FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
April 27, 2007
Action Items

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

A. Request Approval of 2007 EHCL Application Cycle Review Committee

1. Background/Present Situation

   a) The EHCL Program provides loans of up to $750,000 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. The review committee will make recommendations to the Board regarding program participation.

2. Recommendation

   Approve review committee for the 2007 EHCL Application Cycle to be comprised of the following FHFC staff: Jody Bedgood, Derek Helms, Heather Boyd, Bill Aldinger and Amy Garmon.
II. LEGAL

A. In Re: Creative Choice Homes XXV, Ltd. - FHFC Case No. 2006-006GA

<table>
<thead>
<tr>
<th>Development Name: (“Development”):</th>
<th>Villas at Palm Bay</th>
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<tr>
<td>Developer/Principal: (“Developer”):</td>
<td>Creative Choice Homes, Inc.</td>
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<tr>
<td>Number of Units:</td>
<td>160</td>
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<td>Brevard County</td>
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<tr>
<td>Type:</td>
<td>Resort –style Condominium</td>
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<tr>
<td>Set Asides:</td>
<td>80% @ 50% AMI Rental 80% @ 50% AMI Ownership</td>
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<tr>
<td>Demographics:</td>
<td>Workforce</td>
</tr>
<tr>
<td>MMRB:</td>
<td>N/A</td>
</tr>
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</table>

1. Background/Present Situation

a) On December 15, 2006, Creative Choice Homes XXV, Ltd. (“Petitioner”) responded to RFP 2006-05, seeking $5,000,000 in funding through the Community Workforce Housing Innovation Pilot Program (“CWHIP”), for a resort-style condominium complex in Brevard County, Florida, known as Villas at Palm Bay (“Development”). CWHIP was created by Chapter 2006-69, § 27, Laws of Florida, to incentivize production of innovative projects by public-private partnerships for the construction or rehabilitation of housing for essential service personnel and persons whose incomes generally do not exceed 140% of area median income.

b) In its Response, Petitioner described the development as “completed and ready for occupancy.” On December 5, 2006, Florida Housing’s RFP review committee found the development ineligible for funding, as it was neither “new construction” nor “rehabilitation,” based on Petitioner’s Response to the RFP. The determination that the project was ineligible for funding was adopted by the Board on January 26, 2007.

c) On January 31, 2007, Florida Housing received a Petitioner’s Notice of Intent to Protest. A copy of the Notice is attached as Exhibit A. On February 1, 2007, Florida Housing received a “Formal Written Protest and Petition for Formal Administrative Hearing” (“Petition”), from Petitioner. A copy of the Petition is attached as Exhibit B.

d) After a determination that no disputed issue of material fact was raised in the Petition, a hearing was held under sections 120.569 and 120.57(2), Florida Statutes, before Florida Housing’s Hearing Officer, Diane D. Tremor, on March 6, 2007. On April 2, 2007, the Hearing Officer filed a Recommended Order, which recommended that the Board enter a Final Order finding that Florida Housing correctly determined that Petitioner’s project was ineligible for CWHIP funding. A copy of the Recommended Order is attached as Exhibit C. On April 9, 2007, Petitioner filed Written Argument in response to the Recommended Order. A copy of the Written Argument is attached as Exhibit D. On April 13, 2007, Florida Housing filed a response to the written argument. A copy of the written response is attached as Exhibit E.
I. LEGAL

A. In Re: Oviedo Town Center Partners, Ltd.

FHFC Case No. 2007-007VW

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<thead>
<tr>
<th>Development Name: (“Development”)</th>
<th>Oviedo Town Center Apartments</th>
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<tr>
<td>Application #</td>
<td>2005-082S</td>
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<tr>
<th>Developer/Principal: (“Developer”)</th>
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<table>
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<tr>
<th>Type: Garden Apartments</th>
<th>Set Aside: 70% at 60%AMI</th>
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<table>
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<tr>
<th>Demographics: Family</th>
<th>Allocated Amount: $3,000,000</th>
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<table>
<thead>
<tr>
<th>MMRB: N/A</th>
<th>Housing Credits: N/A</th>
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1. Background

a) During the 2005 Universal Cycle, Florida Housing awarded SAIL funds to the Petitioner.

