

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
June 19, 2015
Information Items



COMMUNICATIONS

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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)¹:

- (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) Coconut Grove Times
- (16) Crestview Bulletin
- (17) The Current
- (18) Daily Record
- (19) Daytona News-Journal Newspaper
- (20) eCreditDaily
- (21) Elder Affairs Newsletter
- (22) First Coast News.com Online
- (23) Florida Courier
- (24) Florida Current
- (25) Florida.newszap.com
- (26) Florida Times Union Newspaper

¹ ***Bold Italics*** – Media Hit
Bold – New Media Hit

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

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

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- (97) Watchdog
- (98) WBBH Channel 2 Charlotte County
- (99) WBZT “The Talk Station”
- (100) WCTV – Action 9
- (101) WDEF News Channel 12 online wdef.com
- (102) WEAR Channel 3 Pensacola
- (103) Weidner Law Blog
- (104) WESH 2 News Orlando
- (105) Western Orlando News Online
- (106) WFOL Orlando
- (107) WFSU
- (108) WFTV News Orlando
- (109) WGCU
- (110) WINK Ft. Myers News
- (111) Winter Haven News Chief
- (112) WJXT Channel 9 Jacksonville
- (113) WLRN Miami Herald News
- (114) WMBB
- (115) WOFL Channel 35 Lake Mary
- (116) Wn.com
- (117) WPEC Palm Beach TV
- (118) WPTV Channel 5 West Palm Beach
- (119) WTSP
- (120) WTVT Channel 13 Fox Tampa
- (121) WTXL Tallahassee TV
- (122) WUFT 89 FM Radio Gainesville
- (123) WZVN ABC Channel 7 Fort Myers

- b)** In February and March, Communications staff represented the Florida HHF programs at two Bank of America events in Miami and Orlando, respectively. Both were two full-day events where potential HHF applicants were identified and current applicants were assisted.

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- c) HHF and Communications staff, in coordination with Making Home Affordable® (MHA) and the US Department of Treasury (Treasury), participated in the American Association of Retired Persons® (AARP) National Convention, May 14-16, at the Miami Beach Convention Center. All the Florida HHF programs were represented, with an emphasis on the Elderly Mortgage Assistance (ELMORE) program.
- d) At the convention, staff gave informational presentations about the Florida HHF programs and spoke with potential applicants, as well as homeowners who have successfully been funded through HHF. Potential applicants were able to have a consultation with an HHF Advisor to assess their eligibility and begin the application process. For attendees who were not residents of Florida and inquired about hardest-hit programs in their states, where applicable, they were referred to their state's HHF websites and call centers for more information.

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.

C. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Communications is compiling articles for the second quarter electronic *What's Developing* corporate newsletter. This issue will be distributed in July.
- b) Also, in an effort to continue building relationships with affordable housing advocates, providers and other stakeholders, Communications staff will participate as an exhibitor at the following annual conferences this year:
 - (1) June 16 -18, Florida Association of Counties, Jacksonville;
 - (2) August 13 -15, Florida League of Cities, Orlando; and
 - (3) August 30 - September 2, Florida Housing Coalition, Orlando.

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D. Website Redevelopment Project

1. Background/Present Situation

a) Earlier this year, Communications and ITS staffs, most of whom comprise the WRP Project Team, began work on redeveloping/redesigning the Corporation's website, which a part of the Corporation's Strategic Plan, Priority IV ["Ensure that information about Florida Housing's programs and the role that affordable housing plays in our state's economy is accessible and understandable to all" (adopted on September 19, 2014).]

b) By way of reminder, the vision of the WRP is as follows:

Florida Housing's new website will integrate all areas of the Corporation to reflect our mission of providing ranges of affordable housing opportunities for residents that help to make Florida communities great places in which to live, work and do business. The website will feature representations of the populations we serve, and be organized in an intuitive way, easy to navigate and incorporate social media to help forward our brand.

