

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
July 30, 2010
Information Items



COMMUNICATIONS

Information

I. COMMUNICATIONS

A. Corporate Marking and Outreach

1. Background/Present Situation

- a) The HFA Hardest-Hit Fund was announced on February 19 by the federal government; since that time, the Communications Office has continued to field reporter, consumer, provider and stakeholder calls at a steady pace. Communications is logging all consumer calls, tracking the date of initial call, county and gender of callers, and their contact information. In addition, Communications staff is in contact with U.S. 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. We have formulated a public relations plan that will be reviewed by Florida Housing's internal workgroup prior to its implementation; this plan will be used for the roll-out of the pilot site, and then, subsequently use for the statewide roll-out.
- b) The most current information on Florida Housing's HFA Hardest Hit Fund implementation is posted to our website at www.FloridaHousing.org/HardestHitFund.
- c) Communications staff participated as an exhibitor in the 2010 Florida Association of Counties (FAC) annual conference in Tampa last month; this participation is important as we continue to foster our relationships with local governments. More than 300 local elected officials attended the conference and received information on Florida Housing and its programs.
- d) Communications and Homeownership staffs completed the Seventh Annual Lenders Appreciation Awards Dinner last month. Approximately 200 lenders, Realtors and other housing providers/stakeholders attended. Among the many highlights, this year's partnership award went to state Senator Mike Fasano (District 11-New Port Richey) and Representative Gary Aubuchon (District 74-Cape Coral) for their tireless efforts to repeal the cap during the 2010 legislative session. Also, Florida Housing received an award from the USDA's Rural Development division for the Corporation's hard work and dedication to providing affordable housing statewide.

FISCAL
Information

II. FISCAL

A. Operating Budget Analysis for June 2010

- a) The Financial Analysis for June 30, 2010, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending June 30, 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) The eight (8) claims filed since November 2008 represent the total of the multifamily claims incurred in the 16-year history of the Guarantee Program. As of June 30, 2010, the following developments have been foreclosed or are in the process of foreclosure, listed in order; first claim to most recent:

<u>Development</u>	<u>Location</u>	<u>Year Built</u>	<u>Units</u>	<u>Claim Amt.</u>	<u>Risk-share</u>	<u>Gen Ptr</u>	<u>Ltd Ptr</u>	<u>Status</u>
Turtle Creek	Naples	1996	268	11,798,177	Yes	C.J. Communities	KeyBank	Claim filed 11/08. Foreclosed 5/10. Listed w/ broker 5/10.
Riverfront	Orlando	1997	356	13,322,340	Yes	MMA *	MMA	Claim filed 12/08. Foreclosed 7/09. Sold 12/09. Settled w/ HUD 1/10.
Riley Chase	North Port	1999	312	12,135,769	Yes	Vestcor	Centerline Capital	Claim filed 12/08. Foreclosed 11/09. Sold 1/10. Settled w/ HUD 3/10.
Walker Ave Club	Vero Beach	2000	172	8,163,931	Yes	Benchmark	PNC Capital	Claim filed 3/09. Foreclosed 11/09. Sold 3/10. Settled w/ HUD 4/10.
Landings at Boot Ranch	Palm Harbor	1995	232	10,028,319	Yes	Gulf Landings Dev. Corp.	Centerline Capital	Claim filed 3/09. Foreclosed 10/09. Under contract 4/10, re-contracted 6/10.
Sarah's Place	Clermont	1997	330	12,369,280	Yes	Sarah's Place LLC *	Key Bank	Claim filed 9/09. Foreclosed 6/10. Listed w/ broker 7/10.
Nelson Park	Clermont	2000	358	14,409,565	Yes	Nelson Park LLC *	Key Bank	Claim filed 9/09. Foreclosure in process.
Heritage	Collier	2001	320	18,056,240	Yes	Worthwhile Development	Key Bank	Claim filed 4/10. Foreclosure in process

GUARANTEE PROGRAM

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*The original general partner was Worthwhile Development (H.J. "Jay" Royall, principal), who was either removed by the limited partner or resigned and was subsequently replaced by a limited partner related entity.

- c) As of June 30, 2010, there were three (3) developments in the portfolio in monetary default due to the borrower's failure to make timely payments on the note. All are Risk-Sharing transactions, as 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	9/26/1996	304	9,369,924	Yes	Vestcor Development	Wachovia	Past due: 6/1/10 pmt
Venetian Isles I	Lake Park	2/28/2002	288	17,846,952	Yes	Shelter Corp / Community Housing Corp	MMA	Past due: 5/15/10 & 6/15/10 pmts
Venetian Isles II	Lake Park	8/6/2002	112	7,902,618	Yes	Shelter Corp / Community Housing Corp	MMA	Past due: 5/15/10 & 6/15/10 pmts

- d) 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.
- e) Venetian Isles I & II have received funding under the subordinate mortgage initiative (SMI). However, the monetary defaults must be cured to receive additional funding.

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

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IV. LEGAL

A. In Re: MCP I, Ltd. - First DCA Case No. 1D10-1134; 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.

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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) On July 8, 2010, the Court ordered Model City to file its initial brief not later than August 23, 2010.