b) On February 13, 2007, Florida Housing received a Petition for Waiver from Rules 67-48.004(1)(a), 67-48.004(14)(a),(b),(j) and (k), and 67-48.004(15), Florida Administrative Code (2005), from Oviedo Town Center Partners, Ltd. (“Petitioner”). On March 26, 2007, Florida Housing received an Amended Petition for Waiver from Rules 67-48.004(1)(a), 67-48.004(14)(a),(b),(j) and (k), and 67-48.004(15), Florida Administrative Code (2005) from Petitioner. On April 18, 2007, Florida Housing received a Second Amended Petition for Waiver from Rules 67-48.004(1)(a), 67-48.004(14)(a) and (b), and 67-48.004(15), Florida Administrative Code (2005) (“Second Amended Petition”) from Petitioner. A copy of the Second Amended Petition is attached as Supplemental Exhibit A.

c) Rule 67-48.004(1)(a) provides:

(1)

(a) The Universal Application Package or UA1016 (Rev. 2-05) consists of the forms and instructions, obtained from the Corporation, at 227 North Bronough Street, Suite 5000, Tallahassee, FL 32301-1329, which shall be completed and submitted to the Corporation in accordance with this rule chapter in order to apply for the SAIL, HOME, HC or SAIL and HC Programs(s). The Universal Application Package is adopted and incorporated herein by reference, effective February 7, 2005.

1 The Second Amended Petition omits any request for waiver with respect to the number of units in the Development. Otherwise, the Second Amended Petition requests the same, or substantially the same relief as that requested in the previously filed original and amended petitions with respect to changes in the Applicant and Developer entities.
d) The Specific Instructions of the Universal Application Instructions provides under Part II A.2.a.(2):

(2) If applying for MMRB, SAIL or HOME, the Applicant entity shall be the borrowing entity and cannot be changed until after loan closing. Replacement of the Applicant or a material change (33.33% or more of the Applicant, a General Partner of the Applicant, or a member of the Applicant) in the ownership structure of the named Applicant prior to this time shall result in disqualification from receiving funding and shall be deemed a material misrepresentation. Changes after loan closing require Board approval.

e) The Specific Instructions of the Universal Application Instructions further provides under Part II.B.1.:

B. Development Team.

* * *

1. Developer or principal of Developer (Threshold).

The identity of the Developer(s) listed in this Application may not change until the construction or Rehabilitation/Substantial Rehabilitation of the Development is complete.

* * *

f) Rule 67-48.004(14)(a) and (b) provides:

(14) Notwithstanding any other provision of these rules, there are certain items that must be included in the Application and cannot be revised, corrected or supplemented after the Application Deadline. Failure to submit these items in the Application at the time of the Application Deadline shall result in rejection of the Application without opportunity to submit additional information. Any attempted changes to these items will not be accepted. Those items are as follows:

(a) Name of Applicant;

(b) Identity of each Developer, including all Co-Developers;

* * *

g) Rule 67-48.004(15) provides:

(15) A Development will be withdrawn from funding and any outstanding commitments for funds or HC will be rescinded if at any time the Board determines that the Applicant’s Development or Development team is no longer the Development or Development team described in the Application, and the changes made are prejudicial to the Development or to the market to be served by the Development.
h) Petitioner requests a waiver from Rules 67-48.004(1)(a) and (14)(a), restricting the ability of Petitioner to change the name of the Applicant prior to loan closing. The Applicant Entity is Oviedo Town Center Partners, Ltd. The Petitioner desires this Waiver to change the Applicant Entity to Oviedo Town Centre Development Group, L.L.L.P., with an ownership structure as reflected on Exhibit B attached to the Second Amended Petition.

