we make housing affordable™

Florida Housing

Finance Corporation

Independent Certified Public Accountants' Reports and Financial Statements with Supplemental Information

December 31, 2012

GOVERNOR

Rick Scott

BOARD OF DIRECTORS

Len Tylka, Chairman

EXECUTIVE DIRECTOR

Stephen P. Auger

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FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

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Report of Independent Certified Public Accountants

The Board of Directors of Florida Housing Finance Corporation
Stephen Auger, Executive Director
Barbara Goltz, Chief Financial Officer

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida Housing Finance Corporation ("Florida Housing"), a component unit of the state of Florida, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Housing as of December 31, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 6 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary schedules as listed in the table of contents and schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

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procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated June 11, 2013, on our consideration of the Florida Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Housing's internal control over financial reporting and compliance.

Ernst & Young LLP

June 11, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012 (UNAUDITED)

As management of the Florida Housing Finance Corporation (Florida Housing), we offer readers of Florida Housing's financial statements this narrative overview and analysis of Florida Housing's financial activities for the year ended December 31, 2012. This overview and analysis is required by accounting principles generally accepted in the United States and by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

- As a result of operations in 2012, net position decreased $80.8 million to $1.9 billion as of December 31, 2012. This change consists of a decrease in State and Federal programs ($93.9 million), with offsetting increases in bond programs ($9.7 million), and the Operating Fund ($3.4 million).
- Notes and bonds outstanding, net decreased by $642.7 million to $3.5 billion in 2012. The overall decrease is comprised of decreases in single family bonds ($338.5 million), multifamily bonds ($253.2 million), and Guarantee Program ($51.0 million).
- Loans receivable, net decreased by $114.5 million to $2.9 billion in 2012. The change consists of decreases in the Operating Fund ($1.0 million), the Multifamily Housing Revenue bond programs ($111.1 million) and the single family bond programs ($10.4 million), with an offsetting net increase in State and Federal programs ($8.0 million).
- The change in net position for all programs and funds decreased $165.1 million from $84.3 million in 2011 to ($80.8) million in 2012. This change consists of decreases in the State and Federal programs ($94.4 million), and the bond programs ($81.1 million), with offsetting increases in the Operating Fund ($9.8 million), and subsidiary corporations ($0.6 million).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of two parts: Management's Discussion and Analysis and the Financial Statements. Florida Housing is a component unit of the state of Florida and follows enterprise fund reporting. Therefore, the financial statements are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

The financial statements report information for all of Florida Housing's programs and operations. The *Statement of Net Position* includes all of Florida Housing's assets and liabilities. The difference between assets and liabilities is presented as net position, and is displayed in two components: restricted net position and unrestricted net position. Included in the Statement of Net Position are notes and bonds issued by Florida Housing as conduit debt and, as such, both principal and interest are payable solely from the assets and income of the various programs which are pledged under the bond resolutions authorizing the specific issues. These issues do not constitute an obligation, either general or special, of Florida Housing, the state of Florida, or of any local government therein. Neither the faith, credit and revenues, nor the taxing power of the state of Florida or any local government therein shall be pledged to the payment of the principal or interest on the obligations. Net position is restricted when external constraints are placed upon its use, such as trust indentures, legal agreements or statutes. Conduit debt and related assets reported on the Statement of Net Position include $4.1 billion in assets and $3.5 billion in net notes and bonds payable as of December 31, 2012.

The *Statement of Revenues, Expenses, and Changes in Net Position* identifies all of Florida Housing's revenues and expenses for the reporting period, distinguishing between operating and nonoperating activities. This statement measures Florida Housing's operations over the past year and can be used to determine whether Florida Housing has recovered all of its costs through mortgage loans, externally funded programs and other revenue sources.

The *Statement of Cash Flows* provides information about Florida Housing's cash receipts and cash payments during the reporting period. This statement reports cash transactions, including receipts, payments and net changes resulting from operations, noncapital financing, capital financing, and investing activities. This statement provides information regarding the sources and uses of cash and the change in cash during the reporting period.

The *Notes to the Financial Statements* provide additional information that is essential for understanding financial data that may not be displayed on the face of the financial statements and, as such, are an integral part of Florida Housing's basic financial statements.

FINANCIAL ANALYSIS OF FLORIDA HOUSING

Statements of Net Position

The following table summarizes the assets, liabilities, and net position (in millions) as of December 31:

	2012	2011
Current assets	$ 1,041.7	$ 1,130.1
Noncurrent assets		
Investments	1,992.8	2,394.1
Loans receivable, net	2,671.9	2,906.6
Prepaid finance charges, net	15.1	18.7
Total assets	$ 5,721.5	$ 6,449.5
Current liabilities	$ 496.3	$ 403.9
Noncurrent liabilities		
Notes payable, net	46.8	64.5
Bonds payable, net	3,036.3	3,765.1
Unearned fee income, net	81.4	73.0
Due to developers	122.8	123.2
Other liabilities	4.7	5.8
Total liabilities	$ 3,788.3	$ 4,435.5
Net position		
Restricted	$ 1,819.9	$ 1,904.1
Unrestricted	113.3	109.9
Total net position	$ 1,933.2	$ 2,014.0

Florida Housing's net position decreased by $80.8 million, or 4.0%, from the December 31, 2011 balance. This is largely due to State Apartment Incentive Loan Extremely Low Income program disbursements and required transfers to the state.

