

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
June 8, 2007
Information Items



FISCAL
Information

I. FISCAL

A. Operating Budget Analysis for April 2007

- a) The Financial Analysis for April 30, 2007, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending April 30, 2007, is attached as [Exhibit B](#).

GUARANTEE PROGRAM

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II. GUARANTEE PROGRAM

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

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III. LEGAL

A. In Re: Creative Choice Homes XXIX, Ltd. - FHFC Case No. 2006-076VW/ Application No. 2003-023CS

Development Name: (“Development”):	Mariner’s Landing
Developer/Principal: (“Developer”):	Creative Choice Homes, Inc.
Number of Units: 112	Location: Lee County
Type: garden apartments	Set Asides: 60% @ 50% AMI 40% @ 60% AMI
Demographics: Elderly	SAIL: \$860,000
MMRB: N/A	Housing Credits: \$825,000

1. Background

- a) During the 2003 Universal Cycle, Florida Housing awarded \$860,000 in State Apartment Incentive Loan (SAIL) funding and \$825,000 in low income housing Tax Credits to Creative Choice Homes XXIX, Ltd. (“Petitioner”) to construct a 112-unit elderly rental apartment complex to be located in Lee County, Florida, known as Mariner’s Landing (“Development”). The Development achieved its placed in service date for its allocation of housing Tax Credits on December 31, 2006.
- b) On November 14, 2006, Florida Housing received a “Petition for Variance and Waiver from Rules 67-48.004(14)(1), 67-48.009(4), 67-48.012(g) and Part V.A.1. of the Universal Application (Rev. 4-03) Incorporated by Reference into Rule 67-48.002(111)” (“Petition”), from Petitioner. A copy of the Petition is attached as [Exhibit A](#).
- c) On November 22, 2006, the Notice of Petition was published in the Florida Administrative Weekly in Volume 32, Number 47. Florida Housing received no comments concerning the Petition.
- d) Petitioner requested variances and waivers of Rule 67-004(14)(1), 67-48.009(4), 67-48.012(1)(g) and Part V.A.1 of the 2003 Universal Application Instructions to permit a change in the funding request. Specifically, Petitioner sought to change the current SAIL funding request of \$860,000.00 to request an additional \$2,000,000.00 for a total SAIL funding request of \$2,860,000.00 and to reduce its debt service coverage ratio to less than 1.10. Petitioner sought additional SAIL funds to offset the cost overruns it alleged were incurred due to hurricanes making landfall in south Florida during construction.

2. Present Situation

- a) The Board denied Petitioner’s request for variances and waivers of Rule 67-004(14)(1), 67-48.009(4), 67-48.012(1)(g) and Part V.A.1 of the 2003 Universal Application Instructions incorporated by reference in Rule 67-48.002(111), Florida Administrative Code (2003). Petitioner failed to demonstrate entitlement to a variance or a waiver of the rules pled in its Petition. Petitioner failed to demonstrate that the purpose of the underlying statute will be or has been achieved by other means by the person. Petitioner failed to demonstrate how the application of the rules to it would create a substantial hardship.

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Petitioner failed to demonstrate how the application of the rules will affect it in a manner significantly different from the way the rules affect other similarly situated developers who are subject to the rule. Moreover, Petitioner has completed construction and met its placed in service date requirement under IRC Section 42(h)(1)(E)(i). As a matter of policy, were Florida Housing to allow Petitioner to receive additional funding, Florida Housing would be severely hampered in implementing its underlying statutory goal of facilitating the availability of decent, safe and sanitary housing in the State of Florida.

- b) On March 13, 2007, Petitioner filed its “Petition for Formal Administrative Hearing,” seeking a hearing before the Division of Administrative Hearings (“DOAH”) under sections 120.569 and 120.57(1), Florida Statutes, as provided in section 120.542(8), Florida Statutes. On April 4, 2007, the Petition was transmitted to DOAH, and an Initial Order was issued by Administrative Law Judge Stuart M. Lerner on April 5, 2007.
- c) The hearing on this matter has been scheduled for June 25 and 26, 2007.

