

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
October 20, 2006  
Information Items



**FISCAL**  
***Information***

**I. FISCAL**

**A. Operating Budget Analysis for August 2006**

- a) The Financial Analysis for August 31, 2006, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending August 31, 2006, is attached as [Exhibit B](#).

## GUARANTEE PROGRAM

### *Information*

## II. GUARANTEE PROGRAM

### A. Updated Status of Event of Default and Event of Intervention of Sunset Bay Apartments (Housing Finance Authority of Miami-Dade County, 2000 Series 5A & 5B) (the “Bonds”)

#### 1. Background

- a) Sunset Bay Apartments (the “Development”) is a 308-unit multifamily rental community located approximately 10 miles north of Homestead, Florida, and was developed by Triad Housing Partners (“Borrower”) and financed with the issuance of multifamily housing revenue bonds by the Housing Finance Authority of Miami-Dade County (“Issuer”). Equity was provided by syndicating tax credits through Chartermac Capital (“Chartermac”, formerly known as Related Capital Company), the 99.9% limited partner. The Guarantee Program credit enhanced the transaction by virtue of its 100% guaranty (Local HFA transactions were not eligible for HUD Risk-Sharing in 2000) on the underlying mortgage (current balance of approximately \$13.8 million). In conjunction with the issuance of tax credits, 100% of the units in the development are currently required to be set-aside as “affordable”. In 2002, the Development received a SAIL loan in the amount of \$2,486,611, which is currently past due \$55,797 for the 08/31/06 interest payment.
- b) An information item was provided at the June 9, 2006 Board Meeting, outlining history on the development from November 14, 2005, the date on which the Borrower advised the Guarantee Program that the Development sustained extensive damage from hurricanes Katrina and Wilma. At that time, an Event of Default and Event of Intervention had been declared by the Trustee and the loan payments due April 15<sup>th</sup> and May 15<sup>th</sup>, 2006 were unpaid. Since then, the Development has remained in a rolling default status with the Borrower and/or Chartermac contributing funds each month equivalent to one loan payment; insufficient to fully cure the default status, but sufficient to avoid the Guarantee Program’s payment of a Claim for Loss and resulting acceleration of the Loan.
- c) Also in May 2006, Chartermac provided a brief written proposal outlining its desire to acquire the outstanding Bonds and resell them to a related entity, the proceeds of which would reimburse the Guarantee Program for any requisite draw made on its fund/corpus as a precursor to tendering the Bonds. Staff questioned the feasibility of the proposal within the parameters of the Indenture and Loan Documents, further noting that additional time would be required to review the proposal and seek input from its Financial Advisor and Counsel.
- d) On June 3, 2006, the Guarantee Program was informed that Chartermac had effected a change in the property management company, replacing Triad Residential Management, a Borrower-related entity, with CT Associates, a Florida Housing-approved management company.
- e) As of July 31, 2006, occupancy had dropped to 57% due to the ongoing efforts to repair damage resulting from the hurricanes. According to Chartermac, the remediation protocol requires removal of the tenants and their belongings before repairs are effected, then testing is performed by a third-party contractor upon completion and before units are turned back over to management for cleaning and leasing. The process yields the repair of roughly 10-15 units per week per Chartermac.

## GUARANTEE PROGRAM

### *Information*

- f) On September 26, 2006, Chartermac informed Staff that it had reached an agreement in early August, effective May 16, 2006, calling for the voluntary removal of the General Partner (an affiliate of Triad Housing Partners), replacing it with a special purpose entity affiliate of Chartermac, One Oakwood Boulevard LLC. Furthermore, Chartermac indicated that it has contributed in excess of \$2 million to the Development to fund mortgage debt service, operating deficits and ongoing remediation/repairs.
- g) On October 2, 2006, the Guarantee Program expressed its support of Chartermac's proposal to acquire the outstanding Bonds by virtue of an Amendment to the Indenture providing for a purchase (of the Bonds) in lieu of foreclosure, further stipulating that the Guarantee Program must be held harmless and fully indemnified by Chartermac. The Trustee has indicated similar support of the proposal, but has additionally requested Bondholder consent to the proposed Amendment of the Indenture. Chartermac did not originally contemplate obtaining bondholder consent and, is reviewing the feasibility of such and its options at this juncture.