Total loans receivable, net (current and noncurrent) decreased $114.5 million in 2012. The largest component of this change was a decrease in mortgage loans outstanding in the Multifamily Mortgage Revenue bonds program. Loans receivable in the Multifamily Mortgage Revenue bond program decreased by $111.1 million, to $1.7 billion, primarily due to properties refinancing out of the Florida Housing bond portfolio.

Notes and bonds payable, net (current and noncurrent) decreased $642.7 million, to $3.5 billion, in 2012. Guarantee Program notes payable showed a net decrease of $51.0 million due to payoff of the note. Single family bonds outstanding, including those issued under the federal New Issue Bond Program (NIBP), showed a net decrease of $338.5 million comprised of principal payments on bonds. The $253.2 million net decrease in multifamily notes and bonds outstanding is comprised of a decrease due to principal payments on notes and bonds ($297.9 million), offset by note and bond issuances ($44.4 million) and accreted interest on capital appreciation bonds ($0.3 million). Included in the total payments of $297.9 million for multifamily notes and bonds are early retirements of $193.5 million.

Net position of the bond programs, State and Federal programs and a portion of the Operating Fund are classified as restricted because the uses of the funds are directed by trust indentures, state statute or federal regulations.

Florida Housing has designated all the unrestricted net position in the Operating Fund, $113.3 million, for support of the Guarantee Program portfolio, demonstration loans and associated costs, support of the single family bond program, and future operating and capital expenditures, including the funding of compliance monitoring for housing credit developments in the early history of Florida Housing from which partial or no monitoring fees were collected.

Statements of Revenues, Expenses, and Changes in Net Position

The following table summarizes the revenues, expenses, and changes in net position (in millions) for the years ended December 31:

	2012	2011
Operating revenues		
Interest on loans	$ 89.7	$ 98.3
Investment income	95.3	162.9
Federal program administrative fees	11.5	10.4
Recovery of claims	–	0.9
Other income	20.2	23.8
Total operating revenues	216.7	296.3
Operating expenses		
Interest expense	144.8	161.3
Payments to other governments	2.5	27.7
Provision for uncollectible loans	0.1	40.3
General and administrative	41.1	47.4
Total operating expenses	188.5	276.7
Nonoperating revenues (expenses)		
Federal and state program revenue	79.3	346.8
Federal and state program expenses	(137.0)	(282.2)
State documentary stamp tax revenue	134.1	175.5
Transfers to state agencies	(185.4)	(175.4)
Net nonoperating revenues (expenses)	(109.0)	64.7
Change in net position	$ (80.8)	$ 84.3

Investment income decreased $67.6 million in 2012. The overall decrease was comprised of a decrease in investment income for the State and Federal programs ($2.3 million), the single family bond programs ($68.0 million) and the multifamily bond program ($2.2 million), with offsetting net increases in investment income for the Operating Fund ($1.3 million), and the Guarantee Program ($3.6 million). Unrealized loss on investments in 2012 was $23.6 million, compared to a $53.8 million unrealized gain recorded in 2011. Actual income earned from investments increased $9.7 million from 2011, a result of an increase in the sale of mortgage backed securities in the single family bond programs and the investment of Guarantee Program funds in the state treasury after the termination of a lower performing guaranteed investment contract.

Total operating expenses decreased $88.2 million, to $188.5 million in 2012. Components of the decrease include decreases in interest expense ($16.5 million), the payment of State Housing Initiatives Partnership (SHIP) funds to local governments ($25.2 million), provision for uncollectible loans ($40.2 million) and general and administrative expenses ($6.3 million). The decrease in bond interest expense is due to the timing of bond issuances and redemptions throughout 2012.

Net nonoperating revenues (expenses) decreased $173.7 million, to ($109.0) million in 2012. Components of the decrease include decreased net revenues related to federal programs ($122.3 million), primarily the Tax Credit Exchange Program (TCEP), and a decrease in documentary stamp tax revenue ($41.4 million).

For the bond programs, loan related interest earnings ($74.5 million) and investment income ($88.2 million) are the primary components of total revenues. Bond interest expense ($144.8 million) is the largest expense item.

Florida Housing's revenues in the Operating Fund were primarily generated from issuer fees ($7.0 million), investment income ($4.0 million), and administrative fees for federal programs ($5.9 million). General and administrative expenses ($19.7 million), which include operating expenses and program administration (credit underwriting, servicing, and monitoring), comprise the bulk of expenses in the Operating Fund.

Receipt of documentary stamp taxes in the housing trust funds ($134.1 million) and revenue from federal and state programs ($79.1 million) make up the majority of the revenues in the State and Federal programs. Federal and state program expenses ($135.5 million) and transfers to state agencies ($185.4 million) are the largest components of expenses. The decrease in federal and state program revenue ($267.1 million) and the increase in transfers to state agencies ($10.0 million) are primarily responsible for the decrease in the change in net position in the State and Federal programs.

DEBT ADMINISTRATION

At year-end, Florida Housing had total notes and bonds outstanding of $3.5 billion, net of discounts. This represents a net decrease of $642.7 million during 2012, resulting from principal payments and refunding on notes and bonds ($687.4 million), offset by the issuance of bonds and premiums ($44.4 million) and accreted interest on capital appreciation bonds ($0.3 million). All bonds issued in the First Time Homebuyer Program are backed by Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae) or Federal Home Loan Mortgage Corporation (Freddie Mac) securities and have maintained their AAA – AA ratings. More detailed information about Florida Housing's debt is presented in Note 10 to the financial statements.

