FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
March 4, 2005
Action Items

we make housing affordable
ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Action

I. ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

A. Request Approval of 2005 EHCL Application Cycle Review Committee

1. Background/Present Situation

   a) The EHCL Program provides loans of up to $200,000 per originated loan to developers that are making substantial improvements to elderly housing for life safety, building preservation, health, sanitation, or security related issues.

   b) Chapter 420, Florida Statutes, and Rule Chapter 67-32, Florida Administrative Code (F.A.C.), provides for a review committee to be comprised of FHFC staff and at least one Department of Community Affairs (DCA) staff person. The review committee will make recommendations to the Board regarding program participation.

2. Recommendation

   Approve review committee for the 2005 EHCL Application cycle to be comprised of the following FHFC staff: Derek Helms, Vicki Robinson, and Robert Dearduff, with Tracy Suber as the DCA representative and George Tokesky from the Department of Elder Affairs.
B. Request Approval of EHCL Lottery Seed Number

1. Background

Chapter 420, Florida Statutes, and Rule Chapter 67-32, F.A.C., provides that each Application assigned an application number receive a random lottery number at or prior to the issuance of final scores and that the lottery numbers must be assigned by having Florida Housing’s internal auditors run the total number of assigned application numbers through a random number generator program.

2. Present Situation

The seed number must be selected for the random number generator program so that staff will be able to assign the lottery numbers at the appropriate time.

3. Recommendation

Approve the use of the selected seed number for the 2005 Universal Application Cycle.
II. HOMEOWNERSHIP LOAN PROGRAM

A. Request Approval of the Extension of the Loan Closing Date for Sable Chase / HH02-005

<table>
<thead>
<tr>
<th>Applicant Name (“Applicant”):</th>
<th>DFC Homes of Florida, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Name (“Development”):</td>
<td>Sable Chase</td>
</tr>
<tr>
<td>Developer/Principal (“Developer”):</td>
<td>Kenny Davis</td>
</tr>
<tr>
<td>Number of Units: 50</td>
<td>Location: Broward County</td>
</tr>
<tr>
<td>Type: HOME Construction Loan</td>
<td>Allocated Amount: $1,325,000</td>
</tr>
</tbody>
</table>

1. Background

   a) The Applicant submitted an application during round one of the 2002 Homeownership Loan Program cycle. The Application scored within the funding range and was invited into credit underwriting on November 4, 2002.

   b) The Board approved the final credit underwriting report at its January 23, 2004 meeting.

   c) At the July 30, 2004 meeting, the Board granted an extension of the loan closing until October 23, 2004, due to the city’s requirement that certain wind load requirements be met.

   d) At the December 3, 2004 meeting, the Board approved an additional extension from October 23, 2004 to January 23, 2005, to update all the necessary documentation required by Florida Housing and Citrus Bank.

2. Present Situation

   On January 29, 2005, the Developer requested an additional 90-day extension to obtain the additional information required by the credit underwriter and the closing attorney. The Developer also advised that building permits and a commitment for an additional $1,000,000 from Colonial Bank had been obtained. The letter is attached as Exhibit A.

3. Recommendation

   Staff recommends that the Board grant the loan closing extension until April 1, 2005. Any further extensions will be subject to a $100.00 penalty fee, pursuant to the current Rule 67-50.010(4)(b).
B. Request Approval of a Reduction in Units and an Increase in Down Payment Assistance Available to Homebuyers for Glen Eagle Park / HH02-014

<table>
<thead>
<tr>
<th>Applicant Name (“Applicant”):</th>
<th>Lou C &amp; John A. Ginn, Jr. Family Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Name (“Development”):</td>
<td>Glen Eagle Park</td>
</tr>
<tr>
<td>Developer/Principal (“Developer”):</td>
<td>John A Ginn, Jr.</td>
</tr>
<tr>
<td>Number of Units:</td>
<td>45</td>
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<tr>
<td>Location:</td>
<td>Putnam County</td>
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<tr>
<td>Type:</td>
<td>HOME Purchase Assistance Loan</td>
</tr>
<tr>
<td>Allocated Amount:</td>
<td>$1,156,250</td>
</tr>
</tbody>
</table>

1. **Background**
   a) The Applicant submitted an application during the 2002 Homeownership Loan Program Application Cycle.
   b) At its March 2, 2003 meeting, the Board approved the final Analytical Review, dated February 19, 2003, and authorized Staff to issue a firm commitment.

