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FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

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Report of Independent Certified Public Accountants

The Board of Directors of Florida Housing Finance Corporation

We have audited the accompanying balance sheet of Florida Housing Finance Corporation ("Florida Housing") (a component unit of the state of Florida) as of December 31, 2008, and the related statement of revenues, expenses, and changes in net assets, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Florida Housing's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Florida Housing's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Florida Housing's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Housing as of December 31, 2008, and changes in financial position and cash flows for the year then ended in conformity with US generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2009 on our consideration of the Florida Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 9 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of

inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on Florida Housing's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ernst + Young LLP

May 27, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

As management of the Florida Housing Finance Corporation ("Florida Housing"), we offer readers of Florida Housing's financial statements this narrative overview and analysis of Florida Housing's financial activities for the year ended December 31, 2008. This overview and analysis is required by accounting principles generally accepted in the United States of America ("GAAP") in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB 34").

FINANCIAL HIGHLIGHTS

- As a result of operations in 2008, net assets decreased \$28.9 million, to \$1.96 billion as of December 31, 2008. This change consists of increases in bond programs (\$34.0 million) and in the Operating Fund (\$7.7 million), with an offsetting decrease in the State and Federal programs (\$70.6 million).
- Bonds outstanding, net increased by \$253.5 million to \$4.4 billion in 2008. The change consists of a net increase in single family bonds outstanding (\$274.0 million) with offsetting decreases in multifamily bonds (\$14.2 million) and in Guarantee Program bonds outstanding (\$6.3 million).
- Loans receivable, net increased by \$66.0 million, to \$3.0 billion in 2008. The overall increase is comprised of increases in State and Federal programs (\$145.5 million) with offsetting decreases in mortgage loans outstanding in the Multifamily Housing Revenue bond programs (\$63.9 million), the Operating Fund (\$0.2 million) and the single family bond programs (\$15.4 million).
- The change in net assets for all programs and funds decreased \$378.9 million. The primary components of the change include decreases in the State and Federal programs of \$358.8 million and the Guarantee program of \$32.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of two parts: Management's Discussion and Analysis and the Financial Statements. Florida Housing is a component unit of the state of Florida and follows enterprise fund reporting. Therefore, the financial statements are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

The financial statements report information for all of Florida Housing's programs and operations. The Balance Sheet includes all of Florida Housing's assets and liabilities. All of the revenues and expenses of Florida Housing are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. The balance sheet includes assets of \$4.5 billion and bonds payable, net of \$4.1 billion relating to conduit debt.

FINANCIAL ANALYSIS OF FLORIDA HOUSING

Balance Sheet

The following table summarizes the assets, liabilities, and net assets as of December 31, (in millions):

	<u>2008</u>	<u>2007</u>
Non-capital assets:		
Current assets	\$ 1,401.8	\$ 1,265.5
Noncurrent assets:		
Investments	2,248.8	2,215.1
Loans receivable, net	2,993.1	2,906.8
Deferred finance charges, net	18.2	19.2
Total non-capital assets	<u>6,661.9</u>	<u>6,406.6</u>
Capital assets, net	0.2	0.2
Total assets	<u>\$ 6,662.1</u>	<u>\$ 6,406.8</u>
Current liabilities	\$ 249.1	\$ 160.0
Noncurrent liabilities:		
Bonds payable, net	4,216.1	4,033.9
Deferred fee income, net	57.1	54.8
Other liabilities	11.0	8.1
Due to developers	139.6	131.9
Due to State of Florida	24.8	24.8
Total liabilities	<u>4,697.7</u>	<u>4,413.5</u>
Net assets:		
Invested in capital assets	0.2	0.2
Restricted	1,863.0	1,896.5
Unrestricted	101.2	96.6
Total net assets	<u>1,964.4</u>	<u>1,993.3</u>
Total liabilities and net assets	<u>\$ 6,662.1</u>	<u>\$ 6,406.8</u>

Florida Housing's net assets decreased by \$28.9 million, or 1.5%, from the December 31, 2007 balance. This is primarily due to required transfers of documentary stamp tax collections to the state.

Total loans receivable, net (current and noncurrent) increased \$66.0 million in 2008. The largest components of this change were an increase in mortgage loans outstanding in the State and Federal Programs, offset by a decrease in the Single Family Homeowner and Multifamily Mortgage Revenue bonds programs. Loans receivable in the State and Federal Programs increased by \$145.5 million, to \$826.3 million, primarily in the State Apartment Incentive Loan ("SAIL") Program and the Rental Recovery Loan Program ("RRLP"). Loans receivable in the Single Family Homeowner Mortgage program decreased by \$15.4 million, to \$150.2 million due to the repayment of loans in the program's whole loan portfolio. New loans originated in the program are securitized, and therefore, do not offset these repayments but are increases to the investment balance.

Bonds payable, net (current and noncurrent) increased \$253.5 million, to \$4.4 billion, in 2008. Single family bonds outstanding showed a net increase of \$274.0 million comprised of increases due to issuance and related premiums on the 2008 single family bonds (\$392.1 million) and accreted interest on capital appreciation bonds (\$1.1 million) offset by principal payments on bonds (\$119.2 million). The Guarantee Program bonds outstanding decreased by \$6.3 million due to principal repayments. The \$14.2 million net decrease in multifamily bonds outstanding is comprised of increases due to bond issuances (\$130.4 million) and accreted interest on capital appreciation bonds (\$0.4 million), offset by principal payments on bonds (\$145.0 million). Included in the multifamily bond \$145.0 million in principal repayments are early retirements of \$73.1 million.

Net assets of the bond programs, State and Federal programs and a small portion of the Operating Fund are classified as restricted as the uses of the funds are directed by trust indentures, state statute or federal regulations.

Florida Housing's Board of Directors authorized the designation of unrestricted net assets in the Operating Fund for demonstration loans and associated costs, support of the single family bond program, and future operating and capital expenditures, including the funding of compliance monitoring for housing credit developments from which partial or no monitoring fees were collected. As of December 31, 2008, the total amount designated is \$101.2 million.

Statements of Revenues, Expenses, and Changes in Net Assets

The following table summarizes the revenues, expenses, and changes in net assets for the years ended December 31, (in millions):

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Interest on loans	\$ 131.0	\$ 145.4
Investment income	176.2	189.3
Other income	25.7	19.8
HUD administrative fees	3.3	4.2
Total operating revenues	<u>336.2</u>	<u>358.7</u>
Operating expenses:		
Interest expense	204.6	199.0
Payments to other governments	126.5	154.3
Provision for uncollectible loans	35.7	22.9
Claims expense	19.2	-
General and administrative expenses	47.0	46.7
Housing assistance payments	3.5	13.3
Total operating expenses	<u>436.5</u>	<u>436.2</u>
Nonoperating revenues (expenses):		
HUD program revenues	30.7	44.3
State documentary stamp tax revenues	171.4	387.4
Transfers to state agencies	<u>(130.7)</u>	<u>(4.2)</u>
Total nonoperating revenues	<u>71.4</u>	<u>427.5</u>
Change in net assets	<u>\$ (28.9)</u>	<u>\$ 350.0</u>

Total operating revenues decreased \$22.5 million from the prior year. This is primarily due to a \$13.3 million decrease in interest on loans in the Multifamily and Single Family Homeowner Mortgage Revenue bond programs, and a \$13.1 million decrease in investment income.

Investment income decreased \$13.1 million in 2008. The overall decrease was comprised of a decrease in investment income for the State and Federal programs (\$30.3 million), the Guarantee Program (\$8.6 million), and the Operating Fund (\$4.4 million), with an offsetting net increase in investment income for the single family and multifamily bond programs (\$30.2 million). Unrealized gain on investments in 2008 was \$23.3 million, compared to a \$25.2 million unrealized gain recorded in 2007. Actual income earned from investments decreased \$11.2 million from 2007, a result of the turbulent financial market depressing interest rates on investments.

Total operating expenses increased \$0.3 million, to \$436.5 million in 2008. Components of the increase include increases in interest expense (\$5.6 million), provision for uncollectible loans (\$12.8 million), payment of State Housing Initiatives Partnership ("SHIP") funds to local governments (\$3.2 million), claims expense in the Guarantee Program (\$19.2 million) and general and administrative expense (\$0.3 million). These are offset by decreases in the Hurricane Housing Recovery Program ("HHRP") payments to local governments (\$31.0 million), payments for the Section 8 program (\$6.3 million) and housing assistance payments for the HOME Tenant-Based Rental Assistance program (\$3.5 million). The increase in bond interest expense is due to the increase in outstanding bond balances as described above. The claims expense is due to payment of three claims in the Guarantee Fund. HHRP disbursements are declining as this program, funded from a one-time appropriation in state fiscal year 2005-2006, nears its conclusion. The administration of the Section 8 program terminated in 2007.

Net nonoperating revenues decreased \$356.1 million from \$427.5 million in 2007 to \$71.4 million in 2008. State documentary stamp tax collections decreased by \$216.0 million compared to 2007 collections due to the continued slowdown in the Florida real estate market.

For the bond programs, loan related interest earnings (\$120.2 million) and investment income (\$149.5 million) are the primary components of total revenues. Bond interest expense (\$204.6 million) is the largest expense item.

Florida Housing's revenues in the Operating Fund were primarily generated from investment income (\$3.7 million), issuer fees (\$7.9 million), and administrative fees for federal programs (\$3.3 million). General and administrative expenses (\$17.9 million), which include operating expenses and program administration (credit underwriting, servicing, and monitoring) comprise the bulk of expenses in the Operating Fund.

Nonoperating revenues, including documentary stamp tax receipts of \$171.4 million, investment income (\$23.0 million) and federal program funds (\$30.4 million) make up the majority of the revenues and transfers in the State and Federal programs. Payments to local governments through SHIP and HHRP (\$126.5 million) are the largest component of expenses. The decrease in payments to other governments (\$27.9 million), the decrease in investment income (\$30.3 million), and the decreases in documentary stamp tax receipts (\$216.0 million) and federal program receipts (\$7.5 million) are primarily responsible for the decrease in change in net assets in the state and federal programs.

DEBT ADMINISTRATION

At year-end, Florida Housing had total bonded debt outstanding of \$4.4 billion, net of discounts. This represents a net increase of \$253.5 million during 2008, resulting from the issuance of bonds and premiums (\$522.5 million) and accreted interest on capital appreciation bonds (\$1.5 million), offset by principal payments on bonds (\$270.5 million). More detailed information about Florida Housing's debt is presented in Note 10 to the financial statements.

OTHER FINANCIAL INFORMATION

The current year decline in Florida Housing's net assets is primarily due to the transfer of documentary stamp tax collections back to the state's general revenue fund.

The last year has proven challenging on many fronts for Florida with the continuing decline in the general housing market, both sales and valuation, a rise in unemployment, increased residential foreclosures and higher development operating costs. For the second year in a row, the state of Florida ended the year ranked second highest in the number of residential foreclosure filings in the nation. Foreclosures are projected to rise with continued interest rate resets of adjustable rate mortgages over the next 18 to 24 months. State of Florida revenue estimates indicate this condition will continue to impact the collection of documentary stamp taxes; deposits to the housing trust funds are not projected to reach the statutory cap of \$243 million until fiscal year 2013-2014. Federal initiatives to improve the residential real estate market including the First Time Homeowner Tax Credit Program to stimulate home sales and the Making Home Affordable Plan to help families restructure or refinance mortgages to avoid foreclosure are underway, but it is too soon to predict their impact on Florida residential foreclosures.

Florida Housing's single family loans are fixed rate mortgages for homebuyers within a programmatically defined income bracket and which require homebuyer education before loan closing. These requirements have kept the whole loan portfolio foreclosures under 2%. Whole loans make up approximately 10% of the combined whole loan and MBS portfolio. Florida Housing is not at financial risk for foreclosures in the MBS portion of the portfolio.

The properties enhanced by Florida Housing's Guarantee Program are not immune to the impact of the recent changes in the financial and real estate markets. Factors which are important for the stable functioning of the Guarantee Program considering current market conditions include the HUD Risk Sharing Program, the seasoning of the properties in the portfolio, the size of the net assets of the program, and the statutory availability of documentary stamp taxes when certain conditions exist. The combination of these factors and deal-specific conditions tend to mitigate the risks to the Guarantee Program.

Despite the stabilizing factors identified above, three multifamily development claims were filed in late 2008, the first multifamily claims for the Guarantee Program. Additionally, two more claims were filed in 2009. The impact of these claims on the fund was mitigated by the HUD Risk Sharing program, and the Guarantee Program maintains a leveraging ratio well under the accepted maximum of 5:1. In March 2009, the Board of Directors suspended issuance of additional guarantees by the Guarantee Program due to current adverse market conditions.

For those transactions in the conduit debt portfolio that are not enhanced by the Guarantee Program, the impact of the credit condition of the capital markets that began in 2007 has been minimal to date. The general rise in operating costs has similarly affected the properties in the

conduit debt portfolio. Florida Housing's bonds, both multifamily and single family, continue to sell and remarket, although at higher rates as is the case with all housing bonds marketed. Due to overall financial market conditions, no single family or multifamily bonds have been sold in 2009.

The Board-approved 2008 operating budget of \$19.8 million was adequate to fund operations. Actual total operating expenses of \$16.6 million were 16.2% less than the total budget.

The budget approved by the legislature for state fiscal year 2009-2010 contains \$31.1 million in appropriations for the SHIP program.

In February 2009, the American Recovery and Reinvestment Act ("ARRA") was signed into law. ARRA contains two provisions related to the Low Income Housing Tax Credit Program: (1) the ability for agencies to exchange Housing Credits for cash from the US Treasury; and (2) \$2.25 billion in funds that must comply with certain HOME rules. Florida Housing is eligible to receive up to approximately \$675 million.

The initial tax-exempt bond allocation for 2009 is \$388.0 million, an increase of \$24.5 million from the 2008 initial allocation. The per capita allocation increased from \$85 in 2008 to \$90 in 2009; the remainder of the increase is due to an increase in Florida's population.

Please contact Barbara E. Goltz, Chief Financial Officer, at (850) 488-4197 with your comments, questions or requests for additional information.