c) The WRP will proceed in three phases: (1) Research and Planning; (2) Design and Re-Branding; and (3) Building and Deployment. A detailed explanation of each phase was provided in the Communications Informational section of the March Board meeting packet; the project is expected to take from 12-18 months to complete from inception to deployment.

d) Currently, the WRP is in **Phase I: Research and Planning**, which involves a comprehensive analysis of Florida Housing's websites through the lens of other HFA websites, and through engaging both internal and external stakeholders. The Corporation is working with BowStern Marketing Communications (BowS) on this phase. They will provide Florida Housing with the following: (A) an assessment of the existing website, with comparisons to other state HFA sites; (B) an examination for our internal and external customer base with respect to how the website is currently structured and being used by them; and (C) a final report that details the research conducted and provides feedback on how the Corporation can better present its brand to its customers/stakeholders. This phase has commenced (May) and is expected to conclude in late-July.

e) Bow has begun their work and is engaging internal and external audiences identified by the Corporation, in accordance with the scope of work for this phase. Communications will continue to provide the Board with updates periodically throughout the duration of the project.

FISCAL
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II. FISCAL

A. Operating Budget Analysis for April 2015

1. Background/Present Situation

- a) The Financial Analysis for April 30, 2015, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending April 30, 2015, is attached as [Exhibit B](#).

GUARANTEE PROGRAM

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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 23 multifamily developments in the Guarantee Program portfolio, 15 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 April 30, 2015, 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 over 80%, as reflected below:

Portfolio Risk Exposure

As of 4/30/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09
\$137,277,195	\$158,914,288	\$306,526,369	\$468,471,463	\$578,754,817	\$728,323,576	\$754,475,974

- 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:

GUARANTEE PROGRAM

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Refinancing Activity

	As of 4/30/15	2014	2013	2012	2011	2010
Loans (#):	3	22	22	12	12	2
Risk ceded (\$):	\$20,935,457	\$136,753,440	\$149,398,081	\$83,995,036	\$117,963,056	\$9,876,854

- 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 \$141 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) The development listed below has requested, and staff has approved, changes to the Construction Features & Amenities in their Application since the last Board meeting:

Ward Towers Assisted Living Facility (#2005-503C) has swapped: “Manager On-Call 24 Hours per Day” (2 points) for “Swimming Lessons” (2 points), and “Emergency Call Service in All Units” (3 points) for “Computer Lab On-Site” (3 points). While the Application reflected a Development Name of “Ward Towers Assisted Living Facility,” the Applicant neither applied as nor is operating the Development as an assisted living facility. The Development will maintain the minimum point threshold required by the 2005 Universal Application.

- b) Staff will amend the EUA for this development, as appropriate.

MULTIFAMILY PROGRAMS

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V. MULTIFAMILY PROGRAMS

A. Rule Development – Rule Chapter 67-21, F.A.C.

1. Background/Present Situation

- a) To solicit comments concerning proposed changes to the Non-Competitive Application Package (NCA Rev. 11-14) which is incorporated by reference in paragraph 67-21.003(1)(a), F.A.C., staff expects to hold a rule development workshop on June 25, 2015.
- b) Staff will consider the comments received at this workshop when implementing the proposed changes to the Application and expects to submit the proposed Rule for Board approval at the August 7, 2015 meeting.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

VI. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. State Apartment Incentive Loan Program (SAIL)

1. Background/Present Situation

- a) The development listed below has requested, and staff has approved, changes to the Construction Features & Amenities in their Application since the last Board meeting:

Brandon Crossing (1998-060S) has removed the following sentence from Article II, Section 2.3 of the LURA: "Interior floor coverings will be vinyl tile in the kitchen and baths, with carpet throughout the remaining living areas". As this was not a requirement of the Application, there is no point value attributed to this language. Scoring of the Application will remain unaffected.

- b) Staff will amend the Land Use Restriction Agreement as appropriate.

SINGLE FAMILY HOMEBUYER PROGRAMS

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VII. SINGLE FAMILY HOMEBUYER PROGRAMS

A. Single Family Homebuyer Programs Update

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 Conventional Loan Program (HFA Preferred). We also offer a Mortgage Credit Certificate Program for those FTHBs who do not need down payment 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% down payment.
- 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 down payment 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 assistance to borrowers with an area median income (AMI) of up to 140%, adjusted for household size.

