

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**January 30, 2015**  
**Information Items**



# COMMUNICATIONS

## *Information*

### I. COMMUNICATIONS

#### A. Florida Hardest-Hit Fund (HHF) Programs

##### 1. Background/Present Situation

a) Since the implementation of the statewide launch, Florida Housing has received press on the program in the following media outlets (including print, broadcast and Internet)<sup>1</sup>:

- (1) ABC 7 (WWSB)
- (2) ABC 13 (WMBB.com)
- (3) ABC 25
- (4) Active Rain Blog
- (5) Associated Press
- (6) Bay News 9 Tampa
- (7) Before It's News Blog
- (8) Boston Today Newspaper
- (9) Bradenton Herald Newspaper
- (10) CBS 4 in Miami
- (11) CBS 12 News
- (12) Charlotte Sun
- (13) CitrusDaily.com Online
- (14) Clay Today Newspaper
- (15) Crestview Bulletin
- (16) The Current
- (17) Daily Record
- (18) Daytona News-Journal Newspaper
- (19) eCreditDaily
- (20) Elder Affairs Newsletter
- (21) First Coast News.com Online
- (22) Florida Courier
- (23) Florida Current
- (24) Florida.newszap.com
- (25) Florida Times Union Newspaper

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<sup>1</sup> ***Bold Italics*** – Media Hit  
**Bold** – New Media Hit

## COMMUNICATIONS

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- (26) Florida Today Newspaper
- (27) Florida Trent
- (28) Florida Weekly
- (29) 4 Closure Fraud Blog
- (30) Fox News
- (31) Free-Press-Release.com
- (32) GreenvilleOnline.com
- (33) Guardian
- (34) Heartland News
- (35) Herald Tribune Newspaper
- (36) Highlandstoday.com Online
- (37) Hispanic Business
- (38) Housingwire.com Online
- (39) Huffington Post
- (40) Kansas City Star
- (41) Lakeland Ledger
- (42) Lake City Journal
- (43) Livinglies Garfield Firm
- (44) Lobby Tools
- (45) Matt Widner's Foreclosure News
- (46) Media Advisory – US Senate
- (47) Mearkle, Trueblood, Adam
- (48) Mtalawyesjacksonville.com
- (49) Madison County Carrier
- (50) Miami Herald Newspaper
- (51) Mortgageorb.com Online
- (52) NCOA
- (53) Naples News
- (54) News Channel 5 (online)
- (55) News Chief
- (56) News-Press Newspaper in Fort Myers
- (57) News Service of Florida
- (58) News 13 Online
- (59) News Vine
- (60) New York Times

## COMMUNICATIONS

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- (61) NorthEscambia.com Online
- (62) Ocala.com Online
- (63) Ocala Star Banner Newspaper
- (64) Orlando Sentinel
- (65) Palm Beach Post
- (66) Panama City News Herald
- (67) Pensacola News Journal Newspaper
- (68) Ponte Vedra Recorder
- (69) RealEstateRama.com Online
- (70) The Record
- (71) The Republic
- (72) The Laker
- (73) Reuters Newspaper
- (74) Reverse Mortgage Daily
- (75) San Francisco Chronicle
- (76) Stateline.org Online
- (77) St. Augustine Record Newspaper
- (78) St. Pete Times Newspaper
- (79) Sun-Sentinel Newspaper
- (80) Sunshine State News
- (81) Tallahassee Democrat
- (82) ***Tampa Bay Times***
- (83) Tampa Tribune
- (84) TCPalm.com Online
- (85) The Times ([www.nwtimes.com](http://www.nwtimes.com))
- (86) Tomrollins.com Online
- (87) Townhall
- (88) Treasury Notes
- (89) Tweet - @Framabama
- (90) Tweet – Troy Kinsey @TroyKinsey
- (91) Tweet – Peter Schorsch @SaintPetersblog
- (92) WAND 17
- (93) Watchdog
- (94) WBBH Channel 2 Charlotte County
- (95) WBZT “The Talk Station”