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FINANCIAL STATEMENTS

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

BALANCE SHEET
AS OF DECEMBER 31, 2008

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 419,224,376
Investments, net	874,131,405
Interest receivable on investments	15,014,626
Interest receivable on loans	25,169,090
Loans receivable, net	52,612,292
Deferred finance charges, net	2,435,873
Documentary stamp taxes receivable	11,880,795
Other assets	1,344,967
Total current assets	<u>1,401,813,424</u>

NONCURRENT ASSETS:

Investments, net	2,248,780,629
Loans receivable, net	2,993,072,502
Deferred finance charges, net	18,236,112
Capital assets, net	185,823
Total noncurrent assets	<u>5,260,275,066</u>

TOTAL ASSETS	<u>\$ 6,662,088,490</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and other liabilities	\$ 26,692,789
Accrued interest payable	69,432,509
Accrued arbitrage rebate	1,273,694
Collateralized bank loan	3,009,752
Bonds payable, net	144,087,501
Deferred fee income, net	4,576,757
Total current liabilities	<u>249,073,002</u>

NONCURRENT LIABILITIES:

Bonds payable, net	4,216,122,259
Deferred fee income, net	57,095,521
Other liabilities	10,970,834
Due to developers	139,640,395
Due to state of Florida	24,824,125
Total noncurrent liabilities	<u>4,448,653,134</u>
Total liabilities	<u>4,697,726,136</u>

NET ASSETS:

Invested in capital assets	185,823
Restricted	1,862,965,758
Unrestricted	101,210,773
Total net assets	<u>1,964,362,354</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,662,088,490</u>
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The accompanying notes to the financial statements are an integral part of these statements.

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

OPERATING REVENUES	
Interest on loans	\$ 130,977,295
Investment income	176,153,350
Other income	25,724,239
HUD administrative fees	<u>3,333,736</u>
Total operating revenues	<u>336,188,620</u>
OPERATING EXPENSES	
Interest expense	204,641,390
Payments to other governments	126,481,116
Provision for uncollectible loans	35,670,418
Claims expense	19,176,131
General and administrative	46,968,426
Housing assistance payments	<u>3,541,509</u>
Total operating expenses	<u>436,478,990</u>
OPERATING LOSS	(100,290,370)
NONOPERATING REVENUES (EXPENSES)	
HUD program revenues	30,716,771
State documentary stamp tax revenues	171,355,043
Transfers to state agencies	<u>(130,683,989)</u>
Total nonoperating revenues	<u>71,387,825</u>
CHANGE IN NET ASSETS	(28,902,545)
NET ASSETS	
Beginning of year	<u>1,993,264,899</u>
End of year	<u>\$ 1,964,362,354</u>

The accompanying notes to the financial statements are an integral part of these statements.

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interest on loans receivable	\$ 138,903,469
Interest received on conduit debt fund investments	94,233,204
Cash received from principal payments on loans receivable	185,759,975
Cash received from HUD for administrative fees	4,433,468
Cash received from other revenues	29,307,329
Cash payments for issuance of loans	(286,699,371)
Interest paid on conduit debt fund bonds	(186,394,445)
Cash payments for operating expenses	(53,244,740)
Housing assistance payments	(3,541,509)
Payments to other governments	(126,481,116)
	<hr/>
Net cash used in operating activities	(203,723,736)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from issuance of bonds	526,759,164
Principal payments on bonds	(271,989,357)
Interest paid	(12,770,791)
Payment of bond issuance costs	(4,401,805)
Proceeds from draws on collateralized bank loans	2,914,752
Documentary stamp tax receipts	179,882,968
Cash received from HUD for programs	30,716,771
Transfers to state agencies	(130,683,989)
	<hr/>
Net cash provided by noncapital financing activities	320,427,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(84,140)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from the sale and maturity of investments	5,406,536,158
Purchases of investments	(5,387,450,794)
Interest received on investments	58,229,992
	<hr/>
Net cash provided by investing activities	77,315,356
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	193,935,193
CASH AND CASH EQUIVALENTS – Beginning of year	225,289,183
	<hr/>
CASH AND CASH EQUIVALENTS – End of year	\$ 419,224,376
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The accompanying notes to the financial statements are an integral part of these statements.

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2008

RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES

Operating loss	\$ (100,290,370)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities	
Change in fair value of investments	(23,252,995)
Accreted interest on capital appreciation bonds	1,458,036
Provision for uncollectible loans	32,769,898
Amortization and depreciation	(10,837,273)
Loans forgiven	2,300,748
Interest received on investments	(58,229,992)
Interest paid	12,770,791
Changes in assets and liabilities which (used) provided cash:	
Interest receivable on investments	(582,072)
Interest receivable on loans	1,963,934
Loans receivable	(102,400,311)
Other assets	1,135,569
Accounts payable and other liabilities	13,303,935
Accrued interest payable	3,832,396
Accrued arbitrage rebate	964,514
Deferred fee income	13,625,531
Due to developers	7,743,925
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (203,723,736)</u>

The accompanying notes to the financial statements are an integral part of these statements.

FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

1. REPORTING ENTITY

The Florida Housing Finance Corporation ("Florida Housing") was created by Chapter 420, Part V, Florida Statutes as a public corporation. On January 1, 1998, Florida Housing assumed all the rights, responsibilities, and obligations of its predecessor, the Florida Housing Finance Agency (the "Agency").

In 1980, the Agency, a public body corporate and politic with no taxing power, was established as a state agency within the Florida Department of Community Affairs by the Florida Housing Finance Agency Act (the "Act"). The Agency was created to finance housing for low, moderate, and middle income persons. Under the Act, the Agency was authorized to borrow money through the issuance of bonds, notes, or other obligations to finance multifamily housing developments and single family residential housing.

Florida Housing is a discretely presented component unit of the state of Florida for financial reporting purposes. The accompanying component unit financial statements present the financial position, changes in financial position, and cash flows of the proprietary fund, which includes all programs controlled by Florida Housing.

In July 2008, Florida Housing formed FHFC II, a wholly-owned subsidiary for the charitable, non-profit purpose of taking title to, managing and disposing of property acquired by Florida Housing from time to time through any of Florida Housing's programs. FHFC II had no activity in 2008 other than receipt of a transfer of funds from Florida Housing to establish a bank account. This transaction has been eliminated in the combined Balance Sheet.

Based on the criteria in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, Florida Housing has determined that, except for the blended activity of FHFC II, there are no other entities that meet the criteria for inclusion in Florida Housing's financial statements.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, Florida Housing has elected not to adopt any Financial Accounting Standards Board ("FASB") Statements issued after November 30, 1989, unless so directed by the GASB.

Bonds issued by Florida Housing (other than the Guarantee Program capitalizing bond issues) are conduit debt and are payable, both as to principal and interest, solely from the assets and income of the various programs which are pledged under the resolutions authorizing the particular issues. These issues do not constitute an obligation, either general or special, of Florida Housing, the state of Florida, or of any local government therein. Neither the faith, credit and revenues, nor the taxing power of the state of Florida or any local government therein shall be pledged to the payment of the principal or interest on the

obligations. Conduit debt outstanding, net of unamortized premium and discount, was \$4.1 billion as of December 31, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Florida Housing's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units engaged in business-type activities. The significant accounting policies of Florida Housing are described below:

Basis of Presentation – Florida Housing accounts for its activities through the use of an enterprise fund. An enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Florida Housing's accounting records are organized using subfunds to account separately in the general ledger for the bond programs, Guarantee Program, certain state and federally funded programs and the operations of Florida Housing. The operations of each subfund are accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net assets, revenues, expenses, and transfers.

Basis of Accounting – Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.

Financial Statement Presentation – Florida Housing distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with Florida Housing's ongoing operations. The principal operating revenues of Florida Housing are interest income on loans and investment income. Florida Housing also recognizes as revenues program and administrative fees. Operating expenses include interest expense, provision for uncollectible loans, administrative expenses, and payments made to third parties under the various programs administered by Florida Housing. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents – Florida Housing considers all uninvested amounts held by the trustees to be cash and all investments with an original maturity of three months or less to be cash equivalents.

Investments – Investments are stated at fair value, which is based on quoted market prices. Fair value of Florida Housing's share of the state investment pool is determined by the fair value per share of the pool's underlying portfolio.

Loans Receivable – Loans receivable are carried at their uncollected principal balances. Servicing of loans is provided by various servicing organizations on behalf of Florida Housing. Servicing costs on single family bond loans are recorded as a reduction of interest income. Such costs range from 0.24% to 0.32% annually of the unpaid principal balance of the loans.

Allowance for Loan Losses – The determination of the allowance for loan losses is based on an evaluation of the loan portfolio, current economic conditions, and other factors relevant to a determination of the collectibility of the loans and reflects an amount which, in management's judgment, is adequate to provide for potential losses. Additions to the allowance for loan losses are made by provisions charged to current operations.

Deferred Finance Charges and Bond Discounts and Premiums – In connection with the issuance of Florida Housing's bonds, certain related costs are deferred and amortized over the life of the related issue using the effective interest method. Discounts and premiums on bonds payable are amortized over the life of the related issue using the effective interest method.

Capital Assets – Capital assets are stated at cost less accumulated depreciation. Florida Housing capitalizes assets with an initial cost of \$5,000 or more. Assets are capitalized in one of the following four categories: furniture (seven-year life), equipment (five-year life), computer equipment (three-year life) or leasehold improvements (ten-year life). Depreciation on capital assets is computed using the straight-line method over the estimated useful lives. When assets are retired or otherwise disposed, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the results from operations in the period of disposal.

Compensated Absences – Employees earn the right to be compensated during absences for annual and sick leave. Within the limits of Florida Housing's policy, unused annual leave benefits will be paid to all eligible employees upon separation of service. Also, within the limits of Florida Housing's policy, eligible executive staff members are paid for unused sick leave benefits upon separation. The cost of annual and sick leave benefits are accrued in the period they are earned. The compensated absences amounts are based on current salary rates and are included in accounts payable and other liabilities.

Interest Income – Interest on mortgage loans and investments is recorded as income when earned, except on state and federally funded loans and loans in the Operating Fund where interest is recorded as income on an as-collected basis. Interest income is recorded net of fees.

Fee Income – Through 2001, in connection with the financing of single family mortgage loans, Florida Housing charged a nonrefundable fee to participating lenders for the purpose of securing a commitment for permanent mortgage loans for single family units equal to 0.5% to 3.0% of the principal balance of loan participation commitments. Such fees were deferred and are amortized over the life of the loans using the straight-line method, which approximates the effective interest method. Loans are presented net of deferred fee income in accordance with FASB Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated With Originating or Acquiring Loans and Initial Direct Costs of Leases – an amendment of FASB Statements No. 13, 60, and 65*. Certain administrative and monitoring fees collected under the various programs are deferred and amortized over the life of the loan or set-aside period.

Related Party Transactions – Board members are prohibited from participation in Florida Housing's programs during and for two years following their board terms.

New Accounting Pronouncements – The GASB has issued the following statements that will be implemented. Management is currently assessing the impact of these statements; however, they are not expected to have a material effect on Florida Housing's financial statements.

Statement of Governmental Accounting Standards No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007.

Statement of Governmental Accounting Standards No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007.

Statement of Governmental Accounting Standards No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008.

Statement of Governmental Accounting Standards No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009.

Statement of Governmental Accounting Standards No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued March 2009.

Statement of Governmental Accounting Standards No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, issued March 2009.

3. DESCRIPTION OF PROGRAMS

Operating – Florida Housing's Operating Fund, which includes the operating subfund, the bond management subfund and FHFC II, collects program fees from the various bond issues, housing credit fees, and administrative fees associated with federal and state housing programs. Expenses are those incurred in operating Florida Housing and the administration of its various programs.

The various bond programs of Florida Housing are as follows:

Single Family Home Ownership Program – The Single Family Home Ownership Program includes private placements made to Fannie Mae, the GNMA Collateralized Home Ownership Mortgage Revenue Program, and the GNMA–Fannie Mae Home Ownership Revenue Program. The bond proceeds were committed by Florida Housing to purchase GNMA certificates to the extent mortgage loans were originated by participating lenders under this program. The mortgage loans provided single family residences for persons of low to middle income within the state of Florida.

The GNMA Collateralized Home Ownership Mortgage Revenue Program and GNMA-Fannie Mae Home Ownership Revenue Program purchased GNMA and Fannie Mae certificates representing undivided interests in qualifying mortgage loans for single family residences located in the state of Florida with the proceeds of bond issues under the programs.

Single Family Homeowner Mortgage Revenue Bond Program – The Homeowner Program issues revenue bonds to finance the origination of home mortgages for persons of low,

moderate or middle income within the state of Florida. Certain bond issues have been refunded with subsequent bond issues under the program.

Multifamily Mortgage Revenue Bond Programs – Due to the similarity of program operations, the Multifamily Mortgage Revenue Bond and Floating Rate issues are presented as one program.

Multifamily Mortgage Revenue Bond Program – The Multifamily Mortgage Revenue Bond Program issues Multifamily Mortgage Revenue Bonds to finance the construction or acquisition of multifamily housing developments located in the state of Florida and intended for occupancy in part by persons of low, moderate, or middle income. Certain bond issues have been refunded with subsequent bond issues under the program.

Multifamily Floating Rate Monthly Bonds – The Multifamily Floating Rate Monthly bonds were issued to make multifamily loans to finance the acquisition and construction of multifamily rental housing developments located in the state of Florida and intended for occupancy in part by persons of low, moderate, and middle income. Principal and interest on the bonds are payable from mortgage loan payments and other sources of funds including letters of credit.

Florida Housing administers the following programs that represent initiatives funded at the federal and state level to provide affordable housing to Florida's low and moderate income families:

State Housing Trust Fund Programs – The State Housing Trust Fund was created to provide a stable source of funding for affordable housing in Florida. Through an increased documentary stamp tax implemented in 1992, the trust fund provides funding for homeownership and rental housing through regular Florida Housing programs, for technical assistance and for the Affordable Housing Study Commission. Funds from the State Housing Trust Fund may also be used as a match for a federal program and for debt service on Guarantee Fund bonds.

Florida Homeownership Assistance Program – The Florida Homeownership Assistance Program (“HAP”) was created, as part of the State Housing Incentive Partnership Act of 1988, for the purpose of assisting low-income persons in purchasing a home by reducing the amount of down payments and closing costs.

The Florida Assist Program provides HAP funds to low-income homebuyers with up to \$10,000 for down payments and closing costs. These non-interest bearing, nonamortizing second mortgage loans are used with the Single Family Homeowner Mortgage Revenue Bond Program.

The Homeownership Pool (“HOP”) Program was created to match qualified homebuyers with purchase assistance. The HOP Program is an ongoing, noncompetitive program that allows developers to reserve funds for eligible homebuyers to provide non-interest bearing, nonamortizing deferred second mortgage loans on a first-come, first-served basis.

For the year ended December 31, 2008, approximately \$26.4 million in loans were closed by Florida Housing.

State Apartment Incentive Loan Program – The State Apartment Incentive Loan (“SAIL”) Program provides low-interest loans on a competitive basis to developers of affordable rental housing. SAIL funds provide gap financing that allows developers to obtain the full financing needed to construct affordable multifamily units. SAIL dollars are available to individuals, public entities, and nonprofit or for-profit organizations for the construction or substantial rehabilitation of multifamily units. Special consideration is given to properties that target demographic groups such as the elderly, homeless people, farmworkers, and commercial fishing workers.

