

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 19, 2014
Information Items



COMMUNICATIONS

Information

I. COMMUNICATIONS

A. Florida Hardest-Hit Fund (HHF) Programs

1. Background/Present Situation

a) Since the implementation of the statewide launch, 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) Elder Affairs Newsletter
- (21) First Coast News.com Online
- (22) Florida Courier
- (23) Florida Current
- (24) Florida.newszap.com
- (25) Florida Times Union Newspaper

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

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

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- (61) NorthEscambia.com Online
- (62) Ocala.com Online
- (63) Ocala Star Banner Newspaper
- (64) ***Orlando Sentinel***
- (65) ***Palm Beach Post***
- (66) Panama City News Herald
- (67) Pensacola News Journal Newspaper
- (68) Ponte Vedra Recorder
- (69) RealEstateRama.com Online
- (70) The Record
- (71) The Republic
- (72) The Laker
- (73) Reuters Newspaper
- (74) Reverse Mortgage Daily
- (75) San Francisco Chronicle
- (76) Stateline.org Online
- (77) St. Augustine Record Newspaper
- (78) St. Pete Times Newspaper
- (79) Sun-Sentinel Newspaper
- (80) Sunshine State News
- (81) Tallahassee Democrat
- (82) Tampa Bay Times
- (83) Tampa Tribune
- (84) TCPalm.com Online
- (85) The Times (www.nwtimes.com)
- (86) Tomrollins.com Online
- (87) Townhall
- (88) Treasury Notes
- (89) Tweet - @Framabama
- (90) Tweet – Troy Kinsey @TroyKinsey
- (91) Tweet – Peter Schorsch @SaintPetersblog
- (92) WAND 17
- (93) Watchdog
- (94) WBBH Channel 2 Charlotte County
- (95) **WBZT “The Talk Station”**

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- (96) WCTV – Action 9
 - (97) WDEF News Channel 12 online wdef.com
 - (98) WEAR Channel 3 Pensacola
 - (99) Weidner Law Blog
 - (100) WESH 2 News Orlando
 - (101) Western Orlando News Online
 - (102) WFOL Orlando
 - (103) WFSU
 - (104) WFTV News Orlando
 - (105) WGCU
 - (106) WINK Ft. Myers News
 - (107) Winter Haven News Chief
 - (108) WJXT Channel 9 Jacksonville
 - (109) WLRN Miami Herald News
 - (110) WMBB
 - (111) WOFL Channel 35 Lake Mary
 - (112) Wn.com
 - (113) WPEC Palm Beach TV
 - (114) WPTV Channel 5 West Palm Beach
 - (115) WTSP
 - (116) WTVT Channel 13 Fox Tampa
 - (117) WTXL Tallahassee TV
 - (118) WUFT 89 FM Radio Gainesville
 - (119) WZVN ABC Channel 7 Fort Myers
- b) Communications staff has been working to update program materials, in addition to developing targeted marketing materials for the HHF Principal Reduction program for lenders and advisor agencies.
- c) Staff continues to monitor the HHF call center and handle customer referrals, handle website inquiries and work with advisor agencies on their outreach efforts.

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B. Business Continuity

1. Background/Present Situation

Business Continuity staff continues to review and update the business continuity plan, disaster and evacuation procedures, informational sheets, etc. Staff held informational workshops on practices to be followed in the instance of an active shooter situation in June and August for Florida Housing employees. Email and text messaging alert notification testing was conducted in August and staff can now receive an email/text message from the Corporation in the event of an emergency of any type.

C. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Communications distributed the second quarter *What's Developing* electronic corporate newsletter in July. The next issue is schedule to be disseminated in November.
- b) In an effort to continue building relationships with affordable housing advocates, providers and partners, statewide, Communications staff participated as an exhibitor at the following annual conferences this year:
 - (1) June 18-20—Florida Association of Counties Annual Conference, Orlando;
 - (2) August 13-15—Florida League of Cities Annual Conference, Hollywood; and
 - (3) September 7-10—Florida Housing Coalition Annual Conference, Orlando

FISCAL
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II. FISCAL

A. Operating Budget Analysis for July 2014

1. Background/Present Situation

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

FORECLOSURE COUNSELING PROGRAM

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III. FORECLOSURE COUNSELING PROGRAM