OTHER FINANCIAL INFORMATION

During 2012, Florida experienced continued improvement in the overall economic condition of the state and saw continuing recovery of the housing market. The improvement is documented in the April 23, 2013 "Economic Overview" published by the Florida Legislature, Office of Economic and Demographic Research. With respect to housing, this report concluded that the subsequent turnaround in Florida will be led by:

- "Low home prices that begin to attract buyers and clear the inventory.
- Long-run sustainable demand caused by continued population growth and household formation that has been pent-up.
- Florida's unique demographics and the aging of the baby-boom generation (2011 marked the first wave of boomers hitting retirement)."

These report conclusions are supported by the following factors: (1) building permit activity, an indicator of new construction, is back in positive territory, showing strong (32.4%) calendar year growth in 2012, and for the first two months in the 2013 calendar year, permits were running nearly 50% above the same timeframe in the prior year; and (2) median sales prices for existing homes showed improvement, posting the highest number in 53 months (since October 2008), but remain substantially below the nation as a whole.

The report projects that economic growth, population growth and growth in general revenue receipts will all be positive.

The report also mentions numerous issues which can moderate the economic recovery such as Florida's high foreclosure rate, the length of time foreclosures take, the "shadow inventory" created by foreclosures in process, and the national issues of sequestration and the debt ceiling.

Florida Housing activity encompasses various federally administered initiatives designed to improve the residential real estate market. In addition to these programs, Florida was awarded just over $1 billion in the U.S. Treasury's Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets (Hardest Hit Fund). This program launched statewide in April 2011.

Florida Housing's single family loans are fixed rate mortgages for homebuyers within a programmatically defined income bracket and which require homebuyer education before loan closing. While these requirements have helped keep Florida Housing's foreclosure rate below the state average, there has been an increase in foreclosure activity in this portfolio as well. At December 31, 2012, approximately 9% of the outstanding loans in the whole loan portfolio were in foreclosure. Whole loans make up less than 7% of the combined whole loan and mortgage-backed security (MBS) portfolio. Florida Housing is not at financial risk for foreclosures in the MBS portion of the portfolio as these are fully guaranteed as to timely payment of principal and interest by Ginnie Mae, Fannie Mae or Freddie Mac.

The Affordable Housing Guarantee Program reached a significant positive milestone in 2012 by paying off the remaining capitalizing debt. In addition, there were no foreclosures that occurred during the year. The portfolio experienced a reduction in risk exposure due to refinancings of guaranteed transactions. The leveraging ratio of the program was 3.09:1 at December 31, 2012, well within the Board established maximum ratio of 5:1.

The Board-approved operating budget of $17.1 million, exclusive of direct Hardest Hit Fund expenses, which are fully funded by that program, was adequate to fund operations. Actual operating expenses of $16.1 million were 6.3% less than the total approved budget.

As part of the 2011 legislature's economic initiatives, a new trust fund, the State Economic Enhancement and Development (SEED) Trust Fund was established to provide a flexible source of funding for infrastructure, job creation opportunities, transportation facilities, affordable housing programs, workforce training, tourism promotion and other economic development opportunities. Beginning in state fiscal year 2012-2013, a total of $75 million of documentary stamp tax revenue per year, subject to any transfer required for the Guarantee Fund, will be transferred to the SEED trust fund from the affordable housing trust funds.

Appropriations approved by the 2013 legislature included $120.0 million from the National Mortgage Settlement funds for Florida Housing's programs, and also required $204.1 million, the total estimated deposits, to be transferred from the housing trust funds to the state's General Revenue Fund.

The initial tax-exempt bond allocation for 2013 is $434.4 million, an increase of $6.2 million from the 2012 initial allocation. The per capita allocation remained $95 in 2013; Florida's increased population accounted for the larger 2013 allocation.

Please contact Barbara E. Goltz, Chief Financial Officer, at (850) 488-4197 with your comments, questions or requests for additional information.

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FINANCIAL STATEMENTS

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 356,396,385
Investments, net	379,931,922
Interest receivable on investments	8,652,050
Interest receivable on loans	16,594,401
Loans receivable, net	259,686,473
Prepaid finance charges, net	1,977,186
Documentary stamp taxes receivable	16,681,273
Property held for sale	462,400
Other assets	1,357,313
Total current assets	1,041,739,403
NONCURRENT ASSETS	
Investments, net	1,992,828,907
Loans receivable, net	2,671,855,463
Prepaid finance charges, net	15,106,179
Other assets, net	26,624
Total noncurrent assets	4,679,817,173
TOTAL ASSETS	$ 5,721,556,576
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and other liabilities	$ 23,724,242
Accrued interest payable	53,853,401
Accrued arbitrage rebate	59,859
Collateralized bank loan	8,810,000
Notes payable, net	149,782
Bonds payable, net	405,957,806
Unearned fee income, net	3,764,576
Total current liabilities	496,319,666
NONCURRENT LIABILITIES	
Notes payable, net	46,783,486
Bonds payable, net	3,036,332,245
Unearned fee income, net	81,391,456
Due to developers	122,813,813
Other liabilities	4,684,715
Total noncurrent liabilities	3,292,005,715
TOTAL LIABILITIES	$ 3,788,325,381
NET POSITION	
Restricted	$ 1,819,915,169
Unrestricted	113,316,026
TOTAL NET POSITION	$ 1,933,231,195

The accompanying notes to the financial statements are an integral part of these statements.

