

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
June 10, 2011
Information Items



COMMUNICATIONS

Information

I. COMMUNICATIONS

A. Corporate Marketing and Outreach

1. Hardest-Hit Fund

a) Communications staff facilitated a press conference on the statewide launch of the Florida Hardest-Hit Fund (HHF) on Tuesday, April 5, at the Florida Press Center in Tallahassee, Florida. Florida Housing has consistently received national and statewide press on the program since the pilot program began in Lee County; media outlets that have covered HHF are listed below (including print, broadcast and Internet publications):

- (1) Boston Today Newspaper
- (2) Bradenton Herald Newspaper
- (3) CBS 4 in Miami
- (4) Clay Today Newspaper
- (5) Daytona News-Journal Newspaper
- (6) First Coast News.com Online
- (7) Florida Times Union Newspaper
- (8) Florida Today Newspaper
- (9) Herald Tribune Newspaper
- (10) Highlanstoday.com Online
- (11) Miami Herald Newspaper
- (12) Mortgageorb.com Online
- (13) News-Press Newspaper in Fort Myers
- (14) NorthEscambia.com Online
- (15) Ocala.com Online
- (16) Ocala Star Banner Newspaper
- (17) Palm Beach Post
- (18) Pensacola News Journal Newspaper
- (19) Stateline.org Online
- (20) St. Augustine Record Newspaper
- (21) St. Pete Times Newspaper
- (22) Sun-Sentinel Newspaper
- (23) TCPalm.com Online
- (24) Tomrollins.com Online
- (25) WBBH Channel 2 Charlotte County
- (26) WEAR Channel 3 Pensacola

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- (27) WJXT Channel 9 Jacksonville
 - (28) WOFL Channel 35 Lake Mary
 - (29) WPTV Channel 5 West Palm Beach
 - (30) WUFT 89 FM Radio Gainesville
- b) Follow-up articles continue to be monitored, and are being saved and cataloged.
 - c) The Communications Office continues to field reporter, consumer, 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.
 - d) The HHF website (www.FLHardestHitHelp.org) continues to be the single point of entry and application for financial assistance, and contains all the information a homeowner needs to apply. Information on the site is updated as deemed necessary by HHF and Communications staffs. Additionally, the toll-free HHF Information Line continues to be operational.

2. Marketing/Outreach

In an effort to continue building relationships with affordable housing advocates and providers, Communications staff will participate in three (3) conferences this summer as exhibitors:

- (1) June 21-24, Florida Association of Counties Annual Conference, Orlando
- (2) August 11-13, Florida League of Cities Annual Conference, Tampa
- (3) September 26-28, Florida Housing Coalition Annual Conference, Orlando

3. Other Projects

The Communications Office continues to work on the following projects:

- (1) Redeveloping Florida Housing's corporate website in accordance with the Strategic Plan;
- (2) Working with Legislative on educating stakeholder audiences about Florida Housing and our role in the state and nation's economic recovery/stability, in accordance with the Strategic Plan; and
- (3) Re-evaluating Florida Housing's public relations goals, objectives and strategies given the ever-changing economic and political landscape.

FISCAL
Information

II. FISCAL

A. Operating Budget Analysis for April 2011

- a) The Financial Analysis for April 30, 2011, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending April 30, 2011, is attached as [Exhibit B](#).

GUARANTEE

Information

III. GUARANTEE

A. Status of Guarantee Fund Capitalizing Debt – Citibank Term Loan Note 2009 Series A

1. Background/Present Situation

- a) On December 14, 2009, pursuant to the Guarantee Program Delegation of Authority Action item approved by the Board on October 23, 2009, Florida Housing signed a term sheet with Citibank, N.A., for the Citibank Term Loan Note 2009 Series A (Citibank Bond) in the amount of \$156.2 million, refunding all of the then outstanding capitalizing Bonds; 1993 Series A, 1999 Series A and 2000 Series A.
- b) Staff, with the Guarantee Fund's counsel, bond counsel and financial advisor, proceeded with loan closing activities and closed the Citibank Bond on December 31, 2009. This action caused all of the outstanding Bonds to be redeemed and/or defeased, thereby significantly reducing negative arbitrage, as well as debt service, and avoided a potential call on documentary stamp taxes.
- c) On April 20, 2011, a partial prepayment of \$90.2 million on the Citibank Bond was made utilizing funds in the Guarantee Fund corpus not expected to be needed in the foreseeable future. The partial prepayment reduced the outstanding Citibank Bond balance to \$66 million and further reduced negative arbitrage as well as substantially reducing future debt service payments.