i) Petitioner is also requesting a waiver from Rules 67-48.004(1)(a), (14)(b) and (15), restricting the ability of the Petitioner to change the identity of the Developer until construction is complete. The Developer is Sandspur Housing Partners, Ltd. The Petitioner desires this waiver to change the Developer entity to Atlantic Housing Partners, L.L.L.P., with an ownership structure as shown on Exhibit D attached to the Second Amended Petition.

j) On February 23, 2007, the Notice of Petition was published in the Florida Administrative Weekly.

k) To date, Florida Housing has not received any comments concerning the Petition.

l) Section 120.542(2), Florida Statutes provides in pertinent part:

Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.

m) The granting of this request for waiver to change the Applicant and Developer entities will serve the purpose of the underlying statute in that the development will be able to go forward as proposed without violating the intent and purposes of the rules for which waiver is sought. Denial of the Second Amended Petition will result in substantial hardship to the applicant and developer entities in that strict application of the rules in this case will lead to an unreasonable and unintended result. The intent of the rules is to prevent third parties entering into the transaction after the application process. In this case, no third parties are entering into the transaction but rather only internal restructuring will occur.

n) The credit underwriter has reviewed the proposed changes to the Applicant and Developer entities with a favorable recommendation.

2. **Recommendation**

a) Staff recommends the Board grant the Petitioner’s request for waiver from Rules 67-48.004(1)(a), 67-48.004(14) (a) and (b), and 67-48.004(15), Florida Administrative Code (2005), and the applicable Specific Instructions of the Universal Cycle Instructions to allow: (1) A change in the Applicant to Oviedo Town Centre Development Group, L.L.L.P., with an ownership structure as reflected on Exhibit B attached to the Second Amended Petition; and (2) a change in the Developer to Atlantic Housing Partners, L.L.L.P., with an ownership structure as shown on Exhibit D attached to the Second Amended Petition.
**LEGAL**

*Action Supplement*

**B. In Re: Pebble Hill Estates Limited Partnership**

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<th>Development Name: (&quot;Development&quot;):</th>
<th>Pebble Hill Estates</th>
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<td>RLI Beneficial Development 5 LLC</td>
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<td>Number of Units:</td>
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<td>Housing Credits:</td>
<td>$941,011</td>
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</table>

**1. Background**

a) During the 2005 Universal Application Cycle, Florida Housing awarded an allocation of low income housing tax credits to Pebble Hill Estates Limited Partnership ("Petitioner"). Florida Housing subsequently issued a Preliminary Allocation of these credits on December 8, 2005, and entered into a Carryover Allocation Agreement with Petitioner. Per the terms of this Agreement, Petitioner was to have the development “placed in service” by December 31, 2007.

b) On March 8, 2007, Florida Housing received a “Petition for Variance of the 2005 Qualified Allocation Plan Requirements for Returning Housing Credit Allocations and for an Immediate Allocation of 2007 Housing Credits” ("Petition"), from Petitioner. A copy of the Petition is attached as Supplemental Exhibit B.

c) Rule 67-48.002(83), Florida Administrative Code (2005), states in pertinent part:

> “QAP” or “Qualified Allocation Plan” means, with respect to the HC Program, the 2005 Qualified Allocation Plan which is adopted and incorporated herein by reference, effective upon approval by the Governor of the State of Florida, pursuant to Section 42(m)(1)(B) of the IRC and sets forth the selection criteria and the preferences of the Corporation for Developments which will receive Housing Credits.

d) Section 11 of the 2005 QAP provides, in pertinent part:

> …where a Development has not been placed in service by the date required or it is apparent that a Development will not be placed in service by the date required, such failure is due to circumstances beyond the Applicant’s control, and the Applicant has returned its Housing Credit Allocation in the last calendar quarter of the year in which it was otherwise required to be placed in service, the Corporation may reserve allocation in an amount not to exceed the amount of Housing Credits returned, and may allocate such Housing Credits to the Applicant for the year after the year in which the Development was otherwise required to be placed in service, provided the following conditions have been met…

e) Petitioner requests a variance to the above provision of the 2005 QAP, to permit the return of its 2005 Housing Credit allocation now, rather than wait to the last
f) On March 23, 2007, the Notice of Petition was published in the Florida Administrative Weekly. To date, Florida Housing has not received any comments concerning the Petition.

