GUARANTEE PROGRAM

Action

I. GUARANTEE PROGRAM

A. Consider Approval of the September 12, 2003 Guarantee Program Committee Minutes
I. HOMEOWNERSHIP LOAN PROGRAM

A. Request for Approval of the Analytical Review for Tower View Homes/HH02-016

<table>
<thead>
<tr>
<th>Applicant Name (“Applicant”):</th>
<th>12 Florida City Corp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Name (“Development”):</td>
<td>Tower View Homes</td>
</tr>
<tr>
<td>Developer/Principal (“Developer”):</td>
<td>12 Florida City Corp. / Jay Mirmelli</td>
</tr>
<tr>
<td>Number of Units: 22</td>
<td>Location: Florida City, Miami-Dade County</td>
</tr>
<tr>
<td>Type: HOME Purchase Assistance Loan</td>
<td>Allocated Amount: $816,757</td>
</tr>
</tbody>
</table>

1. Background
   a) The Applicant submitted an Application on behalf of Tower View Homes during Round One of the 2002 Homeownership Loan Program Cycle.
   b) On October 30, 2002, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to 12 Florida City Corp. (the “Developer”) for a HOME Purchase Assistance Loan in the amount of $816,757 to assist in the construction of 22 homes in Miami-Dade County.

2. Present Situation
   a) The credit underwriter provided Staff with an Analytical Review outlining the parameters of the proposed development. (Exhibit A)
   b) Staff has reviewed the report and concurs with the credit underwriter’s recommendation to reserve HOME funds in the amount of $816,757 for a HOME Purchase Assistance Loan.

3. Recommendation
   Staff recommends that the Board approve the Analytical Review and authorize staff to issue a firm commitment letter in the amount of $816,757 to the Developer for a HOME Purchase Assistance Loan, subject to further approvals by the credit underwriter, counsel and the appropriate corporation staff.
I. HOME RENTAL

A. Request Approval of Credit Underwriting Report for Whispering Pines Apartments, (2002-722H)

<table>
<thead>
<tr>
<th>Development Name: Whispering Pines Apartments</th>
<th>Developer/Principal: Florida Non-Profit Housing, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units: 61</td>
<td>Location: Fellsmere, Indian River County</td>
</tr>
<tr>
<td>Type: New Construction</td>
<td>Set Aside: 20% @ 50% AMI 80% @ 60% AMI</td>
</tr>
<tr>
<td>No Demographic Targeting</td>
<td></td>
</tr>
<tr>
<td>Allocated Amount: $5,996,000</td>
<td>Additional Comments: Credit Underwriter has recommended approval with conditions as specified in attached report</td>
</tr>
</tbody>
</table>

1. Background/Present Situation

a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 HOME Rental Application Cycle and directed staff to proceed with all necessary credit underwriting activities.

b) On October 18, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a HOME loan in an amount up to $5,996,000 for this 61-unit family development (farmworker for the purposes of USDA only) in Indian River County. This HOME loan will be secured by a second mortgage on the property.

c) On October 3, 2003, staff received a credit underwriting report with the increase in the number of units from 61 to 71 for a HOME loan in the amount of $5,996,000 (Exhibit A). This recommendation is subject to approval of final site plan from the city which is anticipated to occur on October 16, 2003.

2. Recommendation

Approve the credit underwriting report subject to the condition above and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.
II. LEGAL

A. In Re: 2003 Universal Cycle Appeals

1. Background

a) On or about April 15, 2003, Applicants submitted applications to Florida Housing for the award of SAIL, MMRB or HOME funds and/or an allocation of Housing Credits in the 2003 Universal Cycle program.

b) On July 13, 2003, Florida Housing notified each applicant of its score and provided all applicants with a Notice of Rights advising applicants of their rights to challenge Florida Housing’s scoring of their own application pursuant to Sections 120.569 and 120.57, Florida Statutes, and Rule 67-48.005(2) and Rule 67-21.0035(2), Fla. Admin. Code.

c) By August 12, 2003, petitioners had filed 18 petitions challenging Florida Housing’s scoring decisions. Requests for hearings are as follows:

(1) One applicant filed a petition for informal hearing and withdrew its case prior to hearing.

(2) Eleven applicants filed petitions requesting informal hearings which were set for a hearing before a contract hearing officer.

(3) Six applicants filed petitions requesting formal hearings, of these six applicants, five have been forwarded to the Division of Administrative Hearings with hearings now scheduled for late October and early November. In one case, no dispute of material facts existed so it was heard before a contract hearing officer.