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### *Information*

- (96) WCTV – Action 9
  - (97) WDEF News Channel 12 online wdef.com
  - (98) WEAR Channel 3 Pensacola
  - (99) Weidner Law Blog
  - (100) WESH 2 News Orlando
  - (101) Western Orlando News Online
  - (102) WFOL Orlando
  - (103) WFSU
  - (104) WFTV News Orlando
  - (105) WGCU
  - (106) WINK Ft. Myers News
  - (107) Winter Haven News Chief
  - (108) WJXT Channel 9 Jacksonville
  - (109) WLRN Miami Herald News
  - (110) WMBB
  - (111) WOFL Channel 35 Lake Mary
  - (112) Wn.com
  - (113) WPEC Palm Beach TV
  - (114) WPTV Channel 5 West Palm Beach
  - (115) WTSP
  - (116) WTVT Channel 13 Fox Tampa
  - (117) WTXL Tallahassee TV
  - (118) WUFT 89 FM Radio Gainesville
  - (119) WZVN ABC Channel 7 Fort Myers
- b) Communications and HHF staff completed production and distribution of a direct mail piece for the Principal Reduction (HHF-PR) program. This targeted outreach effort—a collaboration with US Treasury and the GSEs—was sent to homeowners who are underwater on their mortgage and may qualify for HHF-PR financial assistance.
- c) Additionally, staff continues to update and revise existing informational and promotional materials for the HHF programs. Marketing materials for the Principal Reduction program, now accessible for the advisor agencies, have been put to use for community outreach events.

## COMMUNICATIONS

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#### **B. Business Continuity**

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

Business Continuity staff continues reviewing and updating the business continuity plan, disaster and evacuation procedures, one-pagers, etc. Additionally, Communications staff will attend the Disaster Recovery Journal Spring Conference in Orlando to remain current on best practices for business continuity, disaster recovery and emergency preparedness.

#### **C. Corporate Marketing/Outreach**

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

Communications distributed the 2014 third quarter electronic *What's Developing* corporate newsletter in December. The next issue will be distributed in March.

**FISCAL**  
*Information*

**II. FISCAL**

**A. Operating Budget Analysis for November 2014**

**1. Background/Present Situation**

- a) The Financial Analysis for November 30, 2014, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending November 30, 2014, is attached as [Exhibit B](#).

# GUARANTEE PROGRAM

## Information

### III. GUARANTEE PROGRAM

#### A. Status of the Guarantee Program portfolio

##### 1. Background/Present Situation

- a) Since the implementation of the Guarantee Program in 1993, it has guaranteed 120 transactions, facilitating the construction of over 28,000 housing units in Florida. In November 1994, the Guarantee Program entered into an agreement with HUD to participate in the Risk-Sharing Program; characterized by a 50/50 sharing of default risk in connection with the mortgage guarantee. Of the 26 multifamily developments in the Guarantee Program portfolio today, 17 are Risk-Sharing transactions.
- b) Since November 2008, there have been eight (8) multifamily claims filed on the Guarantee Program, representing the total (and only) multifamily claims incurred in its 20-year history. The last multifamily claim occurred in April 2010. The chart in Exhibit B reflects the developments that have been foreclosed as of December 31, 2014, listed in chronological order by claim filed date.
- c) There are no foreclosures in inventory and no developments in monetary default in the portfolio.

#### B. Corpus and Portfolio Risk Exposure

##### 1. Background/Present Situation

- a) The global liquidity crisis of 2008 collapsed the market for the variable rate bonds capitalizing the Guarantee Program corpus, ultimately leading staff to restructure the debt, paying off approximately \$89 million and refinancing the remaining \$156.2 million in variable rate bonds to a 5-year term loan with Citibank, closing on December 31, 2009.
- b) At that time, the Guarantee Program's total risk exposure, single-family and multifamily combined, was \$754.5 million. Since then, in keeping with the Board's mandate to cede risk from the portfolio, total risk exposure (as reflected in Exhibit C, chart "Guarantee Fund Capacity", line item "Total Commitments") has been reduced almost 80%, as reflected below:

Portfolio Risk Exposure

12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	As of 12/31/2014
\$754,475,974	\$728,323,576	\$578,754,817	\$468,471,463	\$306,526,369	\$158,914,288



## GUARANTEE PROGRAM

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- c) The continued low interest rate environment has prompted many Developers to refinance their properties, paying-off their guaranteed mortgages and removing them from the Guarantee Program portfolio, representing the primary driver behind the reduction in Total Commitments reflected above. The sharp increase in refinancing activity is reflected in the following chart:

		Refinancing Activity					
		2009	2010	2011	2012	2013	2014
<b>Loans (#):</b>		<b>0</b>	<b>2</b>	<b>12</b>	<b>9</b>	<b>22</b>	<b>22</b>
<b>Risk ceded (\$):</b>		<b>\$0</b>	<b>\$9,876,854</b>	<b>\$117,963,056</b>	<b>\$83,995,036</b>	<b>\$149,398,081</b>	<b>\$136,753,440</b>

- d) Also contributing to the reduction in Total Commitments is approximately \$100 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$38 million in scheduled amortization of guaranteed mortgages, a \$9 million foreclosure (Heritage in 2010), and \$7.4 million in terminated single-family mortgage reinsurance pools.
- e) Furthermore, Management aggressively reduced the Guarantee Program capitalizing debt, paying off \$90.2 million on April 20, 2011 and another \$15 million on July 29, 2011, leaving \$51.0 million outstanding. On December 21, 2012, the remaining balance of \$51.0 million was paid in full, reducing the Guarantee Fund's capitalizing debt to zero (\$0).
- f) The Guarantee Fund corpus contains approximately \$156 million in invested capital, all of which is currently invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "A+f" by Standard & Poor's as of November 30, 2014.

- C. FHFC actions to effectively manage the Guarantee Program ([Exhibit A](#))**
- D. Guarantee Program Foreclosure Summary ([Exhibit B](#))**
- E. Guarantee Program Portfolio Summary and Guarantee Fund Capacity ([Exhibit C](#))**

## HOUSING CREDITS

### *Information*

#### IV. HOUSING CREDITS

##### A. Housing Credits

##### 1. Background/Present Situation

- a) Below is a list of developments that have requested changes to the Construction Features & Amenities and/or Resident Programs in their Application since the last Board meeting which staff has approved:
- b) Harbour's Edge fka Urban Edge (2011-235C/2013-007C) has swapped: "Outside recreation facilities: Bocce Ball Court and Putting Green" (2 points) for "Library consisting of a minimum of 100 books and 5 current magazine subscriptions" (1 point). The Development will maintain the maximum point value of 12 points pursuant to the 2011 Universal Application.
- c) Staff will amend the EUA for this development, as appropriate.

## MULTIFAMILY BONDS

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#### V. MULTIFAMILY BONDS

##### A. Changes to Construction Features and Amenities and/or Resident Programs

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

- a) The following development has requested, and staff has approved, changes to the Construction Features & Amenities and/or Resident Programs in their Applications since the last Board meeting:

Seminole Ridge (1999 Series 01 & 02, 2000-528C) Land Use Restriction Agreement requires “Interior floor coverings will be vinyl flooring in the entry, kitchen, laundry and baths, with wall-to-wall carpet throughout the remaining living areas.” The Borrower has requested to allow installation of vinyl flooring in place of carpet as needed. Scoring of the Application will remain unaffected.

- b) Staff will amend the Land Use Restriction Agreements and/or Extended Use Agreements for the development as appropriate.

## MULTIFAMILY PROGRAMS

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#### VI. MULTIFAMILY PROGRAMS

##### A. Multifamily Energy Retrofit Program (MERP) Request for Applications

###### 1. Background

As reported at the December 12, 2014, Board meeting, Florida Housing did not receive any Applications to the Request for Applications issued in October to offer financing to property owners proposing the retrofit of older multifamily developments in Florida Housing's portfolio. At that meeting, the staff reported that it was in the process of contacting interested owners to find out why they did not apply, and would factor that information into revisions in the approach to the program. The staff also said that it would provide an update to the Board in January on its findings and planned changes.

###### 2. Present Situation

The staff is still in the process of evaluating the information received from property owners to determine the best approach going forward and will report to the Board at its March 2015 meeting.

