

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**March 14, 2014**  
**Information Items**



# COMMUNICATIONS

## *Information*

### I. COMMUNICATIONS

#### A. Florida Hardest-Hit Fund (HHF)

##### 1. Background/Present Situation

a) Since the implementation of the statewide launches of all Florida HHF programs, Florida Housing has received press in the following media outlets (including print, broadcast and Internet)<sup>1</sup>:

- (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

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<sup>1</sup> ***Bold Italics*** – Media Hit  
**Bold** – New Media Hit

## COMMUNICATIONS

### *Information*

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

## COMMUNICATIONS

### *Information*

- (61) Panama City News Herald
- (62) Pensacola News Journal Newspaper
- (63) Ponte Vedra Recorder
- (64) RealEstateRama.com Online
- (65) The Record
- (66) The Republic
- (67) Reuters Newspaper
- (68) Reverse Mortgage Daily
- (69) San Francisco Chronicle
- (70) Stateline.org Online
- (71) St. Augustine Record Newspaper
- (72) St. Pete Times Newspaper
- (73) Sun-Sentinel Newspaper
- (74) Sunshine State News
- (75) Tallahassee Democrat
- (76) ***Tampa Bay Times***
- (77) Tampa Tribune
- (78) TCPalm.com Online
- (79) The Times ([www.nwtimes.com](http://www.nwtimes.com))
- (80) Tomrollins.com Online
- (81) Townhall
- (82) Treasury Notes
- (83) Tweet - @Framabama
- (84) Tweet – Troy Kinsey @TroyKinsey
- (85) Tweet – Peter Schorsch @SaintPetersblog
- (86) WAND 17
- (87) Watchdog
- (88) WBBH Channel 2 Charlotte County
- (89) WCTV – Action 9
- (90) WDEF News Channel 12 online wdef.com
- (91) WEAR Channel 3 Pensacola
- (92) Weidner Law Blog
- (93) WESH 2 News Orlando
- (94) Western Orlando News Online
- (95) WFOL Orlando

## COMMUNICATIONS

### *Information*

- (96) WFSU
- (97) WFTV News Orlando
- (98) WGCU
- (99) WINK Ft. Myers News
- (100) Winter Haven News Chief
- (101) WJXT Channel 9 Jacksonville
- (102) WLRN Miami Herald News
- (103) WMBB
- (104) WOFL Channel 35 Lake Mary
- (105) WPEC Palm Beach TV
- (106) WPTV Channel 5 West Palm Beach
- (107) WTSP
- (108) WTVT Channel 13 Fox Tampa
- (109) WTXL Tallahassee TV
- (110) WUFT 89 FM Radio Gainesville
- (111) WZVN ABC Channel 7 Fort Myers

- b) Communications staff continues to work with HHF advisor agencies, the press and other partners to publicize the availability of the programs. Making Home Affordable® sponsored “Help for Homeowners” events in Jacksonville and Orlando, at which Florida HHF was present and worked with homeowners.

### **B. Business Continuity/Emergency Preparedness**

#### **1. Background/Present Situation**

- a) Business Continuity staff reviews and updates the business continuity plan, staff contact information, and disaster/emergency preparedness and evacuation procedures on a continuous basis. This year, workshops/trainings are being planned to cover proper procedures regarding active shooters, suspicious packages and other important safety scenarios.
- b) Additionally, floor wardens and business continuity staff underwent CPR and first aid certification for 2014.

## COMMUNICATIONS

### *Information*

#### C. Corporate Marketing/Outreach

##### 1. Background/Present Situation

- a) Communications will distribute the electronic *What's Developing* corporate newsletter in March, and is working with Policy and Compliance staff on communications/outreach for the new Multifamily Energy Retrofit Program (MERP).
- b) Communications staff is concluding its work for the Making Home Affordable Outreach and Intake Program. The program began in June 2013, with Florida Housing receiving approximately \$64,000 for marketing and outreach of this program. The program concluded on December 31, 2013.

