

**FLORIDA HOUSING FINANCE CORPORATION**

**Board Meeting**

**October 14-15, 2004**

**Information Items**



## **FISCAL**

### ***Informational***

#### **I. FISCAL**

##### **A. Great Plains Conversion**

###### **1. Background/Present Situation**

- a) In June 2004, the Board authorized Florida Housing to contract with ePartners to assist in the conversion of its accounting system from Oracle Financials to Great Plains.
- b) This conversion began in early August with staff and ePartners meeting to discuss timelines and project goals
- c) Due to the nature of our accounting processes, we will have various “go live” dates for entering data. Operational accounting data will be entered into the new system beginning with October activity. Single Family and Guarantee Fund bond data will be entered beginning with September data, and multifamily bond data beginning July will be entered into the new system.
- d) All detail data from the legacy systems, Oracle Financials and SBT, will be converted to Great Plains. 2004 detail data will be transferred to the new system by October. Work will then begin on the more historical data, going back to January 1998.
- e) System testing and staff training are scheduled for the week of October 3. All systems will be tested and operational by October 7.
- f) Staff has been working with out auditors, Deloitte & Touche, throughout the conversion to ensure proper controls have been used and a smooth transition before the 2004 audit occurs.

# GUARANTEE

## *Informational*

### II. GUARANTEE

#### A. Review of Application for Guarantee Program Credit Enhancement for Andrews Place II

##### 1. Background

- a) Qualified Lending Institutions interested in applying for credit enhancement through the Guarantee Program are encouraged to complete the Application for Credit Enhancement (“Application”).
- b) The Housing Finance Authority of Bay County recently submitted an Application for Andrews Place II.

##### 2. Present Situation

- a) The Guarantee Program, along with TIBOR PARTNERS, Inc., will be conducting a review of the Application and will seek discussion with and guidance from the Committee, as necessary.

<b>Project</b>	<b>Developer</b>	<b>Lender</b>	<b>Project Type</b>	<b>Corp. Programs</b>	<b>Set-Aside</b>	<b>Units</b>	<b>Estimated Mortgage Amt.</b>
Andrews Place II	Rea Companies	HFA of Bay County	New Construction	Housing Credits	40% @ 60%	120	\$6,000,000

#### B. Guarantee Program Capacity ([Exhibit A](#))

## LEGAL

### *Informational*

### III. LEGAL

#### A. Florida Housing Finance Corporation v. Aloma Bend, Ltd., a Florida limited partnership; Christopher T. Spano, Robert Thollander and Betsy Spano, as Individuals

##### 1. Background

- a) On December 30, 1997, Aloma Bend, Inc. ("Aloma") closed its Multi-Family Mortgage Revenue Bond loan. Florida Housing allocated \$15,500,000.00 in Multi-Family Mortgage Revenue Bond Program funds for this development. The bond documents provide that the proceeds from any condemnation are to be paid to First Union National Bank, the Trustee.
- b) On November 21, 2000, Plaintiff, The State of Florida, Department of Transportation ("DOT") filed a Petition in eminent domain to condemn a portion of Aloma's property in the Circuit Court of Seminole County, Florida seeking to take a portion of the property for widening the road adjacent to the development known as Barrington Place.
- c) On March 28, 2002, the Circuit Court entered a Stipulated Final Judgment Including Attorneys Fees and Costs awarding Aloma the total amount of \$235,000 and requiring that Aloma additionally deposit \$51,100 into the registry of the Clerk of Court ("Condemnation Proceeds").
- d) In April of 2002, Florida Housing requested from Aloma an accounting of the Condemnation Proceeds. The statement provided by Aloma demonstrates that the Condemnation Proceeds were used to repair and pay for expenses at other unrelated properties.
- e) On June 12, 2002, Florida Housing demanded the return of the Condemnation Proceeds to Florida Housing or the Trustee. Aloma has refused to pay Florida Housing or the Trustee and has otherwise failed to perform their obligations under the Loan Agreement and Guaranty.
- f) On April 24, 2003, Florida Housing filed a Complaint in the Circuit Court of Leon County, Florida, requesting that the court enter an Order enforcing the Guaranty and entering a judgment against Aloma and related parties. A copy of the Complaint was attached to the June 20, 2003 informational package as Exhibit A.

##### 2. Present Situation

On June 23, 2003, Aloma filed a Motion to Dismiss Florida Housing's Complaint as to Thollander, which was denied on August 14, 2003. Aloma and Thollander did not file an answer to the Complaint by September 3, 2003. Defendant Betsy Spano's motion to dismiss for failure to join an indispensable party was denied on August 14, 2003. Defendant, Christopher T. Spano was served via alternative service through the Secretary of State, and did not file a proper answer within the allotted time. A motion for default on other defendants will also be heard in the near future, but the date has not yet been set. Florida Housing will continue to monitor the litigation.

## LEGAL

### *Informational*

#### **B. In Re: 2003 Universal Cycle Ranking Disputes**

##### **1. Background**

- a) Pinnacle Oaks filed a Petition for Formal Administrative Hearing, challenging Florida Housing's interpretation of its Universal Cycle Rules and Qualified Allocation Plan. Pinnacle Oaks contends that Florida Housing erroneously deducted the funding and allocation for the Florida Keys Special Set-Aside from the total pool, rather than deducting the Keys funding and allocation from the small county pool. After review of the petition, Florida Housing determined that no material issue of fact exists and referred the case for an informal hearing pursuant to Sec. 120.569 and 120.57(2), Florida Statutes.
- b) On March 23, 2004, Pinnacle Oaks filed a Petition for Determination of Non-Rule Policy and Amended Petition for Administrative Hearing with the Division of Administrative Hearings, requesting a formal hearing to determine whether Florida Housing employed non-rule policy in its final ranking of the 2003 Universal Cycle applications, and for a determination whether Florida Housing acted properly in the same ranking. A formal hearing has been scheduled for June 4, 2004. Florida Housing filed its Motion to Dismiss the Pinnacle Oaks' petition on April 4, 2004. Pinnacle Oaks filed its response to the Motion to Dismiss. A Final Order Dismissing Petition and Closing Case was issued by the Administrative Law Judge on May 11, 2004.

