

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
December 9, 2016
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)¹:

- (1) 4Closure Fraud Blog
- (2) ABC 7 (WWSB)
- (3) ABC 13 (WMBB.com)
- (4) ABC 25
- (5) Alton Daily News
- (6) Active Rain Blog
- (7) American Banker
- (8) Associated Press
- (9) Bay News 9 Tampa
- (10) Before It's News Blog
- (11) Boston Today Newspaper
- (12) Bradenton Herald Newspaper
- (13) CBS 4 in Miami
- (14) CBS 12 News
- (15) Charlotte Sun
- (16) Chicago Sun Times
- (17) CitrusDaily.com Online
- (18) Clay Today Newspaper
- (19) Coconut Grove Times
- (20) Counselor's Corner
- (21) Crestview Bulletin
- (22) The Current
- (23) Daily Record
- (24) Daytona News-Journal Newspaper
- (25) DS News (2)
- (26) eCreditDaily

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

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- (27) Elder Affairs Newsletter
- (28) First Coast News.com Online
- (29) Florida Courier
- (30) Florida Current
- (31) Florida Housing Coalition Update
- (32) Florida.newspaper.com
- (33) Florida Times Union Newspaper
- (34) Florida Today Newspaper
- (35) Florida Trend
- (36) Florida Weekly
- (37) Fox News
- (38) Free-Press-Release.com
- (39) Gainesville.com
- (40) GreenvilleOnline.com
- (41) Guardian
- (42) Heartland News
- (43) Herald Tribune Newspaper
- (44) Highlandstoday.com Online
- (45) Hispanic Business
- (46) Housingwire.com
- (47) Huffington Post
- (48) In USA News
- (49) The Island Packet
- (50) Kansas City Star
- (51) **KIOW**
- (52) Lake City Journal
- (53) Lakeland Ledger
- (54) The Laker
- (55) Law Firm Newswire
- (56) Livinglies Garfield Firm
- (57) The Ledger
- (58) Lexology.com
- (59) Loan Modification Key
- (60) Lobby Tools
- (61) Madison County Carrier

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- (62) Matt Widner's Foreclosure News
- (63) Mearkle, Trueblood, Adam
- (64) Mtalawyesjacksonville.com
- (65) Media Advisory – US Senate
- (66) Meetup
- (67) Miami Herald Newspaper
- (68) The Monitor Daily
- (69) Mortgageorb.com Online
- (70) MPA (Mortgage Professional America mpamag.com)
- (71) MyPalmBeachPost Blog
- (72) Naples News
- (73) National Mortgage Professional.com
- (74) NCOA
- (75) News 13 Online
- (76) News Channel 5 (online)
- (77) News Chief
- (78) News-Press Newspaper in Fort Myers
- (79) News Service of Florida
- (80) News Vine
- (81) New York Times
- (82) NorthEscambia.com Online
- (83) Ocala.com Online
- (84) Ocala Star Banner Newspaper
- (85) Orlando Sentinel
- (86) Palm Beach Post
- (87) Panama City News Herald
- (88) PBS.org
- (89) Pensacola News Journal Newspaper
- (90) PR Newswire
- (91) Ponte Vedra Recorder
- (92) The Real Deal
- (93) RealEstateRama.com Online
- (94) The Record
- (95) The Republic
- (96) Reuters Newspaper

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- (97) Reverse Mortgage Daily
- (98) RiverBender
- (99) St. Augustine Record Newspaper
- (100) St. Petersburg Sunburn
- (101) St. Pete Times Newspaper
- (102) San Francisco Chronicle
- (103) South Florida Business Journal
- (104) Stateline.org Online
- (105) Sun-Sentinel Newspaper
- (106) Sunshine State News
- (107) Tallahassee Democrat
- (108) Tampa Bay Times
- (109) Tampa Bay Times Editorial
- (110) Tampa Tribune
- (111) TCPalm.com Online
- (112) The Times (www.nwtimes.com)
- (113) Tomrollins.com Online
- (114) Townhall
- (115) Treasury Notes
- (116) Tweet - @Framabama
- (117) Tweet – Troy Kinsey @TroyKinsey
- (118) Tweet – Peter Schorsch @SaintPetersblog
- (119) WAND 17
- (120) Washington Times
- (121) Watchdog
- (122) WBBH Channel 2 Charlotte County
- (123) WBZT “The Talk Station”
- (124) WCTV – Action 9
- (125) WDEF News Channel 12 online wdef.com
- (126) WEAR Channel 3 Pensacola
- (127) Weidner Law Blog
- (128) WESH 2 News Orlando
- (129) Western Orlando News Online
- (130) WFOL Orlando
- (131) WFSU

