

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
December 13, 2013
Information Items



COMMUNICATIONS

Information

I. COMMUNICATIONS

A. Hardest-Hit Fund (HHF)

1. Background/Present Situation

a) Since the implementation of the statewide launch in April 2011, Florida Housing has received press on the program in the following media outlets (including print, broadcast and Internet)¹:

- (1) **ABC 7 (WWSB)**
- (2) ABC 13 (WMBB.com)
- (3) ABC 25
- (4) Active Rain Blog
- (5) Associated Press
- (6) Bay News 9 Tampa
- (7) Before It's News Blog
- (8) Boston Today Newspaper
- (9) Bradenton Herald Newspaper
- (10) CBS 4 in Miami
- (11) CBS 12 News
- (12) Charlotte Sun
- (13) CitrusDaily.com Online
- (14) Clay Today Newspaper
- (15) Crestview Bulletin
- (16) The Current
- (17) Daily Record
- (18) Daytona News-Journal Newspaper
- (19) eCreditDaily
- (20) First Coast News.com Online
- (21) Florida Courier
- (22) Florida Current
- (23) Florida.newszap.com
- (24) Florida Times Union Newspaper
- (25) Florida Today Newspaper
- (26) Florida Trend

¹ ***Bold Italics*** – Media Hit
Bold – New Media Hit

COMMUNICATIONS

Information

- (27) 4 Closure Fraud Blog
- (28) Fox News
- (29) Free-Press-Release.com
- (30) GreenvilleOnline.com
- (31) ***Herald Tribune Newspaper***
- (32) Highlandstoday.com Online
- (33) Hispanic Business
- (34) Housingwire.com Online
- (35) Huffington Post
- (36) Kansas City Star
- (37) Lakeland Ledger
- (38) **Lake City Journal**
- (39) Lobby Tools
- (40) Matt Widner's Foreclosure News
- (41) Media Advisory – US Senate
- (42) **Madison County Carrier**
- (43) Miami Herald Newspaper
- (44) Mortgageorb.com Online
- (45) Naples News
- (46) News Channel 5 (online)
- (47) News Chief
- (48) News-Press Newspaper in Fort Myers
- (49) News Service of Florida
- (50) News 13 Online
- (51) News Vine
- (52) New York Times
- (53) NorthEscambia.com Online
- (54) Ocala.com Online
- (55) Ocala Star Banner Newspaper
- (56) ***Orlando Sentinel***
- (57) ***Palm Beach Post***
- (58) Panama City News Herald
- (59) Pensacola News Journal Newspaper
- (60) RealEstateRama.com Online
- (61) The Record
- (62) The Republic

COMMUNICATIONS

Information

- (63) Reuters Newspaper
- (64) **Reverse Mortgage Daily**
- (65) San Francisco Chronicle
- (66) Stateline.org Online
- (67) St. Augustine Record Newspaper
- (68) St. Pete Times Newspaper
- (69) ***Sun-Sentinel Newspaper***
- (70) Sunshine State News
- (71) Tallahassee Democrat
- (72) ***Tampa Bay Times***
- (73) Tampa Tribune
- (74) TCPalm.com Online
- (75) The Times (www.nwtimes.com)
- (76) Tomrollins.com Online
- (77) Treasury Notes
- (78) Tweet - @Framabama
- (79) Tweet – Troy Kinsey @TroyKinsey
- (80) Tweet – Peter Schorsch @SaintPetersblog
- (81) WAND 17
- (82) Watchdog
- (83) WBBH Channel 2 Charlotte County
- (84) WCTV – Action 9
- (85) WDEF News Channel 12 online wdef.com
- (86) WEAR Channel 3 Pensacola
- (87) Weidner Law Blog
- (88) WESH 2 News Orlando
- (89) Western Orlando News Online
- (90) WFOL Orlando
- (91) WFSU
- (92) WFTV News Orlando
- (93) ***WGCU***
- (94) ***WINK Ft. Myers News***
- (95) Winter Haven News Chief
- (96) WJXT Channel 9 Jacksonville
- (97) WLRN Miami Herald News
- (98) WMBB

COMMUNICATIONS

Information

- (99) WOFL Channel 35 Lake Mary
 - (100) WPEC Palm Beach TV
 - (101) WPTV Channel 5 West Palm Beach
 - (102) WTSP
 - (103) WTVT Channel 13 Fox Tampa
 - (104) WTXL Tallahassee TV
 - (105) WUFT 89 FM Radio Gainesville
 - (106) WZVN ABC Channel 7 Fort Myers
- b) Communications staff successfully organized and managed the launch of the new Elderly Mortgage Assistance Program (ELMORE) via a tele-press conference call. We are very pleased that not only has the Florida Department of Elder Affairs (DOEA) agreed to “bless” and publicize the ELMORE program, but also Secretary Charles T. Corley participated in the conference call. Media outreach for the event resulted in 13 stories. Staff coordinated with Fannie Mae, US Treasury and DOEA regarding materials and the launch of the program.
- c) On November 22, Communications and HHF staff traveled to Fort Lauderdale for a Making Home Affordable® (MHA) event. Staff participated in the roundtable to update interested participants and parties on the progress of the Florida HHF programs, as well as assisting HHF program staff and advisors. Staff also coordinated with NeighborWorks America® and HHF Advisor Agencies to confirm their participation.

