

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
May 8, 2015
Information Items



COMMUNICATIONS

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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) **Coconut Grove Times**
- (16) Crestview Bulletin
- (17) The Current
- (18) Daily Record
- (19) Daytona News-Journal Newspaper
- (20) eCreditDaily
- (21) Elder Affairs Newsletter
- (22) First Coast News.com Online
- (23) Florida Courier
- (24) Florida Current
- (25) Florida.newszap.com

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

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

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

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- (96) WAND 17
- (97) Watchdog
- (98) WBBH Channel 2 Charlotte County
- (99) WBZT “The Talk Station”
- (100) WCTV – Action 9
- (101) WDEF News Channel 12 online wdef.com
- (102) WEAR Channel 3 Pensacola
- (103) Weidner Law Blog
- (104) WESH 2 News Orlando
- (105) Western Orlando News Online
- (106) WFOL Orlando
- (107) WFSU
- (108) WFTV News Orlando
- (109) WGCU
- (110) WINK Ft. Myers News
- (111) Winter Haven News Chief
- (112) WJXT Channel 9 Jacksonville
- (113) WLRN Miami Herald News
- (114) WMBB
- (115) WOFL Channel 35 Lake Mary
- (116) Wn.com
- (117) WPEC Palm Beach TV
- (118) WPTV Channel 5 West Palm Beach
- (119) WTSP
- (120) WTVT Channel 13 Fox Tampa
- (121) WTXL Tallahassee TV
- (122) WUFT 89 FM Radio Gainesville
- (123) WZVN ABC Channel 7 Fort Myers

- b)** In February and March, Communications staff represented the Florida HHF programs at two Bank of America events in Miami and Orlando. Both were two full-day events where potential HHF applicants were identified and current applicants were assisted.

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- c) HHF and Communications staff, in coordination with Making Home Affordable® (MHA) and the US Department of Treasury (Treasury), will participate in the American Association of Retired Persons (AARP) National Convention, May 14-16, at the Miami Beach Convention Center. All the Florida HHF programs will be represented, with an emphasis on the Elderly Mortgage Assistance (ELMORE) program. For attendees who are not residents of Florida and inquire about hardest-hit programs in their state, where applicable, they will be referred to their state's HHF websites for more information.

B. Business Continuity

1. Background/Present Situation

Business Continuity staff continues reviewing and updating the Corporation's business continuity plan, disaster and evacuation procedures, and related materials. As we approach the onset of the 2015 hurricane season (June 1), regular updates regarding disaster preparedness and emergency procedures will be provided at every "all staff" meeting moving forward.

C. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Production on the second quarter *What's Developing* electronic corporate newsletter has begun. The next issue will be distributed in July.
- b) Additionally, as Florida Housing continues to build relationships with affordable housing advocates, stakeholders and providers, Communications staff will participate as an exhibitor at the following annual conferences this year:
 - (1) June 16 -18, Florida Association of Counties, Jacksonville;
 - (2) August 13 -15, Florida League of Cities, Orlando; and
 - (3) August 30 - September 2, Florida Housing Coalition, Orlando.

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D. Website Redevelopment Project

1. Background/Present Situation

a) As provided in the March 2015 Board meeting information, Communications and ITS staffs, most of whom comprise the WRP Project Team, have begun work on redeveloping and redesigning the website, as a part of the Corporation's Strategic Plan, Priority IV ["Ensure that information about Florida Housing's programs and the role that affordable housing plays in our state's economy is accessible and understandable to all" (adopted on September 19, 2014).]

b) By way of reminder, the vision of the WRP is as follows:

Florida Housing's new website will integrate all areas of the Corporation to reflect our mission of providing ranges of affordable housing opportunities for residents that help to make Florida communities great places in which to live, work and do business. The website will feature representations of the populations we serve, and be organized in an intuitive way, easy to navigate and incorporate social media to help forward our brand.

c) The WRP will proceed in three phases: (1) Research and Planning; (2) Design and Re-Branding; and (3) Building and Deployment. A detailed explanation of each phase was provided in the Communications Informational section of the March Board meeting packet; the project is expected to take from 12-18 months to complete from inception to deployment.