##### **2. Present Situation**

The original Petition will be scheduled for an informal hearing.

## SINGLE FAMILY BONDS

### *Informational*

#### IV. SINGLE FAMILY BONDS

##### A. 2004 Series 1-2 Single Family Mortgage Revenue Bond Program

###### 1. Background/Present Situation

- a) On January 23, 2004, the Board authorized issuance of the 2004 Series 1-2 Bonds. The origination period began on March 25, 2004.
- b) Lendable proceeds totaling \$68,896,875 were made available and offered at an interest rate of 5.46%. There are currently \$16,977,358 available as of September 26, 2004.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
  - (1) \$1,500,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and
  - (2) \$1,000,000 for individuals with Disabilities.
- d) As of September 26, 2004, the following activity was reported:

Allocated Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	68,896,875	51,919,517	547	16,977,358	75.4
Urban Infill, Front Porch and HOPE VI	5,000,000	4,966,140	59	33,869	99.3
USDA Self Help	1,500,000	120,882	2	1,379,118	8.0
Disabled Homebuyers	1,000,000	999,621	13	379	99.6
HAMI Loans	Pooled	109,728	22	Pooled	N/A
HAP D/P	Pooled	3,320,525	343	Pooled	N/A
HOME Loans	Pooled	2,594,991	177	Pooled	N/A

# SINGLE FAMILY BONDS

## *Informational*

### **B. 2003 Series 5 Single Family Mortgage Revenue Bond Program**

#### **1. Background/Present Situation**

- a) On September 12, 2003, the Board authorized issuance of the 2003 Series 5 Bonds. The origination period began on October 27, 2003.
- b) Lendable proceeds totaling \$43,298,373 were previously offered at an interest rate of 5.68%. Staff made the determination to reduce the interest rate from 5.68% to 5.46%, so that the rates on the open issues would be the same. The rate reduction was done on August 13, 2004.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
  - (1) \$1,000,000 for purchases in HOPE VI and Front Porch Communities;
  - (2) \$2,000,000 for purchases in Urban Infill and Targeted Areas;
  - (3) \$1,000,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and
  - (4) \$1,000,000 for Disabled Homebuyers.
- d) On March 10, 2004, Staff authorized US Bank to combine the subsidized loan pools (HOPE VI and Front Porch, Section 523 Mutual Self-Help, Disabled Homebuyers and Urban Infill).
- e) As of September 26, 2004, the following activity was reported:

Allocated Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	39,793,712	39,093,516	430	700,196	98.2
Front Porch and HOPE VI, Urban Infill, USDA Self Help, and Disabled Homebuyers	5,000,000	4,888,200	60	1,101,800	97.8
HAMI Loans	Pooled	48,824	10	Pooled	N/A
HAP D/P	Pooled	3,319,095	338	Pooled	N/A
HOME Loans	Pooled	2,172,711	146	Pooled	N/A

# SINGLE FAMILY BONDS

## *Informational*

### C. Marketing and Outreach

#### 1. Background/Present Situation

- a) On Saturday, September 11, 2004, the Florida Housing Finance Corporation participated in a Homebuyer Fair in Midway, Florida. Several potential homebuyers attended the fair, as well as the Mayor of Midway, local lenders, builders, realtors, and other local providers of affordable housing and housing services. Staff provided information on its low interest mortgages and down payment assistance to many interested buyers. The event was very well received and very successful.
- b) On Saturday, September 18, 2004, the Florida Housing Finance Corporation hosted a free Homebuyer Fair at the Leon County Civic Center in conjunction with the Tallahassee Lenders' Consortium and the Tallahassee Urban League. The purpose of the event was to match low-to-moderate income homebuyers with local providers of housing and housing services. Information about qualifying, financing and owning a home was available from lenders, builders, realtors, and other local providers of affordable housing and housing services. Families throughout the Big Bend area attended and learned about new and existing homes for sale, and obtained credit reports to assist in qualifying for their first home.
- c) On September 22, 2004, Staff attended the 17<sup>th</sup> annual statewide affordable housing conference hosted by the Florida Housing Coalition. Staff had the opportunity to present information about Florida Housing's Homeownership programs to several non-profit and for-profit organizations. Additionally, staff used this conference as a venue to promote the Mortgage Credit Certificate program to lenders, non-profits and other housing entities. The MCC program is yet another tool to offer low-to-moderate income households an opportunity to own a home.
- d) Staff will be conducting Realtor Trainings in Fort Myers, Florida on October 14<sup>th</sup> and in Orlando, Florida on October 21<sup>st</sup>. Local realtors and lenders are invited to attend.
- e) Florida Housing's 2004 Media and Marketing Campaign is continuing statewide via television commercials, radio, and newspaper ads.



## UNIVERSAL CYCLE

### *Informational*

#### V. UNIVERSAL CYCLE

##### A. 2005 Universal Cycle

###### 1. Background/Present Situation

- a) Due to the recent hurricanes, the proposed time line for the 2005 Universal Cycle has been amended to provide additional time for public review and comment. The revised time line is available on the Florida Housing Website.
- b) Staff anticipates requesting Board approval of the Notice of Proposed Rulemaking at the December 3, 2004 meeting