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B. In Re: Brandon Creek

1. Background

- a) Brandon Creek Apartments, Limited d/b/a Summer Palms Apartments (“Brandon Creek”), is a 340 unit multifamily project in Hillsborough County, financed with \$14,000,000 nontaxable bonds and 1,200,000 in taxable bonds issued by Florida Housing Finance Corporation, a SAIL loan, and low income tax credits. A Land Use Restriction Agreement (“LURA”) per the SAIL loan, filed on November 28, 2000, and an Extended Low Income Housing Agreement (“ELIHA”) per the tax credits, filed on October 3, 2001, restrict the occupancy of 100% of the units to families earning 60% or less of Area Median Income.
- b) On October 16, 2006, Brandon filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code, in the West Palm Beach division of the Bankruptcy Court of the Southern District of Florida, case number 06-15248-BKC-PGH.
- c) On April 4, 2007, Brandon Creek filed an adversary proceeding in the bankruptcy court seeking a declaratory judgment challenging the validity of land use restrictions imposed on the property by the LURA and ELIHA. Brandon Creek alleged that the LURA and ELIHA should be removed because operating costs, especially energy and insurance have increased substantially while area median income has not risen as quickly as anticipated in the project pro formas, thus the LURA and ELIHA impose unreasonable restrictions on the property. On April 30, 2007, Florida Housing filed a Motion to Dismiss the Complaint, contending that the land use restrictions are statutorily imposed regulations, thus may not be set aside due to changed conditions. Further Florida Housing argued in its motion that as these restrictions are grounded in the Internal Revenue Code, they may not be released by the bankruptcy court so that the project may be transferred free and clear of same.

2. Present Situation

Hearing on the Motion to Dismiss, originally set for May 18, 2007, has been rescheduled for May 29, 2007.

SINGLE FAMILY BONDS

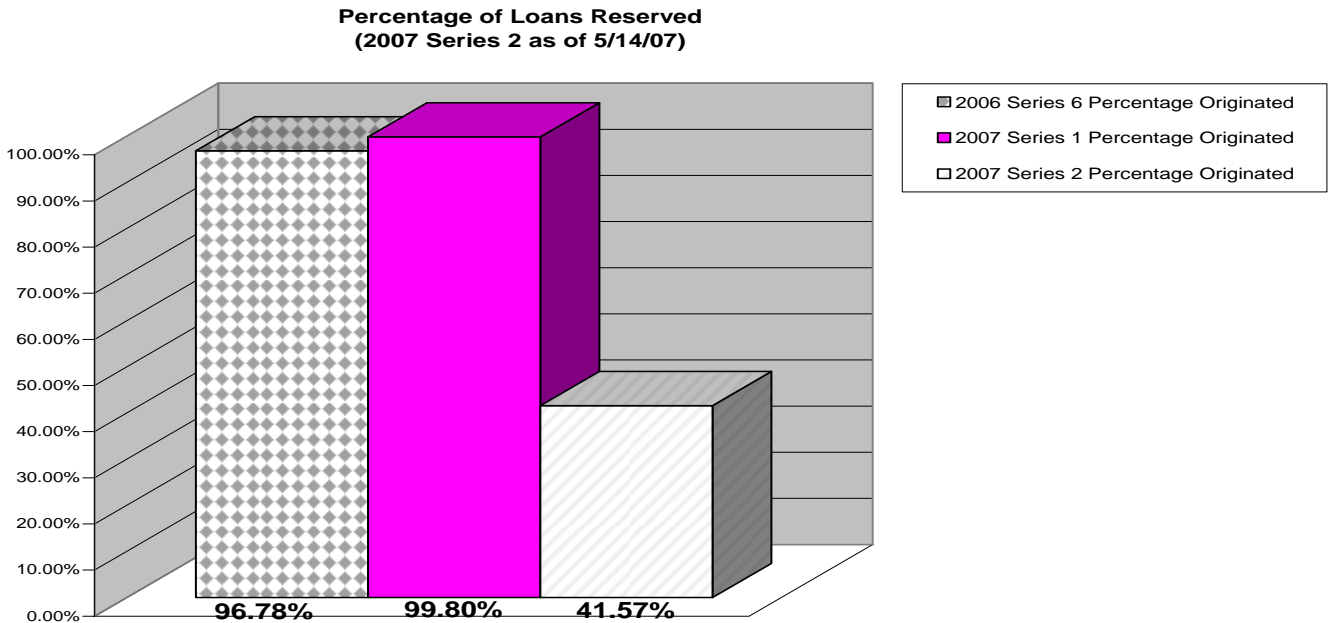
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IV. SINGLE FAMILY BONDS