A portion of the SAIL Program funding is set aside for the Elderly Housing Community Loan (“EHCL”) Program. Up to \$750,000 per loan is available to make substantial improvements to existing affordable elderly housing.

For the year ended December 31, 2008, approximately \$110.4 million in loans were closed by Florida Housing.

Predevelopment Loan Program – The Predevelopment Loan Program (“PLP”) assists nonprofit and community-based organizations, local governments, and public housing authorities with planning, financing, and developing affordable housing. Eligible organizations may apply for a loan of up to \$750,000 for predevelopment activities such as rezoning, title searches, legal fees, impact fees, administrative costs, soil tests, engineering fees, appraisals, feasibility analyses, audit fees, earnest money deposits, insurance fees, commitment fees, administrative costs, marketing expenses, and acquisition expenses. Technical assistance is also provided.

For the year ended December 31, 2008, approximately \$3.2 million in loans were closed by Florida Housing.

State Housing Initiatives Partnership Program – The State Housing Initiatives Partnership (“SHIP”) Program was created in 1992 as part of the William E. Sadowski Affordable Housing Act. This program provides funds to all 67 counties and 51 entitlement cities on a population-based formula as an incentive to produce and preserve affordable housing for very low, low and moderate income families. The minimum allocation per county is \$350,000 and at least 65% of funds must be used for homeownership. Under their Local Government Housing Assistance Plans, counties and eligible cities may fund such strategies as emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, property acquisition, matching dollars for federal programs and homeownership counseling.

For the year ended December 31, 2008, Florida Housing disbursed \$122.4 million under this program.

Hurricane Housing Recovery Program – The Hurricane Housing Recovery Program (“HHRP”) was created by the 2005 Legislature as a locally administered program designed to accommodate the specific housing needs of hurricane affected communities. The program provides special incentives and requirements to focus on home ownership, community collaborations, and recovery plans and to assist those with extremely low incomes. A funding formula that weights both the extent and the intensity of housing damage in a

county was used to allocate funds to 28 eligible counties. For the year ended December 31, 2008, \$4.1 million in program funds were disbursed.

Rental Recovery Loan Program – The Rental Recovery Loan Program (“RRLP”) was created by the 2005 Legislature to facilitate the production of additional affordable rental housing stock in areas impacted by the 2004 hurricanes. Funds were made available to affordable housing developers in 2005 and 2006 as a means of leveraging existing federal rental financing programs, such as Multifamily Mortgage Revenue Bonds and Housing Credits. For the year ended December 31, 2008, \$39.3 million in loans were closed.

Affordable Housing Guarantee Program – The Guarantee Program encourages affordable housing lending activities through the issuance of guarantees on obligations incurred in obtaining financing for affordable housing. The program does not directly provide funds for developments; rather it facilitates such efforts by reducing lender risk through the issuance of guarantees on mortgage loans. The program issues commitments to guarantee obligations for both single family homes and multifamily developments. The program historically has received state documentary stamp tax revenue to use toward debt service on its outstanding bonds, which totaled \$251.2 million at December 31, 2008. In addition, the program has statutory authority to utilize up to 50% of the amounts distributed to the State Housing Trust Fund during the ensuing state fiscal year for claims payment obligations if payment of the obligations from amounts on deposit in the Guarantee Program will result in a downgrade in the Program’s claims payment ratings.

The Guarantee Program’s potential loss is limited to the amount of its outstanding guarantees. In order to mitigate risk inherent in the program’s portfolio of guarantees, the Guarantee Program participates in the Department of Housing and Urban Development (“HUD”) Risk Sharing Program. On November 9, 1994, Florida Housing and HUD entered into a Risk Sharing Agreement providing for HUD’s assumption (“endorsement”) of 50% of the Guarantee Program’s post-construction obligation on specific multifamily developments financed by Florida Housing or local housing finance authority bonds. As of December 31, 2008, total participation under the Risk Sharing Program consisted of 66 guarantees totaling \$404.5 million.

As required by the HUD Risk Sharing Program, and in accordance with Section 24 CFR 266.110(b), a percentage of funds on deposit in the Guarantee Program is segregated from the corpus in a dedicated account (the “HUD Dedicated Risk Account”) as a reserve to offset future potential claims in connection with guarantees issued under the HUD Risk Sharing Program. As of December 31, 2008, the balance of the HUD Dedicated Risk Account was \$25.2 million.

HOME Investment Partnerships Program – The HOME Investment Partnerships Program and the HOME Disaster Relief Program, (collectively referred to as “HOME”) were established pursuant to HUD Regulations, 24 CFR Part 92 (1992). HOME funds are available to eligible housing providers and individuals in the form of loans, interest subsidies, and other forms of investment approved by Florida Housing. For the year ended December 31, 2008, approximately \$27.5 million in loans were closed by Florida Housing.

Other programs administered by Florida Housing:

Housing Credit Program – The Housing Credit Program provides qualified owners and developers of rental property a federal income tax credit for providing low income rental housing. The United States Treasury Department has authorized Florida Housing to allocate the tax credits within the state of Florida with the stipulation that 10% of the total annual allocation be disbursed to nonprofit organizations. The program was permanently extended by Congress in 1993.

For the year 2008, Florida Housing allocated \$49.4 million in housing credits, including National Pool allocation and returned credits.

Demonstration Loans – Demonstration loans provide the opportunity for developers of special needs housing to access funding that is not available through other Florida Housing programs. The specific requirements, loan amounts, and terms are generally determined through the development of a Request for Proposal when a need for special needs housing is determined and funds are available. No new demonstration loans were closed by Florida Housing in 2008.

Affordable Housing Demonstration Loan Program – The Affordable Housing Demonstration Loan Program was implemented in June 1986 as part of the Affordable Housing Act. The purpose of the program was to encourage the production of suitable housing for persons of very low and moderately low income. Funds were available to both developers and individuals only as a second mortgage to finance up to one-third of a development or home's cost at interest rates from 0% to 3%. Although loans are no longer made under the program, Florida Housing is responsible for the administration of the program.

State Appropriations – From time to time, Florida Housing receives appropriations for pilot programs or programs that target a specific segment of the affordable housing spectrum such as the Community Workforce Housing Innovation Pilot program for workforce housing and the State Housing Assistance and Development Program for special needs housing.

4. CASH AND CASH EQUIVALENTS

As of December 31, 2008, Florida Housing had the following cash and cash equivalents:

	<u>Credit Rating</u>	<u>Fair Value</u>
Cash	–	\$ 24,723,016
Money Markets	AAA – AA	393,561,591
Money Markets	Unrated	939,769
		<u>\$ 419,224,376</u>

Cash on deposit in the bond and government programs is held in trust by financial institutions in the name of Florida Housing and is entirely insured by federal depository insurance or collateral held by the financial institutions' trust departments or agents in Florida Housing's name pursuant to Section 280.04, Florida Statutes.

5. INVESTMENTS

Florida Housing is authorized to invest in securities permitted under Section 215.47, Florida Statutes, including direct obligations of the United States of America or any agency thereof, interest-bearing or demand deposits with any qualified depository institution, and commercial paper of prime quality. It is also authorized to invest in contracts for the purchase and sale of government obligations as described in the Florida Housing Act. All investments of Florida Housing are recorded at fair value with changes in fair value recorded as a component of investment income. Unrealized gain on investments in 2008 was \$23.3 million.

Certain funds in the State Housing Trust Fund and the Local Government Housing Trust Fund are held by the State Treasury in a general pool of investments. Florida Housing also has invested certain funds associated with single family bond issues and a portion of its pooled investments in the Operating Fund and State and Federal Funds with the State Treasury in Special Purpose Investment Accounts ("SPIAs"). Pursuant to Section 17.61, Florida Statutes, these SPIAs allow statutorily created organizations to invest in the Treasury investment portfolio. Statutes enumerate the various types of authorized deposits and investments, which include time deposits, federal government obligations, repurchase agreements, and reverse repurchase agreements through securities lending programs. Florida Housing's share of this investment pool is \$405.7 million at December 31, 2008, which is the fair value of the pool share. Fair value is based on quoted market prices. No allocation will be made as to Florida Housing's share of the types of investments or their risk categories. Florida Housing's share of the assets and liabilities arising from the reverse repurchase agreements will likewise not be carried on the balance sheet since the State Treasury operates on a pooled basis and to do so may give the misleading impression that Florida Housing itself has entered into such agreements. For further information, refer to the State of Florida Comprehensive Annual Financial Report or publications of the Office of the State Chief Financial Officer.

As of December 31, 2008, Florida Housing had the investments with the following credit ratings and maturities (in thousands):

Investment Type	Credit Rating	Investment Maturities (in years)				Total Fair Value
		Less Than 1	1 – 5	6 – 10	More Than 10	
Ginnie Mae MBS	–	\$ 1,757	\$ –	\$ 1,131	\$ 766,488	\$ 769,376
Fannie Mae MBS	AAA	3,357	520	4,170	765,916	773,963
Freddie Mac MBS	AAA	2,067	2,822	353	53,669	58,911
Investment Agreements	AAA – A-	122,720	209,459	75,169	53,068	460,416
State Treasury	AA-	405,699	–	–	–	405,699
U.S. Treasury	–	18,116	71,062	–	–	89,178
Agencies	–	153,702	109,083	–	–	262,785
Corporate Bonds	AAA – BB+	121,556	111,539	–	–	233,095
Asset-Backed Securities	AAA	6,525	2,438	–	–	8,963
CMBS	AAA	17,767	–	–	1,875	19,642
MBS	AAA	17,513	–	–	2,635	20,148
CD	A-	2,300	–	–	–	2,300
Municipal Bonds	AAA	1,052	15,020	–	2,364	18,436
		<u>\$ 874,131</u>	<u>\$ 521,943</u>	<u>\$ 80,823</u>	<u>\$ 1,646,015</u>	<u>\$ 3,122,912</u>

Interest Rate Risk – Interest rate risk is the risk that the market value of securities in the portfolio will fall due to decreases in market interest rates. Florida Housing’s investment policy, which covers the pooled investments in the Operating Fund and the State and Federal Funds, seeks to minimize interest rate risk by structuring the portfolio to meet ongoing program and operational cash requirements without having to sell securities in the open market. Interest rate risk is also minimized by maintaining a very short duration portfolio. Investments in bond funds are structured to meet the cash requirements of the specific issue. Interest rate risk is often minimized by the use of guaranteed investment contracts.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Florida Housing’s investment policy, which covers the pooled investments in the Operating Fund and the State and Federal Funds, limits the purchase of securities to those rated in the four highest categories by a major rating agency. Certain types of investments are further limited up to the one or two highest rating categories. Investments in the bond funds are governed by their respective indentures; Florida Housing does not have a separate investment policy covering them.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, Florida Housing will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All securities owned by Florida Housing are either in the custody of the related bond indenture trustees or held in Florida Housing’s name by a party other than the issuer of the security.

Concentration of Credit Risk – Concentration of credit risk is the increased risk of loss associated with a lack of diversification, or the ownership of securities from one issuer. Florida Housing’s investment policy, which covers the pooled investments in the Operating Fund and the State and Federal Funds, limits securities from a single corporate issuer to no more than 5% of the portfolio. Investments in the bond funds are governed by their respective indentures; Florida Housing does not have a separate investment policy covering them.

The following table provides information on issuers in which Florida Housing has investments representing more than 5% of its total investments. This table represents combined investments of all funds at December 31, 2008:

<u>Investment</u>	<u>%</u>	<u>Fair Value</u>
Fannie Mae	27.88%	\$ 870,647,649
State Treasury	12.99%	405,698,678
Trinity Funding	8.38%	261,853,780

6. RESERVE FUND REQUIREMENTS

Cash and investments held to satisfy various reserve requirements at December 31, 2008, were as follows:

Program	Reserve Requirements	On Deposit	Surety Bonds	Excess
Homeowner	\$ 6,657,991	\$ 3,885,174	\$ 2,857,061	\$ 84,244
Multifamily	30,629,739	30,759,180	–	129,441
Guarantee	36,150,885	29,138,295	10,000,000	2,987,410
	<u>\$ 73,438,615</u>	<u>\$ 63,782,649</u>	<u>\$ 12,857,061</u>	<u>\$ 3,201,095</u>

7. LOANS RECEIVABLE

Loans receivable, net of allowance for loan losses, discounts, and deferred fees were as follows at December 31, 2008:

Single family bond mortgage loans	\$ 152,654,410
Multifamily bond mortgage loans	2,060,146,992
State and federal loans	1,021,766,675
Operating loans	<u>22,026,437</u>
	3,256,594,514
Less:	
Allowance for loan losses	(202,083,941)
Loan discounts	(1,580,597)
Deferred fee income	<u>(7,245,182)</u>
	3,045,684,794
Less current portion	<u>(52,612,292)</u>
	<u>\$ 2,993,072,502</u>

The single family and multifamily bond program loans are pledged as collateral for the payment of principal and interest on bond indebtedness. Substantially all of the multifamily bond mortgage loans have an interest rate equal to the interest rate on the bonds plus expenses.

Certain single family bond mortgage loans are secured by first liens on single family residential property. Interest rates on the single family bond mortgage loans range from 3.0% to 10.95%. Under Florida Housing's program guidelines, all conventionally financed single family bond mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. The mortgage insurers, together with the approximate percentage of single family bond mortgage loans insured outstanding at December 31, 2008, (exclusive of Fannie Mae and GNMA guaranteed loans) are as follows: FHA (47.3%), Commonwealth Mortgage Assurance Company (Radian Guaranty, Inc.) (15.2%), VA (11.1%), Rural Housing Authority (6.0%), and General Electric Mortgage Insurance Company (3.6%). Approximately 16.8% of single family bond mortgage loans outstanding at December 31, 2008, are uninsured.

Under the multifamily bond programs, mortgage loans are collateralized by various methods, including first liens on multifamily rental properties, letters of credit, surety bonds,

and guarantees provided by the Florida Housing Guarantee Program and third parties. Approximately \$33.2 million of the outstanding multifamily bond mortgage loans at December 31, 2008, are secured, in part, by irrevocable direct-pay letters of credit provided by banking and savings and loan institutions. Approximately \$1.7 billion of the outstanding multifamily bond mortgage loans at December 31, 2008 are secured, in part, by insurance as follows: Guarantee Program/HUD (28.7%), Fannie Mae (19.3%), Freddie Mac (12.1%), and various other companies (20.0%). Approximately 19.9% of the multifamily bond mortgage loans are uninsured.