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATING REVENUES	
Interest on loans	$ 89,667,128
Investment income	95,251,490
Federal program administrative fees	11,515,763
Recovery of claims	1,915
Other income	20,196,798
Total operating revenues	216,633,094
OPERATING EXPENSES	
Interest expense	144,838,581
Payments to other governments	2,491,394
Provision for uncollectible loans	66,174
General and administrative	41,148,295
Total operating expenses	188,544,444
OPERATING INCOME	28,088,650
NONOPERATING REVENUES (EXPENSES)	
Federal and state program revenue	79,302,087
Federal and state program expense	(137,040,384)
State documentary stamp tax revenue	134,132,744
Transfers to state agencies	(185,371,398)
Net nonoperating expenses	(108,976,951)
CHANGE IN NET POSITION	(80,888,301)
NET POSITION	
Beginning of year	2,014,119,496
End of year	$ 1,933,231,195

The accompanying notes to the financial statements are an integral part of these statements.

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on conduit debt fund investments	$	105,909,750
Cash received from interest on loans receivable		90,394,430
Cash received from principal payments on loans receivable		254,806,249
Cash received for federal program administrative fees		11,764,097
Cash received from other revenues		28,286,391
Cash payments for issuance of loans and federal programs		(141,558,600)
Interest paid on conduit debt fund bonds		(151,156,828)
Cash payments for operating expenses		(43,415,382)
Payments to other governments		(2,491,394)
Net cash received from operation of foreclosed properties		2,699
NET CASH PROVIDED BY OPERATING ACTIVITIES		152,541,412
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from issuance of notes		33,511,528
Proceeds from issuance of bonds		10,878,616
Principal payments on notes		(51,141,500)
Principal payments on bonds		(631,990,547)
Interest paid		(1,773,772)
Payment of bond issuance costs		(11,016)
Cash used by federal and state programs		(57,738,297)
State documentary stamp tax receipts		132,729,117
Transfers to state agencies		(185,371,398)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES		(750,907,269)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments		(1,738,493,622)
Proceeds from the sale and maturity of investments		2,239,543,520
Interest received on investments		9,554,420
NET CASH PROVIDED BY INVESTING ACTIVITIES		510,604,318
NET DECREASE IN CASH AND CASH EQUIVALENTS		(87,761,539)
CASH AND CASH EQUIVALENTS		
Beginning of year		444,157,924
End of year	$	356,396,385

The accompanying notes to the financial statements are an integral part of these statements.

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$	28,088,650
Adjustments to reconcile operating income to net cash provided by operating activities		
Fair value of investments		23,606,348
Accreted interest on capital appreciation bonds		338,092
Provision for loan losses		1,169,008
Amortization and depreciation		(13,112,080)
Interest received on investments		(9,554,420)
Interest paid		1,773,772
Changes in assets and liabilities which provided (used) cash		
Interest receivable on investments		1,320,866
Interest receivable on loans		946,282
Loans receivable		113,346,099
Other assets		768,334
Accounts payable and other liabilities		(3,916,108)
Accrued interest payable		(7,980,546)
Accrued arbitrage rebate		(203,123)
Unearned fee income		16,349,834
Due to developers		(399,596)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	152,541,412

The accompanying notes to the financial statements are an integral part of these statements.

1. REPORTING ENTITY

The Florida Housing Finance Corporation (Florida Housing) was created by Chapter 420, Part V, Florida Statutes as a public corporation. On January 1, 1998, Florida Housing assumed all the rights, responsibilities, and obligations of its predecessor, the Florida Housing Finance Agency (the Agency).

In 1980, the Agency, a public body corporate and politic with no taxing power, was established as a state agency within the Florida Department of Community Affairs by the Florida Housing Finance Agency Act (the Act). The Agency was created to finance housing for low, moderate, and middle income persons. Under the Act, the Agency was authorized to borrow money through the issuance of bonds, notes, or other obligations to finance multifamily housing developments and single family residential housing. The 2011 Legislature eliminated the Department of Community Affairs; Florida Housing is now administratively associated with the Department of Economic Opportunity.

Florida Housing is a discretely presented component unit of the state of Florida for financial reporting purposes. The accompanying component unit financial statements present the net position, changes in net position, and cash flows of the proprietary fund, which includes all programs controlled by Florida Housing.

In July 2008, Florida Housing formed FHFC II, Inc. and in July 2009 added FHFC III, Inc. Both are wholly-owned subsidiaries established for the charitable, non-profit purpose of taking title to, managing and disposing of property acquired by Florida Housing from time to time through any of Florida Housing's programs.

Florida Housing has determined that, except for the blended activity of FHFC II and FHFC III, there are no other entities that meet the criteria for inclusion in Florida Housing's financial statements.