(4) One applicant filed a petition for informal hearing after the 5:00 p.m. deadline on August 12, 2003, which was dismissed for being untimely filed.

d) The twelve (12) informal hearings noted above were completed by September 11, 2003. By September 26, 2003, the Hearing Officers had filed the Recommended Orders for the informal proceedings. All of the Recommended Orders are attached hereto as Exhibit A.

2. Present Situation

The Board must decide to accept or reject the Recommended Orders and enter Final Orders.

3. Recommendation

Staff recommends the Board enter Final Orders in these matters.
MINUTES

Action

III. MINUTES

A. Consider Approval of the September 12, 2003, Board of Directors’ Meeting Minutes.
IV. PROFESSIONAL SERVICES SELECTION (PSS)

A. Feasibility Study Services

1. Background
   a) Section 420.5092(8), Fla. Stat., and Fla. Admin. Code R. 67-39.003 require Florida Housing to retain an independent third party to perform a feasibility study in connection with specific types of developments to be guaranteed. The study determines the applicable range of fees and premiums for the risks assumed on guarantees issued by the Guarantee Program.

   b) Fla. Admin. Code R.67-39.002, defines “Feasibility Study” as “…a study conducted by an independent third party selected by the Corporation to determine a range of appropriate levels of fees and charges for Guarantees in relation to different degrees of risk, as contemplated by the Act.” Periodic feasibility studies are used to ensure that current fees and premiums are appropriate.

2. Present Situation

   Because of the Guarantee Program’s growth, and the resulting level of risk to Florida Housing (through the Guarantee Program), a Feasibility Study is necessary to ensure current fees and premiums are appropriate.

3. Recommendation

   Florida Housing staff recommends that the Board authorize staff to begin the Request for Proposals (RFP) process and establish a review committee in order to select an entity to provide Feasibility Study services for the Guarantee Program.
I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Credit Underwriting Report for Meridian West Apartments (“Development”), Cycle XIV (2002-057CS)

<table>
<thead>
<tr>
<th>Development Name: Meridian West</th>
<th>General Contractor: Naimisha Construction, Inc., An affiliate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Principal: The Carlisle Group, LLC</td>
<td>Location: Stock Island, Monroe County</td>
</tr>
<tr>
<td>Number of Units: 102</td>
<td>Set Aside: 15.69% @ 30%, 84.31%@ 60%</td>
</tr>
<tr>
<td>Type: Garden Apartments</td>
<td>Allocated Amount: $1,000,000</td>
</tr>
<tr>
<td>Demographics: Florida Keys Area</td>
<td>Housing Credits: Yes</td>
</tr>
<tr>
<td>MMRB: N/A</td>
<td></td>
</tr>
</tbody>
</table>

1. **Background/Present Situation**

   a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.

   b) On October 14, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to $1,000,000 for this 102-unit Florida Keys Area development in Monroe County.

   c) On September 25, 2003, staff received a credit underwriting report with a positive recommendation for a construction/permanent SAIL loan in the amount of $1,000,000 (Exhibit A). The report states that the number of buildings changed from 17 in the application to 9 in the credit underwriting report. The underwriter determined that the change will not have a material impact on the recommendation. The SAIL loan will be secured by a second mortgage on the property.

2. **Recommendation**

   Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.
B. Request Approval of Credit Underwriting Report for St. Croix Apartments (“Development”), Cycle XIV (2002-034S)

<table>
<thead>
<tr>
<th>Development Name: St. Croix</th>
<th>General Contractor: Alliance Construction, LLC Affiliated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer: Cornerstone Group Development, LLC</td>
<td>Location: Lauderdale Lakes, Broward County</td>
</tr>
<tr>
<td>Number of Units: 246</td>
<td>Set Aside: 20% @ 50%, 80% @ 60%</td>
</tr>
<tr>
<td>Type: Mid-Rise with Elevator</td>
<td>Allocated Amount: $2,000,000</td>
</tr>
<tr>
<td>Demographics: Large Family</td>
<td>Housing Credits: Yes</td>
</tr>
</tbody>
</table>
| MMRB: N/A

1. **Background/Present Situation**

   a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.

   b) On October 23, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to $2,000,000 for this 246-unit Large Family development in Lauderdale Lakes, Broward County.

   c) On September 26, 2003, staff received a credit underwriting report with a positive recommendation for a construction/permanent SAIL loan in the amount of $2,000,000 (Exhibit B). The SAIL loan will be secured by a second mortgage on the property.