B. Business Continuity

1. Background/Present Situation

Business Continuity staff is currently reviewing and updating the Corporation’s business continuity plan, notification process and information, disaster and evacuation procedures, etc. The preliminary plan is to schedule workshops in early 2014 for Florida Housing employees on regarding procedures to be followed in the unlikely instance of emergency situations occurring at the building, including active shooters, suspicious packages and other important safety procedures.

C. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Communications sent out its third quarter e-newsletter, *What’s Developing*, in November. The newsletter focuses on showcasing affordable housing success stories from throughout the state, as well as housing program updates (single family/multifamily), legislative updates, housing policy, foreclosure prevention and groundbreakings/ribbon-cuttings.

COMMUNICATIONS

Information

- b) Additionally, Communications staff is working with Special Programs on marketing and public relations for the Making Home Affordable® Outreach and Intake Program. The program began in June with Florida Housing receiving approximately \$62,000 for marketing and outreach of this program (in two allocations). We have launched the online PSAs in English and Spanish on our Corporate website (www.FloridaHousing.org) and purchased radio ads that are running statewide.
- c) Lastly, to continue building relationships with affordable housing advocates and providers, Communications staff attended the National Council of State Housing Agencies (NCSHA) Annual Conference in New Orleans in October.

FISCAL
Information

II. FISCAL

A. Operating Budget Analysis for October 2013

1. Background/Present Situation

- a) The Financial Analysis for October 31, 2013, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending October 31, 2013, is attached as [Exhibit B](#).

GUARANTEE

Information

III. 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 58 multifamily developments in the Guarantee Program portfolio today, 42 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 October 31, 2013, listed in chronological order by claim filed date.
- c) There are no foreclosures in inventory and no development in monetary default in the portfolio.

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, in keeping with the Board's mandate to cede risk from the portfolio, total risk exposure (as reflected in Exhibit C, chart "Guarantee Fund Capacity", line item "Total Commitments") has been reduced by more than half, as reflected below:

Portfolio Risk Exposure

12/31/2009	12/31/2010	12/31/2011	12/31/2012	As of 10/31/2013
\$754,475,974	\$728,323,576	\$578,754,817	\$468,471,463	\$346,283,603

GUARANTEE

Information

- c) The continued low interest rate environment has prompted many Developers to refinance their properties, paying-off their guaranteed mortgages and removing them from the Guarantee Program portfolio, representing the primary driver behind the reduction in Total Commitments reflected above. The sharp increase in refinancing activity is reflected in the following chart:

Refinancing Activity

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	As of 10/31/2013
Loans (#):	0	2	12	9	16
Risk ceded (\$):	\$0	\$9,876,854	\$117,963,056	\$83,995,036	\$110,218,388

- d) Also contributing to the reduction in Total Commitments is approximately \$43 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$35 million in scheduled amortization of guaranteed mortgages and a \$9 million foreclosure (Heritage; early 2010).
- e) Furthermore, Management 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. On December 21, 2012, the remaining balance of \$51.0 million was paid in full, reducing the Guarantee Fund's capitalizing debt to zero (\$0).

C. Corpus Investments

1. Background/Present Situation

The Guarantee Fund corpus contains approximately \$167.5 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 August 31, 2013.

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](#))

MULTIFAMILY BONDS

Information

IV. MULTIFAMILY BONDS

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

1. Background/Present Situation

- a) The following developments have requested, and staff has approved, changes to the Construction Features & Amenities and/or Resident Programs in their Applications since the last Board meeting:
 - (1) Sunrise Place Apartments (2012A-202B, 2011-532C, 2003-012S) has requested to replace “Water Sense certified dual flush toilets in all bathrooms” (1 point) for “Florida Yards and Neighborhoods certification on all landscaping” (1 point). Scoring of the Application will remain unaffected.
 - (2) Sheridan Place Apartments (2001 Series O-2 and Series O-2, 2001-530C) has requested to replace wood look vinyl flooring in lieu of carpet in the living and sleeping areas of the first floor units. Scoring of the Application will remain unaffected.
- b) Staff will amend the Land Use Restriction Agreements and/or Extended Use Agreements for the developments as appropriate.

