

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
March 18, 2016
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) 4Closure Fraud Blog
- (2) ABC 7 (WWSB)
- (3) ABC 13 (WMBB.com)
- (4) ABC 25
- (5) Active Rain Blog
- (6) Associated Press
- (7) Bay News 9 Tampa
- (8) Before It's News Blog
- (9) Boston Today Newspaper
- (10) Bradenton Herald Newspaper
- (11) CBS 4 in Miami
- (12) CBS 12 News
- (13) Charlotte Sun
- (14) CitrusDaily.com Online
- (15) Clay Today Newspaper
- (16) Coconut Grove Times
- (17) Crestview Bulletin
- (18) The Current
- (19) Daily Record
- (20) Daytona News-Journal Newspaper
- (21) eCreditDaily
- (22) Elder Affairs Newsletter
- (23) First Coast News.com Online
- (24) Florida Courier
- (25) Florida Current
- (26) Florida.newszap.com

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

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

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- (62) News Chief
- (63) News-Press Newspaper in Fort Myers
- (64) News Service of Florida
- (65) News 13 Online
- (66) News Vine
- (67) New York Times
- (68) NorthEscambia.com Online
- (69) Ocala.com Online
- (70) Ocala Star Banner Newspaper
- (71) Orlando Sentinel (2)
- (72) Palm Beach Post (2)
- (73) Panama City News Herald
- (74) PBS.org
- (75) Pensacola News Journal Newspaper
- (76) Ponte Vedra Recorder
- (77) The Real Deal
- (78) RealEstateRama.com Online
- (79) The Record
- (80) The Republic
- (81) Reuters Newspaper
- (82) Reverse Mortgage Daily
- (83) St. Augustine Record Newspaper
- (84) St. Petersburg Sunburn
- (85) St. Pete Times Newspaper
- (86) San Francisco Chronicle
- (87) South Florida Business Journal
- (88) Stateline.org Online
- (89) Sun-Sentinel Newspaper
- (90) Sunshine State News
- (91) Tallahassee Democrat
- (92) ***Tampa Bay Times***
- (93) Tampa Tribune
- (94) TCPalm.com Online
- (95) The Times (www.nwtimes.com)
- (96) Tomrollins.com Online

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

- b)** The US Department of Treasury (Treasury) announced a fifth round of funding to the Hardest-Hit Fund (HHF) on Friday, February 19; the total of this new funding totals \$2 billion and will be allocated in two phases. Additionally, the

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expiration date of the federal HHF program has been extended to December 31, 2020 (prior to the announcement of new funding, it was December 31, 2017). Phase one of \$1 billion will be distributed to 18 HHF entities on a formula; Florida's share of this funding is approximately \$78 million. Phase two of \$1 billion will be distributed using an application process. State have until March 11 to submit an application to be considered for phase two funding.

- c) Since 2010, when the federal HHF program was announced, Florida Housing has been very deliberate to develop and implement programs that respond to the various housing market challenges in our state. Using the six Florida HHF programs that are currently operational as a guide, we will review how best to use the additional allocation from this federal HHF extension. Congress' approval to extend the federal HHF program is a positive nod to the hard and tireless work participating state HFAs have done during the past six years, and Florida Housing will use this additional funding to help thousands more families.
- d) Communications staff participated in the first of three HOPE NOW Alliance "Help for Homeowners" loss mitigation events in Tampa. HOPE Now is a national group that brings together diverse stakeholders to address challenges in the mortgage market and create collaborations to solve problems. The Tampa event was held in the community rooms at the CareerSource Tampa Bay, which proved to be an excellent venue to attract homeowners in various stages of mortgage distress. Servicers, housing counselors and HHF advisor agencies participated in the day-long event.
- e) The next event will be on May 12 in Jacksonville at the University of North Florida, downtown campus. The final Florida event will be in Miami later in the year.
- f) Communications staff continues to monitor and improve program websites and update materials, as needed.

B. Business Continuity

1. Background/Present Situation

Business Continuity staff continues reviewing and updating the business continuity plan, disaster and evacuation procedures, one-pagers, etc. Floor Warden's attended a CPR and First Aid certification training in February. Also, staff recently met with the executive director to begin the process of updating the corporation's business impact analysis (BIA). We will then conduct a table top exercise later this fall.

C. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Communications staff is in the process of reviewing how to move forward regarding "telling our good story" to and determining the best way to electronically communicate with our stakeholders—the public in general, legislative and Congressional members, developers, lenders, Realtors®, and others. We have traditionally distributed the *What's Developing* corporate

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newsletter as a way to disseminate important, relevant, and interesting information on the Corporation. However, we want to make sure we are using the best possible means of communicating our news to our targeted audience, and providing the correct information our stakeholder want and need.