2. **Recommendation**

   Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.
C. Request Approval of Changes in Credit Underwriting Report for Sonrise Villas Apartments (“Development”), Cycle XIV (2002-020CS)

<table>
<thead>
<tr>
<th>Development Name: Sonrise Village</th>
<th>Developer/Principal: Carlisle Group, LLC and Hope Properties, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units: 160</td>
<td>Location: Fellsmore, Indian River County</td>
</tr>
<tr>
<td>Type: Garden Apartments</td>
<td>Set Aside: 12% @ 40%, 88% @ 50%</td>
</tr>
<tr>
<td>Demographics: Farmworker</td>
<td>Allocated Amount: $1,500,000</td>
</tr>
<tr>
<td>MMRB: N/A</td>
<td>Housing Credits: Yes</td>
</tr>
</tbody>
</table>

1. **Background/Present Situation**

   a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.

   b) On October 14, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to $1,500,000 for this 160-unit Farmworker Development in Indian River County.

   c) On September 12, 2003, the Board approved the final credit underwriting report and directed staff to proceed with loan closing activities.

   d) The Applicant requested some modifications to the final credit underwriting report. On September 25, 2003, staff received an update letter from the credit underwriter recommending four modifications to the credit underwriting report (Exhibit C).

2. **Recommendation**

   Approve the changes to the credit underwriting report and direct staff to proceed with loan closing activities.
D. Request Approval of Loan Closing Extension for Tradewinds Hammocks II Apartments, Cycle XIV (2002-155CS)

<table>
<thead>
<tr>
<th>Development Name: Tradewinds Hammock II Apartments</th>
<th>Developer/Principal: Heritage Partners Group, XIX, Inc. (50% interest) and MRT of the Florida Keys, LLC (50% interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units: 52</td>
<td>Location: Key Largo, Monroe County</td>
</tr>
<tr>
<td>Type: Garden Apartments</td>
<td>Set Aside: 57.69% (30 units) @ 50% AMI and 36.54% (19 units) @ 60% AMI</td>
</tr>
<tr>
<td>Demographics: Florida Keys Area</td>
<td>Allocated Amount: $1,000,000</td>
</tr>
<tr>
<td>MMRB: No</td>
<td>Housing Credits: Yes, $3,813,819</td>
</tr>
</tbody>
</table>

1. **Background/Present Situation**

   a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.

   b) On October 14, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to $1,000,000 for this 52-unit family development in Monroe County.

   c) On August 1, 2003, the Board approved the final credit underwriting report and directed staff to proceed with loan closing activities. Based on the requirement of Rule Chapter 67-48, this loan had a closing deadline of October 2, 2003.

   d) On September 30, 2003, staff received a letter from the Developer requesting a loan closing extension of 60 days (Exhibit D).

2. **Recommendation**

   Invite the Developer to address this issue before the Board.
E. Request Approval of Loan Closing Extension for Horizon House Sunset Apartments Cycle XII (2000-066S)

<table>
<thead>
<tr>
<th>Development Name: Horizon House Sunset Apartments</th>
<th>Developer/Principal: Community Housing Partners Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units: 80</td>
<td>Location: Gainesville, Alachua County</td>
</tr>
<tr>
<td>Type: Garden Apartments</td>
<td>Set Aside: 15.19% (13 units) @ 33% AMI and 84.51% (remaining units) @ 50% AMI</td>
</tr>
<tr>
<td>Demographics: Family</td>
<td>Allocated Amount: $2,000,000</td>
</tr>
<tr>
<td>MMRB: No</td>
<td>Housing Credits: No</td>
</tr>
</tbody>
</table>

1. Background/Present Situation

   a) On January 24, 2003, the Board approved the final credit underwriting report for this 80-unit family development and directed staff to proceed with issuance of a firm loan commitment and loan closing activities.

   b) On January 28, 2003, staff issued a firm commitment letter for a second mortgage in an amount up to $2,000,000 for this 80-unit family development in Alachua County. Rule Chapter 67-48 requires closing to occur within 60 days of issuance of the firm loan commitment.

   c) On March 7, 2003, the Board approved a 120-day closing extension. This extension was granted to allow the developer time address issues being required by the City of Gainesville.

   d) On June 20, 2003, the Board approved an additional 60-day closing extension. The scope of renovation work had changed since the original credit underwriting report was approved in January 2003. Based on these changes, an additional credit underwriting review was needed.

   e) On July 28, 2003, staff received an update letter from the underwriter. Based on the credit underwriter’s review, the changes in the revised construction contract did not alter the original credit underwriting report which was approved by the Board on January 24, 2003.

   f) The extensions granted to this Developer resulted in a loan closing deadline of September 29, 2003. On September 22, 2003, staff received a request for an additional 30-day extension (Exhibit E). The reason for the extension request is to obtain consent from the Department of Housing and Urban Development to transfer the property from Community Housing Partners Corporation to CHPC Gainesville Horizon Sunset, L.L.C. which is wholly owned by Community Housing Partners Corporation.

