including its interest in Tuscan Isle.

B. Capitalizing Debt and Risk Exposure

1. Background/Present Situation

- a) The global liquidity crisis of 2008 collapsed the market for the variable rate bonds capitalizing the Guarantee Program corpus, ultimately leading staff to restructure the debt, paying off approximately \$89 million and refinancing the remaining \$156.2 million in variable rate bonds to a 5-year term loan with Citibank, closing on December 31, 2009.
- b) At that time, the Guarantee Program’s total risk exposure; single-family and multifamily combined, was \$754.5 million. Since then, total risk exposure (Exhibit C, chart “Guarantee Fund Capacity”, line item “Total Commitments”) has consistently decreased, as reflected below:

Portfolio Risk Exposure

12/31/2009	12/31/2010	12/31/2011	Last Board Meeting (as of 4/30/2012)	This Board Meeting (as of 6/30/2012)
\$754,475,974	\$728,323,576	\$578,754,817	\$562,410,812	\$532,158,249

- c) Management has since aggressively reduced the Guarantee Program capitalizing debt, paying off \$90.2 million on April 20, 2011 and another \$15 million on July 29, 2011, leaving \$51.0 million outstanding.

C. Corpus Investments

1. Background/Present Situation

The Guarantee Fund corpus contains approximately \$211.7 million in invested capital, all of which is currently invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated “A+f” by Standard & Poor’s as of July 13, 2011.

D. FHFC Actions to Effectively Manage the Guarantee Program ([Exhibit A](#))

E. Guarantee Program Foreclosure Summary ([Exhibit B](#))

F. Guarantee Program Portfolio Summary and Guarantee Fund Capacity ([Exhibit C](#))

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

V. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Changes to Construction Features and Amenities and/or Resident Programs

1. Background/Present Situation

Rolling Acres – Phase II (2007-129S) Due to a scrivener’s error, the language “will be provided in 15% of New Construction units and 10% of Substantial Rehabilitation units” was omitted from the Land Use Restriction Agreement. Staff will amend the LURA to add the missing language.

SINGLE FAMILY BONDS

Information

VI. SINGLE FAMILY BONDS

A. Single Family Professional Development and Outreach

1. Background/Present Situation

- a) Florida Housing continues to honor our commitment to have funds continuously available for qualifying homebuyers through our First Time Homebuyer (FTHB) Program. Florida Housing's Program provides assistance to eligible homebuyers by offering low cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance. Current allowable mortgage loan products include: Federal Housing Administration (FHA), Department of Veterans Affairs (VA), United States Department of Agriculture - Rural Development (USDA-RD), as well as conventional loan products offered through Fannie Mae and Freddie Mac.
- b) Borrowers must now have a minimum 640 FICO score and complete a 6-8 hour face-to-face homebuyer education class in order to qualify for assistance through our FTHB Program. Our recent increase in credit score requirement had already been adopted by many of our participating lenders. This change will serve to "level the playing field" for lenders originating our FTHB loans. Through close monitoring of loan performance (i.e. loan delinquency and early payment defaults) and based upon discussions that we have had with our Lender Advisory Board, we found it necessary to make additional program changes that should help strengthen the program and its borrowers. We have eliminated the use of co-signors because we found that their use can be abusive, allowing borrowers to purchase more home than they can afford. Another change that we think will help ensure a stronger borrower and commitment to long term homeownership is requiring a minimum cash contribution to the loan of \$1000 from the borrower's own funds. These funds cannot be a gift and must be seasoned and verified on deposit in an account for a minimum of 2 months. All of these changes became effective May 1st, when we rolled out our newest bond issue, 2011 Series C & 2009 B-5 (Series B-5).
- c) Florida Housing offers qualified homebuyers two down payment and closing cost assistance programs in the form of second mortgage loans. Florida Assist is a 0% deferred payment \$7,500 second mortgage that serves homebuyers with an area median income (AMI) of up to 120%, adjusted for family size. Another recent change was the increase of the Florida Assist income limits to 120% AMI, up from 100% AMI, as permissible by the Florida Statutes. Homeowner Assistance for Moderate Incomes (HAMI) serves households up to Program first mortgage income limits. This product provides a qualified buyer with up to \$5,000 of assistance in the form of a 10-year, amortizing second mortgage, currently at a 5% fixed rate. These second mortgage products may only be used in conjunction with Florida Housing's first mortgage products.