Notes and bonds issued by Florida Housing are conduit debt and are payable, both as to principal and interest, solely from the assets and income of the various programs which are pledged under the resolutions authorizing the particular issues. These issues do not constitute an obligation, either general or special, of Florida Housing, the state of Florida, or of any local government therein. Neither the faith, credit and revenues, nor the taxing power of the state of Florida or any local government therein shall be pledged to the payment of the principal or interest on the obligations. Conduit debt outstanding, net of unamortized premium, was $3.5 billion as of December 31, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Florida Housing's financial statements have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units engaged in business-type activities. The significant accounting policies of Florida Housing are described below.

Basis of Presentation – Florida Housing accounts for its activities through the use of an enterprise fund. An enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Florida Housing's accounting records are organized using subfunds to account separately in the general ledger for the bond programs, Guarantee Program, certain state and federally funded programs, subsidiary corporations and the operations of Florida Housing. The operations of each subfund are accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net position, revenues, expenses, and transfers.

Basis of Accounting – Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.

Financial Statement Presentation – Florida Housing distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with Florida Housing's ongoing operations. The principal operating revenues of Florida Housing are interest income on loans, investment income, federal program administrative fees and recovery of claims. Operating expenses include interest expense, provision for uncollectible loans and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents – Florida Housing considers all uninvested amounts to be cash and all investments with an original maturity of three months or less to be cash equivalents.

Investments – Investments are stated at fair value, which is based on quoted market prices, if available, or recognized pricing sources. Fair value of Florida Housing's investment in the state investment pool is determined by the fair value per share of the pool's underlying portfolio. Florida Housing's guaranteed investment contracts are considered non-participating and are therefore recorded at cost.

Loans Receivable – Loans receivable are carried at their uncollected principal balances. Servicing of most loans is provided by various servicing organizations on behalf of Florida Housing. Servicing costs on single family bond loans are recorded as a reduction of interest income. Such costs range from 0.24% to 0.32% annually of the unpaid principal balance of the loans.

Allowance for Loan Losses – The determination of the allowance for loan losses is based on an evaluation of the loan portfolio, current economic conditions, and other factors relevant to a determination of the collectability of the loans and reflects an amount which, in management's judgment, is adequate to provide for potential losses. Adjustments to the allowance for loan losses are made by provisions charged to current operations.

Prepaid Finance Charges and Bond Discounts and Premiums – In connection with the issuance of Florida Housing's bonds, certain related costs are prepaid and amortized over the life of the related issue using the effective interest method. Discounts and premiums on bonds payable are amortized over the life of the related issue using the effective interest method.

Property Held for Sale – Property held for sale arises from foreclosures on multifamily properties pledged as collateral on mortgage loans. The property is recorded at the lower of cost or fair value less estimated selling costs at the date of foreclosure and is adjusted, if necessary, at year end.

Compensated Absences – Employees earn the right to be compensated during absences for annual and sick leave. Within the limits of Florida Housing's policy, unused annual leave benefits will be paid to all eligible employees upon separation of service. Also, within the limits of Florida Housing's policy, eligible executive staff members are paid for unused sick leave benefits upon separation. The cost of annual and sick leave benefits are accrued in the period they are earned. The compensated absences amounts are based on current salary rates and are included in accounts payable and other liabilities.

Interest Income – Interest on mortgage loans and investments is recorded as income when earned. Interest income is recorded net of fees.

Fee Income – Through 2001, in connection with the financing of single family mortgage loans, Florida Housing charged a nonrefundable fee to participating lenders for the purpose of securing a commitment for permanent mortgage loans for single family units equal to 0.5% to 3.0% of the principal balance of loan participation commitments. Such fees were prepaid and are amortized over the term of the loans, typically thirty years, using the straight-line method, which approximates the effective interest method. Loans are presented net of prepaid fees. Certain administrative and monitoring fees collected under the various programs are deferred and amortized over the life of the loan or set-aside period.

Claims Expense and Recoveries – Claims expense is recorded in the Guarantee Program when payment is made on the associated bonds. If the claim is made under the U.S. Department of Housing and Urban Development (HUD) Risk Sharing Program, the expense is only the Guarantee Program's portion as the claim is shared equally with HUD. Recoveries are recorded at the time of foreclosure, when title to the property passes to Florida Housing and are adjusted upon sale of the property and final settlement with HUD. Activity from the operation of the foreclosed property is included in operating revenues and expenses in the subsidiary holding title to the property.

Related Party Transactions – Board members are prohibited from participation in Florida Housing's programs during and for two years following their board terms.

New Accounting Pronouncements – The GASB has issued the following statements that will be implemented in accordance with required effective dates.

Statement of Governmental Accounting Standards No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, issued November 2011. This statement is effective for periods beginning after June 15, 2012.

Statement of Governmental Accounting Standards No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. This statement is effective for periods beginning after December 15, 2012.

Statement of Governmental Accounting Standards No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, issued March 2012. This statement is effective for periods beginning after December 15, 2012.

Statement of Governmental Accounting Standards No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012. This statement is effective for periods beginning after June 15, 2013.

Statement of Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012. This statement is effective for periods beginning after June 15, 2014.

Statement of Governmental Accounting Standards No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013. This statement is effective for combinations and disposals in periods beginning after December 15, 2013.

Statement of Governmental Accounting Standards No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013. This statement is effective for periods beginning after June 15, 2013.

3. DESCRIPTION OF PROGRAMS

Operating – Florida Housing's Operating Fund, which includes the operating subfund and the bond management subfund, collects program fees from the various bond issues, housing credit fees, and administrative fees associated with federal and state housing programs. Expenses are those incurred in operating Florida Housing and the administration of its various programs.