Certain multifamily mortgage loans receivable are in default due to noncompliance with terms of their bond documents (see Note 10). As described in Note 1, these bonds are not general or special obligations of Florida Housing or of the state of Florida and Florida Housing has no liability for such debt except to the extent of any outstanding guarantees by the Guarantee Program for these loans, therefore, no provision other than provisions for losses in the Guarantee Program have been made for the effects, if any, of the resolution of these default conditions. Any loss resulting from the insufficiency of the available assets and credit enhancement to satisfy the obligations of a specific bond issue will be sustained by the specific bondholder.

State and federally funded loans are primarily second mortgages made on both single family residential property and multifamily housing developments. Interest rates range from 0% to 9%. Most loans made under the SAIL Program contain interest payment provisions based upon the developments' cash flows with deferral of interest payment until positive cash flow is generated. Principal is due at maturity.

8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Furniture	\$ 169,884	\$ -	\$ -	\$ 169,884
Equipment	229,257	35,100	(60,162)	204,195
Computer equipment	2,819,946	49,040	(104,713)	2,764,273
Leasehold improvements	155,917	-	-	155,917
Total capital assets	<u>3,375,004</u>	<u>84,140</u>	<u>(164,875)</u>	<u>3,294,269</u>
Accumulated depreciation:				
Furniture	(152,780)	(5,883)	-	(158,663)
Equipment	(219,875)	(9,207)	60,162	(168,920)
Computer equipment	(2,685,012)	(80,693)	104,713	(2,660,992)
Leasehold improvements	(105,925)	(13,946)	-	(119,871)
Total accumulated depreciation	<u>(3,163,592)</u>	<u>(109,729)</u>	<u>164,875</u>	<u>(3,108,446)</u>
	<u>\$ 211,412</u>	<u>\$ (25,589)</u>	<u>\$ -</u>	<u>\$ 185,823</u>

Depreciation expense for the year ended December 31, 2008 was \$109,729.

9. COLLATERALIZED BANK LOAN

In April 1998, Florida Housing entered into a line of credit agreement with the Federal Home Loan Bank (the "Bank") to capture available single family tax-exempt bond allocations. In 2005, the annual line of credit renewal amended the agreement to remove the \$100 million maximum borrowing limitation. All advances under this agreement are fully collateralized with cash, which may be replaced with other types of collateral in a form and amount acceptable to the Bank. The line of credit bears interest at the investment rate on the cash collateral account (0.01% at December 31, 2008) plus seven basis points. The agreement renews each October for an additional 12-month period. As a result, the collateralized bank loan is classified as a current liability.

Collateralized bank loan activity for the year ended December 31, 2008 was as follows:

Beginning Balance	Additions	Reductions	Ending Balance
\$ 95,000	\$ 70,132,252	\$ (67,217,500)	\$ 3,009,752

The outstanding balance of \$3,009,752 at December 31, 2008 relates to the Single Family Home Ownership Program.

During 2008, Florida Housing utilized the agreement to redeem bonds from:

Single Family Home Ownership Program:	
1987 Series G1	\$ 24,562
Single Family Homeowner Mortgage Program:	
1996 Series 2	30,000
1996 Series 3	75,000
1997 Series 3	30,000
1998 Series 2	161,330
1999 Series 2	357,847
1999 Series 7 – 8	319,481
2000 Series 4 – 5	405,174
2000 Series 11	744,819
2002 Series 2	1,761,144
2003 Series 1	1,192,744
2003 Series 5	2,845,944
2004 Series 2	3,612,673
2004 Series 6	2,776,873
2005 Series 1	4,179,162
2005 Series 3	4,673,615
2006 Series 1	6,425,000
2006 Series 2 – 3	5,586,074
2006 Series 4 – 5	12,658,434
2006 Series 6	9,000,000
2007 Series 1	3,452,760
2007 Series 2	3,955,000
2007 Series 3 – 4	2,416,854
2007 Series 5	533,010
	\$ 67,217,500

10. BONDS PAYABLE

At December 31, 2008 bonds payable consist of the following:

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
<i>Single Family Home Ownership Fund</i>				
1987 Series G1, G2 Term Bonds	12/16/1987	2017 - 2018	8.63%	835,000
1991 Series G1, G2 Term Bonds	09/26/1991	2023	Floating	2,639,000
1992 Series G1, G2 Term Bonds	06/30/1992	2023 - 2025	Floating	7,073,800
Total Single Family Home Ownership bonds payable				10,547,800
<i>Single Family Homeowner Mortgage Fund</i>				
1996 Series 1, 2 Term Bonds	07/01/1996	2016 - 2028	6.05% - 6.35%	2,960,000
1996 Series 2 Serial Bonds	07/01/1996	2009 - 2011	5.95% - 6.05%	225,000
				3,185,000
1996 Series 3 Serial Bonds	09/01/1996	2009 - 2014	5.70% - 6.05%	1,205,000
1996 Series 3 Term Bonds	09/01/1996	2016 - 2028	6.20% - 6.35%	3,645,000
				4,850,000
1997 Series 1, 2, 3 Term Bonds	06/01/1997	2014 - 2029	5.625% - 5.90%	16,845,000
1998 Series 1 Serial Bonds	05/15/1998	2009 - 2014	4.75% - 5.15%	7,470,000
1998 Series 1, 2 Capital Appreciation Bonds	05/15/1998	2017 - 2029	Floating	6,664,136
1998 Series 2 Term Bonds	05/15/1998	2021	5.35%	3,795,000
1998 Series 3 Term Bonds	05/15/1998	2016	Floating	3,060,000
				20,989,136
1999 Series 1, 2 Serial Bonds	02/15/1999	2009 - 2012	4.30% - 4.65%	3,840,000
1999 Series 1, 2 Term Bonds	02/15/1999	2013 - 2021	4.60% - 5.15%	14,070,000
1999 Series 2 Capital Appreciation Bonds	02/15/1999	2030	Floating	6,108,603
1999 Series 3 Term Bonds	02/15/1999	2013	Floating	1,800,000
				25,818,603
1999 Series 6, 7, 9 Term Bonds	09/01/1999	2012 - 2021	5.75% - 7.03%	8,755,000
1999 Series 7 Serial Bonds	09/01/1999	2009 - 2012	5.20% - 5.50%	1,280,000
1999 Series 7 Capital Appreciation Bonds	09/01/1999	2030	Floating	2,514,819
1999 Series 8 Term Bonds	09/01/1999	2013	Floating	675,000
2000 Series 1, 2 Term Bonds	07/01/2000	2017 - 2021	5.75% - 5.85%	575,000
				13,799,819
2000 Series 3, 4, 7 Term Bonds	02/01/2000	2017 - 2022	5.90% - 6.25%	9,345,000
2000 Series 4 Serial Bonds	02/01/2000	2009 - 2012	5.70% - 5.85%	245,000
2000 Series 4 Capital Appreciation Bonds	02/01/2000	2030 - 2032	Floating	3,354,672
2000 Series 5 Term Bonds	02/01/2000	2012	Floating	1,220,000
				14,164,672
2000 Series 10, 11 Serial Bonds	10/15/2000	2009 - 2013	4.95% - 5.20%	3,105,000
2000 Series 10, 11, 12 Term Bonds	10/15/2000	2017 - 2032	5.50% - 7.14%	24,710,000
				27,815,000
2002 Series 1, 2 Serial Bonds	11/13/2002	2009 - 2017	4.10% - 4.85%	4,500,000
2002 Series 2, 3 Term Bonds	11/13/2002	2023 - 2034	5.00% - 5.40%	15,970,000
				20,470,000

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2003 Series 1, 2 Serial Bonds	06/19/2003	2009 - 2017	2.80% - 4.00%	6,925,000
2003 Series 2 Term Bonds	06/19/2003	2022 - 2035	4.50% - 5.00%	21,055,000
				<u>27,980,000</u>
2003 Series 5 Serial Bonds	11/18/2003	2009 - 2013	3.45% - 4.35%	2,730,000
2003 Series 5 Term Bonds	11/18/2003	2023 - 2035	4.90% - 5.05%	24,360,000
				<u>27,090,000</u>
2004 Series 1, 2 Serial Bonds	03/24/2004	2009 - 2016	2.45% - 4.20%	5,965,000
2004 Series 2 Term Bonds	03/24/2004	2024 - 2036	4.70% - 5.00%	37,660,000
				<u>43,625,000</u>
2004 Series 3 Serial Bonds	10/07/2004	2009 - 2015	2.80% - 3.95%	6,505,000
2004 Series 4 Term Bonds	10/07/2004	2023 - 2026	4.75% - 5.50%	16,605,000
				<u>23,110,000</u>
2004 Series 5, 6 Serial Bonds	01/11/2005	2009 - 2016	3.25% - 4.45%	4,295,000
2004 Series 6 Term Bonds	01/11/2005	2020 - 2036	4.50% - 5.10%	30,985,000
				<u>35,280,000</u>
2005 Series 1 Serial Bonds	06/16/2005	2009 - 2015	3.50% - 4.30%	4,005,000
2005 Series 1 Term Bonds	06/16/2005	2025 - 2036	4.60% - 5.00%	37,490,000
				<u>41,495,000</u>
2005 Series 2, 3 Serial Bonds	11/17/2005	2009 - 2017	3.45% - 4.25%	6,690,000
2005 Series 3 Term Bonds	11/17/2005	2025 - 2036	4.75% - 5.00%	42,960,000
				<u>49,650,000</u>
2006 Series 1 Serial Bonds	03/23/2006	2009 - 2016	3.75% - 4.38%	6,465,000
2006 Series 1 Term Bonds	03/23/2006	2020 - 2037	4.55% - 5.00%	60,010,000
				<u>66,475,000</u>
2006 Series 2 Serial Bonds	05/24/2006	2009 - 2016	4.00% - 4.70%	7,870,000
2006 Series 2, 3 Term Bonds	05/24/2006	2021 - 2038	4.50% - 5.50%	83,285,000
				<u>91,155,000</u>
2006 Series 4 Serial Bonds	08/17/2006	2009 - 2016	4.10% - 4.75%	15,325,000
2006 Series 4, 5 Term Bonds	08/17/2006	2021 - 2037	4.70% - 5.75%	144,495,000
				<u>159,820,000</u>
2006 Series 6 Serial Bonds	12/18/2006	2009 - 2016	3.80% - 4.20%	10,150,000
2006 Series 6 Term Bonds	12/18/2006	2021 - 2037	4.45% - 5.75%	100,475,000
				<u>110,625,000</u>
2007 Series 1 Serial Bonds	03/13/2007	2009 - 2017	3.80% - 4.38%	8,235,000
2007 Series 1 Term Bonds	03/13/2007	2022 - 2048	4.55% - 4.85%	49,855,000
2007 Series 1 PAC Term Bond	03/13/2007	2048	5.95%	48,310,000
				<u>106,400,000</u>
2007 Series 2 Serial Bonds	05/03/2007	2009 - 2017	3.85% - 4.40%	8,335,000
2007 Series 2 Term Bonds	05/03/2007	2022 - 2048	4.70% - 4.85%	92,475,000
2007 Series 2 PAC Term Bonds	05/03/2007	2048	6.00%	70,235,000
				<u>171,045,000</u>

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2007 Series 3 Term Bonds	07/18/2007	2027 - 2048	5.00% - 5.15%	79,185,000
2007 Series 3 Premium PAC Bonds	07/18/2007	2048	6.25%	59,260,000
2007 Series 4 Serial Bonds Fed Taxable	07/18/2007	2009 - 2017	5.45% - 5.95%	18,095,000
2007 Series 4 Taxable PAC Bonds	07/18/2007	2048	5.99%	16,040,000
				<u>172,580,000</u>
2007 Series 5 Serial Bonds	10/10/2007	2009 - 2017	3.85% - 4.50%	8,910,000
2007 Series 5 Term Bonds	10/10/2007	2022 - 2048	4.95% - 5.75%	49,245,000
2007 Series 5 PAC Term Bonds	10/10/2007	2048	5.75%	41,300,000
				<u>99,455,000</u>
2007 Series 6 Serial Bonds	01/08/2008	2009 - 2017	3.65% - 4.45%	8,565,000
2007 Series 6 Term Bonds	01/08/2008	2023 - 2049	5.00% - 5.40%	49,635,000
2007 Series PAC Term Bonds	01/08/2008	2048	5.50%	41,800,000
				<u>100,000,000</u>
2008 Series 1 Serial Bonds	04/15/2008	2010 - 2018	3.80% - 5.15%	5,355,000
2008 Series 1 Term Bonds	04/15/2008	2023 - 2039	5.45% - 6.45%	44,645,000
				<u>50,000,000</u>
2008 Series 2 Serial Bonds	07/29/2008	2010 - 2013	3.80% - 4.60%	2,760,000
2008 Series 2 Term Bonds	07/29/2008	2018 - 2039	5.05% - 6.70%	63,240,000
				<u>66,000,000</u>
2008 Series 3 Serial Bonds	09/30/2008	2010 - 2018	2.40% - 4.30%	19,745,000
2008 Series 3 Term Bonds	09/30/2008	2023 - 2039	5.00% - 5.50%	80,255,000
				<u>100,000,000</u>
2008 Series 4 Serial Bonds	11/25/2008	2010 - 2020	3.45% - 5.50%	31,320,000
2008 Series 4 Term Bonds	11/25/2008	2023 - 2038	5.85% - 6.38%	44,815,000
				<u>76,135,000</u>
Total Single Family Homeowner Mortgage bonds payable				1,765,857,230
Unamortized bond premium				<u>32,986,183</u>
Net Single Family Homeowner Mortgage bonds payable				<u>1,798,843,413</u>
<i>Guarantee Fund</i>				
1993 Series A Term Bond	06/29/1993	2034	Floating	51,000,000
1999 Series A Term Bonds	09/01/1999	2044	Floating	46,750,000
2000 Series A Term Bonds	10/12/2000	2045	Floating	62,850,000
2002 Series A Term Bonds	04/18/2002	2047	Floating	91,000,000
Total Guarantee Fund bonds payable				251,600,000
Unamortized bond discount				<u>(362,160)</u>
Net Guarantee Fund bonds payable				<u>251,237,840</u>