## SINGLE FAMILY BONDS

### *Information*

#### VII. SINGLE FAMILY BONDS

##### A. Single Family Homebuyer Programs

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

- a) Florida Housing continues to have funds continuously available for qualifying homebuyers through our First Time Homebuyer (FTHB) Programs. Florida Housing's Programs provide assistance to eligible homebuyers by offering low-cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance. Currently, we have two FTHB Programs; the Florida First Government Loan Program (Government Loan Program) and the Florida HFA Preferred Loan Program (HFA Preferred). We also offer a Mortgage Credit Certificate Program for those FTHBs who do not need downpayment assistance but who may benefit from additional annual federal tax savings offered through this program.
- b) The Government Loan Program offers borrowers a 30-year, fixed-rate mortgage using all approved government-insured loan types. These include Federal Housing Administration (FHA) loans, U.S. Department of Veteran Affairs (VA) loans, and United States Department of Agriculture-Rural Development (RD) loans. This program is funded through both traditional mortgage revenue bond sales as well as by the sale of Mortgage Backed Securities (MBS) into the secondary markets. Included in this program is the Military Heroes Program, which offers both honorably discharged veterans and active duty military personnel the benefit of a lower first mortgage interest rate.
- c) The HFA Preferred Program uses a loan product developed by Fannie Mae specifically for state housing finance agencies. Rather than selling bonds as a funding source, this program is structured as a forward delivery "To Be Announced" (TBA) Program in conjunction with one of our contracted investment bankers, Raymond James. Single Family Program staff sets a daily mortgage rate based upon prevailing market rates and predetermined profitability goals. The conventional loans originated by participating lenders offer borrowers a 30-year, fixed-rate mortgage. Borrowers benefit from lower mortgage insurance costs on these loans, when compared to similar government-insured loans such as FHA, and can qualify with a 3% - 5% downpayment.
- d) Florida Housing primarily offers qualified homebuyers down payment and closing cost assistance (DPA) in the form of a second mortgage loan on both the Government Loan Program and HFA Preferred loans. Our Florida Assist loan is a 0% deferred payment, \$10,000 second mortgage that serves homebuyers with an area median income (AMI) of up to 120%, adjusted for household size. It is repayable upon sale of the property, refinance of the first mortgage, at the end of the first mortgage term, or if the homeowner no longer occupies the property as his/her primary residence. We also introduced a 3% grant program as part of the HFA Preferred PLUS Conventional Loan Program. The grant program offers borrowers 3% of the purchase price in non-repayable assistance to help with downpayment and closing costs. The HFA Preferred PLUS, like the HFA Preferred, offers daily pricing, but at a slightly higher first mortgage interest rate to generate the 3% assistance. Our HFA Preferred PLUS grant provides

## SINGLE FAMILY BONDS

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assistance to borrowers with an area median income (AMI) of up to 140%, adjusted for household size.

- e) Our Mortgage Credit Certificate (“MCC”) Program provides qualified first time homebuyers with a non-refundable federal tax credit. Our MCC Program uses a 50% credit rate that provides the homeowner with a maximum \$2000 annual tax credit used to offset any federal tax liability. The homeowner can claim this credit each year they occupy the home as a primary residence, pay mortgage interest, and have a tax liability to offset. We currently have 89 approved lenders participating in the MCC Program compared with 98 in our loan programs. We charge a \$500 issuance fee for each MCC to cover administration and support of the program.
- f) Single Family Program Staff continually offers a three hour, Department of Business and Professional Regulation (DBPR)-approved continuing education (“CE”) course for Realtors, which is coordinated through local Realtor boards throughout the state. Realtors who attend these classes receive a general 3 hour CE credit while learning about our First Time Homebuyer Program, our Mortgage Credit Certificate Program, and other affordable housing programs available to their potential homebuyers. We strive to market to large groups such as Realtors and lenders statewide to maximize the benefit of our time and travel and to help others learn about the resources available through our programs.
- g) Single Family Program staff also conducts both webinar and face-to-face trainings for lender partners throughout the state. Training consists of program requirements and recent updates, system training offered in conjunction with eHousing and first mortgage and servicer requirements and updates offered in conjunction with US Bank Home Florida Housing sponsors a toll-free telephone line (800-814-HOME), for first time homebuyers to call for information about our program. Callers are able to receive information through pre-recorded information that directs them to our First Time Homebuyer Wizard tool, which is located on our website. Those callers that have additional questions are transferred to Single Family Staff for assistance.
- h) Mortgage. Together, Florida Housing, eHousing and US Bank Home Mortgage provide lenders with information to better assist with the origination, delivery and purchase of first and second mortgages originated through our First Time Homebuyer Program. Most recently, Single Family Program Staff conducted a lender training in Jacksonville. The December 1<sup>st</sup> training was requested by Prime Lending, a lender partner that participates in our First Time Homebuyer Program as well as the MCC Program.