2. Present Situation

a) Section 120.542(2), Florida Statutes provides in pertinent part:

Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.

b) As grounds for its request for a variance, Petitioner states that circumstances beyond its control, namely ongoing local government issues, have delayed the construction of the Development, and that without the granting of this variance request, will result in substantial hardship to Petitioner and will threaten the viability of the Development.

c) Petitioner cites numerous delays introduced by modifications to the site plan required by the City of Marianna, which in turn required numerous variances for which Petitioner had to apply, as well as various administrative delays by the City. Specifically, a meeting of the Planning and Zoning Board and the City Commission was originally contemplated for December 15, 2006, but the City Staff did not actually approve the Development Order until February 19, 2007. The delays resulted from factors beyond Petitioner’s control, such as City Staff delays because of the Thanksgiving and Christmas holidays. Additionally, the City announced an additional prerequisite for the Development approval as late as February 9, 2007. Petitioner has noted that the Application for Development Approval was filed on October 19, 2006. Initially and throughout the pending matter, Petition reminded the City of Petitioner’s need to close before Jan 2007. The Development Order was not approved until February 19, 2007.

d) More importantly, Petitioner states that the introduction of these delays has put the tax credit syndicator equity financing at risk, as they can no longer be assured that construction will be completed by the original placed-in-service date. Consequently, the tax credit syndicator has expressed “serious doubts” about the Placed-in-Service deadline, but has agreed to maintain the same dollar value if an extension can be obtained and closing completed by May 2007. Petitioner has provided a more detailed narrative of these events and issues in its Petition, and has provided supporting documentation thereof.
LEGAL

Action Supplement

3. **Recommendation**

Staff recommends the Board grant the Petitioner’s request for a variance from the requirements of paragraph 11 of the 2005 QAP, only to the extent that Petitioner shall be permitted to return its 2005 Housing Credit allocation now, rather than wait to the last calendar quarter of 2007, and to receive an allocation of 2007 Housing Credits rather than a reservation of 2008 Housing Credits. Petitioner’s new placed-in-service deadline shall be December 31, 2008.
2. **Recommendation**

Staff recommends the Board issue a Final Order adopting the Recommended Order in its entirety, and dismissing the Petition.
MINUTES

Action

III. MINUTES

A. Consider Approval of the January 26, 2007, Board of Directors’ Meeting Minutes.

B. Consider Approval of the March 16, 2007, Board of Directors’ Meeting Minutes.
IV. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Qualifications (RFQ) 2007-01 for Bond Counsel Services

1. Background

   a) At its October 20, 2006 meeting, Florida Housing’s Board of Directors authorized staff to begin the solicitation process in order to select more than one qualified Offeror as Bond Counsel.

   b) An RFQ process was initiated and RFQ 2007-01 was issued on Friday, January 19, 2007. The deadline for receipt of Responses was 2:00 p.m., Friday, February 23, 2007.

2. Present Situation

   a) Six (6) Responses were received by the deadline from the following firms:

   (1) Bryant Miller Olive, P.A. jointly with Law Offices of Steve E. Bullock, P.A.

   (2) Edwards Angell Palmer & Dodge LLP

   (3) Greenberg Traurig P.A. jointly with Edwards & Associates

   (4) Hawkins Delafield & Wood LLP jointly with Murai Wald Biondo Moreno & Brochin

   (5) Kutak Rock LLP

   (6) Squire, Sanders & Dempsey L.L.P. jointly with Law Offices of Reginald D. Hicks, P.A.

   b) The Review Committee members, designated by the Executive Director, were Wayne Conner (Chairman), Deputy Development Officer, Barbara Goltz, Chief Financial Officer, Melanie Weathers, Bond Administrator, Kevin Pichard, Assistant Director of Guarantee Program, Shannon Rivera, Multifamily Bonds Manager, Jan Rayboun, Loan Closing Coordinator, and David Woodward, Multifamily Bonds Manager.