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
Multifamily Housing Revenue Fund				
<i>Multifamily Loan Revenue Bonds Floating Rate Monthly Demand</i>				
1984 D Term Bonds	06/01/1984	2012	Floating	9,610,000
<i>Multifamily Housing Revenue Bonds</i>				
1985 Series B Term Bonds	² 05/01/1988	2011	Floating	6,980,000
1985 Series FF Term Bonds	10/01/1985	2026	Floating	9,350,000
1985 Series PP Term Bonds	12/19/1985	2012	Floating	16,500,000
1985 Series SS Term Bonds	12/17/1985	2017	Floating	20,000,000
1985 Series TT Term Bonds	12/17/1985	2029	Floating	6,200,000
1985 Series XX Term Bonds	12/17/1985	2025	Floating	8,500,000
1985 Series GGG Term Bonds	12/30/1985	2013	Floating	12,700,000
1989 Series J Term Bonds	12/19/1989	2011	Floating	24,150,000
1994 Series A Term Bonds	03/01/1994	2024	6.25%	11,618,046
1995 Series C1 Term Bonds	01/15/1995	2014 - 2035	6.75% - 7.00%	12,290,000
1995 Series F Term Bonds	11/01/1995	2015 - 2035	6.05% - 6.25%	6,525,000
1995 Series G1 Serial Bonds	10/15/1995	2009 - 2010	5.80% - 5.90%	350,000
1995 Series G1 Term Bonds	10/15/1995	2015 - 2035	6.05% - 6.25%	11,750,000
				<u>12,100,000</u>
1995 Series J Term Bonds	11/01/1995	2015 - 2035	5.95% - 6.20%	11,360,000
1995 Series K Serial Bonds	11/15/1995	2009 - 2010	5.60% - 5.70%	305,000
1995 Series K Term Bonds	11/15/1995	2015 - 2035	5.875% - 6.10%	10,185,000
				<u>10,490,000</u>
1995 Series L Term Bonds	12/19/1995	2025	Floating	9,350,000
1995 Series M Term Bonds	12/19/1995	2025	Floating	5,870,000
1996 Series F Term Bonds	07/10/1996	2026	Floating	12,700,000
1996 Series G Term Bonds	07/15/1996	2016 - 2036	6.20% - 6.50%	6,930,000
1996 Series H Term Bonds	08/01/1996	2011 - 2017	6.00% - 6.10%	8,580,000
1996 Series L Term Bonds	09/01/1996	2016 - 2036	6.05% - 6.25%	7,380,000
1996 Series M Serial Bonds	09/01/1996	2009	5.70%	80,000
1996 Series M Term Bonds	09/01/1996	2015 - 2036	6.00% - 6.25%	5,785,000
				<u>5,865,000</u>
1996 Series N Term Bonds	09/01/1996	2010 - 2036	5.85% - 6.30%	9,720,000
1996 Series O Term Bonds	09/01/1996	2010 - 2036	5.90% - 6.30%	10,875,000
1996 Series P Term Bonds	09/20/1996	2026	Floating	6,650,000

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
1996 Series T Term Bonds	12/01/1996	2018 - 2036	5.85% - 6.05%	6,940,000
1996 Series U Term Bonds	12/19/1996	2029	Floating	10,090,000
^{3,4} 1997 Series A Term Bonds	04/01/1997	2017 - 2037	6.10% - 6.25%	14,435,000
1997 Series C Serial Bonds	05/15/1997	2009 - 2010	5.35% - 5.45%	365,000
1997 Series C Term Bonds	05/15/1997	2017 - 2039	5.75% - 6.00%	<u>13,950,000</u>
				14,315,000
1997 Series D Term Bonds	06/01/1997	2017 - 2030	5.90% - 5.95%	6,600,000
1997 Series E Term Bonds	06/01/1997	2030	8.00%	1,395,000
1997 Series F Term Bonds	06/15/1997	2017 - 2039	5.80% - 6.00%	13,575,000
1997 Series G Serial Bonds	07/15/1997	2009 - 2012	5.10% - 5.25%	820,000
1997 Series G Term Bonds	07/15/1997	2020 - 2037	5.50% - 5.70%	<u>12,170,000</u>
				12,990,000
1997 Series H Serial Bonds	07/15/1997	2009 - 2012	5.10% - 5.25%	545,000
1997 Series H Term Bonds	07/15/1997	2020 - 2037	5.50% - 5.70%	<u>7,830,000</u>
				8,375,000
1997 Series I1, I2 Term Bonds	12/01/1997	2009 - 2037	4.80% - 5.45%	11,465,000
1997 Series J1, J2 Term Bonds	12/01/1997	2009 - 2038	4.90% - 6.30%	18,875,000
1997 Series L Term Bonds	12/01/1997	2009 - 2037	4.80% - 5.45%	12,920,000
1998 Series A Term Bonds	03/01/1998	2030	5.45%	12,955,000
1998 Series B Term Bonds	06/01/1998	2038	6.61%	15,430,000
1998 Series C Term Bonds	06/01/1998	2038	6.61%	8,225,000
1998 Series D Serial Bonds	06/01/1998	2009 - 2015	4.80% - 5.25%	2,175,000
1998 Series D Term Bonds	06/01/1998	2018 - 2031	5.30% - 5.375%	<u>10,030,000</u>
				12,205,000
1998 Series G Term Bonds	07/01/1998	2038	6.60%	15,905,000
1998 Series H Term Bonds	07/01/1998	2038	7.25%	3,293,752
1998 Series I1 Term Bonds	08/01/1998	2009 - 2033	Floating	17,440,000
1998 Series J Term Bonds	² 10/01/1998	2028	Floating	4,925,000
1998 Series K Term Bonds	² 10/30/1998	2032	6.375%	16,205,000
1998 Series L Term Bonds	² 10/01/1998	2032	6.50%	11,925,000
1998 Series M	² 10/01/1998	2032	6.125%	16,870,000
1998 Series O Serial Bonds	11/01/1998	2009 - 2010	4.80% - 4.90%	670,000
1998 Series O Term Bonds	11/01/1998	2018 - 2028	5.25% - 5.30%	<u>10,895,000</u>
				11,565,000
1998 Series P Serial Bonds	12/01/1998	2009 - 2031	4.45% - 5.20%	9,900,000
1998 Series Q1 Term Bonds	12/01/1998	2018 - 2038	5.10% - 5.25%	12,710,000

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
1998 Series R1 Serial Bonds	12/01/1998	2009 - 2021	4.30% - 5.10%	4,045,000
1998 Series R1, R2 Term Bonds	12/01/1998	2026 - 2032	5.10% - 5.20%	5,820,000
				<u>9,865,000</u>
1998 Series S Term Bonds	12/28/1998	2031	4.80%	9,808,000
1998 Series T1, T2 Term Bonds	12/10/1998	2039	6.50%	14,115,000
1998 Series U1 Term Bonds	12/16/1998	2039	6.45%	11,335,000
1999 Series A Serial Bonds	04/15/1999	2009 - 2018	4.65% - 5.15%	2,370,000
1999 Series A Term Bonds	04/15/1999	2021 - 2039	5.20% - 5.40%	11,070,000
				<u>13,440,000</u>
1999 Series B1, B2 Term Bonds	04/21/1999	2010 - 2032	4.55% - 6.20%	11,975,000
1999 Series C1, C2 Term Bonds	07/01/1999	2009 - 2039	5.50% - 7.50%	9,460,000
1999 Series C1 Capital Appreciation Term Bonds	07/01/1999	2029	Floating	1,956,311
				<u>11,416,311</u>
1999 Series D1, D2 Term Bonds	07/21/1999	2009 - 2032	5.38% - 7.10%	14,135,000
1999 Series E1, E2 Term Bonds	08/12/1999	2011 - 2039	5.65% - 7.63%	13,080,000
1999 Series E1 Capital Appreciation Term Bonds	08/12/1999	2029	Floating	2,371,630
				<u>15,451,630</u>
1999 Series F1, F2 Term Bonds	08/25/1999	2014 - 2039	5.90% - 7.35%	10,255,000
1999 Series F1 Capital Appreciation Term Bonds	08/25/1999	2029	Floating	1,739,196
				<u>11,994,196</u>
1999 Series G1, G2 Term Bonds	08/25/1999	2032	Floating	12,650,000
1999 Series H1 Serial Bonds	09/29/1999	2013 - 2020	5.55% - 5.70%	2,385,000
1999 Series H1, H2 Term Bonds	09/29/1999	2013 - 2032	5.85% - 7.40%	8,595,000
				<u>10,980,000</u>
1999 Series I1, I2 Term Bonds	08/31/1999	2032	Floating	14,165,000
1999 Series J1 Serial Bonds	09/14/1999	2009	5.30%	55,000
1999 Series J1, J2 Term Bonds	09/14/1999	2009 - 2032	5.30% - 7.25%	7,290,000
				<u>7,345,000</u>
^{3,4} 1999 Series L1, L2 Term Bonds	09/29/1999	2010 - 2039	5.35% - 7.30%	12,680,000
1999 Series M1 Serial Bonds	09/29/1999	2009 - 2021	5.10% - 5.70%	3,140,000
1999 Series M1, M2 Term Bonds	09/29/1999	2027 - 2039	5.80% - 6.00%	10,790,000
				<u>13,930,000</u>
³ 1999 Series N1 Term Bonds	09/21/1999	2009 - 2039	5.10% - 5.90%	7,360,000
1999 Series O1, O2 Term Bonds	09/27/1999	2010 - 2041	6.00% - 7.80%	10,465,000
1999 Series P Term Bonds	09/24/1999	2032	Floating	7,035,000
1999 Series Q1, Q2 Term Bonds	09/27/1999	2014 - 2039	5.75% - 7.85%	13,160,000
1999 Series R Term Bonds	09/28/1999	2009 - 2032	5.10% - 6.00%	7,745,000
2000 Series A1, A2 Term Bonds	02/25/2000	2010 - 2040	6.40% - 8.47%	15,375,000

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2000 Series B Term Bonds	03/28/2000	2030	6.20%	16,210,000
2000 Series C1, C2 Term Bonds	05/01/2000	2015 - 2040	6.20% - 8.50%	15,895,000
2000 Series D1 Serial Bonds	10/01/2000	2009 - 2014	5.00% - 5.40%	4,450,000
2000 Series D1, D2 Term Bonds	10/01/2000	2020 - 2030	5.50% - 8.25%	<u>26,905,000</u>
				31,355,000
2000 Series E1, E2 Term Bonds	06/13/2000	2033	Floating	10,555,000
2000 Series F1, F2 Term Bonds	06/01/2000	2017 - 2041	6.00% - 8.25%	10,660,000
2000 Series G Term Bonds	² 06/20/2000	2031	Floating	7,965,000
2000 Series H1 Serial Bonds	10/04/2000	2015 - 2020	5.50% - 5.70%	2,135,000
2000 Series H1, H2 Term Bonds	10/04/2000	2015 - 2033	5.70% - 7.88%	<u>11,555,000</u>
				13,690,000
2000 Series I Term Bonds	09/01/2000	2032	Floating	13,160,000
2000 Series J1, J2 Term Bonds	09/01/2000	2015 - 2042	5.70% - 8.10%	13,015,000
2000 Series K1, K2 Term Bonds	10/01/2000	2017 - 2042	5.70% - 7.95%	17,090,000
³ 2000 Series L1 Serial Bonds	11/16/2000	2020 - 2024	5.65% - 5.85%	925,000
³ 2000 Series L1, L2 Term Bonds	11/16/2000	2012 - 2040	5.75% - 7.75%	<u>7,640,000</u>
				8,565,000
2000 Series M1, M2 Term Bonds	11/09/2000	2013 - 2040	5.70% - 7.75%	16,030,000
2000 Series N1, N2 Term Bonds	12/12/2000	2013 - 2041	5.75% - 7.70%	15,790,000
2000 Series O1, O2 Term Bonds	11/30/2000	2027 - 2040	5.85% - 7.65%	18,715,000
^{3,5} 2000 Series P1 Serial Bonds	11/17/2000	2009 - 2017	5.00% - 5.65%	2,565,000
^{3,5} 2000 Series P1, P2 Term Bonds	11/17/2000	2009 - 2034	5.85% - 7.55%	<u>11,640,000</u>
				14,205,000
2000 Series Q1, Q2 Term Bonds	11/21/2000	2012 - 2041	5.75% - 7.80%	12,560,000
2000 Series R1, R2 Term Bonds	12/06/2000	2010 - 2033	5.75% - 7.85%	9,090,000
2000 Series S Term Bonds	12/14/2000	2009 - 2041	4.75% - 5.85%	10,765,000
2000 Series U1 Serial Bonds	12/20/2000	2023 - 2025	5.50% - 5.60%	705,000
2000 Series U1, U2 Term Bonds	12/20/2000	2013 - 2041	5.60% - 7.40%	<u>11,180,000</u>
				11,885,000
2000 Series V1, V2 Term Bonds	12/28/2000	2017 - 2041	5.38% - 7.55%	7,745,000
2000 Series W1, W2 Term Bonds	12/29/2000	2028 - 2041	5.60% - 6.75%	12,650,000
2001 Series A1, A2 Term Bonds	01/01/2001	2011 - 2041	5.25% - 7.45%	13,745,000
2001 Series E1, E2 Term Bonds	07/01/2001	2014 - 2041	5.20% - 7.25%	19,185,000
2001 Series F1, F2 Term Bonds	11/01/2001	2009 - 2041	5.00% - 6.35%	17,950,000
2001 Series G Term Bonds	11/01/2001	2031	6.90%	10,200,000
³ 2001 Series H1, H2 Term Bonds	11/01/2001	2021 - 2041	5.25% - 6.30%	16,380,000