A. Single Family Mortgage Revenue Bond Program

1. Background

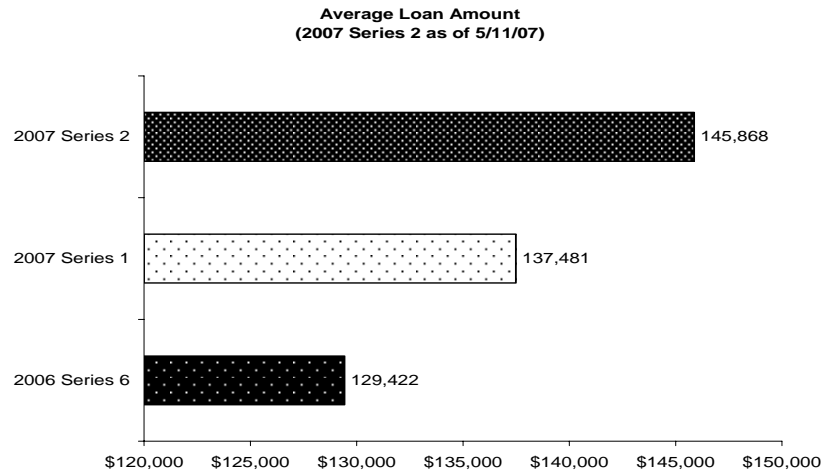
- a) Florida Housing currently has three active bond issues with lendable proceeds available for borrowers to use for purchasing a home: 2006 series 6, 2007 series 1 and 2007 series 2. With these three bond issues; Florida Housing has assisted almost 900 borrowers purchase a home. The 2006 series 6 issue originally offered lendable proceeds totaling \$125,471,008.66 on November 20, 2006. The 2007 series 1 offered lendable proceeds totaling \$111,578,325 on February 13, 2007. The latest bond issue 2007 series 2 offered lendable proceeds totaling \$181,317,735.73 on April 6, 2007.
- b) The participating lenders continue to be enthusiastic about the First Time Homebuyer Program and have been reserving loans at an unprecedented pace. The 2007 series 1 bond issue was fully originated in 9 weeks. The 2007 series 2 bond issue has only been available since April 6th and already over 40% has been reserved, as shown in the chart below.



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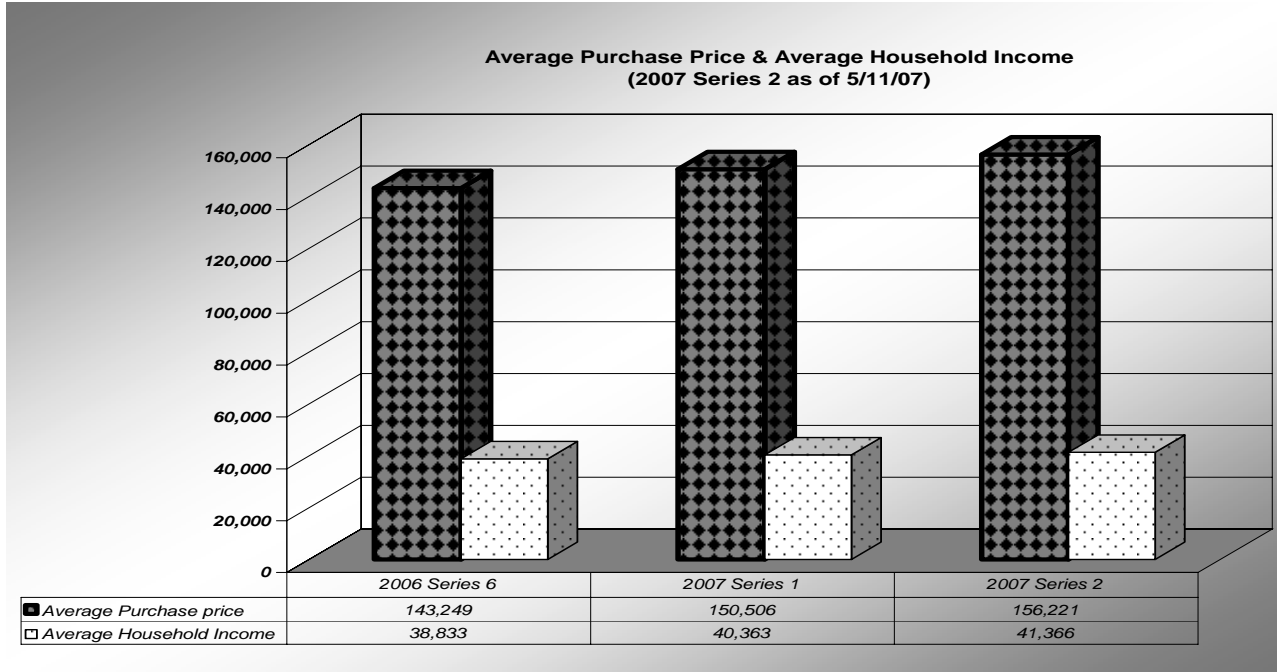
- c) The average loan amount has increased with each bond issue, as shown in the chart below. The increases in the loan amounts are reflective of the cost of housing in the marketplace.



