

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**January 31, 2014**  
**Information Items**



# COMMUNICATIONS

## *Information*

### I. COMMUNICATIONS

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

##### 1. Background/Present Situation

a) Since the implementation of the statewide launch of the initial Florida HHF programs, Florida Housing has received coverage 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) First Coast News.com Online
- (21) Florida Courier
- (22) Florida Current
- (23) Florida.newszap.com
- (24) Florida Times Union Newspaper
- (25) Florida Today Newspaper
- (26) Florida Trend

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

## COMMUNICATIONS

### *Information*

- (27) **Florida Weekly**
- (28) 4 Closure Fraud Blog
- (29) Fox News
- (30) Free-Press-Release.com
- (31) GreenvilleOnline.com
- (32) **Heartland News**
- (33) Herald Tribune Newspaper
- (34) Highlandstoday.com Online
- (35) Hispanic Business
- (36) Housingwire.com Online
- (37) Huffington Post
- (38) Kansas City Star
- (39) Lakeland Ledger
- (40) Lake City Journal
- (41) Lobby Tools
- (42) Matt Widner's Foreclosure News
- (43) Media Advisory – US Senate
- (44) Madison County Carrier
- (45) Miami Herald Newspaper
- (46) Mortgageorb.com Online
- (47) Naples News
- (48) News Channel 5 (online)
- (49) News Chief
- (50) News-Press Newspaper in Fort Myers
- (51) News Service of Florida
- (52) News 13 Online
- (53) News Vine
- (54) New York Times
- (55) NorthEscambia.com Online
- (56) Ocala.com Online
- (57) Ocala Star Banner Newspaper
- (58) Orlando Sentinel
- (59) ***Palm Beach Post***
- (60) Panama City News Herald
- (61) Pensacola News Journal Newspaper
- (62) **Ponte Vedra Recorder**

## COMMUNICATIONS

### *Information*

- (63) RealEstateRama.com Online
- (64) The Record
- (65) The Republic
- (66) Reuters Newspaper
- (67) Reverse Mortgage Daily
- (68) San Francisco Chronicle
- (69) Stateline.org Online
- (70) St. Augustine Record Newspaper
- (71) St. Pete Times Newspaper
- (72) Sun-Sentinel Newspaper
- (73) *Sunshine State News*
- (74) Tallahassee Democrat
- (75) Tampa Bay Times
- (76) Tampa Tribune
- (77) TCPalm.com Online
- (78) The Times ([www.nwtimes.com](http://www.nwtimes.com))
- (79) Tomrollins.com Online
- (80) ***Townhall***
- (81) Treasury Notes
- (82) Tweet - @Framabama
- (83) Tweet – Troy Kinsey @TroyKinsey
- (84) Tweet – Peter Schorsch @SaintPetersblog
- (85) WAND 17
- (86) ***Watchdog***
- (87) WBBH Channel 2 Charlotte County
- (88) WCTV – Action 9
- (89) WDEF News Channel 12 online wdef.com
- (90) WEAR Channel 3 Pensacola
- (91) Weidner Law Blog
- (92) WESH 2 News Orlando
- (93) Western Orlando News Online
- (94) WFOL Orlando
- (95) WFSU
- (96) WFTV News Orlando
- (97) WGCU
- (98) WINK Ft. Myers News

## COMMUNICATIONS

### *Information*

- (99) Winter Haven News Chief
- (100) WJXT Channel 9 Jacksonville
- (101) WLRN Miami Herald News
- (102) WMBB
- (103) WOFL Channel 35 Lake Mary
- (104) WPEC Palm Beach TV
- (105) WPTV Channel 5 West Palm Beach
- (106) WTSP
- (107) WTVT Channel 13 Fox Tampa
- (108) WTXL Tallahassee TV
- (109) WUFT 89 FM Radio Gainesville
- (110) WZVN ABC Channel 7 Fort Myers

- b) Since the launch of the Florida HHF Principal Reduction (HHF-PR) program in September 2013, Communications staff has been working to ensure that all HHF Advisor Agencies remain responsive to and have had initial contact with applicants, as well as assisting them with managing customer relations for all HHF programs. Additionally, staff continues to work closely with HHF Compliance staff on customer service issues.
- c) Communications staff has also been coordinating improved methods to attain information from callers who contact the Florida HHF Toll-free Information Line (call center), and ensuring that the Florida Housing staff, in general, have adequate information and scripting to direct HHF applicants to the call center, appropriately.

## **B. Business Continuity**

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

Business Continuity staff is currently reviewing and updating the business continuity plan, staff call trees, disaster and evacuation procedures, one-pagers, etc. Staff is looking into scheduling workshops in early 2014 for all employees on active shooters, suspicious packages and other important safety procedures.