   c) Each member of the Review Committee individually reviewed the Responses prior to convening for the Review Committee meetings. The Review Committee meetings were held at 10:00 a.m., on Tuesday, March 6, 2007 and 2:00 p.m., Wednesday, March 14, 2007.

   d) Results of the Review Committee’s evaluation of the scored items are attached as Exhibit A.
3. **Recommendation**

a) The Review Committee recommends that the Board authorize staff to enter into contract negotiations with the following top four firms to provide Bond Counsel services:


3. Hawkins Delafield & Wood LLP jointly with Murai Wald Biondo Moreno & Brochin = 2266 pts.

I. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Qualifications (RFQ) 2007-02 for Specialty Promotional Printing Services

1. Background

   a) At its December 15, 2006 meeting, Florida Housing’s Board of Directors authorized staff to begin the solicitation process in order to select a pool of vendors from which Florida Housing staff may choose to purchase specialty promotional printing services.

   b) An RFQ process was initiated and RFQ 2007-02 was issued on Friday, March 9, 2007. The deadline for receipt of Responses was 2:00 p.m., Monday, April 9, 2007.

2. Present Situation

   a) Five (5) Responses were received by the deadline from the following vendors:

      (1) Awards 4U
      (2) Bowman Promotional Specialties
      (3) CorpLogoWare
      (4) Office Depot
      (5) Promotional & Advertising Products

   b) The Review Committee members, designated by the Executive Director, were Ian Smith (Chairman), Communications Director, Jenifer Stern, Senior Graphic Designer, Taylore Maxey, Marketing Communications Coordinator, Fran Pheeney, Single Family Programs Administrator, and Tamara Alford, Guarantee Program Asset Manager. Each member of the Review Committee individually reviewed the Responses prior to convening for the Review Committee meetings. The Review Committee meetings were held at 2:00 p.m., Friday, April 13, 2007 and 2:00 p.m., Tuesday, April 17, 2007.

   c) Results of the Review Committee’s evaluation of the scored items are attached as Exhibit A.

3. Recommendation

The Review Committee recommends that the Board select the following vendors to provide Specialty Promotional Printing services:

   (1) Awards 4U
   (2) Bowman Promotional Specialties
   (3) CorpLogoWare
   (4) Office Depot

April 27, 2007

Florida Housing Finance Corporation
C. Investment Manager Request for Proposals

1. Background

   a) Florida Housing entered into contracts with Bear Stearns Asset Management on September 18, 2002 and UBS Global Asset Management (Americas) Inc. on January 13, 2003 to provide Investment Manager services for Florida Housing.

   b) The initial term of both contracts was for three (3) years and could be renewed twice. Each renewal was for an additional one-year period. Bear Stearns Asset Management’s contract expires September 18, 2007 and UBS Global Asset Management (Americas) Inc.’s contract expires January 17, 2008. There are no renewal options available.

2. Present Situation

   a) Florida Housing has a need for one or more Investment Managers to perform the services including but not limited to, the following:

      (1) Supervise and make recommendations regarding the investment of the investment account assets.

      (2) Make recommendations to Florida Housing on formulation, implementation and amendment of the Florida Housing Finance Corporation Investment Guidelines.

      (3) Retain on file, for a period of three years, confirmations of all transactions and provide Florida Housing with monthly statements, a quarterly summary of the performance of the Investment Account Assets and an annual report.

      (4) Meet periodically, at such times as Florida Housing may reasonably request, concerning the Investment Account. The Investment Manager(s) shall be available to attend all regularly scheduled meetings of Florida Housing’s Board of Directors upon request. Attendance at approximately two to four meetings per year for investment update presentations is anticipated.

      (5) Provide detailed monthly reports which shall include, but are not limited to, the following:

         (a) Summary report of account activity.

         (b) Asset valuation statement showing cost basis and market basis valuations for each security.

         (c) Income earned analysis.

         (d) Computation of monthly expenses.

         (e) Actual performance compared to benchmarks.
PROFESSIONAL SERVICES SELECTION (PSS)

Action

(f) Portfolio compliance with Florida Housing Finance Corporation Investment Guidelines.