**FISCAL**  
***Information***

**II. FISCAL**

**A. Operating Budget Analysis for December 2013**

**1. Background/Present Situation**

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

**B. Operating Budget Analysis for January 2014**

**1. Background/Present Situation**

- a) The Financial Analysis for January 31, 2014, is attached as [Exhibit C](#).
- b) The Operating Budget for the period ending January 31, 2014, is attached as [Exhibit D](#).

# GUARANTEE PROGRAM

## *Information*

### III. GUARANTEE PROGRAM

#### 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 47 multifamily developments in the Guarantee Program portfolio today, 35 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 20-year history. The last multifamily claim occurred in April 2010. The chart in Exhibit B reflects the developments that have been foreclosed as of January 31, 2014, listed in chronological order by claim filed date.

#### 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	12/31/2013	1/31/2014
\$754,475,974	\$728,323,576	\$578,754,817	\$468,471,463	\$306,526,369	\$298,835,032



## GUARANTEE PROGRAM

### *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					
		2009	2010	2011	2012	2013	2014
Loans (#):		0	2	12	9	22	1
Risk ceded (\$):		\$0	\$9,876,854	\$117,963,056	\$83,995,036	\$149,398,081	\$5,749,594

- d) Also contributing to the reduction in Total Commitments is approximately \$100 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$35 million in scheduled amortization of guaranteed mortgages and \$23 million in foreclosures (Sarah's Place and Nelson Park in 2009, and Heritage in 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 \$167.8 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](#))

## 4% HOUSING CREDITS

### *Information*

#### IV. 4% HOUSING CREDITS

##### A. Changes to Set-Aside Unit Breakdown

##### 1. Background/Present Situation

- a) The Applicant reflected below has requested, and staff has approved, changes to the set-aside breakdown reflected in their Application:

Waterford I Associates, Ltd. (Waterford Apartments / #2011-521C) reflected set-aside commitment of 6% @ 30% AMI and 83% @ 60% AMI in a non-competitive 4% Housing Credit Application. However, it was their intent to set aside 89% @ 60% AMI.

- b) Staff will amend the extended use agreement.

## MULTIFAMILY BONDS

### *Information*

#### V. 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) Georgia Ayers (2012 Series A, HC 2011-515C) has requested to replace the Green Feature “Motion detectors on all outside lighting that is attached to the units” for “Green Label Certified Carpet and Pad for all carpeting provided.” Scoring of the Application will remain unaffected.
  - (2) Leigh Meadows Apartments (1996 Series N, 96L-508, 97S-019, ELI) has requested to replace “Volleyball Sand Court” for “Separate tot lot with eating area for younger children and parents.” 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.