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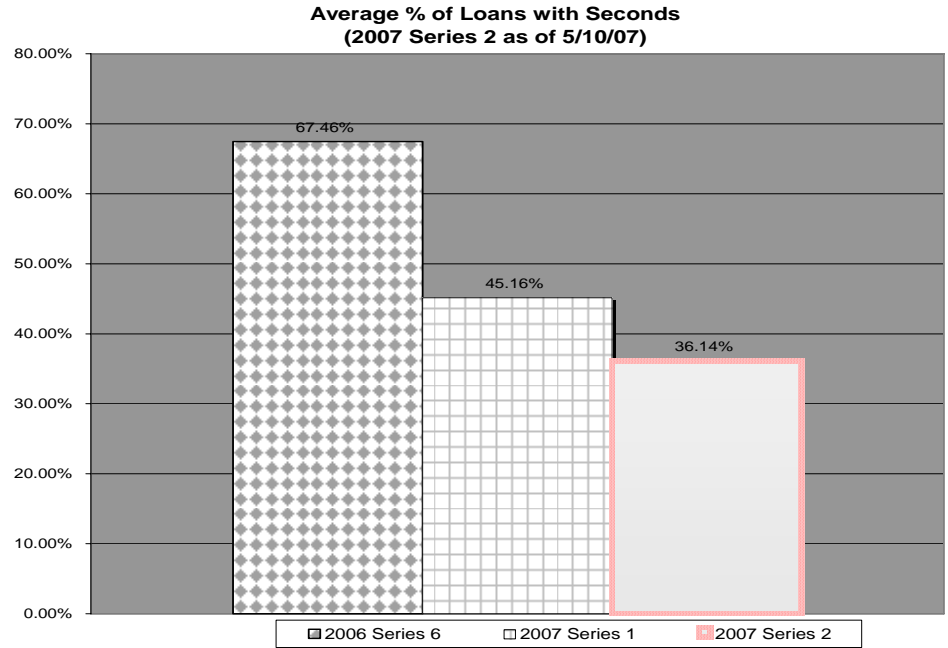
- d) The increase of the loan amounts is also reflective of the increase in the total amounts borrowers are paying for the homes, which is the purchase price. The purchase price has also increased with each successive bond issue. The chart below reflects the significant increases in the purchase price and smaller increases in borrowers' incomes.