MULTIFAMILY PROGRAMS

Information

V. MULTIFAMILY PROGRAMS

A. Request for Applications (RFA) 2013-009 for the Preservation of Existing Affordable Housing Developments

1. Background/Present Situation

- a) The Corporation issued RFA 2013-009 on November 1, 2013, with a due date of December 17, 2013.
- b) On November 15, 2013, the Corporation received a formal written protest challenging the specifications in the RFA. On November 20, 2013, the Executive Director made the determination that it is in the best interest of the Corporation to withdraw RFA 2013-009. Pursuant to subsection 67-60.004(1), F.A.C., a notice of withdrawal was posted on the Corporation's Website on November 20, 2013 and published in the November 21, 2013, edition of the Florida Administrative Register.

B. Request for Applications (RFA) 2013-010 for the Financing of Affordable Multifamily Housing Developments with HOME Investment Partnerships (HOME-rental) Program Funding in Conjunction with Florida Housing-issued Multifamily Mortgage Revenue Bond (MMRB) Program funding and Non-Competitive Housing Credits

1. Background/Present Situation

The Corporation issued RFA 2013-010 on November 22, 2013, with a due date of December 17, 2013. Staff anticipates submitting the Review Committee's recommendations for approval at the January 31, 2014 Board meeting.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

VI. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

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

1. Background/Present Situation

- a) The developments listed below have requested, and staff has approved, changes to the Construction Features & Amenities and/or Resident Programs in its Application since the last Board meeting:
 - (1) Sunrise Place (2003-012S) has swapped: “Ceramic tile bathroom floors” (2 points) for “Pantry in kitchen area – must be no less than 20 cubic feet of storage space. Pantry cannot be just an under- or over-the-cabinet” (2 points). This exchange is of equal point value to the amenities originally chosen in the application.
 - (2) Hilltop Village (95S-050/96L-017) has swapped: “Garbage disposal in all units” (2 points) for “New full-size range and oven in all units” (1 point) and “New full-size refrigerator in all units” (1 point). This exchange is of equal point value to the amenities originally chosen in the application.
- b) Staff will amend the Land Use Restriction Agreement for the development as appropriate.

SINGLE FAMILY BONDS

Information

VII. 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) Over the last 2-3 years we have seen higher credit standards imposed on homebuyers by the Agencies (FHA, Fannie, Mae, and Freddie Mac), our Master Servicer U.S. Bank, and our participating lenders. We try to balance the needs of our First Time Homebuyers with sensible credit requirements. Our Program currently requires borrowers to have a minimum 640 FICO score and complete a 6-8 hour homebuyer education class in order to qualify for assistance. We do not allow the use of co-signors because we have found in the past that their use can be abusive, allowing borrowers to purchase more home than they can afford. We require a minimum cash contribution to the loan of \$1000 from the borrower's own funds. These funds can be a gift as allowed by FHA. Additionally we limit a borrower's maximum debt ratio to 45%. As expected, these changes implemented in 2012 have impacted Program loan origination volume. Our loan production for 2012 totaled 2,187 loans purchased with a first mortgage volume of \$213.7 million. Thus far in 2013, our lenders have originated 1313 loans with a first mortgage volume of \$140.8 million. We have recently implemented several program changes that we expect will have a positive impact on loan originations. These changes include an increase in available down payment assistance from \$7,500 to \$10,000 and a 50 basis point increase in allowable lender compensation. We also strive to maintain competitive program first mortgage interest rates for our fixed-rate 30 year FHA and conventional mortgages.
- c) Florida Housing currently offers qualified homebuyers down payment and closing cost assistance (DPA) program in the form of second mortgage loan. Florida Assist is a 0% deferred payment \$10,000 second mortgage that serves homebuyers with an area median income (AMI) of up to 120%, adjusted for household size. As mentioned above, we have recently increased this program to its current funding level to help offset rising home prices and closing costs for our first time homebuyers. We have had a very positive response to this change from both our lender and Realtor partners. Our second mortgage product may only be used in conjunction with Florida Housing's first mortgage products. It is also repayable when our first mortgage is satisfied.