2. Recommendation

   Approve the Developer’s request for a 30-day loan closing extension.
STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

F. Request Approval of Land Transfer from Willow Creek Apartments I (2000-018CS) to Willow Creek Apartments II (2002-061S)

<table>
<thead>
<tr>
<th>Developer Name: The Carlisle Group, Inc.</th>
<th>Location: North Port, Sarasota County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer Principal: The Carlisle Group, Inc.</td>
<td>Set-Aside: 15% @ 30%, 85% @ 60%</td>
</tr>
<tr>
<td>Type: 120-Unit Development in Four Residential Buildings</td>
<td>Allocated Amount: $1,225,000</td>
</tr>
<tr>
<td>Demographic: Elderly</td>
<td>Housing Credits: Yes</td>
</tr>
<tr>
<td>MMRB: N/A</td>
<td></td>
</tr>
</tbody>
</table>

1. Background/Present Situation

a) Willow Creek Apartments Phase I received a SAIL loan in the amount of $1,225,000 from the 2000 application cycle for the construction of a 120-unit elderly development in Sarasota County.

b) On April 26, 2002, the Board approved a request for Willow Creek Apartments Phase I to enter into a ground lease with Willow Creek Apartments Phase II for a portion of the Phase I site with an option to purchase at $125,000. In July representatives for the developer requested that Florida Housing Finance Corporation approve a land transfer of 6.94 acres to be used for Willow Creek Apartments Phase II which will consist of a 102-unit elderly development for the option price of $125,000 (Exhibit F).

c) The credit underwriter has reviewed and considered the value of the remaining collateral on Phase I and the current market value of the proposed Phase II parcel. The market value of the current 15.00 acres of improved land “as if vacant” is $940,000. The market value of the 15.00 acres as reported in the final report dated April 25, 2001, was $391,000. The current market value of Willow Creek Apartments Phase I, assuming a land site of 8.06 acres, is $504,000 as of September 30, 2003. This value exceeds the value of the original Willow Creek Phase I site by $113,000. The current market value of the proposed 6.94 acres of undeveloped land for Willow Creek Phase II is $436,000. Based on these values, the credit underwriter concludes that the land transfer would not have an adverse effect on the collateral for Willow Creek Phase I. (Exhibit G).

d) The credit underwriter recommends approval of the transfer subject to the following:

(1) A prepayment to the first mortgage lender of the Phase I development in the amount of $125,000. This is the amount the Phase II lessee is paying for the Phase II parcel.

(2) Review and approval of the final transfer by Florida Housing’s legal counsel and consent and approval of the first mortgage loan and housing credit equity provider.

2. Recommendation

Approve developer’s request for land transfer subject to the conditions described above.
G. Request Approval of Credit Underwriting Report for Marina Del Ray Apartments (“Development”), Cycle XIV (2002-026CS)

<table>
<thead>
<tr>
<th>Development Name: Marina Del Ray</th>
<th>Location: Beverly Hills, Citrus County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Principal: Creative Choice Homes, Inc.</td>
<td>Set-Aside: 56% @ 50%, 44% @ 60%</td>
</tr>
<tr>
<td>Number of units: 100</td>
<td>Allocated Amount: $1,100,000</td>
</tr>
<tr>
<td>Type: Garden Apartments</td>
<td>Housing Credits: Yes</td>
</tr>
<tr>
<td>Demographic: Elderly</td>
<td>MMRB: N/A</td>
</tr>
</tbody>
</table>

1. **Background/Present Situation**
   
a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.

b) On October 14, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to $1,100,000 for this 100-unit Elderly development in Citrus County.

c) On October 2, 2003, staff received a credit underwriting report with a positive recommendation for a construction/permanent SAIL loan in the amount of $1,100,000 (Exhibit H). The SAIL loan will be secured by a second mortgage on the property.

2. **Recommendation**

   Invite the Developer to address the Board to discuss outstanding past due and non-compliance issues.
PROFESSIONAL SERVICES SELECTION (PSS)

Action

B. Invitation to Negotiate (ITN) #2003/01 for Consulting Services

1. Background

a) At its May 2, 2003 meeting, Florida Housing’s Board authorized staff to issue an ITN to select one or more persons or entities with which to commence negotiations to procure consulting services to assist Florida Housing to prepare for the possible conversion of the Section 8 Voucher Program to a block grant to the state.

b) The solicitation process was initiated and ITN 2003/01 was issued on June 13, 2003. Responses to the ITN were due on or before 2:00 p.m., Friday July 11, 2003.

c) Three (3) responses were received. They were as follows:

(1) Abt Associates, Inc.