## SINGLE FAMILY BONDS

### *Information*

#### VI. SINGLE FAMILY BONDS

##### A. Program Update

##### 1. Background/Present Situation

- a) Florida Housing continues to have funds continuously available for qualifying homebuyers through our First Time Homebuyer (FTHB) Programs. Florida Housing's Programs provide assistance to eligible homebuyers by offering low cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance. Currently, we have two First Time Homebuyer (FTHB) Programs that offer down payment and closing cost assistance to qualified borrowers; the Florida First Government Loan Program (FL Government Loan Program) and the Florida HFA Preferred Loan Program (FL HFA Preferred). We also offer a Mortgage Credit Certificate Program for those FTHBs who do not need downpayment assistance but who may benefit from additional annual federal tax savings offered through this program.
- b) The FL Government Loan Program offers borrowers a 30-year, fixed rate mortgage using all approved government insured loan types. These include Federal Housing Administration (FHA) loans, U.S. Department of Veteran Affairs (VA) loans, and United States Department of Agriculture-Rural Development (USDA) loans. This program is primarily funded through traditional mortgage revenue bond sales and bolstered by the sale of Mortgage Backed Securities (MBS) into the secondary markets. Included in this program is the Military Heroes Program, which offers honorably discharged veterans or active duty military personnel the benefit of a lower first mortgage interest rate.
- c) On February 3, 2014, we introduced a new FTHB Program, the Florida HFA Preferred Conventional Loan Program (FL HFA Preferred). This Program uses a loan product developed by Fannie Mae specifically for state housing finance agencies. Rather than selling bonds as a funding source, this program is structured as a forward delivery "To Be Announced" (TBA) Program in conjunction with one of our contracted investment bankers, Raymond James. Single Family Program staff sets a daily mortgage rate based upon prevailing market rates and predetermined profitability goals. The conventional loans originated by participating lenders offer borrowers a 30-year, fixed rate mortgage. Borrowers benefit from lower mortgage insurance costs on these loans, when compared to similar government insured loans such as FHA, and can qualify with a 3% - 5% downpayment.
- d) Florida Housing currently offers qualified homebuyers down payment and closing cost assistance (DPA) in the form of a second mortgage loan on both the FL Government and FL HFA Preferred loan programs. Our 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. It is repayable upon sale of the property, refinance of the first mortgage, at the end of the first mortgage term, or if the homeowner no longer occupies the property as his/her primary residence.

## SINGLE FAMILY BONDS

### *Information*

- e) Our Mortgage Credit Certificate (“MCC”) Program provides qualified first time homebuyers with a non-refundable federal tax credit. Our MCC Program uses a 50% credit rate that provides the homeowner with a maximum \$2000 annual tax credit used to offset any federal tax liability. The homeowner can claim this credit each year they occupy the home as a primary residence, pay mortgage interest, and have a tax liability to offset. We currently have 58 approved lenders participating in the MCC Program compared with 66 in our loan programs. We charge a \$500 issuance fee for each MCC to cover administration and support of the program.
- f) Single Family Program Staff continually offers 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. Program Staff conducted a series of three courses in Palm Beach County, January 27-29, through our partnership with the Realtor Association of the Palm Beaches.
- g) The MCC Program continues to generate significant lender interest and participation due in part to specialized in-person training classes being conducted by Program Staff. We have held in-person and online classes for several of our participating lenders. On January 27, 2014, Program Staff conducted MCC training to an approved lender in Leon County, University Lending Group. We have seen MCC volume increase substantially as a result of these trainings.
- h) Florida Housing sponsors 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.

## SINGLE FAMILY BONDS

### *Information*

#### FIRST TIME HOMEBUYER PROGRAM SUMMARY

	<b>2013 FTHB Program Totals</b>	<b>2014 FL Government Loan Program</b>	<b>2014 FL HFA Preferred Conventional Loan Program</b>	<b>2014 Mortgage Credit Certificate (MCC) Program</b>
Average Loan Amount	\$108,277	\$116,695	\$113,836	\$160,837
Average Acquisition Price	\$113,697	\$123,172	\$120,000	\$170,317
Average Household Income	\$46,548	\$41,000	\$60,450	\$53,220
Statewide Area Median Income %	82.53%	73.08%	107.75%	94.87%
Total # of Units	1,517	287	1	47
Total \$ Volume	\$164,256,571	\$33,491,360	\$113,836	\$7,559,318

#### 2014 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS

<b>Counties</b>	<b>Total # of Loans</b>	<b>Total \$ Volume</b>
Duval	52	\$6,329,551.52
Brevard	23	\$2,390,019.70
Orange	22	\$3,014,013.77
Lee	21	\$2,195,057.99
Hillsborough	20	\$2,103,376.89
Manatee	16	\$2,021,525.88
Volusia	14	\$1,446,425.37
Polk	12	\$1,559,281.63
Clay	11	\$1,320,021.56
Leon	9	\$976,436.94

## SUBORDINATED MORTGAGE INITIATIVE (SMI)

### *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 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 February 24, 2014.
  - (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 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.
  - (6) As of February 24, 2014, seventeen (17) loans have been paid in full totaling \$9,406,382.