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- (132) WFTV News Orlando
 - (133) WGCU
 - (134) WINK Ft. Myers News
 - (135) Winter Haven News Chief
 - (136) WJXT Channel 9 Jacksonville
 - (137) WLRN Miami Herald News
 - (138) WMBB
 - (139) Wn.com
 - (140) WOFL Channel 35 Lake Mary
 - (141) WPEC Palm Beach TV
 - (142) WPTV Channel 5 West Palm Beach
 - (143) WTSP
 - (144) WTVT Channel 13 Fox Tampa
 - (145) WTXL Tallahassee TV
 - (146) WUFT 89 FM Radio Gainesville
 - (147) WZVN ABC Channel 7 Fort Myers
- b) On October 15, HOPE NOW hosted a Help for Homeowners event, at which Communications staff participated. More than 200 borrowers were assisted at the event, with 22 directed to Florida HHF to learn about available assistance.
- c) Communications staff is working with EVOK public relations firm to perform targeted outreach for the Florida HHF Principal Reduction program. A direct mail piece was sent to more than 170,000 households in Florida who may qualify for this assistance. As of the end of October, more than 125,000 homeowners had been reached, with the campaign's final drop being on November 27. In 2017, the campaign will continue with a media tour in Duval, Polk, Pasco, Marion and St. Lucie counties. Additionally, HHF Advisor Agencies applied for and received funding to perform target outreach in their specific communities.
- d) The Communications staff continues to address inquiries of many homeowners sent through the Corporation's website and HHF application websites, and the toll-free call center. In the coming year, staff will continue to attend and participate in HHF-related events provided by third-party entities and to monitor program websites and update materials, as needed.

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B. Business Continuity

1. Background/Present Situation

- a) Business Continuity staff continues to review and update the business continuity plan (BCP) and emergency preparedness materials, as customary. Staff expects to hold a table-top exercise during 2017. Additionally, Business Continuity and ITS staff are determining the best options for business recovery services for the Corporation and are reviewing several available platforms.

C. Corporate Marketing and Outreach

1. Background/Present Situation

- a) Communications and Information Technology staff are working together on the new electronic communications via Listserv by first quarter 2017.

FISCAL
Information

II. FISCAL

A. Operating Budget Analysis for October 31, 2016

1. Background/Present Situation

- a) The Financial Analysis for October 31, 2016, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending October 31, 2016, 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. As of 10/31/16, four (4) multifamily developments remain in the Guarantee Program portfolio; one (1) is a Risk-Sharing transaction.
- b) Between November 2008 and April 2010, eight (8) multifamily claims were filed on the Guarantee Program, representing the total (and only) multifamily claims incurred in its 23-year history. Currently, 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 was \$754.5 million. Since then, in keeping with the Board's mandate to cede risk from the portfolio, total risk exposure has been reduced over 95%, as reflected below:

Portfolio Risk Exposure

As of 10/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09
\$31,060,537	\$59,425,913	\$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. Refinancing activity is reflected in the following chart:

Refinancing Activity

	As of 10/31/16	12/31/15	2014	2013	2012	2011	2010
Loans (#):	5	17	22	22	12	12	2
Risk ceded (\$):	\$27,612,152	\$99,956,473	\$136,753,440	\$149,398,081	\$83,995,036	\$117,963,056	\$9,876,854

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- d) Contributing to the reduction in Total Commitments is approximately \$115 million in partial prepayments (of mortgages) from SAIL ELI proceeds, funded prior to or at the time of closing, helping facilitate refinancing activity.
 - e) Furthermore, Management aggressively reduced the Guarantee Program capitalizing debt, paying off \$90.2 million on April 20, 2011, another \$15 million on July 29, 2011, and the remaining \$51.0 million on December 21, 2012, reducing the Guarantee Fund's capitalizing debt to zero (\$0).
 - f) The Guarantee Fund corpus contains approximately \$132 million in capital invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "A+F" by Standard & Poor's as of June 30, 2016.
- C. Guarantee Program Portfolio ([Exhibit A](#))**
- D. FHFC actions to effectively manage the Guarantee Program ([Exhibit B](#))**

HOME RENTAL

Information

IV. HOME RENTAL

A. Changes to Amenities and/or Resident Programs

1. Background/Present Situation

- a) The following developments have requested ([Exhibit A](#)), and staff has approved changes to the resident programs in their Applications since the last Board meeting:
 - (1) North Central Heights (2007-041H) and North Central Heights II (2008-057H) have requested to replace the existing Land Use Restriction Agreement (“LURA”) language in Exhibits B, paragraph F(1) and G(1), respectively, which state that the development will provide for After School Programs for Children with language that the development will provide an Employment Assistance Program with workshops/meetings offering employment counseling by a knowledgeable employment counselor. Scoring of the Applications was not affected.
- b) Staff will amend the LURA for the developments as appropriate.