- b) Recently, staff distributed two surveys on electronic communications; one targeting our stakeholders and the other targeting the Corporation's staff. The objective was to get feedback on what type(s) of information they would like to see Florida Housing distribute and in which electronic formats (emails, digests, newsletters, etc.) the information should be sent. Information from these surveys was provided to Senior Managers for their review. The next step will be for each business unit to recommend a staff person to serve on an information Communications workgroup to determine who we proceed. The goal is to have this completed by the end of the second quarter of 2016. Once completed, the Board will be informed on how electronic communication will proceed.

D. Website Redevelopment Project

1. Background/Present Situation

- a) As reported at the end of last year, Phase I (Research and Planning) the Website Redevelopment Project (WRP) has concluded and the project is moving into Phases II and III.
- 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 three phases of the WRP are: (1) Research and Planning (completed); (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 2015 Board meeting packet. At the December 2015 meeting, the Board approved the development and issuance of a request for proposals for the next phases of the WRP. The RFP was issued in January and a recommendation for the successful vendor is included in the Action Items for this Board meeting. Once approved, Florida Housing will enter into contact negotiations with the successful vendor.
- d) Communications or Information Technology Services (ITS) 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 December 2015

1. Background/Present Situation

- a) The Financial Analysis for December 31, 2015, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending December 31, 2015, is attached as [Exhibit B](#).

B. Operating Budget Analysis for January 2016

1. Background/Present Situation

- a) The Financial Analysis for January 31, 2016, is attached as [Exhibit C](#).
- b) The Operating Budget for the period ending January 31, 2016, is attached as [Exhibit D](#).

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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 9 multifamily developments remaining in the Guarantee Program portfolio (as of 1/31/16), 4 are Risk-Sharing transactions.
- b) Between November 2008 and April 2010, eight (8) multifamily claims were filed on the Guarantee Program, representing the total (and only) multifamily claims incurred in its 20-year history. The chart in Exhibit B reflects the developments that have been foreclosed as of January 31, 2016, 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 90%, as reflected below:

Portfolio Risk Exposure

As of 1/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09
\$59,268,588	\$59,425,913	\$158,914,288	\$306,526,369	\$468,471,463	\$578,754,817	\$728,323,576	\$754,475,974

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- 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

	As of 1/31/16	12/31/15	2014	2013	2012	2011	2010
Loans (#):	0	17	22	22	12	12	2
Risk ceded (\$):	\$0	\$99,956,473	\$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 \$115 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 \$9.1 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 \$132 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 June 30, 2015.

- 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 BONDS

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IV. MULTIFAMILY BONDS

A. Changes to Construction Features and Amenities and/or Resident 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:
 - (1) The Fairmont Oaks (2003 Series I) Land Use Restriction Agreement requires a “laundry room.” The Borrower has requested to swap for “washer and dryer installed in each unit.” Scoring of the Application will remain unaffected.
- b) Staff will amend the Land Use Restriction Agreements and/or Extended Use Agreements for the development as appropriate.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

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V. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

1. Background/Present Situation

- a) The development listed below has requested, and staff has approved, a change to the Construction Features & Amenities in their Application since the last Board meeting.
 - (1) Valencia Grove (2014-135B / 2014-433S) requested to change the following Green Building Features.
 - (a) Remove “Energy Star qualified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points)”
 - (b) Replace with “Water Sense certified dual flush toilets in all bathrooms (2 points)” and “Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)”. Scoring of the Application will remain unaffected.
- b) Staff will amend the Land Use Restriction Agreements and/or Extended Use Agreements for the development as appropriate.

SINGLE FAMILY HOMEBUYER PROGRAMS

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VI. SINGLE FAMILY HOMEBUYER PROGRAMS

A. Single Family Homebuyer Programs

1. Background/Present Situation

- a) Florida Housing continues to have funds continuously available for qualifying homebuyers through FHFC Homebuyer Loan 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 (DPA). Currently, we have two Homebuyer Loan 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 qualified homebuyers 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.
- d) Florida Housing primarily offers qualified homebuyers 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 loan of \$7500. This second mortgage program 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.
- e) We also offer 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 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% assistance. Our HFA Preferred PLUS grant provides assistance to borrowers with an area median income (AMI) of up to 140%, adjusted for household size.