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2001 Series IA, IB Serial Bonds	11/19/2001	2031	Floating	14,685,000
2001 Series JA, JB Serial Bonds	11/19/2001	2031	Floating	11,270,000
2001 Series KA, KB Serial Bonds	11/19/2001	2031	Floating	20,235,000
2001 Series L Term Bonds	12/01/2001	2009 - 2035	4.13% - 5.38%	8,060,000
2001 Series O1, O2 Term Bonds	12/01/2001	2009 - 2043	5.25% - 7.15%	6,670,000
2002 Series A1, A2 Term Bonds	01/08/2002	2035	Floating	13,220,000
2002 Series B1 Term Bonds	01/24/2002	2009 - 2034	4.00% - 5.30%	8,430,000
2002 Series C1 Term Bonds	01/30/2002	2009 - 2042	5.30% - 7.00%	16,145,000
2002 Series D1-D2 Serial Bonds	02/28/2002	2009 - 2042	5.20% - 7.00%	18,120,000
2002 Series E1 Term Bonds	03/06/2002	2009 - 2042	5.13% - 6.85%	15,080,000
2002 Series F1, F2 Term Bonds	07/19/2002	2016 - 2035	5.45% - 7.00%	10,490,000
2002 Series G Term Bonds	07/16/2002	2020 - 2035	4.88% - 5.40%	13,470,000
2002 Series H1, H2 Term Bonds	07/31/2002	2012 - 2042	5.20% - 6.00%	12,365,000
2002 Series I1, I2 Term Bonds	10/16/2002	2035	5.61%	2,727,700
2002 Series J1, J2 Term Bonds	² 10/30/2002	2032	Floating	21,900,000
2002 Series K1, K2 Term Bonds	10/30/2002	2035	Floating	16,500,000
2002 Series L1, L2 Term Bonds	12/09/2002	2034	Floating	9,105,000
2002 Series M1 Term Bonds	² 11/14/2002	2032	Floating	6,200,000
2002 Series N1, N2 Term Bonds	² 11/14/2002	2032	Floating	9,750,000
³ 2002 Series O1 Serial Bonds	11/26/2002	2017 - 2042	4.80% - 5.35%	15,900,000
³ 2002 Series O2 Term Bonds	11/26/2002	2009 - 2017	4.70% - 5.75%	1,980,000
				17,880,000
2002 Series P1 Term Bonds	12/04/2002	2018 - 2042	4.75% - 5.35%	7,975,000
2002 Series P2 Serial Bonds	12/04/2002	2009 - 2015	4.20% to 6.00%	675,000
				8,650,000
2002 Series R1, R2, R3 Term Bonds	12/17/2002	2009 - 2036	3.80% - 5.95%	10,705,000
2003 Series A Term Bonds	01/01/2003	2036	Floating	8,050,000
2003 Series B1, B3 Term Bonds	01/01/2003	2034	Floating	9,525,000
2003 Series C1, C2 Term Bonds	01/01/2003	2009 - 2043	4.35% - 6.00%	15,775,000
2003 Series D1 Term Bonds	02/01/2003	2009 - 2044	3.30% - 5.15%	19,440,000
2003 Series E1 Term Bonds	03/01/2003	2036	Floating	8,215,000
2003 Series F Term Bonds	03/01/2003	2009 - 2044	3.10% - 5.05%	11,880,000
2003 Series G Term Bonds	03/18/2003	2036	Floating	8,600,000

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2003 Series H Term Bonds	03/25/2003	2036	Floating	7,260,000
2003 Series I Term Bonds	² 04/01/2003	2033	6.30%	7,715,000
2003 Series J Term Bonds	04/01/2003	2036	5.61%	5,536,000
2003 Series K Term Bonds	04/01/2003	2036	Floating	6,520,000
2003 Series L Term Bonds	07/01/2003	2009 - 2036	2.70% - 4.45%	11,575,000
2003 Series M Term Bonds	07/01/2003	2009 - 2044	3.25% - 5.35%	9,275,000
2003 Series N Term Bonds	07/22/2003	2035	Floating	14,250,000
2003 Series O Term Bonds	07/29/2003	2035	Floating	16,445,000
2003 Series P Term Bonds	07/29/2003	2035	Floating	15,085,000
2003 Series Q1, Q2 Term Bonds	09/17/2003	2009 - 2043	4.25% - 6.00%	12,885,000
2003 Series R1, R2 Term Bonds	10/01/2003	2037	Floating	15,570,000
2003 Series S1, S2 Serial Bonds	10/01/2003	2009 - 2023	3.05% - 4.75%	1,645,000
2003 Series S1 Term Bonds	10/01/2003	2036	4.80%	2,995,000
				4,640,000
2003 Series T Serial Bonds	10/07/2003	2009 - 2019	3.00% - 4.70%	1,640,000
2003 Series T Term Bonds	10/07/2003	2024 - 2045	4.90% - 5.15%	11,805,000
				13,445,000
2003 Series W Term Bonds	12/16/2003	2036	Floating	5,800,000
2004 Series A Term Bonds	02/01/2004	2009 - 2045	2.85% - 5.00%	10,125,000
2004 Series B Term Bonds	02/12/2004	2032	Floating	2,400,000
2004 Series C1 Serial Bonds	02/18/2004	2009 - 2014	2.75% - 4.00%	655,000
2004 Series C1, C2 Term Bonds	02/18/2004	2027 - 2037	4.80% - 5.31%	6,275,000
				6,930,000
2004 Series D Term Bonds	02/01/2004	2009 - 2045	2.75% - 4.95%	12,290,000
2004 Series E Term Bonds	03/01/2004	2037	Floating	6,000,000
2004 Series F Serial Bonds	03/01/2004	2037	Floating	6,200,000
2004 Series G1, G2 Term Bonds	05/01/2004	2038	Floating	11,575,000
2004 Series H Term Bonds	06/01/2004	2037	Floating	7,900,000
2004 Series K Term Bonds	12/01/2004	2037	Floating	15,500,000
¹ 2004 Series L Term Bonds	² 12/22/2004	2034	Floating	17,710,000
¹ 2004 Series M Term Bonds	² 12/22/2004	2034	Floating	19,675,000
2005 Series A Term Bonds	01/25/2005	2037	Floating	12,545,000
2005 Series B1, B2 Term Bonds	04/01/2005	2035	Floating	40,525,000
¹ 2005 Series C Term Bonds	06/29/2005	2035	Floating	21,965,000

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
¹ 2005 Series D Term Bonds	11/29/2005	2035	Floating	12,090,000
2006 Series A Term Bonds	03/28/2006	2042	6.15%	7,050,120
2006 Series B Term Bonds	03/16/2006	2050	6.00%	6,635,000
2006 Series C Term Bonds	03/16/2006	2050	6.00%	6,515,000
¹ 2006 Series D Term Bonds	07/11/2006	2036	Floating	9,775,000
2006 Series E Term Bonds	04/19/2006	2038	5.50%	6,128,000
¹ 2006 Series F Term Bonds	05/17/2006	2036	Floating	14,170,000
2006 Series G Term Bonds	06/30/2006	2039	Floating	3,965,000
2006 Series H Term Bonds	06/21/2006	2039	Floating	8,520,000
¹ 2006 Series I Term Bonds	06/29/2006	2046	6.50%	30,000,000
2006 Series J Term Bonds	07/20/2006	2043	6.15%	14,630,000
2006 Series K Term Bonds	09/21/2006	2038	5.49%	1,405,398
2006 Series L Term Bonds	10/26/2006	2038	5.04%	1,241,394
2006 Series M Term Bonds	11/17/2006	2038	5.75%	540,000
2006 Series N Term Bonds	12/13/2006	2044	Floating	14,450,000
2007 Series A Term Bonds	08/23/2007	2040	5.49%	11,105,000
2007 Series B Term Bonds	02/06/2007	2048	6.70%	9,938,364
2007 Series C Term Bonds	06/15/2007	2044	Floating	9,515,000
¹ 2007 Series D Term Bonds	05/23/2007	2047	6.50%	41,500,000
2007 Series E Term Bonds	10/30/2007	2010	4.00%	4,520,000
2007 Series F Term Bonds	10/30/2007	2010	4.00%	5,930,000
¹ 2007 Series G1, G2 Term Bonds	06/15/2007	2042	Floating	70,000,000
2007 Series H Term Bonds	06/29/2007	2042	Floating	3,295,000
2007 Series I Term Bonds	11/02/2007	2042	Floating	17,690,000
2007 Series J Term Bonds	09/26/2007	2010	Floating	3,337,864
2007 Series K Term Bonds	12/20/2007	2042	6.00%	1,945,000
2008 Series A Term Bonds	01/16/2008	2041	Floating	8,000,000
2008 Series B Term Bonds	01/18/2008	2040	Floating	3,603,000
2008 Series C Serial Bonds	02/11/2008	2009 - 2018	2.60% - 4.05%	905,000
2008 Series C Term Bonds	02/11/2008	2035 - 2049	5.00% - 5.25%	6,965,000
				7,870,000
2008 Series D Term Bonds	02/21/2008	2040	Floating	4,750,000
2008 Series E Term Bonds	03/20/2008	2048	Floating	5,075,000

10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2008 Series F Term Bonds	03/27/2008	2011	5.00%	5,249,000
2008 Series G Term Bonds	04/03/2008	2040	Floating	5,292,000
2008 Series H Term Bonds	05/08/2008	2039	Floating	8,567,991
2008 Series I Term Bonds	06/06/2008	2048	Floating	11,000,000
2008 Series J Term Bonds	07/09/2008	2040	4.90%	4,586,869
2008 Series K Term Bonds	07/31/2008	2041	Floating	8,000,000
2008 Series L Term Bonds	08/19/2008	2041	Floating	11,250,000
2008 Series M Term Bonds	11/14/2008	2041	Floating	10,750,000
2008 Series N Term Bonds	12/18/2008	2043	Floating	8,000,000
2008 Series O Term Bonds	12/18/2008	2043	Floating	6,400,000
Total Multifamily Housing Revenue bonds payable				2,300,070,635
Unamortized bond discount				<u>(489,928)</u>
Net Multifamily Housing Revenue bonds payable				<u>2,299,580,707</u>
Total net bonds payable				<u>\$ 4,360,209,760</u>

¹ Refunding

² Reoffering

³ Issue is in default due to borrower's failure to make timely payments of principal and interest or fees and escrows. No payments to bondholders have been affected.

⁴ Issue filed a claim under the Guarantee Program in 2008 or 2009.

⁵ Issue is in default because borrower filed a bankruptcy petition under Chapter 11.

10. BONDS PAYABLE (CONTINUED)

Interest on outstanding bonds is payable semiannually with the exception of the following:

- (1) Monthly interest payments
 - Multifamily and Single Family Floating Rate Bonds
 - Multifamily Housing Revenue Bonds 1994 Series A, 1998 Series H, 1998 Series S, 2002 Series I, 2003 Series J, 2006 Series A, 2006 Series B, 2006 Series C, 2006 Series I, 2007 Series A, 2007 Series B, 2007 Series D, and 2008 Series J.
 - Single Family Home Ownership Bonds 1987 Series G1 and G2, 1991 Series G1 and G2, and 1992 Series G1 and G2
 - Guarantee Program 1993 Series A, 1999 Series A, 2000 Series A, and 2002 Series A
- (2) Quarterly interest payments
 - Multifamily Housing Revenue Bonds 1995 Series B (February, May, August and November)
- (3) Interest paid at maturity
 - Capital Appreciation Bonds

The methods or indices used to determine the actual interest rates for floating rate bonds are outlined in the individual bond documents. Actual interest rates ranged from 0.60% to 10.25% during 2008. Rates in effect at December 31, 2008 ranged from 0.70% to 9.00%.

Scheduled maturities of bonds payable, interest payments, and sinking fund requirements at December 31, 2008, are as follows:

	Principal	Interest	Total
2009	\$ 141,692,928	\$ 205,082,231	\$ 346,775,159
2010	67,756,071	201,627,632	269,383,703
2011	93,643,910	197,854,864	291,498,774
2012	86,854,495	194,170,069	281,024,564
2013	82,984,217	190,189,020	273,173,237
2014 – 2018	411,253,964	889,272,434	1,300,526,398
2019 – 2023	454,338,182	768,392,749	1,222,730,931
2024 – 2028	625,998,594	622,988,339	1,248,986,933
2029 – 2033	891,177,776	415,648,146	1,306,825,922
2034 – 2038	983,730,385	189,900,565	1,173,630,950
2039 – 2043	365,801,333	58,810,280	424,611,613
2044 – 2048	120,859,864	11,149,386	132,009,250
2049 – 2053	1,983,946	38,111	2,022,057
	<u>4,328,075,665</u>	<u>3,945,123,826</u>	<u>8,273,199,491</u>
Net unamortized bond premium	32,134,095	–	32,134,095
	<u>\$ 4,360,209,760</u>	<u>\$ 3,945,123,826</u>	<u>\$ 8,305,333,586</u>

Assets of the various funds are pledged for payment of principal and interest on the applicable bonds. Each issue, with the exception of certain single family issues, is collateralized by a separate collateral package. The bonds in the Single Family Homeowner Mortgage fund are collateralized under a single bond indenture. In addition, certain assets are further restricted by bond resolutions for payment of interest and principal in the event that the related debt service and other available funds are insufficient. Such assets are segregated within the various funds and were held in cash or investments at December 31, 2008.

The capitalizing bonds for the Guarantee Program are variable rate demand obligations with interest rates resetting weekly. Liquidity support pursuant to standby bond purchase agreements with DEPFA BANK plc provide for purchase of bonds tendered and unable to be remarketed. Each liquidity facility expires on August 12, 2014 unless terminated or extended. As of December 31, 2008, bonds held under these standby bond purchase agreements totaled \$240,550,000. In the event of the expiration or termination of the standby bond purchase agreements that results in a mandatory tender of the bonds, unless a substitute facility is put in place, the balance of the bank bonds would be amortized over five years with principal and interest due semi-annually. A portion of the bonds held under the standby bond purchase agreements was fully redeemed in 2009 as described in Note 18.

Changes in Bonds Payable

Bonds payable activity for the year ended December 31, 2008 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 4,076,064,605	\$ 524,000,418	\$ (271,989,358)	\$ 4,328,075,665	\$ 141,692,928
Unamortized premium (discount)	30,672,982	5,718,241	(4,257,128)	32,134,095	2,394,573
Total bonds payable, net	<u>\$ 4,106,737,587</u>	<u>\$ 529,718,659</u>	<u>\$ (276,246,486)</u>	<u>\$ 4,360,209,760</u>	<u>\$ 144,087,501</u>

11. DUE TO THE STATE OF FLORIDA

The state of Florida funded approximately \$24.8 million for Hurricane Andrew housing assistance. Florida Housing provided the loans through the SAIL Program in areas damaged by Hurricane Andrew. The money is to be returned to the state of Florida upon repayment of the loans. The loans generally bear interest at 9%. As of December 31, 2008, loans totaling \$24.8 million were outstanding.

12. GUARANTEE PROGRAM – OTHER LIABILITIES

The Guarantee Program guarantees the payment of principal and interest on qualifying loans made to finance or refinance the purchase, construction, or rehabilitation of eligible housing.

During 2008, three claims, all covered by the HUD Risk Sharing Program, were filed under the Guarantee Program. HUD advanced the full amount needed for payment of the bonds under the terms of the HUD Risk Sharing Program. The Guarantee Fund's share of the claims, \$19 million, is recorded in Other Liabilities and is due to HUD upon final settlement and sale of each property, but not later than five years.

As of December 31, 2008, the Guarantee Program had total outstanding guarantees of approximately \$797.4 million. A reserve for claims against such guarantees, including a specific reserve for the net expected loss on claims filed in 2009, in the amount of approximately \$11.0 million has been recorded as of December 31, 2008 and is included in other liabilities.