3. Recommendation

Authorize staff to begin the solicitation process in order to select one or more qualified Offerors to provide Investment Manager services for Florida Housing and authorization for the Executive Director to establish a Review Committee to make a recommendation to the Board.
V. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval for relief of the Farmworker Set-Aside for Triple Oaks Phase II, Cycle XII (2000-107S)

| Development Name: Triple Oaks Phase Two a/k/a Omega Villas (“Development”) | Location: Gadsden County |
| Developer/Principal: CEDO Housing Development Corporation (“Developer”) | Set-Aside: 16.07% @ 28% AMI and 66.07% @ 50% AMI |
| Number of Units: 56 | Allocated Amount: $2,490,000 |
| Type: Garden Style | Housing Credit Equity N/A |
| Demographics: Farmworker | MMRB: N/A |

1. **Background/Present Situation**
   a) On March 4, 2002, a SAIL loan in the amount of $2,490,000 for this 56-unit farmworker development in Gadsden County closed
   b) On March 26, 2007, staff received a letter from the Applicant requesting relief of the farmworker set-aside (*Exhibit A*).
   c) On April 12, 2007, staff received a credit underwriting update letter addressing the relief of the farmworker set-aside per Rule Chapter 67-48.010(22), F.A.C., and the impact it will have on Florida Housing (*Exhibit B*).

2. **Recommendation**

   Approve the relief of the farmworker set-aside per Rule Chapter 67-48.010(22), F.A.C., subject to a two year timeout of CEDO-HDC from participating in FHFC loan programs.
I. MULTIFAMILY BONDS

A. Request Approval Of The Supplemental Letter To The Credit Underwriting Reports For Briarwood Apartments And Heritage Villas Apartments

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<tr>
<th>DEVELOPMENT NAME (&quot;Development&quot;):</th>
<th>Briarwood Apartments</th>
<th>Heritage Villas Apartments</th>
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</thead>
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<tr>
<td>DEVELOPER/PRINCIPAL (&quot;Applicant&quot;):</td>
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</tr>
<tr>
<td>NUMBER OF UNITS:</td>
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<td>116 – respectively</td>
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<tr>
<td>LOCATION (&quot;County&quot;):</td>
<td>Clay – respectively</td>
<td>Indian River – respectively</td>
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<td>TYPE (Rental, Homeownership):</td>
<td>Rental/Family (MMRB, SAIL and HC)</td>
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<td>SET ASIDE:</td>
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<td>100% @ 60% (SAIL &amp; HC) - respectively</td>
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<td>ALLOCATED AMOUNT:</td>
<td>$4,520,000 of Tax-Exempt Bonds and $3,100,000 SAIL - respectively</td>
<td></td>
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ADDITIONAL COMMENTS: Approval of the Supplemental Letter to the Credit Underwriting Reports

1. Background

   a) Applicant submitted an application ("Application") on behalf of Briarwood Apartments during the 2006 Universal Cycle. Applicant applied for tax-exempt bonds in the amount of $4,150,000 and SAIL funds in the amount of $3,100,000 in order to construct the Development. The Applicant subsequently requested an additional $370,000 in tax-exempt bonds for a total amount of $4,520,000.

   b) Applicant submitted an application ("Application") on behalf of Heritage Villas Apartments during the 2006 Universal Cycle. Applicant applied for tax-exempt bonds in the amount of $5,100,000 and SAIL funds in the amount of $4,000,000 in order to construct the Development. The Applicant subsequently requested an additional $830,000 in tax-exempt bonds for a total amount of $5,930,000.

   c) At the January 26, 2007 Board Meeting, Florida Housing approved the Final Credit Underwriting Reports for the Developments.
2. **Present Situation**

   a) The Owner, made a written request to change the General Contractor due to the inability of the current General Contractor to obtain a payment and performance bond as required by the Credit Underwriting Reports.

   b) The Credit Underwriter has reviewed the request and by letter dated April 2, 2007 (Exhibit A) recommends that Florida Housing approve the request.