## COMMUNICATIONS

### *Information*

#### C. Corporate Marketing/Outreach

##### 1. Background/Present Situation

- a) Communications staff is working with Policy on the marketing and outreach for the new program Multifamily Energy Retrofit Program (MERP).
- b) Through the end of last year, staff continues to work with Special Programs on the marketing and public relations for the Making Home Affordable Outreach and Intake Program®. The program began in June 2013 with Florida Housing receiving approximately \$44,000 for marketing and outreach of this program. An additional \$19,080 in supplemental outreach funds was awarded to Florida Housing in July 2013. Online public service announcements (PSAs) in English and Spanish, were placed on the corporate website, in addition to radio ads that were run statewide. Outreach for the program ended on December 31, 2013.

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

**II. FISCAL**

**A. Operating Budget Analysis for November 2013**

**1. Background/Present Situation**

- a) The Financial Analysis for November 30, 2013, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending November 30, 2013, 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 48 multifamily developments in the Guarantee Program portfolio today, 36 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 18-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, 2013, listed in chronological order by claim filed date.
- c) There are no foreclosures in inventory and no development in monetary default in the portfolio.

#### B. Capitalizing Debt and 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 by more than half, as reflected below:

Portfolio Risk Exposure

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



## GUARANTEE PROGRAM

### *Information*

- 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
Loans (#):		0	2	12	9	22
Risk ceded (\$):		\$0	\$9,876,854	\$117,963,056	\$83,995,036	\$149,398,081

- d) Also contributing to the reduction in Total Commitments is approximately \$43 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$35 million in scheduled amortization of guaranteed mortgages and a \$9 million foreclosure (Heritage; early 2010).
- 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).

#### C. Corpus Investments

##### 1. Background/Present Situation

The Guarantee Fund corpus contains approximately \$167.8 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 August 31, 2013.

#### D. FHFC Actions to Effectively Manage the Guarantee Program ([Exhibit A](#))

#### E. Guarantee Program Foreclosure Summary ([Exhibit B](#))

#### F. Guarantee Program Portfolio Summary and Guarantee Fund Capacity ([Exhibit C](#))

# HOME CWHIP (COMMUNITY WORKFORCE HOUSING INNOVATION PILOT PROGRAM)

## *Information*

### IV. HOME CWHIP (COMMUNITY WORKFORCE HOUSING INNOVATION PILOT PROGRAM)

#### 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 and Amenities and/or Resident Programs in their Application since the last Board meeting:

The Preserve at Boynton Beach (CWHIP06-05) has requested to amend the existing Land Use Restriction Agreement language (“LURA”), which states the development will consist of 40 townhomes and 20 flats, with four separate floor plans available. The floor plans range from 2 bedroom/2 bath units of 1,070 sq. feet to 3 bedrooms/3 bath units of 1,590. sq. ft. of living area , in addition to a club house and a swimming pool. As a result of compliance reviews it was determined that BOND LURA and the CWHIP LURA for this development should match in amenities. The additional verbiage of Steel door frames being swapped for microwaves and energy star rated windows being swapped for FL Yard/Neighborhood Certification is being requested. Scoring of the Application will remain unaffected.

- b) Staff will amend the LURA for the development as appropriate.

## HOME RENTAL

### *Information*

#### V. HOME RENTAL

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

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

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

Whispering Pines (2002-722H) has requested to replace the existing Land Use Restriction Agreement (“LURA”) language which states “the development will consist of 71 units located in 19 residential garden style buildings. A clubhouse and library will be constructed in one of the residential buildings” with the following language: “the development will consist of 71 units located in 20 residential garden style buildings. A clubhouse and library will be constructed in one of the residential buildings.” As a result of compliance reviews it was determined that there are actually 20 residential buildings due to a tenant residing in unit 70, which is in the same building as the clubhouse and library facility. Scoring of the Application will remain unaffected.

- b) Staff will amend the LURA for the development as appropriate.

## MULTIFAMILY PROGRAMS

### *Information*

#### VI. MULTIFAMILY PROGRAMS

**A. Request for Applications (RFA) 2014-103 for the Financing of Affordable Multifamily Housing Developments with State Apartment Incentive Loan (SAIL) Funding to be used in conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits**

**1. Background/Present Situation**

The Corporation issued RFA 2014-103 on January 10, 2014, with a due date of February 6, 2014. Staff anticipates submitting the Review Committee's recommendations for approval at the March 14, 2014 Board meeting.

**B. Request for Applications (RFA) 2014-104 for the Preservation of Existing Affordable Housing Developments**

**1. Background/Present Situation**

The Corporation expects to issue RFA 2014-104 on February 7, 2014, with a due date of March 7, 2014. Staff anticipates submitting the Review Committee's recommendations for approval at the April 25, 2014 Board meeting.

**STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

*Information*

**VII. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

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

**1. Background/Present Situation**

- a) The developments listed below have requested, and staff has approved, changes to the Construction Features & Amenities and/or Resident Programs in its Application since the last Board meeting:
  - (1) Regal Trace (93S-009/94L-008/93L-114) has removed the following sentence from Article II, Section 2.5(a) of the LURA: “Carpet throughout, except for the bathrooms and kitchen, which will have ceramic tile flooring.” As this is not a requirement of the Application, there is no point value attributed to this language. Scoring of the Application will remain unaffected.
  - (2) Hidden Creek Villas (95S-019/96L-003) has replaced: “Two (2) pools” with “One (1) pool.” With this change, scoring of the Application will remain unaffected.
- b) Staff will amend the Land Use Restriction Agreement and/or Extended Use Agreement for the developments as appropriate.

## SINGLE FAMILY BONDS

### *Information*

#### VIII. SINGLE FAMILY BONDS

##### A. Single Family Professional Development and Outreach

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

- a) Florida Housing continues to honor our commitment to have funds continuously available for qualifying homebuyers through our First Time Homebuyer (FTHB) Program. Florida Housing's Program provides assistance to eligible homebuyers by offering low cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance. Current allowable mortgage loan products include: Federal Housing Administration (FHA), Department of Veterans Affairs (VA), United States Department of Agriculture - Rural Development (USDA-RD), as well as conventional loan products offered through Fannie Mae and Freddie Mac.
- b) Over the last 2-3 years we have seen higher credit standards imposed on homebuyers by the Agencies (FHA, Fannie, Mae, and Freddie Mac), our Master Servicer U.S. Bank, and our participating lenders. We try to balance the needs of our First Time Homebuyers with sensible credit requirements. Our Program currently requires borrowers to have a minimum 640 FICO score and complete a 6-8 hour homebuyer education class in order to qualify for assistance. We do not allow the use of co-signors because we have found in the past that their use can be abusive, allowing borrowers to purchase more home than they can afford. We require a minimum cash contribution to the loan of \$1000 from the borrower's own funds. These funds can be a gift as allowed by FHA. Additionally we limit a borrower's maximum debt ratio to 45%. As expected, these changes implemented in 2012 have impacted Program loan origination volume. Our loan production for 2012 totaled 2,187 loans purchased with a first mortgage volume of \$213.7 million. In 2013, our lenders originated 1517 loans with a first mortgage volume of \$163.8 million. We have recently implemented several program changes that we expect will have a positive impact on loan originations. These changes include an increase in available down payment assistance from \$7,500 to \$10,000 and a 50 basis point increase in allowable lender compensation. We also strive to maintain competitive program first mortgage interest rates for our fixed-rate 30 year FHA and conventional mortgages.
- c) Florida Housing currently offers qualified homebuyers down payment and closing cost assistance (DPA) program in the form of second mortgage loan. Florida Assist 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. Our second mortgage product may only be used in conjunction with Florida Housing's first mortgage products. It is also repayable when our first mortgage is satisfied.

## SINGLE FAMILY BONDS

### *Information*

- d) Our Mortgage Credit Certificate (“MCC”) Program continues to generate greater lender interest and participation due in part to specialized in-person training classes being conducted by Program Staff. We have held in-person classes for several of our participating lenders. We have seen MCC volume increase substantially as a result of these trainings. Currently we have 51 approved lenders who have each paid a \$750 participation fee to Florida Housing.
- e) We are still soliciting our existing group of approved FTHB lenders to participate in this affordable housing program while also recruiting smaller lenders who might not otherwise qualify for FTHB Program participation. We have issued 167 MCC’s to qualified first time homebuyers. We have an additional 125 reservations in the pipeline. As we anticipated, the borrowers utilizing the MCC Program are purchasing higher priced homes (\$160,058 average purchase price) and have a higher average household income (\$50,768) than our FTHB borrowers in our current 2013-C Program. We charge a \$500 issuance fee for each MCC.
- f) Single Family Program Staff continues to offer 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. We have three classes scheduled in Palm Beach and Broward Counties the last week of January.
- g) Florida Housing continues to sponsor 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.

### **B. Single Family Bonds Information (Exhibit A)**

## SUBORDINATED MORTGAGE INITIATIVE (SMI)

### *Information*

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

##### A. Program Update

##### 1. Background/Present Situation

- a) As of this date, the Board has 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 provide properties with temporary assistance in funding their mortgage debt service obligations for a period of up to twenty-four (24) months. 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 mortgage payments and the developer making a total of sixteen 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 has approved a total of thirty-two (32) SMI loans in the amount of \$19,120,000.
  - (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 January 8, 2014.
  - (3) One SMI loan, Woods of Vero, 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 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 months after the final disbursement. The loan will then be amortized based on a twenty year amortization with a balloon payment due at the end of year six.
  - (6) As of January 8, 2014, Seventeen (17) loans have been paid in full totaling \$9,406,382.