13. RESTRICTED ASSETS

Pursuant to various trust indentures and loan agreements, the assets and equity of the bond programs are restricted. Upon satisfaction of all bondholder indebtedness and payment of all authorized expenses, any remaining funds are disbursed to Florida Housing or the respective developer as described in each trust indenture or loan agreement. The assets and equity of the state-funded programs are restricted by statute. The following is a summary of restricted assets, liabilities, and net assets as of December 31, 2008:

Total restricted current assets	\$ 1,298,718,462
Total restricted assets	\$ 6,497,029,643
Total current liabilities payable from restricted current assets	\$ 240,505,069
Total liabilities payable from restricted assets	\$ 4,634,063,885
Total restricted net assets	\$ 1,862,965,758

14. NET ASSETS

Within the Operating Fund, net assets of the operating subfund and the bond management subfund are not restricted under the terms of various bond resolutions or loan agreements and can be used by Florida Housing for any purpose authorized by law. The Board of Directors has designated unrestricted net assets in the Operating Fund for demonstration developments, support of the single family bond program, and future operating and capital expenditures, including funding compliance monitoring fees for housing credit properties from which partial or no fees were collected at the time of allocation.

Below is a summary of the Operating Fund designated net assets as of December 31, 2008:

Designated net assets:	
Demonstration and other developments	\$ 39,245,000
Dedicated reserve for operations (includes future compliance monitoring fees)	50,965,773
Single family bond program	11,000,000
Total designated net assets	<u>\$ 101,210,773</u>

These designations are reviewed annually by the Board of Directors and management as to amount and purpose.

15. DEVELOPERS AND REGIONAL CONCENTRATION

As of December 31, 2008, three developers account for approximately 24% (\$552.6 million) of bonds outstanding in the multifamily bond programs. No other developer accounts for more than 5% of the bonds outstanding. Developments in the following four counties represent 52% of the bonds outstanding: Orange County (23%), Hillsborough County (12%), Duval County (10%), and Palm Beach County (7%). No other county represents more than 5% of the bonds outstanding.

As of December 31, 2008, four developers account for approximately 36% (\$208.2 million) of loans outstanding in the SAIL Program. No other developer accounts for more than 5% of SAIL loans outstanding. Developments in the following six counties represent 59% of the SAIL loans outstanding: Miami-Dade County (17%), Hillsborough County (12%), Orange County (11%), Palm Beach County (7%), Broward County (6%), and Duval County (6%). No other county represents more than 5% of the SAIL loans outstanding.

As of December 31, 2008, four developers account for approximately 25% (\$52.1 million) of loans outstanding in the HOME Program. No other developer accounts for more than 3% of HOME loans outstanding. Developments in the following six counties represent 44% of HOME loans outstanding: Miami-Dade County (16%), Collier County (6%), Lee County (6%), St. Johns County (6%), Indian River County (5%) and Monroe County (5%). No other county represents 5% or more of the outstanding HOME loans.

As of December 31, 2008, four developers account for approximately 63% (\$493.0 million) of the total guarantees issued by the Guarantee Program. Credit enhanced developments are located in 25 counties. The counties with 5% or greater of the total outstanding guarantees are as follows: Miami-Dade County (20%), Broward County (15%), Palm Beach County (13%), Orange County (9%), and Seminole County (5%).

16. COMMITMENTS

Loans

Florida Housing originates commitments to extend credit in the normal course of business to meet the financing needs of qualified first time homebuyers and developers providing affordable housing for low, moderate, and middle income families in the state of Florida. Commitments to extend credit are contractual obligations to lend to a developer or individual homebuyer as long as all established contractual conditions are satisfied.

As of December 31, 2008, Florida Housing had outstanding loan commitments under state and federally funded programs as follows:

State Apartment Incentive Loan Program	\$	40,518,159
HOME Investment Partnerships Program		12,056,268
Rental Recovery Loan Program		22,839,801
Florida Homeownership Assistance Program		4,404,866
Predevelopment Loan Program		2,447,688
Special Housing Assistance and Development Program		1,544,169
Community Workforce Housing Initiatives Program		4,521,568
	\$	<u>88,332,519</u>

Leases

Florida Housing leases office space under a noncancelable operating lease. The lease term expires May 2009 but has an optional five-year renewal period. As of December 31, 2008, future minimum lease payments were \$366,399 for 2009.

Rent expense for the operating lease was \$879,357 for the year ended December 31, 2008.

17. EMPLOYEE BENEFITS

Florida Housing is authorized by Section 420.507(32) of the Florida Statutes to establish pension plans for the benefit of its employees. There are two plans in place, a defined contribution pension plan and a deferred compensation plan.

Retirement Plan

Florida Housing sponsors a defined contribution pension plan (the "Plan") under Internal Revenue Code ("IRC") Section 401(m) to provide retirement and survivor benefits to participating employees. The Plan, which is administered by Florida Housing, covers all employees who have completed 12 months of employment, have attained the age of 21, and have performed at least 1,000 hours of service before the first anniversary of their employment or during any Plan year. In accordance with Plan documents, Florida Housing, or its Board of Directors, as applicable, may order changes to the Plan. Such changes shall be effective upon execution of a written instrument amending the Plan. Under the Plan, Florida Housing's contribution is based on a two-tier system. First, Florida Housing contributes a percentage of the eligible employee's compensation to the Plan. This percentage, designated by Florida Housing's Board of Directors, was 8% for the years ended December 31, 2008, 2007, and 2006. Second, Florida Housing contributes \$0.50 to the Plan for every \$1.00 of compensation deferred by the eligible employee under Florida Housing's sponsored IRC Section 457 Deferred Compensation Plan, up to a maximum contribution by Florida Housing of 3% of the eligible employee's compensation. These contributions are recognized in the period they are due. Florida Housing contributions vest to the employee after three years of service. Florida Housing contributed \$688,253, \$634,463 and \$640,697 to the Plan for the years ended December 31, 2008, 2007, and 2006, respectively.

Deferred Compensation Plan

Florida Housing offers its employees a deferred compensation plan created in accordance with IRC Section 457 (the "457 Plan"). The 457 Plan, available to all employees who have completed 90 continuous days of employment and have attained the age of 21, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. Florida Housing has the right to amend the 457 Plan. Amendments must be made in writing.

All amounts of compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (notwithstanding the mandates of 26 U.S.C. s. 457 (b) (6), all of the assets specified in subparagraph 1) held in trust for the exclusive benefit of participants and their beneficiaries as mandated by 26 U.S.C. s. 457 (g) (1). Florida Housing does not contribute to the 457 Plan.

Participation under the 457 Plan is solely at the discretion of the employee. Florida Housing has no liability for losses under the 457 Plan, but does have the duty of due care. Employees contributed \$536,608, \$487,573, and \$509,655 to the 457 Plan for the years ended December 31, 2008, 2007, and 2006, respectively.

18. SUBSEQUENT EVENTS

Bond Programs

During the period January 1, 2009 through April 30, 2009, pursuant to various trust indentures, bonds in the aggregate amount of \$164,223,699 were called for redemption from principal payments, excess revenues, and refundings. The bonds were called at a redemption price equal to par value plus accrued interest.

Bonds called were from the following programs:

Issue	Date	Redemption Amount
Single Family Home Ownership:		
1987 Series G1, G2	January 2, 2009	\$ 10,000
	February 2, 2009	10,000
	March 2, 2009	10,000
	April 1, 2009	5,000
1991 Series G1, G2	January 2, 2009	15,000
	February 2, 2009	23,000
	March 2, 2009	14,000
	April 1, 2009	56,000
1992 Series G1, G2	January 2, 2009	27,588
	February 2, 2009	28,839
	March 2, 2009	27,566
	April 1, 2009	29,793
		256,786
Single Family Homeowner Mortgage:		
1996 Series 1-2	January 2, 2009	135,000
1996 Series 3	January 2, 2009	640,000
1997 Series 1-4	January 2, 2009	1,090,000
1998 Series 1-6	January 2, 2009	1,258,829
1999 Series 1-5	January 2, 2009	963,381
1999 Series 6-9	January 2, 2009	467,407
2000 Series 3-9	January 2, 2009	1,004,510
2000 Series 10-12	January 2, 2009	980,000
2002 Series 1-3	January 2, 2009	1,330,000
2003 Series 1-3	January 2, 2009	1,020,000
2003 Series 5	January 2, 2009	1,140,000
2004 Series 2	January 2, 2009	1,905,000
2004 Series 3-4	January 2, 2009	1,355,000

Issue	Date	Redemption Amount
Single Family Homeowner Mortgage (continued):		
2004 Series 5-6	January 2, 2009	1,825,000
2005 Series 1	January 2, 2009	1,240,000
2005 Series 2-3	January 2, 2009	1,930,000
2006 Series 1	January 2, 2009	3,585,000
2006 Series 2-3	January 2, 2009	4,090,000
2006 Series 4-5	January 2, 2009	7,665,000
2006 Series 6	January 2, 2009	5,040,000
2007 Series 1	January 2, 2009	3,370,000
2007 Series 2	January 2, 2009	8,605,000
2007 Series 3-4	January 2, 2009	6,355,000
2007 Series 5	January 2, 2009	1,395,000
2007 Series 6	January 2, 2009	1,155,000
2008 Series 1	January 2, 2009	120,000
1996 Series 1-2	April 1, 2009	210,000
1996 Series 3	April 1, 2009	230,000
1997 Series 1-4	April 1, 2009	300,000
1998 Series 1-6	April 1, 2009	541,757
1999 Series 1-5	April 1, 2009	554,052
1999 Series 6-9	April 1, 2009	358,272
2000 Series 3-9	April 1, 2009	528,145
2000 Series 10-12	April 1, 2009	45,000
2003 Series 1-3	April 1, 2009	550,000
2003 Series 5	April 1, 2009	80,000
2004 Series 2	April 1, 2009	1,010,000
2005 Series 1	April 1, 2009	1,230,000
2005 Series 2-3	April 1, 2009	1,680,000
2006 Series 1	April 1, 2009	700,000
2006 Series 2-3	April 1, 2009	485,000
2006 Series 4-5	April 1, 2009	5,255,000
2006 Series 6	April 1, 2009	800,000
2007 Series 1	April 1, 2009	1,865,000
2007 Series 2	April 1, 2009	4,235,000
2007 Series 3-4	April 1, 2009	2,260,000
2007 Series 5	April 1, 2009	860,000
2007 Series 6	April 1, 2009	875,000
2008 Series 1	April 1, 2009	1,200,000
		<u>85,516,353</u>
Guarantee Fund:		
1993 Series A	January 2, 2009	1,000,000
1999 Series A	January 2, 2009	250,000
2000 Series A	January 2, 2009	950,000
2002 Series A	January 2, 2009	1,075,000
		<u>3,275,000</u>

Issue	Date	Redemption Amount
Multifamily Housing Revenue:		
Various	January 2009	29,404,739
Various	February 2009	1,794,924
Various	March 2009	18,480,576
Various	April 2009	25,495,321
		<u>75,175,560</u>
		<u>\$ 164,223,699</u>

Guarantee Program

The Guarantee Program fully redeemed the 2002 Series A bonds in May 2009 using funds in the corpus.

Claims for multifamily bond issues 1995 Series K and 2000 Series L were filed in early 2009 under the HUD Risk Sharing Program in the Guarantee Fund. The amount of the expected loss for these claims has been recorded at December 31 and is included in Other Liabilities.

In March 2009, the Board of Directors suspended issuance of additional guarantees by the Guarantee Program due to current adverse market conditions.

State Programs

In January 2009, the state legislature met in special session to revise the 2008–2009 state budget. In the revised budget, Florida Housing was directed to return \$190 million in previously appropriated documentary stamp tax funds to the state general revenue fund by June 1, 2009. The revised budget also redirected previous appropriations and increased funding to the SHIP Program. Florida Housing underwent emergency rule-making to define the process of de-obligating previously awarded funds in order to fund this mandate.

Federal Programs

In February 2009, the American Recovery and Reinvestment Act (“ARRA”) was signed into law. ARRA includes the following provisions relating to the Low Income Housing Tax Credit Program:

- The ability for allocating agencies to exchange Housing Credits for cash from the US Treasury; and
- \$2.25 billion in funds that must comply with certain HOME rules.

Florida Housing is waiting on further guidance from the federal government and will undergo rule making to determine the allocation methodology for these funds.

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SUPPLEMENTARY SCHEDULES

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SUPPLEMENTARY SCHEDULE OF PROGRAM BALANCE SHEETS
AS OF DECEMBER 31, 2008

	Restricted Programs						2008
	Single Family Home Ownership	Single Family Homeowner Mortgage	Guarantee	Multifamily Housing Revenue	State and Federal	Operating	
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 1,351,372	\$ 221,621,936	\$ 20,592,209	\$ 165,063,786	\$ 8,222,923	\$ 2,372,150	\$ 419,224,376
Investments, net	-	140,033,273	98,875,761	20,175,025	521,880,578	93,166,768	874,131,405
Interest receivable on investments	60,437	6,939,129	12,816	1,692,878	312,092	5,997,274	15,014,626
Interest receivable on loans	-	750,584	-	23,986,389	414,584	17,533	25,169,090
Loans receivable, net	-	7,443,848	-	16,792,928	28,285,669	89,847	52,612,292
Deferred finance charges, net	2,023	1,548,894	884,956	-	-	-	2,435,873
Documentary stamp taxes receivable	-	-	-	-	11,880,795	-	11,880,795
Other assets	-	-	-	-	26,183	1,318,784	1,344,967
(Payable to) receivable from other programs	-	(7,898,859)	(54,231)	(1,528,922)	6,257,616	3,224,396	-
Total current assets	<u>1,413,832</u>	<u>370,438,805</u>	<u>120,311,511</u>	<u>226,182,084</u>	<u>577,280,440</u>	<u>106,186,752</u>	<u>1,401,813,424</u>
NONCURRENT ASSETS:							
Investments, net	10,803,740	1,471,361,040	266,737,212	201,795,137	245,292,383	52,791,117	2,248,780,629
Loans receivable, net	-	142,733,708	-	2,043,354,064	797,997,785	8,986,945	2,993,072,502
Deferred finance charges, net	16,025	17,235,507	984,580	-	-	-	18,236,112
Capital assets, net	-	-	-	-	-	185,823	185,823
Total noncurrent assets	<u>10,819,765</u>	<u>1,631,330,255</u>	<u>267,721,792</u>	<u>2,245,149,201</u>	<u>1,043,290,168</u>	<u>61,963,885</u>	<u>5,260,275,066</u>
TOTAL ASSETS	<u>\$ 12,233,597</u>	<u>\$ 2,001,769,060</u>	<u>\$ 388,033,303</u>	<u>\$ 2,471,331,285</u>	<u>\$ 1,620,570,608</u>	<u>\$ 168,150,637</u>	<u>\$ 6,662,088,490</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and other liabilities	\$ -	\$ -	\$ 19,193,428	\$ 1,095,977	\$ 73,779	\$ 6,329,605	\$ 26,692,789
Accrued interest payable	62,480	42,178,827	795,121	26,396,081	-	-	69,432,509
Accrued arbitrage rebate	-	1,232,726	-	40,968	-	-	1,273,694
Collateralized bank loans	480,438	2,529,314	-	-	-	-	3,009,752
Bonds payable, net	-	31,948,254	95,372,827	16,766,420	-	-	144,087,501
Deferred fee income, net	-	-	2,338,429	-	-	2,238,328	4,576,757
Total current liabilities	<u>542,918</u>	<u>77,889,121</u>	<u>117,699,805</u>	<u>44,299,446</u>	<u>73,779</u>	<u>8,567,933</u>	<u>249,073,002</u>
NONCURRENT LIABILITIES:							
Bonds payable, net	10,547,800	1,766,895,159	155,865,013	2,282,814,287	-	-	4,216,122,259
Deferred fee income, net	-	-	2,453,490	-	-	54,642,031	57,095,521
Other liabilities	-	-	10,970,834	-	-	-	10,970,834
Due to developers	-	-	-	139,188,108	-	452,287	139,640,395
Due to state of Florida	-	-	-	-	24,824,125	-	24,824,125
Total noncurrent liabilities	<u>10,547,800</u>	<u>1,766,895,159</u>	<u>169,289,337</u>	<u>2,422,002,395</u>	<u>24,824,125</u>	<u>55,094,318</u>	<u>4,448,653,134</u>
Total liabilities	<u>11,090,718</u>	<u>1,844,784,280</u>	<u>286,989,142</u>	<u>2,466,301,841</u>	<u>24,897,904</u>	<u>63,662,251</u>	<u>4,697,726,136</u>
NET ASSETS:							
Invested in capital assets	-	-	-	-	-	185,823	185,823
Restricted	1,142,879	156,984,780	101,044,161	5,029,444	1,595,672,704	3,091,790	1,862,965,758
Unrestricted	-	-	-	-	-	101,210,773	101,210,773
TOTAL NET ASSETS	<u>1,142,879</u>	<u>156,984,780</u>	<u>101,044,161</u>	<u>5,029,444</u>	<u>1,595,672,704</u>	<u>104,488,386</u>	<u>1,964,362,354</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,233,597</u>	<u>\$ 2,001,769,060</u>	<u>\$ 388,033,303</u>	<u>\$ 2,471,331,285</u>	<u>\$ 1,620,570,608</u>	<u>\$ 168,150,637</u>	<u>\$ 6,662,088,490</u>