Subsidiary Corporations – Both FHFC II and FHFC III were created to take title to, manage, and dispose of property acquired by Florida Housing through its various programs. These funds are not restricted; however, the proceeds from the operation and sale of properties within these entities generally flow back to the program through which the property was acquired.

The various bond programs of Florida Housing are as follows:

Single Family Home Ownership Program – The Single Family Home Ownership Program includes private placements made to Fannie Mae, the GNMA Collateralized Home Ownership Mortgage Revenue Program, and the GNMA–Fannie Mae Home Ownership Revenue Program. The bond proceeds were committed by Florida Housing to purchase mortgage backed securities to the extent mortgage loans were originated by participating lenders under this program. The mortgage loans provided single family residences for persons of low to middle income within the state of Florida.

First Time Homebuyer Program – Florida Housing utilizes proceeds from the issuance of revenue bonds to purchase 30-year, fixed rate mortgage loans originated by private lenders under this program. Under the current program, these loans are securitized into mortgage backed securities. Eligible borrowers must meet certain criteria, such as the first time homebuyer requirement, credit worthiness and an income level not to exceed program limits. Bonds are issued from two indentures for this program.

Single Family Homeowner Mortgage Revenue Bond – This bond indenture began in 1995 and continues to add issues as needed to ensure the continued availability of funds for the First Time Homebuyer Program. Certain bond issues have been refunded with subsequent bond issues under the indenture.

Homeowner Mortgage Revenue Bonds (Special Program) – These bonds were issued under the federal New Issue Bond Program (NIBP) implemented in 2009 by the U.S. Treasury and HUD as a short term response to the credit and liquidity crises that made tax exempt bonds difficult to use for affordable housing programs. NIBP lowers the debt service costs on tax exempt bonds by providing for the federal purchase of 60 percent of the issue. The remaining 40 percent was sold at market rates. Florida Housing issued a total of $547.2 million of single family bonds under this program. The authority to issue new NIBP bonds terminated on December 31, 2012.

Multifamily Mortgage Revenue Bond Programs – Due to the similarity of program operations, the multifamily bond programs are presented as one program.

Multifamily Mortgage Revenue Bond Program – The Multifamily Mortgage Revenue Bond Program issues Multifamily Mortgage Revenue Bonds to finance the construction or acquisition of multifamily housing developments located in the state of Florida and intended for occupancy in part by persons of low, moderate, or middle income. Certain bond issues have been refunded with subsequent bond issues under the program.

Multifamily Floating Rate Monthly Bonds – The Multifamily Floating Rate Monthly bonds were issued to make multifamily loans to finance the acquisition and construction of multifamily rental housing developments located in the state of Florida and intended for occupancy in part by persons of low, moderate, and middle income. Principal and interest on the bonds are payable from mortgage loan payments and other sources of funds including letters of credit.

Multifamily New Issue Bond Program – Florida Housing was awarded $248.5 million in authority for multifamily bonds under the New Issue Bond Program (NIBP). As with the Single Family NIBP described above, the program provided for a lower cost of borrowing through the federal purchase of tax exempt bonds at below market rates. Under the multifamily NIBP, 100% of the bonds were purchased by the federal government. Florida Housing issued $202.0 million of multifamily bonds under this program. The authority to issue new NIBP bonds terminated on December 31, 2012.

Florida Housing administers the following programs and initiatives funded at the federal and state level to provide affordable housing to Florida's low and moderate income families:

State Housing Trust Fund Programs – The State Housing Trust Fund was created to provide a stable source of funding for affordable housing in Florida. Through an increased documentary stamp tax implemented in 1992, the trust fund provides the opportunity for funding for homeownership and rental housing through Florida Housing's programs. Funds from the State Housing Trust Fund may also be used as match for federal programs and to support the Guarantee Program. In recent years most of the funds in the State Housing Trust Fund were transferred to the state's general revenue fund as directed by the Legislature.

Florida Homeownership Assistance Program – The Florida Homeownership Assistance Program (HAP) was created, as part of the State Housing Incentive Partnership Act of 1988, for the purpose of assisting low-income persons in purchasing a home by reducing the amount of down payments and closing costs.

The Florida Assist Program provides HAP funds to low-income homebuyers for down payments and closing costs. These non-interest bearing, nonamortizing second mortgage loans are used with the Single Family Homeowner Mortgage Revenue Bond Program.

The Homeownership Pool (HOP) Program was created to match qualified homebuyers with purchase assistance. The HOP Program is an ongoing, noncompetitive program that allows developers to reserve funds for eligible homebuyers to provide non-interest bearing, nonamortizing deferred second mortgage loans on a first come, first served basis. Currently, this program funds self-help developers only.

State Apartment Incentive Loan Program – The State Apartment Incentive Loan (SAIL) Program provides low-interest loans on a competitive basis to developers of affordable rental housing. SAIL funds are available to developers, including individuals, public entities, and nonprofit or for-profit organizations to provide gap financing for the construction or substantial rehabilitation of multifamily units. Special consideration is given to properties that target demographic groups such as the elderly, homeless people, farmworkers, and commercial fishing workers.

A portion of the SAIL Program funding is set aside for the Elderly Housing Community Loan (EHCL) Program. Up to $750,000 per loan is available to make life-safety, health, sanitation, or security related improvements to existing affordable elderly housing.