A. Foreclosure Counseling Program

1. Background

- a) In September 2103, the Foreclosure Counseling Program (FCP) was launched to help at-risk homeowners avoid foreclosure by providing foreclosure counseling and financial management education to help them better manage their money and assist them in resolving credit problems to become more financially stable.
- b) The program was funded by the Legislative Budget Commission (LBC) which approved a \$10 million allocation from the National Mortgage Settlement funds to provide foreclosure counseling services to be administered by Florida Housing over a four year period.
- c) The program objectives are met by providing funding on a fee-for-service basis to nonprofit HUD approved housing counseling agencies (HCAs) to carry out foreclosure counseling services and financial management education. The initial program approach was to provide counseling that augmented counseling provided through funding from the federal National Foreclosure Mitigation Counseling program (NFMC) administered by Florida Housing. As of July 31, 2014, all NFMC funds allocated to Florida Housing have been expended; thus the FCP program will now be Florida Housing's source of funding for this activity.
- d) To provide perspective, in the first eleven months of the program, \$199,875 in FCP funding was paid out to HCAs, while \$1,162,050 in federal NMFC funding was paid out. Now, state FCP funding will be the only source of payment to the counseling agencies.
- e) Over the course of the first year of the program, staff developed administrative aspects of the program including: a web portal system for counseling agencies to submit client and billing data, a training and technical assistance process to train the HCAs in proper implementation of the program, and compliance monitoring requirements and processes. Additionally, staff has worked to review and approve the Request for Qualifications responses from HCAs for more than fifty agencies.

2. Current Situation

- a) As the program begins its second year, we anticipate that as a result of extensive training of and technical assistance to HCAs, the refinement of billing and other internal processes, and the exhaustion of NFMC funds, the number of at-risk homeowners assisted by the program will increase at a rapid pace. This will place the program on pace to be completed at or near the intended deadline.

FORECLOSURE COUNSELING PROGRAM

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- b) At this time, we are providing a report ([Exhibit A](#)) that provides information on the progress of the program over the year. This report details the number of households that have entered the program and the progress and outcomes that have resulted. Since all of the participants have been in the program for one year or less, the outcomes data will lag behind, as the typical time to get through this process is twelve to twenty-four months. Now that funding for this program is moving more quickly, the staff will provide quarterly reports to the Board.

GUARANTEE PROGRAM

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IV. 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 33 multifamily developments in the Guarantee Program portfolio today, 23 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 July 31, 2014, listed in chronological order by claim filed date.
- c) There are no foreclosures in inventory and no developments 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 70%, as reflected below:

Portfolio Risk Exposure

12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	7/31/2014
\$754,475,974	\$728,323,576	\$578,754,817	\$468,471,463	\$306,526,369	\$207,711,974

- 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

GUARANTEE PROGRAM

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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	As of 7/31/14
Loans (#):	0	2	12	9	22	15
Risk ceded (\$):	\$0	\$9,876,854	\$117,963,056	\$83,995,036	\$149,398,081	\$96,375,714

- d) Also contributing to the reduction in Total Commitments is approximately \$100 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$36 million in scheduled amortization of guaranteed mortgages and a \$9 million foreclosure (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 \$169 million in invested capital, all of which is currently invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "AA-f" by Standard & Poor's as of July 31, 2014.

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 ENERGY RETROFIT PROGRAM

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V. MULTIFAMILY ENERGY RETROFIT PROGRAM

A. Status of the Multifamily Energy Retrofit Program

1. Background/Present Situation

- a) The Multifamily Energy Retrofit Program (MERP) is an approximately \$6 million revolving loan fund that will provide loans for energy retrofits to aging properties in Florida Housing's portfolio. As a result of these retrofits, the properties will be more energy efficient, reducing energy costs. Developments will be required to have an energy audit to assess potential savings during the credit underwriting process, and only those properties that are projected to achieve the required level of savings, among other credit underwriting criteria, would be eligible for a positive credit underwriting recommendation.
- b) The State Energy Office (Energy Office) (housed in the Florida Department of Agriculture and Consumer Services) approached Florida Housing recently with a proposal to provide an additional \$1.8 million in funding that also originated from the federal American Recovery and Reinvestment Act of 2009 targeted to energy programs (funding comes from the U.S. Department of Energy).
- c) The MERP program goal is to reduce energy use and cost in multifamily buildings in Florida Housing's portfolio by updating and replacing old, inefficient building components with energy efficient components.
- d) The general program approach is that Florida Housing will issue a competitive Request for Applications (RFA), and properties awarded tentative funding will obtain an energy audit from an energy auditor qualified by Florida Housing through a Request for Qualifications (RFQ). Once the credit underwriter and staff have reviewed audit results and agreed on a scope of work with the property owner, loan approval will be sought from the Board. Construction will be monitored by the credit underwriter and once construction is complete, the property will begin reporting on energy performance through utility bills for the term of the loan.
- e) A draft of the Request for Applications for RFA 2014- RFA 2014-110 – Multifamily Energy Retrofit Program was posted to Florida Housing's website on August 29, 2014 and is available for review and comment. Florida Housing held a workshop on September 15th for interested parties to discuss the draft RFA. The RFA is expected to be issued on October 9, 2014 with applications due on November 6, 2014.