SINGLE FAMILY BONDS

Information

- d) Since 2003, Single Family Program Staff has taught a three hour, Department of Business and Professional Regulation (DBPR) approved continuing education (“CE”) course for Realtors which is coordinated through local Realtor boards throughout the state. We have recently received our recertification of the class from DBPR, which is required every three years. Our next class is scheduled for July 13th and will be the first held for Gulf and Franklin Counties. Realtors attend these classes to receive a general 3 hour CE credit while learning about our First Time Homebuyer Program, our recently launched Mortgage Credit Certificate Program, and other affordable housing programs available to their potential homebuyers.
- e) US Bank launched our long anticipated online lender training platform on June 15th named “Brainshark”. This training can be accessed by all of our existing participating lenders as well as newly approved lenders 24/7 and will greatly streamline and improve our training efforts. The ability to quickly and efficiently train new lenders is needed as we have recently begun to accept new applications from lenders at any time during the year. This move is in response to the decreased number of participating lenders in our program. This reduction has been the result of industry consolidation and attrition that began with the financial meltdown in 2008. Even with fewer lenders currently originating loans in our program, 2011 was historically our third highest production year for both number of loans and dollar volume in the First Time Homebuyer Program.
- f) 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 months of May and June we received 865 total calls; of which 367 were transferred to the Single Family Staff. The remaining callers that were not transferred to the Single Family Staff were able to receive information by 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.
- g) At the January 27, 2012 meeting, the Board approved the renewal of the Mortgage Credit Certificate (MCC) Program. This program provides qualifying first time homebuyers an ongoing annual tax credit that reduces the amount of taxes owed. This increases disposable income and provides the homeowner more money towards their mortgage payment. MCC’s are offered through approved participating lenders and are issued in connection with the lender’s in-house fixed rate mortgage product. We anticipate that MCC’s will assist borrowers with higher incomes than those who currently use the FTHB Program. The Program was officially launched on June 1, 2012. Our expectations are that the first 90 days will be centered on recruiting and training participating lenders. To date we have approved 12 lenders who have each paid a \$750 participation fee to Florida Housing. We are encouraging our current group of approved FTHB participating lenders to also offer this affordable housing program to their eligible borrowers.

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

SUBORDINATED MORTGAGE INITIATIVE

Information

VII. 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) Thirty (30) of these SMI loans have been closed to date in the principal amount of \$17,834,309.01, of which \$17,108,284.30 has been disbursed to date.
 - (3) One SMI loan, Woods of Vero, received SAIL/ELI funding prior to the final disbursement under the SMI loan. The SAIL/ELI loan reduced the first mortgage balance, as a result the three remaining SMI disbursements for Woods of Vero were reduced accordingly, reducing its SMI loan by \$14,116.97, effectively reducing the amount closed to date to \$17,820,192.04.
 - (4) Two (2) loans, representing two different developers, approved in the total amount of \$675,000, have yet to be closed.
 - (5) It does not appear at this time that these two loans will be closed due to an inability to obtain the required consent of the investment limited partner.
 - (6) As of July 1, 2012, the final disbursement has been made on twenty-five (25) of the thirty (30) loans closed to date. All accrued interest will be due on these loans twenty four months after the final disbursement. The loan will then be amortized based on a twenty year amortization with a balloon payment due at the end of year six.
 - (7) One loan, Villas at Lake Smart, was paid in full on April 11, 2011. There was \$151,730.22 in undisbursed SMI funds at the time. Another loan, Woodbridge Apartments, was paid in full on December 13, 2011. A third loan, Spring Harbor Apartments, was paid in full on May 21, 2012.

SUBORDINATED MORTGAGE INITIATIVE

Information

- c) Since the inception of the Subordinated Mortgage Initiative only two developers, Shelter Corporation, involving two SMI loans, Venetian Isles I and Venetian Isles II, and Creative Choice, involving Tuscan Isle f/k/a Heron Cove, have failed to make a required payment under their obligations as outlined in the SMI loan. The required payments were ultimately made on both Venetian Isles I and Venetian Isles II, and the payments remain current. However, Tuscan Isle remains in default. The Guarantee Program has been working closely with both the Developer and the Limited Partner in order to resolve this matter; however, there has been no resolution at this time. As of this date there have been no claims made on the Guarantee Fund Program for any development receiving SMI funding.

UNIVERSAL CYCLE

Information

VIII. UNIVERSAL CYCLE

A. 2013 Universal Cycle

1. Background/Present Situation

- a) To solicit comments concerning Rule Chapters 67-21 and 67-48, F.A.C., the 2013 Universal Application cycle and the 2013 Qualified Allocation Plan, rule development workshops were held on April 26, 2012, June 7, 2012, and July 19, 2012.
- b) Staff will continue the rulemaking process by soliciting additional public comments at a fourth rule development workshop scheduled for August 14, 2012, in Tallahassee, and a fifth rule development workshop scheduled for September 6, 2012, in Tampa.