B. 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 90 multifamily developments in the Guarantee Program portfolio today, 58 are Risk-Sharing transactions.
- b) As of May 23, 2011, there were no developments in the portfolio in monetary default (due to the borrower's failure to make timely payments on the note).
- c) 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 16-year history. The chart at [Exhibit A](#) reflects the developments that have been foreclosed or are in the process of foreclosure, as of May 23, 2011, listed in chronological order by claim filed date.

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

SINGLE FAMILY BONDS

Information

IV. 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 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. These loan products are 100% guaranteed. Borrowers must have a 600 FICO score or higher and must complete a 6-8 hour face-to-face homebuyer education class in order to qualify for assistance through our First Time Homebuyer Program. 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 100%, adjusted for family size. Homeowner Assistance for Moderate Incomes, HAMI, serves households above 100% AMI, 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.
- b) 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. Single Family staff recently conducted this class in Ft. Myers (Lee County). There were 22 Realtors in attendance who will receive three hours of continuing education credit and who are now well versed in our First Time Homebuyer Program. Our 2011 Realtor training calendar currently has 6 additional classes scheduled in diverse geographic areas of the state. Our travel costs are offset by charging a nominal fee to the sponsoring Realtor board based upon the number of participants in attendance. Our goal is to make this educational event cost neutral to Florida Housing, while providing Realtors with knowledge of affordable housing programs offered through the Corporation. Class evaluations indicate that Realtors continue to find the course information useful for their prospective homebuyers. This should contribute to more qualified families becoming homeowners and ultimately increase loan production for the program.

SINGLE FAMILY BONDS

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- c) The Single Family Program Staff, in conjunction with our Master Servicer, US Bank, and the program compliance team at eHousing, conducts quarterly lender training webinars. The morning session is held for loan officers and processors, with the afternoon session directed 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. Our most recent training webinar was conducted on May 11th and was attended by well over 300 people. Working with US Bank, we are currently exploring the possibility of offering this training via a 24/7 online educational platform. Although we accept new lender applications once per year (January), the need for training remains constant throughout the year as new loan officers join approved lending institutions. Our goal is to have this training platform implemented by the end of the 2nd or 3rd quarter of 2011.
- d) In our ongoing efforts to strengthen and grow our lender partner relationships, Single Family Program Staff continually evaluates 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 online education and training for our participating lenders. 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, 2010. This 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 aids 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.
- e) 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 February, March and April, we received 1,379 total calls; of which 651 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.

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) Thirty (30) of these SMI loans have been closed to date in the principal amount of \$17,834,309.01.
 - (3) \$14,601,131.63 has been disbursed to date.
 - (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 May 1, 2011, the final disbursement has been made on thirteen (13) 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.
- c) 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.

SPECIAL ASSETS

Information

VI. SPECIAL ASSETS

A. In Re: ECCLT Affordable Housing Development Phase I

1. Background

- a) ECCLT Affordable Housing Development Phase I (“the Development”) d/b/a Escambia County Community Land Trust, Inc., (“Borrower”) was intended to be an affordable single family development located on approximately 1.39 acres of land located in Escambia County, Florida financed with \$500,000 from the Predevelopment Loan Program (PLP) of which \$237,983 was drawn.
- b) The PLP loan matured on September 15, 2009 and a demand for payment was sent.
- c) FHFC filed a foreclosure complaint with Escambia County on September 24, 2010 and FHFC was the successful bidder at the Summary Judgment hearing held March 8, 2011.
- d) Certificate of Title for the property was received on April 11, 2011.

2. Present Situation

The property is listed on FHFC’s website under Preservation Opportunities.