SINGLE FAMILY BONDS

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VI. SINGLE FAMILY BONDS

A. Single Family Homebuyer Programs

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; the Florida First Government Loan Program (Government Loan Program) and the Florida HFA Preferred Loan Program (HFA Preferred). We also offer a Mortgage Credit Certificate Program for those FTHBs who do not need down payment assistance but who may benefit from additional annual federal tax savings offered through this program.
- b) The 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 (RD) 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) The HFA Preferred 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% down payment.
- d) Florida Housing primarily offers qualified homebuyers down payment and closing cost assistance (DPA) in the form of a second mortgage loan on both the Government Loan Program and HFA Preferred loans. Our Florida Assist loan 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. We also recently introduced a new 3% grant program as part of the HFA Preferred PLUS Conventional Loan Program. The grant program was introduced on June 25, 2014, and offers borrowers 3% of the purchase price in non-repayable assistance to help with down payment and closing costs. The HFA Preferred PLUS, like the HFA Preferred, offers daily pricing, but at a slightly higher first mortgage interest rate to generate the 3%

SINGLE FAMILY BONDS

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assistance. Our HFA Preferred PLUS grant provides assistance to borrowers with an area median income (AMI) of up to 140%, adjusted for household size.

- 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 77 approved lenders participating in the MCC Program compared with 82 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. Most recently, Single Family Program Staff conducted the class in Pembroke Pines through the South Broward Board of Realtors on July 15, 2014. 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.
- g) Single Family Program staff also conducts webinar training for lender partners throughout the state. Training consists of program requirements and recent updates, system training offered in conjunction with eHousing and first mortgage and servicer requirements and updates offered in conjunction with US Bank Home Mortgage. Together, Florida Housing, eHousing and US Bank Home Mortgage provide lenders with information to better assist with the origination, delivery and purchase of first and second mortgages originated through our First Time Homebuyer Program. Most recently, Single Family Program Staff conducted two 3 hour webinars with eHousing and US Bank Home Mortgage on August 18 and as a result, more than 500 lending staff, including originators, processors, underwriters, closers, and post closers, attended.
- 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

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2014 FIRST TIME HOMEBUYER PROGRAM SUMMARY

	2013 FTHB Program Totals (01/01/2013-12/31-2013)	2014 Government Loan Programs YTD	2014 HFA Preferred Conventional Loan Programs YTD	2014 Mortgage Credit Certificate (MCC) Program YTD
Average Loan Amount	\$108,277	\$116,856	\$121,765	\$154,448
Average Acquisition Price	\$113,697	\$122,685	\$132,344	\$160,068
Average Household Income	\$46,548	\$ 49,922	\$ 44,296	\$51,522
*County Area Median Income %	*60.77%	* 64.87%	* 59.69%	**91.84%
Total # of Units	1,517	1217	317	274
Total \$ Volume	\$164,256,571	\$142,214,453	\$38,446,461	\$42,318,641

* using county level AMI data as reported in reservation system

** uses statewide AMI of \$56,100

2014 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS

County	Total # of Loans	Total \$ Volume
Duval	277	\$33,046,629.07
Brevard	111	\$11,082,026.94
Hillsborough	103	\$11,978,303.85
Lee	103	\$11,446,537.90
Orange	78	\$10,635,260.74
Leon	67	\$7,288,603.93
Volusia	64	\$6,479,678.49
Sarasota	59	\$7,162,005.92
Palm Beach	53	\$6,719,454.19
Polk	53	\$6,650,321.44

SUBORDINATED MORTGAGE INITIATIVE (SMI)

Information

VII. SUBORDINATED MORTGAGE INITIATIVE (SMI)

A. Program Update

1. Background/Present Situation

- a) Between April 2009 and September 2010, the Board 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 provided properties with temporary assistance in funding their mortgage debt service obligations for a period of up to twenty-four (24) months. To that extent, 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:
- c) The Board approved thirty-two (32) SMI loans totaling \$19,120,000 in aggregate.
- d) 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 August 31, 2014.
- e) One SMI loan, Preserve at Oslo (fka: Woods of Vero Beach), 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.
- f) 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.
- g) All accrued interest will be due on these loans twenty four (24) months after the final disbursement. The loan will then be amortized based on a twenty (20) year amortization with a balloon payment due at the end of year six.
- h) As of August 31, 2014, seventeen (17) loans have been paid in full totaling \$9,406,382.