3. **Recommendation**

   That the Board approve the Supplemental Letter to the Credit Underwriting Reports for the Developments, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.
I. PREDEVELOPMENT LOAN PROGRAM (PLP)

A. Request for Florida Housing to Accept an Increase in the First Mortgage Loan for El Capitan Crossings (PLP 05-078), from Housing & Education Alliance Redevelopment Team II, LLC, a Non-Profit Corporation

<table>
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<th>DEVELOPMENT NAME (“Development”):</th>
<th>El Capitan Crossings</th>
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<tbody>
<tr>
<td>APPLICANT/DEVELOPER (“Developer”):</td>
<td>Housing &amp; Education Alliance, Redevelopment Team II, LLC, a Non-Profit Corporation</td>
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<td>NUMBER OF UNITS:</td>
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<td>TYPE:</td>
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<td>PLP LOAN AMOUNT:</td>
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1. Background/Present Situation

a) On April 21, 2006, the Board approved a PLP loan in the amount of $500,000 to the Housing and Education Alliance, Inc., a Non-Profit Corporation for El Capitan Crossings. Of the $500,000 PLP loan, $400,000 has been used for land acquisition.

b) On December 15, 2006, the Board approved the name change from Housing & Education Alliance, Inc. to Housing & Education Alliance, Redevelopment Team II, LLC (the Developer).

c) To develop the property, the developer obtained a first mortgage for additional land acquisition and site development costs from Neighborhood Lending Partners in the amount of $670,000. Florida Housing’s PLP loan is in subordinate position to this loan. Neighborhood Lending Partners has agreed to increase the first mortgage loan from $670,000 to $1,076,000 to finance increased costs in site development of the property. The developer is requesting that, in its position as subordinate lender, Florida Housing accept this increase in the first mortgage loan.

d) This increase in total development costs results in an average sales price of $213,000 (with the highest price being $222,000) per unit. This sales price is within the purchase price limit for Hillsborough County of $226,000 for the SHIP program and the limit established by the U.S. Treasury of $240,000. Down payment assistance anticipated through SHIP and Florida Housing’s Homeownership Pool Program will result in a first mortgage averaging less than $100,000 per household.

e) The credit underwriter has reviewed the request and is recommending approval of the developer’s request (Exhibit A). The credit underwriter has also recommended a change in the repayment of the PLP loan from a ratio of 1:1 to 1:1.34, which equates to a full pay down of the loan on a prorated basis upon the sale of the first 27 homes.

April 27, 2007

Florida Housing Finance Corporation
2. Recommendation

Staff recommends that the Board approve the developer’s request to accept a subordinate position for the PLP loan for an increased first mortgage loan amount of $1,076,000 and instruct staff to amend the loan documents to reflect the change in the amount of the first mortgage and to require the prorated repayment of the loan over the sale of the first 27 homes.
I. SINGLE FAMILY BONDS

A. Single Family Bonds

1. Background

   a) Florida Housing sold its $175 million 2007 Series 2 Bonds (2007 Phase Two) on April 18, 2007. This sale produced proceeds for the origination of full spread fixed rate single family mortgage loans bearing rates of:

      (1) 6.49% for Florida Plus Loans,
      (2) 5.93% for Florida First Loans,
      (3) 5.43% for Florida Advantage Loans,
      (4) 5.68% for Florida Heroes Loans,
      (5) 6.03% for Florida 40 Loans, and
      (6) 6.59% for Florida 40 Plus Loans.

   b) Staff is requesting approval to issue up to $250 million of single family bonds to fund mortgages from what will be designated as 2007 Phase Three Bonds (multiple series to be determined) and if savings can be achieved to refund the outstanding 1996 Series 1-2, 1996 Series 3, 1997 Series 1-3 and 1998 Series 1-4 bonds.

   c) The 2007 Phase Three Bonds are expected to be rated “AA” by Standard & Poor’s Ratings Services, “Aa1” by Moody’s Investors Service, and “AA+” by Fitch Ratings. It is anticipated that the 2007 Phase Three Bonds and any additional new money bonds issued under the 1995 Indenture will, for the foreseeable future, be secured by mortgage backed securities.

   d) Consistent with normal rotation of bond professionals, UBS Securities LLC will serve as senior managing investment banker for the negotiated sale of the 2007 Phase Three Bonds. Bryant, Miller & Olive, P. A. and the Law Offices of Steve Bullock, P. A. will serve as bond counsel and Adorno & Yoss LLP will serve as special counsel.