### 2. Present Situation

- a) At this time, the August 15<sup>th</sup> and September 15<sup>th</sup>, 2006 loan payments on the 1<sup>st</sup> mortgage are unpaid in the amount of \$174,607.51 each for a total of \$349,215.02.
- b) Assuming Trustee consents, in order to effect Chartermac's proposed purchase of the Bonds, the Guarantee Program will be required to pay a claim in full on the Development and will be concurrently fully reimbursed by a Chartermac affiliated entity.
- c) If Chartermac's proposal is not implemented in the near term, the August 15<sup>th</sup> loan payment must be made by October 20, 2006 to nullify the Claim for Loss filed by the Trustee against the Guarantee Program and thereby avoiding payment of a claim (by the Guarantee Program) and acceleration of the Loan. Ideally, under those circumstances, Chartermac will contribute sufficient funds to fully cure the default status of the Development.
- d) If necessary, the Guarantee Program, with the assistance of counsel and financial advisor, will take appropriate action, including payment of a full claim, acceleration of the Loan, foreclosure of the collateral, and notification to the Internal Revenue Service that the project is no longer participating in the low-income housing tax credit program resulting in recapture of previously claimed credits and the inability to claim future credits on this Development, to protect its interests. If such action is required in the interim, the Board will be updated at the regularly scheduled Board Meeting immediately following.

### B. Guarantee Program Capacity ([Exhibit A](#))

# SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM

## *Information*

### III. SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM

#### A. 2006 Series 4-5 Single Family Mortgage Revenue Bond Program

##### 1. Background/Present Situation

- a) Lendable proceeds totaling \$176,853,125 were made available on July 18, 2006. The origination period began on July 18, 2006. The last date for participating lenders to reserve loans in the program is March 1, 2007.
- b) Freddie Mac purchased \$30 million of the 2006 4-5 bond issue at a below-market rate which created a low rate spot pool specifically for homebuyers in the Wilma GO Zone.
- c) The pool sizes and rates are as follows:
  - (1) Lendable proceeds totaling \$91,753,125 for the Low Rate Spot pool were made available and offered at an interest rate of 5.97%. The rate was increased to 6.10% on September 5, 2006.
  - (2) Lendable proceeds totaling \$14,500,000 for the Assisted Spot pool were made available and offered at an interest rate of 6.67%.
  - (3) Lendable proceeds totaling \$33,350,000 for the Community Spot pool were made available and offered at an interest rate of 5.72%.
  - (4) Lendable proceeds totaling \$24,000,000 for the Wilma GO Zone pool were made available and offered at an interest rate of 5.72%.
  - (5) Lendable proceeds totaling \$6,000,000 for the Wilma Cash Assisted pool were made available and offered at an interest rate of 6.42%.
  - (6) Additionally, \$7,250,000 were set-aside for special targeting for purchases in Urban Infill, Targeted Areas, HOPE VI and Front Porch Communities; the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and for individuals with Disabilities at an interest rate of 5.10%.

**SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM**

*Information*

d) As of September 27, 2006, the following activity was reported:

<b>Allocated Pool</b>	<b>Current \$ Amount Allocated</b>	<b>Purchased/Reserved \$ Amount</b>	<b>Number</b>	<b>\$ Amount Available</b>	<b>% Used</b>
Low Rate Spot Pool	\$91,753,124	\$52,904,382	455	\$38,848,742	57.66
Assisted Spot Pool	\$14,500,000	\$8,020,978	55	\$6,479,022	55.32
Community Rate	\$33,350,000	\$16,193,786	127	\$17,156,214	48.56
Subsidized Rate Pool	\$7,250,000	\$4,541,385	43	\$2,708,615	62.64
GO Zone Pool	\$24,000,000	\$21,637,569	146	\$2,362,431	90.16
Wilma Cash Assisted	\$6,000,000	\$5,114,065	27	\$885,935	85.23

e) As of September 27, 2006, the following activity was reported for the down payment and closing costs assistance programs:

<b>Allocated Pool</b>	<b>Current \$ Amount Allocated</b>	<b>Purchased/Reserved \$ Amount</b>	<b>Number</b>	<b>\$ Amount Available</b>	<b>% Used</b>
HAMI Loans	\$625,733	\$218,000	44	\$407,733	34.84
HAP D/P	\$4,261,150	\$2,246,288	226	\$2,014,862	52.72
HOME Loans (high cost counties)	\$8,269,019	\$8,181,269	332	\$87,750	98.94
HOME Loans	\$2,085,910	\$1,414,158	95	\$671,752	67.80

**SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM**

*Information*

**B. 2006 Series 2-3 Single Family Mortgage Revenue Bond Program**

**1. Background/Present Situation**

- a) Lendable proceeds totaling \$102,325,971 were made available on May 9, 2006. The origination period began on May 9, 2006. The last date for participating lenders to reserve loans in the program is March 1, 2007.
- b) Freddie Mac purchased \$25 million of the 2006 2-3 bond issue at a below-market rate which created a low rate spot pool specifically for homebuyers in the Wilma GO Zone.
- c) The pool sizes and rates are as follows:
  - (1) Lendable proceeds totaling \$47,325,971 for the Low Rate Spot pool were made available and offered at an interest rate of 5.75%.
  - (2) Lendable proceeds totaling \$10,000,000 for the Assisted Spot pool were made available and offered at an interest rate of 6.45%.
  - (3) Lendable proceeds totaling \$15,000,000 for the Community Spot pool were made available and offered at an interest rate of 5.50%.
  - (4) Lendable proceeds totaling \$25,000,000 for the Wilma GO Zone pool were made available and offered at an interest rate of 5.50%. On May 16, 2006, \$5,000,000 from the initial Wilma GO Zone pool was used to create a Wilma Cash Assisted pool. The \$5,000,000 were made available and offered at an interest rate of 6.20%.
  - (5) Additionally, \$5,000,000 were set-aside for special targeting for purchases in Urban Infill, Targeted Areas, HOPE VI and Front Porch Communities; the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and for individuals with Disabilities at an interest rate of 4.99%.
  - (6) As of September 27, 2006, the following activity was reported:

<b>Allocated Pool</b>	<b>Current \$ Amount Allocated</b>	<b>Purchased/Reserved \$ Amount</b>	<b>Number</b>	<b>\$ Amount Available</b>	<b>% Used</b>
Low Rate Spot Pool	\$44,325,971	\$44,289,594	384	\$36,377	99.92
Assisted Spot Pool	\$9,000,000	\$8,978,911	57	\$21,089	99.77
Community Rate	\$20,000,000	\$19,988,850	157	\$11,150	99.94
Subsidized Rate Pool	\$4,083,403	\$4,039,100	39	\$44,303	98.92
GO Zone Pool	\$20,000,000	\$20,149,355	125	(\$149,355)	100.75
Wilma Cash Assisted	\$5,000,000	\$4,845,563	25	\$154,437	96.91%

## SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM

### *Information*

- (7) As of September 27, 2006, the following activity was reported for the down payment and closing costs assistance programs:

<b>Allocated Pool</b>	<b>Current \$ Amount Allocated</b>	<b>Purchased/Reserved \$ Amount Number</b>		<b>\$ Amount Available</b>	<b>% Used</b>
HAMI Loans	\$377,806	\$367,806	74	\$10,000	97.35
HAP D/P	\$2,277,021	\$2,247,021	227	\$30,000	98.68
HOME Loans (high cost counties)	\$6,012,022	\$5,987,022	242	\$25,000	99.58
HOME Loans	\$1,476,013	\$1,431,016	97	\$44,997	96.95



**SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM**

*Information*

**C. 2006 Series 1 Single Family Mortgage Revenue Bond Program**

**1. Background/Present Situation**

- a) On December 9, 2005 the Board authorized issuance of the 2006 Series 1 Bonds. The origination period began on March 23, 2006. The last date for participating lenders to reserve loans in the program is January 1, 2007.
- b) Lendable proceeds totaling \$58,509,838 for the Low Rate Spot pool were made available and offered at an interest rate of 5.59%.
- c) Lendable proceeds totaling \$7,500,000 for the Assisted Spot pool were made available and offered at an interest rate of 6.29%.
- d) Lendable proceeds totaling \$7,500,000 for the Community Spot pool were made available and offered at an interest rate of 5.19%. This amount was completely reserved for eligible homebuyers by March 27, 2006. An additional \$2,723,680 was added on March 28, 2006 and offered at an interest rate of 5.34%, increasing the total amount of lendable proceeds to \$10,223,680. \$2,607,680 of the \$2,723,680 was received from the Low Rate Spot pool. Florida Housing used the remainder of the subsidy generated from the 2005 2-3 issue (\$116,000) to lower the rate by 25 basis points.
- e) Additionally, \$3,500,000 were set-aside for special targeting for purchases in Urban Infill, Targeted Areas, HOPE VI and Front Porch Communities; the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and for individuals with Disabilities at an interest rate of 4.60%.
- f) As of August 21, 2006, the following activity was reported:

<b>Allocated Pool</b>	<b>Current \$ Amount Allocated</b>	<b>Purchased/Reserved \$ Amount</b>	<b>Number</b>	<b>\$ Amount Available</b>	<b>% Used</b>
Low Rate Spot Pool	\$53,038,552	\$52,766,050	467	\$272,502	99.49
Assisted Spot Pool	\$7,159,573	\$7,158,646	45	\$927	99.99
Community Rate	\$14,308,464	\$14,270,600	106	\$37,864	99.74
Subsidized Rate Pool	\$2,732,030	\$2,621,659	22	\$110,371	95.96

# SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM

## *Information*

- g) As of September 27, 2006, the following activity was reported for the down payment and closing costs assistance programs:

<b>Allocated Pool</b>	<b>Current \$ Amount Allocated</b>	<b>Purchased/Reserved \$ Amount</b>	<b>Number</b>	<b>\$ Amount Available</b>	<b>% Used</b>
HAMI Loans	\$186,600	\$186,600	38	\$0	100
HAP D/P	\$2,181,400	\$2,171,400	218	\$10,000	99.54
HOME Loans (high cost counties)	\$5,066,075	\$5,066,075	204	\$0	100
HOME Loans	\$1,282,114	\$1,258,115	85	\$23,999	98.13

# SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM

## *Information*

### **D. Marketing and Outreach**

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

- a) Florida Housing's marketing and single family program recently met with staff of the Florida Association of Realtors at their annual convention Sept. 13-15, 2006 in Hollywood, Florida to discuss a partnership between Florida Housing and Florida Association of Realtors. In this meeting we discussed conducting our "Affordable Housing Solutions" Realtor CE Course training at their Mid-Winter Business Meetings and Annual Conferences starting in 2007.
- b) With this partnership in place, Florida Housing is able to reach far more Realtors to train them on our homeownership programs versus trying to schedule trainings at each Realtor Association throughout the state of Florida. Since 2003, Florida Housing has trained more than 1,500 Realtors in Florida.
- c) Florida Housing is also currently looking at changing our entire website to make it more "user-friendly" and easy to navigate. We hired Herrle Communications Group/Marketing 4 Change to conduct focus group research teams to go through our website. One group was from the local government, nonprofit and developer standpoint, and the other was a group of consumers interested in purchasing their first home in the near future.
- d) We were able to analyze how they navigate through our website and hear their input on the information that is posted. The final report from Herrle Communications Group/Marketing 4 Change on how the focus group had gone and tips on how to "tweak" our website will be to Florida Housing by the end of September.

### **E. Realtor Trainings**

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

Realtor CE Course training has been going all year. Classes have been taught in Ft. Walton Beach, Miami, Orlando, West Palm Beach, and Punta Gorda. Remaining trainings for 2006 are in Orlando in September and Navarre Beach in October. Florida Housing is currently scheduling courses to be taught in the fall of 2007.

### **F. Ongoing Marketing**

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

- a) Single Family and Communications continue to work on 2006 marketing goals and objectives. Plans are currently in draft form but will focus on increasing the visibility of Florida Housing and its programs in targeted areas. Market research, data collection and other input has been gathered to be used as a basis for future marketing plans. The Shimberg Center for Affordable Housing helped the Communications and Single Family staff graph statewide data to aid in identifying key markets with the most potential. The Shimberg Center is currently finalizing a market analysis showing consumers potentially eligible for the First Time Homebuyer Program.

## **SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM**

### ***Information***

- b) Another goal we are working towards is a live call-in center for our consumers who request information about our programs and other housing topics. We plan to give the call-in center a catchy 1-800 number. Several meetings have taken place with PatLive (with Embarq) and CitiMortgage. We are currently waiting for their proposals.

## UNIVERSAL APPLICATION

### *Information*

#### IV. UNIVERSAL APPLICATION

##### A. 2007 Universal Cycle

##### 1. Background/Present Situation

- a) To solicit comments concerning Rule Chapters 67-21 and 67-48, F.A.C., and the 2007 Universal funding cycle, a public meeting was held following the July 28, 2006 Board meeting and a rule development workshop was held following the September 8, 2006 Board meeting.
- b) Staff will continue the rulemaking process by soliciting additional public comments at a second rule development workshop scheduled following the October 20, 2006 Board meeting. A third rule development workshop is tentatively scheduled for mid-November in Orlando.