Predevelopment Loan Program – The Predevelopment Loan Program (PLP) assists nonprofit and community-based organizations, local governments, and public housing authorities with planning, financing, and developing affordable housing. Eligible organizations may apply for a loan of up to $750,000 for predevelopment activities such as rezoning, title searches, legal fees, impact fees, administrative costs, soil tests, engineering fees, appraisals, feasibility analyses, audit fees, earnest money deposits, insurance fees, commitment fees, administrative costs, marketing expenses, and acquisition expenses. Technical assistance is also provided.

State Housing Initiatives Partnership Program – The State Housing Initiatives Partnership (SHIP) Program was created in 1992 as part of the William E. Sadowski Affordable Housing Act. This program provides funds to all 67 counties and 52 entitlement cities on a population-based formula as an incentive to produce and preserve affordable housing for very low, low and moderate income families. The minimum allocation per county is $350,000 and at least 65% of funds must be used for homeownership. Under their Local Government Housing Assistance Plans, counties and eligible cities may fund such strategies as emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, property acquisition, matching dollars for federal programs and homeownership counseling. Annual appropriation language may more specifically direct program uses.

Rental Recovery Loan Program – The Rental Recovery Loan Program (RRLP) was created by the 2005 Legislature to facilitate the production of additional affordable rental housing stock in areas impacted by the 2004 hurricanes. Funds were made available to affordable housing developers in 2005 and 2006 as a means of leveraging existing federal rental financing programs, such as Multifamily Mortgage Revenue Bonds and Housing Credits.

Affordable Housing Guarantee Program – The Guarantee Program was created to encourage affordable housing lending activities through the issuance of guarantees on obligations incurred in obtaining financing for affordable housing. The program does not directly provide funds for developments; rather it facilitates such efforts by reducing lender risk through the issuance of guarantees on mortgage loans. The program issued commitments to guarantee obligations for both single family homes and multifamily developments. In March 2009, the Board of Directors suspended issuance of additional guarantees by the Guarantee Program due to adverse market conditions. The suspension remains in effect today. Documentary stamp taxes distributed to the State Housing Trust Fund may be used to support the Guarantee Program if payment obligations from amounts on deposit in the Guarantee Program would cause a downgrade in the Program's claims paying rating, or to support the Program's capitalizing debt, if any.

The Guarantee Program's potential loss is limited to the amount of its outstanding guarantees. In order to mitigate risk inherent in the program's portfolio of guarantees, the Guarantee Program participates in the Department of Housing and Urban Development (HUD) Risk Sharing Program. On November 9, 1994, Florida Housing and HUD entered into a Risk Sharing Agreement providing for HUD's assumption, or endorsement, of 50% of the Guarantee Program's post-construction obligation on specific multifamily developments financed by Florida Housing or local housing finance authority bonds. As of December 31, 2012, total participation under the Risk Sharing Program consisted of 50 guarantees totaling $277.7 million.

As required by the HUD Risk Sharing Program, and in accordance with Section 24 CFR 266.110(b), a percentage of funds on deposit in the Guarantee Program is segregated from the corpus in a dedicated account, the HUD Dedicated Risk Account, as a reserve to offset future potential claims in connection with guarantees issued under the HUD Risk Sharing Program. As of December 31, 2012, the balance of the HUD Dedicated Risk Account was $7.1 million.

As of December 31, 2012, outstanding risk totaled $468.5 million, including $277.7 million under the HUD Risk Sharing Program.

HOME Investment Partnerships Program – The HOME Investment Partnerships Program and the HOME Disaster Relief Program, (collectively referred to as HOME) were established pursuant to HUD Regulations, 24 CFR Part 92 (1992). HOME funds are available to eligible housing providers and individuals in the form of loans, interest subsidies, and other forms of investment approved by Florida Housing.

Other programs administered by Florida Housing:

Housing Credit Program – The Housing Credit Program provides qualified developers of rental property a federal income tax credit for providing low income rental housing. The U.S. Treasury has authorized Florida Housing to allocate the tax credits within the state of Florida. At least 10% of the total annual allocation must be awarded to nonprofit organizations. The program was permanently extended by Congress in 1993.

For the year 2012, Florida Housing allocated $51.5 million in housing credits, including returned credits.

In 2009, the American Recovery and Reinvestment Act (ARRA) created Cash Assistance to States for Low Income Housing Projects in Lieu of Low Income Housing Tax Credits for 2009, also referred to as the Tax Credit Exchange Program (TCEP), to be administered by the U.S. Treasury. Under this program, housing credit allocating agencies “exchanged” a portion of their 2009 Housing Credit allocation, as well as previously awarded and returned Housing Credits, for cash grants that were used to replace the Housing Credit equity lost to affordable rental developments as a result of adverse market conditions. Florida Housing exchanged $68.2 million credits for $580.1 million in TCEP funds which was used to fund disbursements to properties in the program. Florida Housing allocated these funds through the request for proposals process in 2009 and 2010 and disbursed the funds in 2011.

Florida Housing also disbursed $101.1 million through another ARRA program, the Tax Credit Assistance Program (TCAP), through 2012. This federal stimulus funding was directed to rental developments that had already received a Housing Credit allocation but required additional funding due to limited equity available in the housing credit market.