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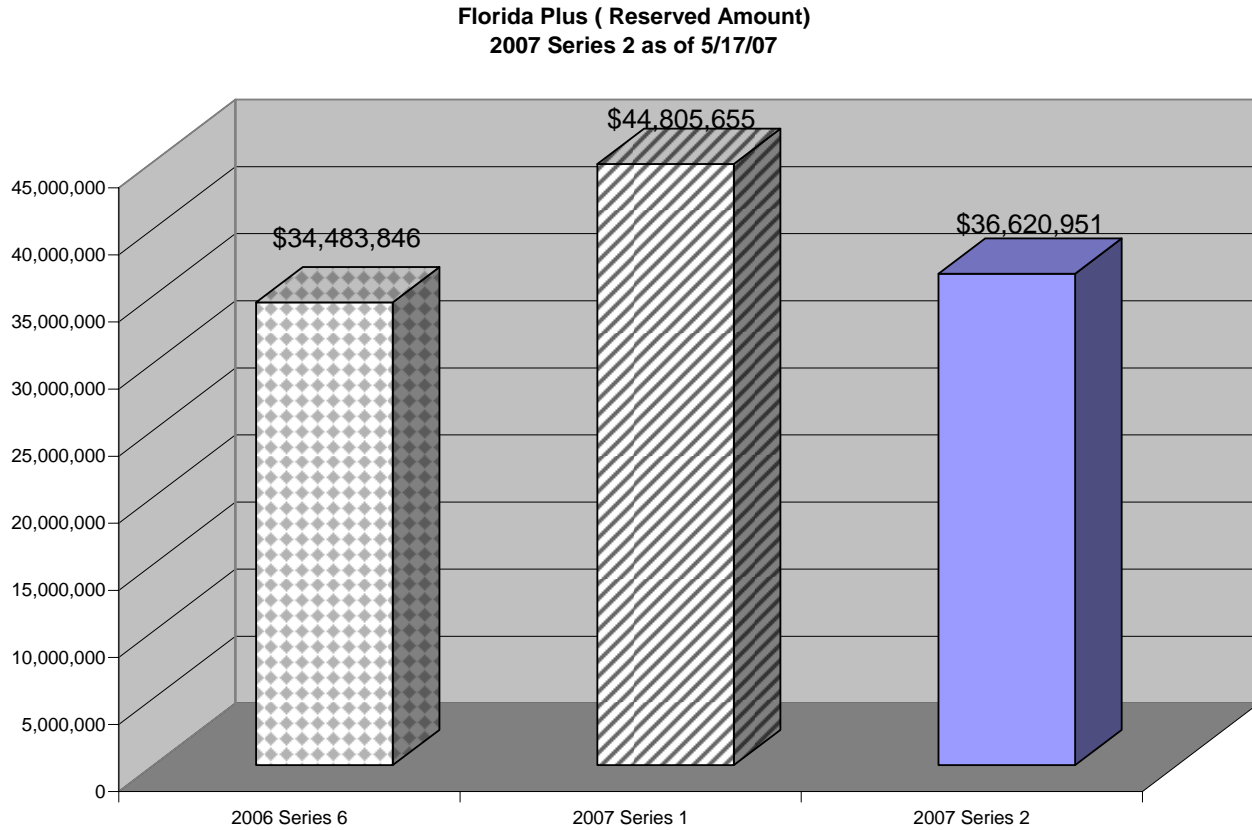
- e) Borrowers continue to use the available down payment assistance programs. However, as the amount of assistance available has decreased from \$14,999 in the 2006 series 6 bond issue to \$10,000 available in the 2007 series 1 and 2 bond issues, the percentage of total borrowers using the down payment programs has decreased, which is shown below:



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- f) The decrease in the use of the second mortgages correlates to the increase in the use of the Florida Plus loans. The Florida Plus loans provide borrowers with 4% of the loan amount for down payment and closing cost assistance but have a slightly higher interest rate. The chart below shows an increase in the use of the Plus programs with each bond issue. Although the 2007 series 2 bond issue is only 41% reserved, over \$36 Million of those reservations have been in either the Florida Plus or the Florida 40 Plus programs.



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B. Single Family Marketing and Outreach

1. New Addition to MI Partnership- PMI Mortgage Insurance

Florida Housing's Single Family Program recently formed a partnership with PMI Mortgage Insurance to help lower borrower's mortgage insurance costs. Florida Housing is also in partnership with Mortgage Guaranty Insurance Corporation (MGIC) and Genworth Mortgage Insurance to train and have approved lenders and nonprofit agencies statewide educate their borrowers on all of their MI programs.