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

V. SINGLE FAMILY HOMEBUYER PROGRAMS

A. Single Family Homebuyer Programs

1. Background/Present Situation

- a) Florida Housing continues to have funds continuously available for qualifying homebuyers through FHFC Homebuyer Loan 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 (DPA). Currently, we have two Homebuyer Loan 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 qualified homebuyers 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 other Fannie Mae mortgage products, as well as similar government-insured loans such as FHA.
- d) Florida Housing primarily offers qualified homebuyers 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 loan of \$7,500. This second mortgage program 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.
- e) We also offer 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 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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- f) On July 13, 2015, we launched a DPA Program that utilizes Hardest Hit Fund (HHF) resources. The HHF DPA Loan Program was initially being offered as a pilot program in Brevard, Duval, Hillsborough, Orange and Volusia counties. On August 31, 2016, the HHF DPA Loan Program expanded into an additional six counties; Clay, Osceola, Pasco, Pinellas, Polk and St. Lucie. This Program can serve borrowers with incomes up to 140% AMI. The Program offers the following benefits to qualified borrower(s):
- Borrower(s) qualifying for eligible Homebuyer Loan Programs automatically qualify.
 - A five-year loan that is forgiven at the rate of 20% per year, provided the borrower is not in default.
 - 0% interest rate.
 - Up to \$15,000 in assistance.
- g) 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 121 approved lenders participating in the MCC Program compared with 154 in our loan programs. We charge a \$500 issuance fee for each MCC to cover administration and support of the program.
- h) 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 Homebuyer Loan Programs, 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. Our next class will be held on December 9, 2016, for the Pinellas REALTOR® Organization in Clearwater Florida.
- i) Single Family Program Staff also conducts telephonic, 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 Homebuyer Loan Program. On November 11th, Single Family Program Staff conducted telephonic training with Union Home Mortgage and Waterstone Mortgage. Single Family Program Staff also conducted telephonic training with Regions Mortgage on November 14th. Loan Officers, Processors, Operational Staff and Residential Mortgage Managers attended the trainings.

SINGLE FAMILY HOMEBUYER PROGRAMS

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- j) 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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HOMEBUYER LOAN PROGRAMS SUMMARY

	2015 FTHB Program Totals	2016 YTD FTHB Program Totals	2016 Government Loan Program	2016 HFA Preferred Conventional Loan Program	2016 Mortgage Credit Certificate (MCC) Program
Average Loan Amount	\$127,197	\$133,099	\$128,575	\$136,549	\$161,895
Average Acquisition Price	\$134,287	\$143,284	\$135,759	\$149,023	\$168,490
Average Compliance Income	\$46,272	\$47,355	\$47,415	\$47,309	\$47,781
County Area Median Income %	65.60%	62.76%	69.36%	57.72%	83.53%
Total Purchased Loan Amounts	\$550,379,587	\$808,974,731	\$338,152,919	\$470,821,812	NA
Total # of Units	4,327	6,078	2,630	3,448	1255

*uses 2016 statewide AMI of \$57,200

2016 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

County	Loan Count	Loan Amount
Duval	1,438	\$187,015,192.45
Hillsborough	1,316	\$185,791,534.66
Brevard	732	\$91,987,679.25
Orange	580	\$86,965,443.39
Volusia	425	\$52,023,843.27
Pinellas	214	\$27,136,376.84
Lee	153	\$20,942,453.08
Pasco	144	\$16,896,956.20
Polk	117	\$15,060,478.65
Osceola	85	\$12,603,825.93

SUBORDINATED MORTGAGE INITIATIVE (SMI)

Information

VI. 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 determined to be in financial distress within the Guarantee Program portfolio. The loans provided properties with temporary assistance in funding their first mortgage debt service for a period of up to twenty-four (24) months. To that extent, Florida Housing provided up to one (1) mortgage payment per quarter, with the developer making the remaining payments. Over the twenty-four (24) month disbursement period, Florida Housing could fund up to eight (8) mortgage payments and the developer the other sixteen (16) mortgage payments.
- b) Pursuant to SMI loan terms, no payments were due during the first 48 months (inclusive of the first 24-month disbursement period). However, interest accrues and is payable in full at the end of the 48-month period, followed by monthly principal-and-interest payments based on a twenty (20) year amortization and a balloon (payment in full) due at the end of year ten.
- c) [Exhibit A](#) (attached) reflects the status of the SMI loans as of October 31, 2016, highlighted as follows:
 - (1) The Board originally approved thirty-two (32) SMI loans totaling up to \$19,120,000 in aggregate.
 - (2) Thirty (30) SMI loans were closed totaling approximately \$17.8 million, of which approximately \$17.6 million was disbursed.
 - (3) To date, twenty nine (29) loans totaling approximately \$17.1 million have been paid in full.
 - (4) No SMI loans have been foreclosed or resulted in a loss.

STRATEGIC PLAN PERFORMANCE MEASURES

Information

VII. STRATEGIC PLAN PERFORMANCE MEASURES

A. Strategic Plan Performance Measures and Informational Indicators

1. Background/Present Situation

- a) 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 3 - 2016 are attached in [Exhibit A](#). Quarterly Informational Indicators for Quarter 3 - 2016 are attached in [Exhibit B](#). These reports provide the basis for the Affordable Housing Services Contract between the Department of Economic Opportunity (DEO) and Florida Housing and are provided to DEO within 30 days of the end of each quarter.