d) Currently, the WRP is in **Phase I: Research and Planning**. This phase will involve a comprehensive analysis of Florida Housing's websites through the lens of other HFA websites, and through engaging both internal and external stakeholders. As a part of this phase, the Corporation will work with BowStern Marketing Communications, the selected public relations firm, which will provide an in-depth review of our current website to help determine the best way to redesign/redevelop the site.

e) Goals for this phase include:

- (1) Assessing the existing Florida Housing website on its own, and in comparison with other state HFA sites;
- (2) Examining Florida Housing's customer base to determine strengths, weaknesses, opportunities and potential threats (SWOT analysis) with respect to how the website is currently structured and used by them; and
- (3) Developing a report to be presented to designated Florida Housing staff that details the research conducted and provides feedback on how the Corporation can better present its brand to customers and stakeholders.

f) This phase is expected to commence early May and conclude mid-July.

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- g) As Florida Housing's Board is an important stakeholder in the website, members may be contacted by BowStern and asked to speak candidly about the website from your point of view as a part of the firm's examination of our internal/external customer base. More about how this process will commence and progress will be provided as Phase I of the WRP moves forward. Communications will continue to provide the Board with updates periodically throughout the duration of the project.

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II. FISCAL

A. Operating Budget Analysis for March 2015

1. Background/Present Situation

- a) The Financial Analysis for March 31, 2015, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending March 31, 2015, 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 2013, 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 state Legislative Budget Commission 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 non-profit HUD approved housing counseling agencies 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 administered by Florida Housing. As of July 31, 2014, all of those federal funds allocated to Florida Housing were expended, and the FCP program became Florida Housing's source of funding for this activity. Initial expenditures through FCP were small, simply augmenting the federal program – after the first year, we had expended just over \$200,000 (compared to the \$1.16 million in the federal program). We expected funds to move more quickly once FCP became the primary program.

2. Present Situation

As of March 31, 2015, the program had expended \$541,125 and reserved more than \$2.2 million (including expended funds). [Exhibit A](#) provides information on the progress of the program over the quarter and since program inception. This report details the number of households that have entered the program and the progress and outcomes that have resulted. The outcomes data will lag behind the number of participants in the program, as the typical time for a homeowner to get through this process is 12-24 months.

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 23 multifamily developments in the Guarantee Program portfolio today, 15 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 March 31, 2015, 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. Corpus and Portfolio 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 over 80%, as reflected below:

Portfolio Risk Exposure

As of 3/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09
\$137,433,649	\$158,914,288	\$306,526,369	\$468,471,463	\$578,754,817	\$728,323,576	\$754,475,974

- 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

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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

	As of 3/31/15	2014	2013	2012	2011	2010
Loans (#):	3	22	22	12	12	2
Risk ceded (\$):	\$20,935,457	\$136,753,440	\$149,398,081	\$83,995,036	\$117,963,056	\$9,876,854

- d) Also contributing to the reduction in Total Commitments is approximately \$100 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$38 million in scheduled amortization of guaranteed mortgages, a \$9 million foreclosure (Heritage in 2010), and \$7.4 million in terminated single-family mortgage reinsurance pools.
- 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).
- f) The Guarantee Fund corpus contains approximately \$141 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 November 30, 2014.

- C. **FHFC actions to effectively manage the Guarantee Program ([Exhibit A](#))**
- D. **Guarantee Program Foreclosure Summary ([Exhibit B](#))**
- E. **Guarantee Program Portfolio Summary and Guarantee Fund Capacity ([Exhibit C](#))**

MULTIFAMILY PROGRAMS

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V. MULTIFAMILY PROGRAMS

A. Multifamily Programs

1. Background/Present Situation

- a) The following development has requested, and staff has approved, changes to the Construction Features & Amenities and/or Resident Programs in their Application since the last Board meeting:
- b) The Arc Village (RFA 2013-004 / 2014-133CGS and RFA 2014-113 / 2015-001C) has requested the exchange of: 1) “Energy star roof materials” to “Energy star washers in every unit”, 2) “Ceramic tile floors in kitchens and bathrooms” to “Ceramic tile floors in ADA bathrooms”, 3) “Vinyl plank flooring within living areas” to “Luxury vinyl tile flooring within living areas, kitchens and non-ADA bathrooms”. Scoring of the Application will remain unaffected.