2. Online Wizard

Florida Housing's latest online tool, the First Time Homebuyer Wizard, has become a huge success. We have now created a Spanish version of the Wizard and are in the process of adding it to our website. Users can access the wizard from Florida Housing's homepage, and it helps answer consumers' questions about Florida Housing's First Time Homebuyer Program. This tool provides tailored information about the program, including income and sales price limits for specific counties, current interest rates, down payment assistance, and the ability to map federally designated targeted areas, local and statewide participating lenders, a mortgage calculator and additional information. Lenders, Realtors and consumers find this tool more user-friendly.

3. Ongoing Marketing

Single Family and Communications staff have begun to implement the program's 2007 marketing goals and objectives. Our 2007 marketing efforts are based on research and data collected by the Shimberg Center for Affordable Housing, which outlines the markets with the most potential for the First Time Homebuyer Program. Florida Housing is currently finalizing advertising and outreach strategies for the key markets that were identified.

4. Realtor Trainings and Partnerships

- a) Communications and Single Family staff are drafting plans to allow Florida Housing trained Realtors to display Florida Housing's logo and First Time Homebuyer Program details on their Realtor signs. The use of these signs will help spread the word about Florida Housing's homeownership programs, increase Realtor interest and participation in our affordable housing training courses and help Realtors better serve first-time homebuyer clients.
- b) Our 2007 Realtor CE Course trainings that are held in partnership with state and local Realtor associations are the following:
 - (1) January 20, 2007-Florida Assoc. of Realtors Conference-Orlando
 - (2) March 16, 2007- Chipola Area Board of Realtors-Chipley
 - (3) March 27, 2007- Realtor Assoc. of Greater Miami and the Beaches-Miami
 - (4) March 28, 2007-Realtor Assoc. of the Palm Beaches-Palm Beach
 - (5) March 29, 2007- South Broward Board of Realtors-Ft. Lauderdale

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- (6) April 21, 2007- National Assoc. of Real Estate Brokers-Tallahassee
- (7) April 25, 2007- Emerald Coast Realtor Assoc.- Ft. Walton Beach
- (8) June 14, 2007- Orlando Regional Realtors Assoc.- Orlando (during National Homeownership Month)
- (9) September 14, 2007- Northeast Florida Assoc. of Realtors- Jacksonville

5. **Annual Homebuyer Expo**

- a) June is National Homeownership Month, and as part of celebrating homeownership Florida Housing will host a number of events in Orlando, including our 2007 Homebuyer Expo, Realtor and Lender trainings and our Fourth Annual Affordable Housing Awards Gala.
- b) We will also be hosting a Press conference involving state and local elected officials, our top producing lenders, our homebuyer education partners and others. Key messages will focus on homeownership, homebuyer education, foreclosure prevention, lowering mortgage insurance premiums, etc.
- c) The Fourth Annual Affordable Housing Awards Gala will be at 7p.m. at the Peabody Orlando on International Drive. Our keynote speaker is David Berson, who is Vice President and Chief Economist at Fannie Mae. We'll be presenting our top producing lenders with awards for achieving the highest number of loans in our First Time Homebuyer Program.
- d) The Expo will be held on Saturday, June 16 from 10:00 a.m. to 5:00 p.m. at the Orange County Convention Center, Hall D2, West Building, and will include hundreds of exhibits and booths showcasing resources available to secure affordable housing. Highlights of the Expo include free credit reports and credit counseling, workshops and seminars on securing financing, understanding the loan closing process and determining how much you can afford.

UNIVERSAL CYCLE

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V. UNIVERSAL CYCLE

A. 2007 Universal Cycle – Update

1. Background

- a) Preliminary scores for the 2007 Universal Cycle Applications were issued to Applicants on May 9, 2007.
- b) Applicants had until 5:00 p.m., Eastern Time, on May 17, 2007, to file a written Notice of Possible Scoring Error (NOPSE) relative to the preliminary scoring of another Applicant's Application. A total of 136 NOPSEs were received for evaluation by staff. Most NOPSEs addressed multiple issues. The NOPSE scores (reflecting either a change or no change to the preliminary score) were issued to the Applicants on June 6, 2007.

2. Present Situation

Applicants have until 5:00 p.m., Eastern Time, on June 18, 2007, to file cures on curable items. After expiration of the cure period, Applicants may submit Notices of Alleged Deficiencies (NOADs) relative to another Applicant's cures.