(2) MDStrum Housing Services, Inc.

(3) National Facility Consultants, Inc.

d) The review committee members, designated by the Executive Director, was composed of Nancy Muller, Housing Policy Coordinator, Steve Auger, Operations Director, Rachel Fink, Housing Policy Senior Analyst, Barbara Goltz, Chief Financial Officer, and Hugh Brown, Assistant General Counsel.

e) The Review Committee reviewed the responses to the ITN individually prior to convening for the Review Committee meeting. A Review Committee meeting was held on Tuesday, July 29, 2003 at 2:00 p.m.

f) Results of the Review Committee’s evaluation of the scored items are provided in Exhibit A.

g) At the July 29th meeting the Review Committee recommended that the top two Offerors be interviewed by the Review Committee prior to providing a recommendation to the Board at a future Board meeting.

2. Present Situation

a) On September 15, 2003 Florida Housing’s General Counsel issued a memorandum to Nancy Muller, Chair of the Review Committee, advising against holding interviews. It is the opinion of General Counsel that these interviews are not contemplated by Florida Housing’s procurement procedures. For the interviews to be part of the process, they would have to have been conducted prior to scoring.

b) A second Review Committee meeting was held on Friday, September 19, 2003 at 11:00 a.m. to finalize a recommendation to the Board.
3. **Recommendation**

   a) The Review Committee recommends that the Board authorize staff to enter into contract negotiations with the top-ranked Offeror which is Abt Associates, Inc. The Review Committee further recommends that the Board authorize staff to enter into contract negotiations with the 2nd ranked Offeror which is National Facility Consultants, Inc., if Florida Housing staff is unable to successfully negotiate a contract with the top-ranked Offeror for the entire scope of work, or any portion thereof. It shall be at Florida Housing’s sole discretion to decide if Florida Housing staff is unable to contract with the top-ranked Offeror for the entire scope of work, or any portion thereof.
PROFESSIONAL SERVICES SELECTION (PSS)

Action

C. Request For Proposals (RFP) for Securitization

1. Background

At its May 2, 2003 meeting, Florida Housing’s Board authorized staff to issue an RFP to invite qualified entities to quantify the benefits of securitizing the loan portfolio under the 1995 Master Indenture. (Florida Housing’s trustee would sell the mortgage loans originated under the program and would receive Fannie Mae or Freddie Mac mortgage-backed securities, the payment of principal and interest on which would be guaranteed by Fannie Mae or Freddie Mac, as applicable.) Fannie Mae and Freddie Mac would thereafter be responsible for servicing the individual mortgage loans and financially responsible for any home-owner defaults.

2. Present Situation

   a) The solicitation process was initiated and RFP 2003/02 was issued on June 13, 2003. Responses to the RFP were due on or before 2:00 p.m., Friday September 19, 2003.

   b) Two (2) responses were received. They are as follows:

      (1) Bear Stearns

      (2) Morgan Keegan & Company, Inc.

   c) The review committee members, designated by the Executive Director, are Barbara Goltz, Chief Financial Officer, Melanie Weathers, Bond Administrator, Diane Carr, Executive Financial Analyst, Jon Monalo, Loan Servicing Manager, and Esrone McDaniels, Deputy Development Officer.

   d) The Review Committee reviewed the responses to the RFP individually prior to convening for the Review Committee meeting. The Review Committee meeting was held on Tuesday, September 30, 2003 at 2:00 p.m.

   e) Results of the Review Committee’s evaluation of the scored items are provided as Exhibit B.

3. Recommendation

The Review Committee recommends that the Board authorize staff to enter into contract negotiations with Morgan Keegan & Company, Inc. If contract negotiations with Morgan Keegan & Company fail, then the Review Committee recommends that the Board authorize staff to enter into contract negotiations with Bear Stearns.
V. UNIVERSAL CYCLE

A. 2003 Universal Cycle Ranking

1. Background/Present Situation

Upon Board approval of the recommended orders, staff will present the final ranking of the Applications for the Board’s consideration and approval. Staff will provide supplemental materials at the Board meeting.

2. Recommendation

Approve the ranking and direct staff to proceed with the issuing of invitations to credit underwriting and preliminary commitment letters to those Applicants that are in the funding range.