2. Present Situation

   a) Authorization necessary to issue the 2007 Phase Three Bonds requires (1) adoption of an authorizing resolution by Florida Housing’s Board and (2) approval of the plan of finance by the State Board of Administration. To work within the constraints of regularly scheduled public meetings and maintain Florida Housing’s goal of providing continuously available single family mortgage funding, the authorizing resolution for the 2007 Phase Three Bonds is being presented for consideration at Florida Housing’s April 27, 2007 meeting.
SINGLE FAMILY BONDS

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b) Current market conditions render it difficult to predict the precise rate of reservation for proceeds of the 2007 Series 2 bonds; however, to insure sufficient time for obtaining required approvals for the 2007 Phase Three bonds, authorization is hereby requested to commit up to $25,000,000 of Indenture assets and/or other funds available to Florida Housing to provide interim funding for single family reservations.

c) Final size, structure, timing and other decisions relating to the 2007 Phase Three Bonds will be made based on production, program changes and market conditions with the advice of CSG Advisors and UBS Securities LLC closer to the time of the anticipated transaction. Issuance costs and capitalized interest (if any) for the 2007 Phase Three Bonds will be funded with assets available under the single family bond indenture and/or by a contribution from Florida Housing’s general funds. While in the past actual negative reinvestment costs have been reduced or eliminated by shortening origination schedules and by investing bond proceeds with the State Treasurer’s fund, under current market conditions, it may be financially advantageous to Florida Housing to use a Guaranteed Investment Contract (GIC) to invest the 2007 Phase Three bond proceeds. Based on current market conditions, we do not expect there to be negative arbitrage on reinvested bond proceeds to be used to acquire mortgage backed securities.

d) Summary of Proposed 2007 Phase Three Bonds:

1. Principal amount: Not to exceed $250,000,000 in long term taxable and tax-exempt bonds in one or more series to finance new mortgage loans and, if savings can be achieved, to refund Florida Housing’s 1996 Series 1-2, 1996 Series 3, 1997 Series 1-3 and 1998 Series 1-4 bonds (of which $61,500,000 are still outstanding).

2. Florida Housing Funds: 1) interim funding, not to exceed $25,000,000 from Indenture resources and/or other funds available to Florida Housing with the expectation that any funds committed will be reimbursed with proceeds of the 2007 Phase Three Bonds and 2) issuance costs and any capitalized interest, not to exceed $15,000,000 from Indenture resources and/or other funds available to Florida Housing.

3. Mortgage Rates: Not to exceed a mortgage loan yield of 7.75% for the 2007 Phase Three portfolio.

4. Origination & Delivery Period: Expect a twelve month production period with up to an eighteen month delivery period.

5. 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 the 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.

6. Loan Types: Conventional, VA, Rural Development and FHA.
SINGLE FAMILY BONDS

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(7) Second Mortgages: HAP Down Payment and HAMI.

(8) Guaranteed Mortgage Securities: Ginnie Mae, Fannie Mae and Freddie Mac.

e) Private Activity Tax-Exempt Bond Resources Available:

  (1) $152,581,827.54 of 2006 carry forward volume cap

  (2) $125,000.00 of recycled volume cap

f) Exhibit A – CSG Advisors Method of Sale Letter

g) Exhibit B – Authorizing Resolution

3. Recommendation

Staff recommends the Board approve the necessary funding (including reimbursable amounts to provide program funding between bond issues), staff actions and the resolution to permit the issuance of the proposed 2007 Phase Three Homeowner Mortgage Revenue Bonds.