SINGLE FAMILY HOMEBUYER PROGRAMS

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- f) On July 13, 2015, we launched a new DPA Program that utilizes Hardest Hit Fund (HHF) resources. The HHF DPA Loan Program is initially being offered as a pilot program in Brevard, Duval, Hillsborough, Orange and Volusia counties. This Program can serve borrowers with incomes up to 140% AMI. The Program offers the following benefits to qualified borrower(s):
- (1) Borrower(s) qualifying for eligible Homebuyer Loan Programs in Brevard, Duval, Hillsborough, Orange and Volusia counties automatically qualify.
 - (2) A five-year loan that is forgiven at the rate of 20% per year, provided the borrower is not in default.
 - (3) 0% interest rate.
 - (4) Up to \$15,000 in assistance.
- g) 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 112 approved lenders participating in the MCC Program compared with 138 in our loan programs. We charge a \$500 issuance fee for each MCC to cover administration and support of the program.
- h) 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 Homebuyer Loan Programs, 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. On February 26th, Single Family Program Staff conducted a course in Orlando, a HHF DPA Program county, with the Orlando Regional Realtors Association (ORRA). Over 50 Realtors from the Orange County area were in attendance.
- i) 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 Homebuyer Loan Program.

SINGLE FAMILY HOMEBUYER PROGRAMS

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- j) 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 HOMEBUYER PROGRAMS

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HOMEBUYER PROGRAMS SUMMARY

	2015 FTHB Program Totals	2016 YTD FTHB Program Totals	2016 Government Loan Program	2016 HFA Preferred Conventional Loan Program	2016 Mortgage Credit Certificate (MCC) Program
Average Loan Amount	\$127,197	\$127,718	\$125,092	\$130,548	\$159,017
Average Acquisition Price	\$134,287	\$136,896	\$132,329	\$141,819	\$163,983
Average Compliance Income	\$46,272	\$48,023	\$49,163	\$45,802	\$47,913
County Area Median Income %	65.60%	65.23%	71.49%	58.53%	83.04%**
Total Purchased Loan Amounts	\$550,379,587	\$51,214,929	\$26,019,193	\$25,195,736	NA
Total # of Units	4,327	401	208	193	198

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

SINGLE FAMILY HOMEBUYER PROGRAMS

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2016 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS

County	Loan Count	Loan Amount
Duval	82	\$9,913,520.70
Hillsborough	78	\$10,256,314.20
Orange	40	\$5,876,404.33
Volusia	28	\$3,163,711.15
Brevard	26	\$2,835,045.37
Lee	18	\$2,410,996.02
Pinellas	14	\$1,678,290.28
Pasco	12	\$1,580,260.97
Broward	10	\$1,555,717.79
Clay	10	\$1,524,119.92

SUBORDINATED MORTGAGE INITIATIVE (SMI)

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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 first mortgage debt service for a period of up to twenty-four (24) months. To that extent, Florida Housing provided up to one (1) mortgage payment per quarter, with the developer making the remaining payments. Over the twenty-four (24) month disbursement period, Florida Housing could fund up to eight (8) mortgage payments and the developer the other sixteen (16) mortgage payments.
- b) Pursuant to SMI loan terms, no payments were due during the first 48 months (inclusive of the first 24-month disbursement period). However, interest accrues and is payable in full at the end of the 48-month period, followed by monthly principal-and-interest payments based on a twenty (20) year amortization and a balloon (payment in full) due at the end of year ten.
- c) [Exhibit A](#) (attached) reflects the status of the SMI loans as of December 31, 2015, highlighted as follows:
 - (1) The Board originally approved thirty-two (32) SMI loans totaling up to \$19,120,000 in aggregate.
 - (2) Two (2) loans, Leigh Meadows and Colony Park, did not close due to the owner/borrower declining the loan.
 - (3) One development, Preserve at Oslo (f/k/a: Woods of Vero Beach), received SAIL ELI funding prior to the final SMI disbursement. The SAIL ELI loan reduced the first mortgage, therefore the three (3) remaining SMI disbursements were reduced accordingly, decreasing the loan by \$14,116.97
 - (4) Two more developments, Tuscan Isle (fka: Heron Cove) and Villas at Lake Smart, declined one or more of the latter disbursements under their respective SMI loans due to various circumstances.
 - (5) Ultimately, thirty (30) SMI loans were closed totaling \$17,820,192.04, of which \$17,557,032.82 was disbursed.
 - (6) Twenty seven (27) loans have been paid in full, totaling \$16,093,375.
 - (7) No SMI loans have been foreclosed or resulted in a loss.