SINGLE FAMILY BONDS

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VI. SINGLE FAMILY BONDS

A. Single Family Bonds

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 FTHB Programs; the Florida First Government Loan Program (Government Loan Program) and the Florida HFA Preferred Conventional Loan Program (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 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 funded through both traditional mortgage revenue bond sales as well as by the sale of Mortgage Backed Securities (MBS) into the secondary markets. Included in this program is the Military Heroes Program, which offers both honorably discharged veterans and 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% downpayment.
- 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 introduced a 3% grant program as part of the HFA Preferred PLUS Conventional Loan Program. The grant program offers borrowers 3% of the purchase price in non-repayable assistance to help with downpayment 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% assistance. Our HFA Preferred PLUS grant provides

SINGLE FAMILY BONDS

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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 91 approved lenders participating in the MCC Program compared with 106 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. Most recently, Single Family Program Staff conducted the three hour course at the Greater Fort Lauderdale Realtors Association with over 90 Realtors in attendance.
- g) Single Family Program staff also conducts both webinar and face-to-face trainings 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.
- 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.

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2015 FIRST TIME HOMEBUYER PROGRAMS SUMMARY

	2014 FTHB Program Totals	2015 FTHB Program Totals	2015 Government Loan Program	2015 HFA Preferred Conventional Loan Program	2015 Mortgage Credit Certificate (MCC) Program Totals
Average Loan Amount	\$120,441	\$123,554	\$122,097	\$125,386	\$155,960
Average Acquisition Price	\$127,172	\$130,430	\$126,462	\$135,422	\$164,471
Average Compliance Income	\$47,667	\$45,555	\$47,893	\$42,612	\$49,924
County Area Median Income %	64.42%	65.44%	68.75%	61.29%	**89.52%
Total # of Units	2,801	1,190	663	527	190
Total \$ Volume	\$337,354,224	\$146,402,433	\$80,541,896	\$65,860,536	\$29,632,420

** uses 2015 statewide AMI of \$57,700

2015 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS

County	# of Loans	1st Mortgage Loan Amounts
Duval	143	\$16,580,773.38
Hillsborough	122	\$15,214,475.46
Brevard	83	\$8,723,922.38
Pinellas	69	\$8,190,185.93
Orange	61	\$8,495,509.28
Broward	60	\$8,544,288.30
Lee	58	\$6,915,723.81
Palm Beach	50	\$6,479,209.15
Polk	50	\$6,054,721.09
Manatee	46	\$6,151,813.51

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 (8) mortgage payments and the developer making a total of sixteen (16) 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 approved thirty-two (32) SMI loans totaling \$19,120,000 in aggregate.
 - (2) Thirty (30) of these SMI loans were closed in the principal amount of \$17,834,309.01, of which \$17,557,032.82 was disbursed.
 - (3) One SMI loan, Preserve at Oslo (f/k/a: 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 (3) 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 (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.
 - (6) To date, no SMI loans have been foreclosed or resulted in a loss.
 - (7) Two (2) loans are currently in default due to the borrower's failure to make timely payments. Vista Palms (aka: Andros Isle) and Preserve at Oslo (aka: Woods of Vero Beach), both Creative Choice Homes properties, are past due in amounts of approximately \$81,901.42 and \$62,123.62, respectively. The delinquent balances represent, for the most part, the 24-month accrued interest balloon payments that came due 11/15/14 and 1/1/15, respectively, plus accrued late fees, default interest and subsequent scheduled monthly payments of principal and

SUBORDINATED MORTGAGE INITIATIVE (SMI)

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interest. Despite the borrower's unresponsiveness to demands for payment, staff continues to monitor the loans and pursue collection efforts.

- (8) As of April 15, 2015, twenty two (22) loans have been paid in full totaling \$12,734,610.