SINGLE FAMILY HOMEBUYER PROGRAMS

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- 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 91 approved lenders participating in the MCC Program compared with 106 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. Most recently, Single Family Program Staff conducted the three hour course at the Fair Housing Summit in Orlando on April 24th. The Orlando Regional Realtor Association (ORRA) invited Single Family Program Staff to conduct the course to over 40 Realtors. Single Family Staff also conducted the course at the Daytona Beach Area Association of Realtors in Daytona Beach on May 18th with over 30 Realtors in attendance.
- 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 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 Staff, eHousing and US Bank conducted a one hour webinar training to a new lender in the First Time Homebuyer Program, PMAC Lending Services (PMAC). The May 26th training was attended by PMAC’s post-closing and management team and the training focused on better ways to improve loan delivery.
- h) 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.

SINGLE FAMILY HOMEBUYER PROGRAMS

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2015 FIRST TIME HOMEBUYER PROGRAMS SUMMARY

	2014 FTHB Program Totals	2015 FTHB Program Totals	2015 Government Loan Program	2015 HFA Preferred Conventional Loan Program	2015 Mortgage Credit Certificate (MCC) Program Totals
Average Loan Amount	\$120,441	\$124,729	\$123,541	\$126,293	\$153,652
Average Acquisition Price	\$127,172	\$131,901	\$128,482	\$136,405	\$161,881
Average Compliance Income	\$47,667	\$45,802	\$48,093	\$42,776	\$49,140
County Area Median Income %	64.42%	65.85%	69.22%	61.41%	**85.16%
Total # of Units	2,801	1652	939	713	275
Total \$ Volume	\$337,354,224	\$206,052,016	\$116,005,385	\$90,046,631	\$42,254,266

** uses 2015 statewide AMI of \$57,700

2015 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS

County	# of Loans	1st Mortgage Loan Amounts
Duval	198	\$23,596,152.61
Hillsborough	176	\$22,164,270.14
Brevard	118	\$12,578,659.61
Pinellas	89	\$10,840,154.20
Orange	86	\$11,801,554.48
Broward	81	\$11,870,433.20
Lee	79	\$9,551,617.40
Polk	70	\$8,770,907.35
Palm Beach	68	\$8,854,976.35
Volusia	65	\$7,018,337.02

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; the highlights 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 were closed in the principal amount of \$17,834,309.01, of which \$17,557,032.82 was disbursed.
 - (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 were reduced accordingly, decreasing the loan amount by \$14,116.97 as well as the aggregate total of all SMI loans.
 - (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) To date, no SMI loans have been foreclosed or resulted in a loss.

SUBORDINATED MORTGAGE INITIATIVE (SMI)

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- (7) Two (2) loans are currently in default due to the borrower's failure to make timely payments. Vista Palms (aka: Andros Isle) and Preserve at Oslo (aka: Woods of Vero Beach), both Creative Choice Homes properties, are past due in amounts of approximately \$82,264.51 and \$63,132.33, respectively. The delinquent balances represent, for the most part, the 24-month accrued interest balloon payments that came due 11/15/14 and 1/1/15, respectively, plus accrued late fees, default interest and subsequent scheduled monthly payments of principal and interest. Despite the borrower's unresponsiveness to demands for payment, staff continues to monitor the loans and pursue collection efforts.

- (8) As of May 31, 2015, twenty three (23) loans have been paid in full totaling \$13,181,714.

STRATEGIC PLAN PERFORMANCE MEASURES

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IX. STRATEGIC PLAN PERFORMANCE MEASURES

A. Strategic Plan Performance Measures

1. Background/Present Situation

Section 420.511, Florida Statutes, requires Florida Housing to include performance measures and targets in its strategic plan. Quarterly Performance Measures and Targets for Quarter 1 - 2015 are attached in [Exhibit A](#).