

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**March 18, 2011**  
**Information Items**



# COMMUNICATIONS

## *Information*

### I. COMMUNICATIONS

#### A. Corporate Marketing and Outreach

##### 1. Hardest-Hit Fund (HHF)

a) As the Florida HHF pilot continues to operate in Lee County, the Communications Office is fielding reporter, consumer, and stakeholder calls at a steady pace. Media coverage of the program has increased with anticipation of the statewide launch sometime during the first quarter of this year. Below is the list of media outlets that have featured stories on HHF (including print, broadcast and websites):

- (1) AMC-WZVN in Fort Myers, Naples and Port Charlotte
- (2) Associated Press (Miami Herald, Sun-Sentinel)
- (3) Central Florida News Channel 13
- (4) CBS Channel 4 Miami
- (5) DSNews.com
- (6) Dieppa Law Blog
- (7) Florida Trend Magazine
- (8) Fort Myers News Press Newspaper
- (9) FOX 4 in Cape Coral, Fort Myers and Naples
- (10) Loanrateupdate.com
- (11) Mortgageorb.com
- (12) MSNBC.com
- (13) NBC 2 in Fort Myers
- (14) Orlando Sentinel Newspaper
- (15) Palm Beach Post Newspaper
- (16) Red, White and Blue Press.com
- (17) Sun-Sentinel Newspaper
- (18) Sunshine State News.com
- (19) Tallahassee Democrat Newspaper
- (20) TCPalm.com
- (21) USA Today
- (22) West Orlando News.com
- (23) WFTV Channel 9 Orlando
- (24) WINK News Now Fort Myers
- (25) WJXT Channel 4 Jacksonville
- (26) WTSP Channel 10 Tampa Bay

## COMMUNICATIONS

### *Information*

- b) Follow-up articles are monitored, saved and cataloged. When a definitive date for statewide implementation of HHF is determined, Florida Housing will hold a media event in accordance with the HHF Statewide Implementation Communications Plan to announce the date and provide information to the media and public.
- c) The website ([www.FLHardestHitHelp.org](http://www.FLHardestHitHelp.org)) is operational; applications are being accepted only from homeowners residing in Lee County. Homeowner applications from elsewhere will be deleted from the system and not processed. The HHF Information Line (i.e., call center) remains available for homeowners to contact and receive general information on the program, and any program updates.
- d) Communications staff maintains contact with US Treasury officials and National Council of State Housing Agencies (NCSHA) representatives to ensure our public relations efforts comply with federal guidelines. We also are in consistent communication with other HHF states regarding their public relations issues surrounding this initiative.

#### **2. NCSHA's "FACES" Campaign**

Communications staff is working with NCSHA (and the other 49 HFAs) on the national "FACES" Campaign, which targets elected officials in Washington to increase awareness of what HFAs are and our role in the nation's economic recovery and stability. In January, Florida Housing submitted two success stories and supporting materials for the campaign; one of our FTHB families was selected for the campaign and will be prominently featured on FACES materials (including brochures, banners, website and video) that will debut at the NCSHA Legislative Conference in March.

#### **3. Florida Housing 2010 Annual Report**

Communications completed work on the 2010 Annual Report. The report is available online at [www.floridahousing.org](http://www.floridahousing.org) under "Newsroom & Library > Publications". As statutorily required, the report was hand delivered by Legislative staff to Governor Rick Scott, Senate President Mike Haridopolos and House Speaker Dean Cannon. Each member of the Florida Legislature will receive an Annual Report CD, as well.

#### **4. 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 January 2011**

- a) The Financial Analysis for January 31, 2011, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending January 31, 2011, 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 February 25, 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, as of February 25, 2011, listed in order; first claim to most recent.