SINGLE FAMILY BONDS

Information

- d) Our Mortgage Credit Certificate (“MCC”) Program continues to generate greater lender interest and participation due in part to specialized in-person training classes being conducted by Program Staff. We have held in-person classes for several of our participating lenders. We have seen MCC volume increase substantially as a result of these trainings. Currently we have 46 approved lenders who have each paid a \$750 participation fee to Florida Housing. We are still soliciting our existing group of approved FTHB lenders to participate in this affordable housing program while also recruiting smaller lenders who might not otherwise qualify for FTHB Program participation. We have issued 131 MCC’s to qualified first time homebuyers. We have an additional 125 reservations in the pipeline. As we anticipated, the borrowers utilizing the MCC Program are purchasing higher priced homes (\$164,403 average purchase price) and have a higher average household income (\$50,162) than our FTHB borrowers in our current 2013 Bridge Program. We charge a \$500 issuance fee for each MCC.
- e) Single Family Program Staff continues to offer 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. Realtors who attend these classes receive a general 3 hour CE credit while learning about our First Time Homebuyer Program, our Mortgage Credit Certificate Program, and other affordable housing programs available to their potential homebuyers. We strive to market to large groups such as Realtors and Lenders statewide to maximize the benefit of our time and travel and to help others learn about the resources available through our programs.
- 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. Callers are able to receive information through pre-recorded information that directs them to our First Time Homebuyer Wizard tool, which is located on our website. Those callers that have additional questions are transferred to Single Family Staff for assistance.

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

SUBORDINATED MORTGAGE INITIATIVE (SMI)

Information

VIII. 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 to developments credit enhanced by the Guarantee Program and determined to be in financial distress. The loans provide properties with 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 (1) 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 \$17,557,032.82 has been disbursed as of November 22, 2013.
 - (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, Leigh Meadows and Colony Park, representing two different developers, approved in the total amount of \$665,000, did not close due to the owner/borrower declining the loan.
 - (5) All accrued interest will be due on these loans 24 months after the final disbursement. The loan will then be amortized based on a 26 amortization with a balloon payment due at the end of year six.
 - (6) As of November 22, 2013, Sixteen (16) loans have been paid in full totaling \$8,737,237.47.
- c) Currently the loan to Grande Pointe Apartments (SMI #13) is in default due to Wells Fargo Bank's ("Wells"), the owner/borrower failure to pay the balloon interest payment due September 1, 2013 in the amount of \$101,792.49, not including accrued late charge and default interest. Staff negotiations with Wells for resolution are ongoing. To that extent, on November 6, 2013, Wells entered into an agreement with a 3rd-party buyer to sell Grande Pointe. The transaction, involving outside financing, is anticipated to close in the next 30-60 days, resulting in payment in full of the SMI loan.

SPECIAL ASSETS

Information

IX. SPECIAL ASSETS

A. In Re: By the River

1. Background

- a) By The River Apartments (“Development”) d/b/a By The River, Inc. (“By The River”, “Borrower”) is a 41 unit multifamily development in Indian River County, financed with \$2,959,216 of funds from the HOME Program and \$1,847,357 from the Special Housing Assistance and Development Program (“SHADP”). A Land Use Restriction Agreement (“LURA”), dated September 8, 2008, restricts the occupancy for 50 years to Frail Elders with Area Median Income (“AMI”) levels for HOME assisted units: 20% @ 30% AMI (9 units); 80% @ 60% AMI; and SHADP: 25% @ 30% AMI (11 units) and 75% @ 60% AMI.
- b) By the River is also financed with a loan from Seacoast National Bank under the Federal Home Loan Bank of Atlanta’s Affordable Housing Direct Subsidy Program in the amount of \$487,782 (“Third Mortgage”). Indian River County also provided funding to the Development in the form of a Hurricane Housing Recovery grant in the amount of \$1,251,840 (“HHR Grant”).
- c) On March 6, 2013, representatives of the Borrower notified Florida Housing that the Development did not have enough operating funds to operate the Development for more than sixty days and asked for assistance from Florida Housing. After reviewing the Development’s financial position, assessing the Development’s elderly population, and determining that the Borrower would not have adequate funds to operate the Development properly in the future, Florida Housing notified the Borrower that operating proceeds could not be funded for the Development and that surrender of the property was the best solution.
- d) The Borrower agreed to consent to foreclosure. The Borrower contracted with Services Taylor Made (a FHFC approved management company) for the management of the Development through foreclosure.
- e) On April 11, 2013, Notice of Lis Pendens was filed. On May 21, 2013, Services Taylor Made was appointed by the Court to act as Receiver for the Development. On September 11, 2013, Final Judgment for Foreclosure was entered by the Court and on October 11, 2013, FHFC III, Inc. was the highest bidder at the foreclosure auction.

2. Present Situation

As of October 24, 2013, Florida Housing received the Certificate of Title and has taken ownership of the Development. Marcus and Millichap were contracted to market the Development for sale to a purchaser who would keep the Development affordable. Services Taylor Made continues to perform as the management company.