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SUPPLEMENTARY SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND CHANGES IN PROGRAM NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Restricted Programs					Operating	2008
	Single Family Home Ownership	Single Family Homeowner Mortgage	Guarantee	Multifamily Housing Revenue	State and Federal		
OPERATING REVENUES							
Interest on loans	\$ -	\$ 9,772,999	\$ -	\$ 110,468,982	\$ 10,467,698	\$ 267,616	\$ 130,977,295
Investment income	646,033	126,569,129	10,883,094	11,373,173	22,997,327	3,684,594	176,153,350
Other income	-	145,804	7,213,256	1,167,660	-	17,197,519	25,724,239
HUD administrative fees	-	-	-	-	-	3,333,736	3,333,736
Total operating revenues	<u>646,033</u>	<u>136,487,932</u>	<u>18,096,350</u>	<u>123,009,815</u>	<u>33,465,025</u>	<u>24,483,465</u>	<u>336,188,620</u>
OPERATING EXPENSES							
Interest expense	857,295	82,427,837	12,735,506	108,620,752	-	-	204,641,390
Payments to other governments	-	-	-	-	126,481,116	-	126,481,116
Provision for uncollectible loans	-	-	2,850,431	-	32,239,639	580,348	35,670,418
Claims expense	-	-	19,176,131	-	-	-	19,176,131
General and administrative	1,983	8,125,731	1,595,560	13,599,590	5,766,109	17,879,453	46,968,426
Housing assistance payments	-	-	-	-	3,514,167	27,342	3,541,509
Total operating expenses	<u>859,278</u>	<u>90,553,568</u>	<u>36,357,628</u>	<u>122,220,342</u>	<u>168,001,031</u>	<u>18,487,143</u>	<u>436,478,990</u>
OPERATING INCOME (LOSS)	(213,245)	45,934,364	(18,261,278)	789,473	(134,536,006)	5,996,322	(100,290,370)
NONOPERATING REVENUES (EXPENSES)							
HUD program revenues	-	-	-	-	30,414,511	302,260	30,716,771
State documentary stamp tax revenues	-	-	-	-	171,355,043	-	171,355,043
Transfers to state agencies	-	-	-	-	(130,683,989)	-	(130,683,989)
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,085,565</u>	<u>302,260</u>	<u>71,387,825</u>
Income (Loss) before transfers	(213,245)	45,934,364	(18,261,278)	789,473	(63,450,441)	6,298,582	(28,902,545)
TRANSFERS FROM (TO) OTHER PROGRAMS	5,130	2,217,865	6,475,000	(2,915,693)	(7,179,509)	1,397,207	-
CHANGE IN NET ASSETS	(208,115)	48,152,229	(11,786,278)	(2,126,220)	(70,629,950)	7,695,789	(28,902,545)
NET ASSETS							
Beginning of year	1,350,994	108,832,551	112,830,439	7,155,664	1,666,302,654	96,792,597	1,993,264,899
End of year	<u>\$ 1,142,879</u>	<u>\$ 156,984,780</u>	<u>\$ 101,044,161</u>	<u>\$ 5,029,444</u>	<u>\$ 1,595,672,704</u>	<u>\$ 104,488,386</u>	<u>\$ 1,964,362,354</u>

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SUPPLEMENTARY SCHEDULE OF PROGRAM CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Restricted Programs						2008
	Single Family Home Ownership	Single Family Homeowner Mortgage	Guarantee	Multifamily Housing Revenue	State and Federal	Operating	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from interest on loans receivable	\$ -	\$ 15,815,202	\$ -	\$ 112,516,074	\$ 10,305,643	\$ 266,550	\$ 138,903,469
Interest received on conduit debt fund investments	833,847	80,780,319	-	12,619,038	-	-	94,233,204
Cash received from principal payments on loans receivable	-	9,453,520	-	161,401,353	12,842,399	2,062,703	185,759,975
Cash received from HUD for administrative fees	-	-	-	-	-	4,433,468	4,433,468
Cash received from other revenues	-	95,715	6,916,141	1,167,660	-	21,127,813	29,307,329
Cash payments for issuance of loans	-	-	-	(89,635,344)	(192,830,683)	(4,233,344)	(286,699,371)
Interest paid on conduit debt fund bonds	(856,533)	(77,259,521)	-	(108,278,391)	-	-	(186,394,445)
Cash payments for operating expenses	(1,983)	(8,125,731)	(1,594,930)	(16,759,093)	(3,858,951)	(22,904,052)	(53,244,740)
Housing assistance payments	-	-	-	-	(3,514,167)	(27,342)	(3,541,509)
Payments to other governments	-	-	-	-	(126,481,116)	-	(126,481,116)
Cash receipts (payments) to other funds	(83)	2,860,762	54,880	179,418	(2,368,026)	(726,951)	-
Net cash provided by (used in) operating activities	(24,752)	23,620,266	5,376,091	73,210,715	(305,904,901)	(1,155)	(203,723,736)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Proceeds from issuance of bonds	-	396,351,782	-	130,407,382	-	-	526,759,164
Principal payments on bonds	(2,331,001)	(118,332,344)	(6,400,000)	(144,926,012)	-	-	(271,989,357)
Interest paid	-	-	(12,770,791)	-	-	-	(12,770,791)
Payment of bond issuance costs	-	(4,401,805)	-	-	-	-	(4,401,805)
Proceeds from draws on collateralized bank loans	385,438	2,529,314	-	-	-	-	2,914,752
Documentary stamp tax receipts	-	-	-	-	179,882,968	-	179,882,968
Cash received from HUD for programs	-	-	-	-	30,414,511	302,260	30,716,771
Transfers to state agencies	-	-	-	-	(130,683,989)	-	(130,683,989)
Transfers from (to) other programs	5,130	2,217,865	6,475,000	(2,915,693)	(7,179,509)	1,397,207	-
Net cash provided by (used in) noncapital financing activities	(1,940,433)	278,364,812	(12,695,791)	(17,434,323)	72,433,981	1,699,467	320,427,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of property and equipment	-	-	-	-	-	(84,140)	(84,140)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from the sale and maturity of investments	2,566,247	854,349,042	16,400,785	176,544,022	3,647,310,365	709,365,697	5,406,536,158
Purchases of investments	(395,436)	(1,041,797,050)	(4,829,432)	(160,715,155)	(3,460,527,971)	(719,185,750)	(5,387,450,794)
Interest received on investments	-	-	11,076,092	-	41,824,883	5,329,017	58,229,992
Net cash provided by (used in) investing activities	2,170,811	(187,448,008)	22,647,445	15,828,867	228,607,277	(4,491,036)	77,315,356
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
	205,626	114,537,070	15,327,745	71,605,259	(4,863,643)	(2,876,864)	193,935,193
CASH AND CASH EQUIVALENTS - Beginning of year	1,145,746	107,084,866	5,264,464	93,458,527	13,086,566	5,249,014	225,289,183
CASH AND CASH EQUIVALENTS - End of year	\$ 1,351,372	\$ 221,621,936	\$ 20,592,209	\$ 165,063,786	\$ 8,222,923	\$ 2,372,150	\$ 419,224,376

FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

SUPPLEMENTARY SCHEDULE OF PROGRAM CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2008

	Restricted Programs						Operating	2008
	Single Family Home Ownership	Single Family Homeowner Mortgage	Guarantee	Multifamily Housing Revenue	State and Federal			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ (213,245)	\$ 45,934,364	\$ (18,261,278)	\$ 789,473	\$ (134,536,006)	\$ 5,996,322	\$ (100,290,370)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Change in fair value of investments	172,236	(43,942,683)	-	1,454,043	16,597,460	2,465,949	(23,252,995)	
Accreted interest on capital appreciation bonds	-	1,104,572	-	353,464	-	-	1,458,036	
Provision for uncollectible loans	-	(50,089)	-	-	32,239,639	580,348	32,769,898	
Amortization and depreciation	17,265	(2,370,568)	(7,034,602)	968,703	144,902	(2,562,973)	(10,837,273)	
Loans forgiven	-	-	-	-	2,300,748	-	2,300,748	
Interest received on investments	-	-	(11,076,092)	-	(41,824,883)	(5,329,017)	(58,229,992)	
Interest paid	-	-	12,770,791	-	-	-	12,770,791	
Changes in assets and liabilities which provided (used) cash:								
Interest receivable on investments	15,578	(1,795,784)	192,998	(227,556)	2,085,194	(852,502)	(582,072)	
Interest receivable on loans	-	79,963	-	2,047,092	(162,055)	(1,066)	1,963,934	
Loans receivable	-	15,815,202	-	63,943,413	(179,988,285)	(2,170,641)	(102,400,311)	
Other assets	-	-	-	-	(26,183)	1,161,752	1,135,569	
Accounts payable and other liabilities	-	-	22,027,192	(3,159,503)	(367,406)	(5,196,348)	13,303,935	
Accrued interest payable	(16,503)	5,039,391	(210,686)	(979,806)	-	-	3,832,396	
Accrued arbitrage rebate	-	945,136	-	19,378	-	-	964,514	
Deferred fee income	-	-	6,912,888	-	-	6,712,643	13,625,531	
Due to developers	-	-	-	7,822,596	-	(78,671)	7,743,925	
Interfund receivable (payable)	(83)	2,860,762	54,880	179,418	(2,368,026)	(726,951)	-	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (24,752)	\$ 23,620,266	\$ 5,376,091	\$ 73,210,715	\$ (305,904,901)	\$ (1,155)	\$ (203,723,736)	

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COMPLIANCE SECTION

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Housing Finance Agencies Risk Sharing Program	14.188	\$ 410,624,161
HOME Investment Partnerships Program	14.239	35,054,967
Section 8 Housing Choice Vouchers Program	14.871	<u>34,287</u>
TOTAL		<u>\$ 445,713,415</u>

See Notes to Schedule of Expenditures of Federal Awards

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Florida Housing Finance Corporation ("Florida Housing") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. HOUSING FINANCE AGENCIES RISK SHARING PROGRAM – CFDA # 14.188

On November 9, 1994, Florida Housing and the U.S. Department of Housing and Urban Development ("HUD") entered into a Risk Sharing Agreement providing for HUD's assumption ("endorsement") of 50% of the post-construction obligation on specific multifamily developments financed by Florida Housing or local housing finance authority bonds. Pursuant to OMB Circular A-133, the value of federal awards expended under loan and loan guarantee programs is calculated as the value of new loans made during the fiscal year plus the balance of loans from previous years for which the federal government imposes continuing compliance requirements. There were no new guarantees made during 2008. The HUD-guaranteed portions of all outstanding loans are included in the accompanying Schedule of Expenditures of Federal Awards.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors of Florida Housing Finance Corporation

We have audited the financial statements of Florida Housing Finance Corporation ("Florida Housing") as of and for the year ended December 31, 2008, and have issued our report thereon dated May 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

In planning and performing our audit, we considered Florida Housing's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Housing's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Florida Housing's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether Florida Housing's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Florida Housing in a separate letter dated May 27, 2009.

This report is intended solely for the information and use of Florida Housing's Board of Directors, management, the state of Florida, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

May 27, 2009

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Board of Directors of Florida Housing Finance Corporation

Compliance

We have audited the compliance of Florida Housing Finance Corporation (“Florida Housing”) with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. Florida Housing’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Florida Housing’s management. Our responsibility is to express an opinion on Florida Housing’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Florida Housing’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Florida Housing’s compliance with those requirements.

In our opinion, Florida Housing complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal control over compliance

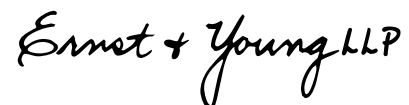
The management of Florida Housing is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Florida Housing’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Florida Housing’s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Florida Housing's Board of Directors, management, the state of Florida, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



May 27, 2009

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Part I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	<u> X </u> no	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> no	
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no	

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	_____ yes	<u> X </u> no	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> none reported	
Type of auditor's report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____ yes	<u> X </u> no	

Identification of major programs:

CFDA Numbers: Name of Federal Program or Cluster:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
14.188 Housing Finance Agencies Risk Sharing Program

Dollar threshold used to distinguish between type A and type B programs: \$1,052,677

Auditee qualified as low-risk auditee?	<u> X </u> yes	_____ no
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Part II – Financial Statement Findings Section

The audit disclosed no findings required to be reported by *Government Auditing Standards*.

Part III – Federal Award Findings and Questioned Cost Section

The audit disclosed no findings required to be reported by OMB Circular A-133.

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