2. **Present Situation**

   On January 26, 2005, the Developer submitted a request for approval to reduce the number of units, from 45 to 43, while maintaining the original funding amount of $1,156,250, allowing an increase in the amount of down payment assistance for up to the full 25% of the purchase price for homebuyers who would not otherwise be able to purchase a home. The letter is attached as Exhibit B.

3. **Recommendation**

   Staff recommends that the Board approve the Developer’s request to decrease the number of units, from 45 to 43 and maintain the original funding amount of $1,156,250, allowing an increase in the amount of down payment assistance for up to the full 25% of the purchase price for homebuyers who would not otherwise be able to purchase a home, subject to review by the credit underwriter/servicer and the appropriate Florida Housing staff.
III. MINUTES

A. Consider Approval of the December 3, 2004, Board of Directors’ Meeting Minutes.

B. Consider Approval of the January 14, 2005, Board of Directors’ Meeting Minutes.
IV. PROFESSIONAL SERVICES SELECTION

A. Credit Underwriting, Loan Servicing and Compliance Monitoring Services

1. Background

At its July 22, 2004 meeting Florida Housing’s Board of Directors authorized staff to begin the RFP process and establish a review committee to select multiple providers to perform Credit Underwriting, Construction and Permanent Loan Servicing, Compliance Monitoring, and Financial Monitoring for Florida Housing’s single family and multifamily programs.

2. Present Situation

a) An RFP process was initiated and RFP 2004-07 was issued on November 24, 2004. Responses to the RFP were due on or before 2:00 p.m., Friday, January 28, 2005.

b) Three responses were received. They are as follows:

(1) AmeriNational Community Services, Inc.

(2) First Housing Development Corporation of Florida

(3) Seltzer Management Group, Inc.

c) The Review Committee members, designated by the Executive Director, were Vicki Robinson, Multifamily Loan Administrator, Jan Rayboun, Loan Closing Coordinator, Debra King, Loan Servicing Manager, Bill Preston, Loan Servicing Administrator, Bonnie Percy-Hill, Assistant Director of Asset Management, and Esrone McDaniels, Homeownership Programs Deputy Development Officer.

d) Each member of the Review Committee individually reviewed the responses to the RFP prior to convening for the Review Committee meetings. The Review Committee meetings were held at 2:00 p.m. on February 8, and at the same time on February 11, 2005. Results of the Review Committee’s evaluation of the scored items are provided in Exhibit A.

3. Recommendation

a) The Review Committee recommends that the Board authorize staff to enter into contract negotiations with all (3) three Offerors provided the following contingencies are met:

(1) AmeriNational Community Services, Inc.

Receipt of audited financials or the most recent available tax return of the Offeror and its parent company; provide documentation that the Offeror’s errors and omissions insurance covers staff and others acting on behalf of the Offeror; and documentation of insurance policy exclusions, if any.
PROFESSIONAL SERVICES SELECTION

Action

(2) First Housing Development Corporation of Florida

Receipt of documentation that the Offeror’s errors and omissions insurance cover staff and others acting on behalf of the Offeror; and documentation of insurance policy exclusions, if any.

(3) Seltzer Management Group, Inc.

Receipt of signed endorsements for the Offeror’s liability insurance; a signed declaration page for the Offeror’s fidelity bond insurance; documentation that the Offeror’s errors and omissions insurance cover staff and others acting on behalf of the Offeror; and documentation of insurance policy exclusions, if any.

b) Florida Housing staff request the Board authorize staff to renew the current contracts with all three Offerors until the earlier of May 31, 2005 or until the last day of the month in which a new Provider contract(s) becomes effective.
SINGLE FAMILY BONDS

Action

V. SINGLE FAMILY BONDS

A. Single Family Homeowner Program

1. Background

a) Florida Housing sold its last new money single family bond issue ($50 million 2004 Series 5&6) on January 11, 2005 to produce mortgage rates of 6.25% for the assisted spot pool, 5.55% for the low rate spot pool and 4.99% for the subsidized pool. Florida Housing is requesting approval to issue up to $100MM of new single family bonds to fund mortgages from what will be designated 2005 Series 1&2. In addition Florida Housing is requesting approval to issue, depending on market conditions at the time of the sale, up to $50MM of short term bonds to preserve our bonding authority in bonds to be designated as 2005 Series 3.

