

FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

September 10, 2004

Information Items



FISCAL

Informational

I. FISCAL

A. Operating Budget Analysis for July 2004

1. Background/Present Situation

- a) The Financial Analysis for July 31, 2004, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending July 31, 2004, is attached as [Exhibit B](#).

GUARANTEE

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II. GUARANTEE

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

LEGAL

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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.

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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.

LEGAL

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C. In Re: 2004 Universal Cycle Appeals

1. Background

- a) On March 31, 2004, Applicants submitted applications to Florida Housing for the award of SAIL, MMRB or HOME funds and/or an allocation of Housing Credits in the 2004 Universal Cycle program.
- b) On April 29, 2004, Florida Housing notified all applicants of its score, provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes, and an Election of Rights form.
- c) On or about August 2, 2004, petitioners filed 15 petitions challenging Florida Housing's scoring decisions. Requests for hearings are as follows:
 - (1) Twelve applicants filed petitions requesting informal hearings which will be set for a hearing before a contract hearing officer.
 - (2) Two applicants filed petitions requesting formal hearings, one has been forwarded to the Division of Administrative Hearings; and one will be set for a hearing before a contract hearing officer.
 - (3) One applicant filed a petition for informal hearing and withdrew its petition.
 - (4) One applicant filed a Petition for Review and was dismissed for failing to comply with the filing requirements as set forth in R. 28-106.104(2) and 28-106.301(2), Florida Administrative Code.

2. Present Situation

The Legal Department is preparing for informal hearings August 25, 27, 31 and September 9 and 15, 2004.

SINGLE FAMILY BONDS

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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 was made available and offered at an interest rate of 5.46%. There is currently \$25,375,758 available as of August 19, 2004.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
 - (1) \$5,000,000 for purchases in Urban Infill, Targeted Areas, HOPE VI and Front Porch Communities
 - (2) \$1,500,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program
 - (3) \$1,000,000 for individuals with Disabilities
 - (4) As of August 19, 2004, the following activity was reported:

Allocation Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	68,896,875	43,521,117	456	25,375,758	63.2
Urban Infill, Front Porch and HOPE VI	5,000,000	3,969,938	49	1,030,071	79.4
USDA Self Help	1,500,000	120,882	2	1,379,118	8.0
Disabled Homebuyers	1,000,000	757,674	11	242,326	75.8
HAMI Loans	Pooled	90,000	18	Pooled	N/A
HAP D/P	Pooled	2,875,299	298	Pooled	N/A
HOME Loans	Pooled	2,098,758	142	Pooled	N/A

SINGLE FAMILY BONDS

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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
 - (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 August 19, 2004, the following activity was reported:

Allocation Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	43,298,373	39,702,784	436	3,595,589	91.7
Front Porch and HOPE VI, Urban Infill, USDA Self Help, and Disabled Homebuyers	5,000,000	4,947,629	60	52,371	98.9
HAMI Loans	Pooled	43,824	9	Pooled	N/A
HAP D/P	Pooled	3,244,901	330	Pooled	N/A
HOME Loans	Pooled	2,187,710	147	Pooled	N/A

SINGLE FAMILY BONDS

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C. Marketing and Outreach

1. Background/Present Situation

- a) On Thursday, August 5, 2004, Florida Housing hosted a Special Needs Forum. This was a roundtable discussion on ways to improve homeownership programs for those with disabilities. The meeting was held in Tallahassee at the Betty Easley Conference Center.
- b) The forum was designed to obtain first-hand feedback from disability advocates across the state on the most effective ways to address the housing needs of persons with disabilities and in preparation for the roll out of the My Community Home Choice Mortgage Program (MCM). The MCM Home Choice program is designed to serve an individual with a disability or someone living with a family member with a disability. MCM Home Choice provides flexible underwriting criteria and minimal out of pocket expense to the homebuyer. When used in conjunction with Florida Housing's First Time Homebuyer Program, eligible borrowers can also take advantage of a subsidized interest rate and down payment and closing cost assistance.
- c) The Special Needs Forum was hosted as an initial effort to establish partnerships at the state and local level which will increase awareness of existing homeownership opportunities that are available within the disability community, as well as the homeownership opportunities we currently offer.
- d) The Marketing and Communications staff is currently preparing for the 2004 Tallahassee Showcase of Affordable Housing. This year's housing fair will be held on Saturday, September 18th at the Leon County Civic Center from 10:00 a.m. until 3:00 p.m. This year Florida Housing will partner with the Tallahassee Lenders' Consortium and the Tallahassee Urban League in an effort to match low to moderate-income homebuyers with local providers of housing and housing services.
- e) Staff will be conducting Realtor training at two locations on September 14th, Navarre, Florida, and Fort Walton Beach, Florida. In Addition, staff will be conducting Realtor training in Vero Beach, Florida, on September 16th.
- f) Florida Housing's 2004 Media and Marketing Campaign is continuing statewide via television commercials, radio, and newspaper ads. The campaign is heightened by the recently revised and more user-friendly website and informational brochure.

UNIVERSAL CYCLE

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V. UNIVERSAL CYCLE

A. 2005 Universal Cycle

1. Background/Present Situation

- a) A public meeting was held on July 30, 2004 and a rule development workshop was held on August 17, 2004, in order to solicit comments on Rule Chapters 67-21 and 67-48, F.A.C., and proposed changes to the Universal Application.
- b) An additional rule development workshop will be held following the Board meeting.
- c) Staff anticipates submitting the proposed Rules, Application and QAP for Board approval at the October Board meeting.