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

## LEGAL

### Information

#### IV. LEGAL

##### A. In Re: MCP I, Ltd. - First DCA Case No. 1D10-1134; FHFC Case No. 2009-061UC

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

##### 1. Background/Present Information

- 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 Filed its Answer Brief on October 8, 2010; and Model City's Reply Brief was filed on November 4, 2010.
- c) On January 5, 2011, the Court heard Oral Argument on this matter. On January 10, 2011, the Court issued its per curiam opinion affirming the Board's February 26, 2010, decision. This matter is closed.

**LEGAL**

***Information***

**B. In Re: APD Housing Partners 20, LP - FHFC Case No. 2009-033GA**

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

**1. Background**

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.

**2. Present Situation**

On March 23, 2010, APD 20 filed its “Petition for Administrative Hearing.”

On October 27, 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) 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 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) An important Program change was announced to our lending partners on February 10, 2011. As directed by policy makers who approve our lending resources, Florida Housing has instituted a moratorium on the use of our Program funds to make loans on newly constructed homes that have a certificate of occupancy date after September 30, 2010. The policy makers feel strongly that due to the high inventory of existing, unsold homes in Florida, Florida Housing should not be using its resources to fund the sale of any newly constructed single-family residences. While we know that this Program change will have a detrimental impact on those participating lenders who provide new home financing, we are able to direct these same lenders to the several local Housing Finance Agencies located throughout the state that will welcome this additional business.
- c) 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. Our 2011 Realtor training calendar currently has 8 classes scheduled in diverse geographic areas of the state. We expect to schedule an additional 8 to 12 classes for the 2011 year. 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

## SINGLE FAMILY BONDS

### *Information*

becoming homeowners and ultimately increase loan production for the program. Program Staff attended a HUD technical assistance clinic held in Orlando on January 25 & 26. The purpose of this 2-day event was to inform Neighborhood Stabilization Program (NSP) grantees and their housing providers of FHFC affordable mortgage options that are available to support local NSP programs. The panel event was attended by representatives from HUD as well our #1 and #5 lending partners, Bank of America Home Mortgage and Wells Fargo Mortgage. This event provided us with an excellent forum to promote our First Time Homebuyer Program to lenders and housing professionals.

- d) 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 was held on February 10, 2011. The morning session was attended by 216 loan officers and processors. The afternoon session was attended by 170 underwriters, closers, shippers, and post closing lender staff. 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 quarter of 2011.
- e) 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 improved education and training as described above. 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. HDS, the provider of this web based system, recently upgraded the system with additional and simplified data processing capabilities. This system was recently upgraded to allow for faster access and additional data gathering ability. We will continue to work with HDS to improve and update the system as our needs change.
- 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 January, we received 556 total calls; of which 285 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*

#### VI. 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-nine (29) of these SMI loans have been closed to date in the principal amount of \$17,448,713.01.
  - (3) \$12,418,933.51 has been disbursed to date.
  - (4) Three (3) loans, representing two different developers, approved in the total amount of \$1,070,000 have yet to be closed.
  - (5) Of the three loans yet to be closed, one loan is expected to close by the first quarter of this year; two loans, representing two different developers, remain unclosed due to an inability to obtain, at this time, the required consent of the investment limited partner.
  - (6) 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*

#### VII. SPECIAL ASSETS

##### A. In Re: Whispering Woods Senior Housing

###### 1. Background

- a) Whispering Woods Senior Housing (“the Development”) d/b/a Housing Assistance Corporation of Nassau County, Inc., (“Borrower”) was intended to be an affordable senior development built on approximately 1.3 acres of land located in Nassau County, Florida financed with \$296,809.33 from the Predevelopment Loan Program (PLP).
- b) On July 24, 2009 the Board granted a one-year extension of the loan term for completion of predevelopment activities and for pursuit of construction financing.
- c) The PLP loan matured on August 1, 2010. A demand for payment was sent and the borrower offered a deed in lieu of foreclosure.
- d) On November 12, 2010 FHFC III, Inc., as Florida Housing’s nominee, took possession of the property by Warranty Deed.

###### 2. Present Situation

The property is listed on FHFC’s website under Preservation Opportunities. Proceeds from the sale of the property will be used to repay the PLP loan.