b) UBS Financial Services Inc. is the proposed investment banking senior manager for this bond sale. The proposed legal team is as follows: Bryant Miller & Olive, P.A. and The Law Offices of Steve E. Bullock, P.A. bond counsel; Adorno & Yoss, disclosure counsel and Nabors, Giblin & Nickerson, P.A. special counsel.

c) Florida Housing will continue to use Mortgage Backed Securities (MBS) to secure the 2005 Series 1&2 single-family bond issue. It is anticipated that bonds issued under the 1995 Master Indenture will continue to be secured by MBS for the foreseeable future.

d) The bond sale process, from initial planning through closing, is estimated to take between 90 and 120 days.

2. Present Situation

a) The two key approvals needed to complete the bond process are Board approval and the State Board of Administration approval. In order to work within the constraints of the meeting schedules of these two bodies and maintain the goal of having monies continuously available for lending in the single family homeowner program, it is important to obtain board approval of the proposed bond sale at the March 4, 2005 meeting. Although it is difficult to determine precisely when Florida Housing will deplete the remaining program funds from the last bond issue due to changing economic conditions and the current rate of reservations, it is estimated that these funds will be entirely reserved during the summer of 2005.

b) Funding for negative arbitrage for the 2005 Series 1&2 bonds is covered by assets of the single family program and/or Florida Housing contribution. Actual negative arbitrage expense has in the past been substantially reduced by a quicker origination schedule and investing the bond proceeds with the State Treasurer which has paid a higher rate of interest than could have been achieved by investing in guaranteed investment contracts or other investments. If it is determined to be financially feasible, the 2005 Series 1&2 program will also use the State Treasurer’s Fund.
SINGLE FAMILY BONDS

Action

c) Florida Housing is proposing to issue up to $50MM of short term tax exempt or taxable bonds (to mature within 3 years), so that Florida Housing can preserve its volume cap.

d) The details of the proposed 2005 Series 1&2 issue are as follows:

(1) Size: Not to exceed $100,000,000 in lendable proceeds in one or more series

(2) Mortgage Rate: Not to exceed 8.00% for any pool of mortgages. UBS Financial Services Inc. estimates current market conditions would produce a mortgage rate of 6.15% for the assisted rate spot pool, 5.45% for the low rate spot pool and 4.99% for the subsidized pool.

(3) Projected Origination Period: Fourteen Months

(4) Maximum Combined Loan-to-Value: 105% of the lesser of the appraised value or the purchase price of the property except in the case of a person with a disability as defined by the Americans with Disabilities Act in which case the combined loan-to-value may be up to 120% with certain restrictions.

(5) Loan Types: Conventional, VA, Rural Development and FHA

(6) Second Mortgages: HOME, HAP Down Payment and HAMI

(7) Potential Certificate Providers: Ginnie Mae, Fannie Mae and Freddie Mac

e) Exhibit A - CSG Advisors Incorporated Method of Sale Letter

f) Exhibit B - Draft Program Detail

g) Exhibit C - Draft Terms Memo

h) Exhibit D - Authorizing Resolution

i) Exhibit E - Distribution List

3. Recommendation

That the Board approve the necessary funding, staff actions and resolution to permit the issuance of the proposed 2005 Series 1&2 Single Family Homeowner Mortgage Revenue Bonds and the proposed 2005 Series 3 short term bonds.
VI. UNIVERSAL CYCLE

A. 2005 Universal Cycle – Review Committee

1. **Background/Present Situation**

   Chapter 420, Florida Statutes, and Rule Chapter 67-48, F.A.C., provide for a review committee to be comprised of FHFC staff persons and at least one DCA staff person. The review committee will make recommendations to the Board regarding program participation.

2. **Recommendation**

   Staff recommends and requests Board approval for a review committee for the 2005 Universal Application cycle to be comprised of the following FHFC staff: Steve Auger, Wayne Conner, Barb Goltz, and Laura Cox, with Jack Gaskins as the DCA representative.