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B. In Re: APD Housing Partners 20, LP - First DCA Case No. 1D10-1460; FHFC Case No. 2009-067 UC

Development Name: (“Development”):	TM Alexander
Developer/Principal: (“Developer”):	
Number of Units: 151	Location: Miami-Dade County
Type:	
Demographics:	HC: \$1,405,417

1. Background

- a) During the 2009 Universal Cycle, APD Housing Partners 20, LP (“APD 20,” or “Petitioner”), applied for an allocation of Housing Credits to construct TM Alexander (the “Development”) in Miami-Dade County, Florida. Florida Housing scored Petitioner’s application and determined that it failed threshold requirements pertaining to site control and financing.
- b) On December 3, 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. Petitioner timely filed its Petition contesting Florida Housing’s scoring of its application.
- c) An informal hearing was held before Florida Housing’s contract Hearing Officer on January 13, 2010. (Prior to the informal hearing, Florida Housing agreed to rescind the threshold failure pertaining to financing.)
- d) The sole issue for determination at the informal hearing was whether Petitioner demonstrated site control for its proposed development as required by Part III.C.2. of the 2009 Universal Application Instructions. In its original application, the Petitioner attempted to demonstrate site control by providing a Contract for Purchase and Sale of Real Property (the “Contract”) between Mederos-T.M. Alexander Acquisitions, LLC, as “Seller,” and The American Opportunity Foundation, Inc., and Allied Pacific Development, LLC, as “Buyer.” The Petitioner, APD 20, was not a party to the Contract.
- e) At preliminary scoring, Florida Housing determined that Petitioner’s Application failed to satisfy the threshold requirements for site control because the “August 17, 2009 Purchase and Sale Agreement did not reflect the Applicant as the buyer and no assignment was provided.”
- f) To cure this failure, APD 20 provided a First Amendment to and Assignment and Assumption of Contract for Purchase and Sale of Real Property (the “Assignment and Assumption Agreement”). The Assignment and Assumption Agreement on its first page purports to be a tri-party agreement entered into by the Seller and the original Buyer under the Contract, and by APD 20, as the new buyer. Under its terms, the original Buyer purports to assign its rights, title and interest under the Contract to the new buyer; the new buyer purports to assume and perform the obligations of the original Buyer under the Contract; the Seller purports to consent to the assignment and assumption of the Contract; and, the parties purportedly agree to amend the Contract. While the Assignment and Assumption Agreement was executed by the original Buyer under the Contract, neither the Seller under the Contract, Mederos-T.M. Alexander Acquisitions, LLC, nor the Petitioner, APD Housing Partners 20, LP, executed the agreement.

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Instead, the Assignment and Assumption Agreement was executed by an entity named Mederos-Civic Acquisitions, LLC, as the seller, and an entity named APD Housing Partners 19, LP, as the new buyer.

- g) Florida Housing rejected the cure at final scoring because the assignment was not signed on behalf of the Petitioner, APD 20, and because it was not signed on behalf of the Seller, Mederos-T.M. Alexander Acquisitions, LLC.
- h) On February 4, 2010, the Hearing Officer issued his Recommended Order, in which he recommended that Florida Housing enter a Final Order finding that the Petitioner achieved threshold for site control, and reversing Florida Housing's rejection of Petitioner's application.
- i) It is the position of Florida Housing staff that the conclusions of law, or parts thereof, in paragraphs 7, 8, 9 and 10, on page 10 of the Recommended Order are without basis under Florida Housing's rules, and are contrary to case precedent and basic contract law.
- j) Florida Housing staff timely filed its Argument in Opposition to Recommended Order as provided in Rule 67-48.005(6), F.A.C. A copy is attached hereto as Exhibit J.
- k) On February 26, 2010, the Board entered a Final Order: adopting the findings of fact in the Recommended Order; rejecting the conclusions of law at paragraphs 7, 8, 9 and 10, on page 10, of the Recommended Order; adopting conclusions of law consistent with its own rules and case precedent as provided in the Argument in Opposition to Recommended Order; rejecting the recommendation in the Recommended Order; and finding that Petitioner failed to meet threshold requirements relating to site control.

2. Present Situation

- a) On March 23, 2010, APD 20 filed its Notice of Appeal with the First District Court of Appeal. APD 20's Initial Brief is due to be filed on June 22, 2010.
- b) On July 1, 2010, APD 20 filed its Notice of Voluntary Dismissal, ending this matter.

SINGLE FAMILY BONDS

Information

V. SINGLE FAMILY BONDS

A. Single Family Professional Development and Outreach

1. Background/Present Situation

- a) The 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 June, Single Family staff conducted the course in Orlando in conjunction with the Seventh Annual Lender Appreciation Awards Dinner. We have 6 additional classes scheduled for the remainder of the year.
- 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 next Lender Training is scheduled for August 5, 2010.
- 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 Home Mortgage 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 emphasis FHA has placed on originating lenders. As part of this effort we will be introducing a new, more efficient, web based 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 staff with a much broader reporting and data collecting capability than previously available with the McWeb system. All of our lending partners have now been trained on the new system.
- d) 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

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- e) Our Seventh Annual Lender Appreciation Awards Dinner was held Friday, June 11, 2010, at the Peabody Orlando Hotel. We had approximately 170 attendees that included participating lender corporate officers, loan officers, underwriters and support staff, as well as several housing counseling providers. Single Family Program staff presented 21 Institutional Awards and 47 Individual Awards to the top performing Program lenders from around the state. We presented a special Legislative Partnership Award to Senator Mike Fasano and Representative Gary Aubuchon for their work in supporting affordable housing measures in the 2010 Legislative Session, including the appropriation of roughly \$35 million that will be used as downpayment and closing cost assistance in conjunction with the First Time Homebuyer Program. Representative Aubuchon was able to join us for the ceremony; however, Senator Fasano was unable to attend. Florida Housing was presented a Partnership Award from USDA-Rural Development for our contribution to homeownership in rural communities throughout Florida. We were pleased that two of our Board members, Cliff Hardy and Lynn Hanfman, were able to join us in honoring our lenders.

- 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 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](#))

STRATEGIC PLAN UPDATE

Information

VI. STRATEGIC PLAN UPDATE

- A. Strategic Plan Update, July 2010 ([Exhibit A](#))