**SINGLE FAMILY BONDS**

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**2014 FIRST TIME HOMEBUYER PROGRAMS SUMMARY**

	<b>2013 FTHB Program Totals</b>	<b>2014 FTHB Program Totals</b>	<b>2014 Government Loan Program</b>	<b>2014 HFA Preferred Conventional Loan Program</b>	<b>2014 Mortgage Credit Certificate (MCC) Program Totals</b>
Average Loan Amount	<b>\$108,277</b>	<b>\$120,047</b>	\$118,061	\$124,647	\$154,110
Average Acquisition Price	<b>\$113,697</b>	<b>\$127,181</b>	\$123,732	\$135,169	\$159,723
Average Household Income	<b>\$46,548</b>	NA	\$49,369	\$43,472	\$51,000
*County Area Median Income %	<b>*60.77%</b>	NA	*66.11%	**77.79%	**90.91%
Total # of Units	<b>1,517</b>	<b>2799</b>	1955	844	523
Total \$ Volume	<b>\$164,256,571</b>	<b>\$336,010,489</b>	\$230,808,401	\$105,202,088	\$80,599,751

\* using county level AMI data as reported in reservation system

\*\* uses statewide AMI of \$56,100

**2014 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS**

County	# of Loans	1 <sup>st</sup> Mortgage Loan Amounts
Duval	451	\$52,622,853.61
Hillsborough	216	\$25,559,449.09
Brevard	199	\$20,514,936.26
Lee	179	\$20,197,188.09
Orange	163	\$22,322,549.97
Volusia	126	\$13,225,877.99
Leon	109	\$12,391,273.59
Polk	108	\$13,514,901.25
Palm Beach	107	\$13,912,191.24
Sarasota	101	\$12,334,527.78

## SUBORDINATED MORTGAGE INITIATIVE (SMI)

### *Information*

#### VIII. SUBORDINATED MORTGAGE INITIATIVE (SMI)

##### A. Program Update

##### 1. Background/Present Situation

- a) Between April 2009 and September 2010, the Board approved funding for a total of thirty-two (32) Subordinated Mortgage Initiative (SMI) loans to developments credit-enhanced by the Guarantee Program and determined to be in financial distress. The loans provided properties with temporary assistance in funding their mortgage debt service obligations for a period of up to twenty-four (24) months. To that extent, Florida Housing provided funding for up to one (1) mortgage payment per each three month period. The developer is required to make the remaining payments. This process is to be repeated for up to twenty-four (24) months, with Florida Housing potentially making up to a total of eight (8) mortgage payments and the developer making a total of sixteen (16) mortgage payments during this period.
- b) Attached, as [Exhibit A](#), is a spreadsheet of the status of the SMI loans approved to date. Highlights of the data are as follows:
  - (1) The Board approved thirty-two (32) SMI loans totaling \$19,120,000 in aggregate.
  - (2) Thirty (30) of these SMI loans have been closed to date in the principal amount of \$17,834,309.01, of which \$17,557,032.82 has been disbursed as of August 31, 2014.
  - (3) One SMI loan, Preserve at Oslo (f/k/a: Woods of Vero Beach), received SAIL/ELI funding prior to the final disbursement under the SMI loan. The SAIL/ELI loan reduced the first mortgage balance; as a result the three (3) remaining SMI disbursements for Woods of Vero were reduced accordingly, reducing its SMI loan by \$14,116.97, effectively reducing the amount closed to date to \$17,820,192.04.
  - (4) Two (2) loans, Leigh Meadows and Colony Park, representing two different developers, approved in the total amount of \$665,000, did not close due to the owner/borrower declining the loan.
  - (5) All accrued interest will be due on these loans twenty four (24) months after the final disbursement. The loan will then be amortized based on a twenty (20) year amortization with a balloon payment due at the end of year six.
  - (6) As of January 8, 2015, twenty one (21) loans have been paid in full totaling \$12,349,014.23.