Hardest Hit Fund – In February 2010, the federal government announced the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets (Hardest Hit Fund), a new program for the five states hit hardest by foreclosures, housing price declines and unemployment. Florida was one of these states and received $418 million. The program was subsequently expanded twice, with additional states and funding added each time. Florida’s final share of these funds totaled slightly more than $1 billion. Two primary strategies have been approved by Treasury. The *Mortgage Loan Reinstatement Program* is used to bring a delinquent mortgage current. The *Unemployment Mortgage Assistance Program* provides funds to make first mortgage payments to mortgage servicers on behalf of unemployed or underemployed borrowers. The program runs through 2017.

Demonstration Loans – Demonstration loans provide the opportunity for developers of special needs housing to access funding that is not available through other Florida Housing programs. The specific requirements, loan amounts, and terms are generally determined through the development of a Request for Proposal when special needs housing is identified and funds are available.

Subordinate Mortgage Initiative – In 2009, Florida Housing implemented an initiative to provide limited financial assistance to eligible properties that are credit enhanced by the Guarantee Program. These short-term loans provided temporary assistance in funding first mortgage debt service obligations for up to two years. These subordinate loans are forgivable if the properties are successful in refinancing their mortgages and exit the Guarantee Program within five years.

Legislative Initiatives – From time to time, Florida Housing receives appropriations for pilot programs or programs that target a specific segment of the affordable housing spectrum such as the Community Workforce Housing Innovation Pilot program for workforce housing and the Preservation Pilot Program to provide loans to further the preservation of affordable housing.

4. CASH AND CASH EQUIVALENTS

As of December 31, 2012, Florida Housing had the following cash and cash equivalents:

	Credit Rating	Fair Value
Cash	–	$ 63,201,735
Money Markets	AAA – A-1	293,194,650
		$ 356,396,385

Cash on deposit is held in trust by financial institutions in the name of Florida Housing and is entirely insured by federal depository insurance or collateral held by the financial institutions' trust departments or agents in Florida Housing's name pursuant to Section 280.04, Florida Statutes.

5. INVESTMENTS

Florida Housing is authorized to invest in securities permitted under Section 215.47, Florida Statutes, including direct obligations of the United States of America or any agency thereof, interest-bearing or demand deposits with any qualified depository institution, and commercial paper of prime quality. It is also authorized to invest in contracts for the purchase and sale of government obligations as described in the Florida Housing Act. Investments other than Guaranteed Investment Contracts (GICs) are recorded at fair value with changes in fair value recorded as a component of investment income. Florida Housing's GICs are considered to be non-participating; therefore, they are recorded at cost in accordance with applicable standards. Unrealized loss on investments in 2012 was $19.5 million.

Funds in the State Housing Trust Fund and the Local Government Housing Trust Fund are held by the State Treasury in a general pool of investments. Florida Housing also has invested certain funds associated with single family bond issues, a portion of its pooled investments and certain Guarantee Program funds with the State Treasury in Special Purpose Investment Accounts (SPIAs). Pursuant to Section 17.61, Florida Statutes, these SPIAs allow statutorily created organizations to invest in the Treasury investment portfolio. Florida Statutes enumerate the various types of authorized deposits and investments, which include time deposits, federal government obligations, repurchase agreements, and reverse repurchase agreements through securities lending programs. Florida Housing's share of this investment pool is $328.0 million at December 31, 2012, which is the fair value of the pool share. Fair value is based on quoted market prices. No allocation will be made as to Florida Housing's share of the types of investments or their risk categories. Florida Housing's share of the assets and liabilities arising from the reverse repurchase agreements will likewise not be carried on the balance sheet since the State Treasury operates on a pooled basis and to do so may give the misleading impression that Florida Housing itself has entered into such agreements. For further information, refer to the State of Florida Comprehensive Annual Financial Report or publications of the Office of the State Chief Financial Officer.

As of December 31, 2012, Florida Housing had investments with the following credit ratings and maturities (in thousands):

Investment Type	Credit Rating	Investment Maturities (in years) Less Than 1	1 – 5	6 – 10	More Than 10	Total Fair Value
Asset-Backed Securities	AAA – BBB+	$ 642	$ 43,538	$ 4,003	$ 13,603	$ 61,786
CMBS	AAA – AA+	–	–	2,402	20,946	23,348
Commercial Paper	A-1+	1,679	–	–	–	1,679
Corporate Bonds	AAA – BB	25,606	90,769	–	–	116,375
Fannie Mae MBS	AA+	1,173	3,889	5,896	351,345	362,303
Freddie Mac MBS	AA+	175	2,225	1,966	27,105	31,471
Investment Agreements	AA+ – BBB+	–	1,751	784	23,197	25,732
MBS	AAA – D	–	–	107	8,850	8,957
Municipal Bonds	AAA – A-1	–	7,906	1,200	3,660	12,766
State Treasury	A+f	327,954	–	–	–	327,954
U.S. Agencies	AA+	12,865	27,810	–	–	40,675
U.S. Government Obligations	AA+	–	408	3,373	1,309,364	1,313,145
U.S. Treasury Notes	AA+	9,838	36,731	–	–	46,569
		$ 379,932	$ 215,027	$ 19,731	$ 1,758,070	$ 2,372,760

Credit ratings shown are by Standard & Poor's, except Investment Agreements which includes one Moody's rating.

Interest Rate Risk – Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. Florida Housing's investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, seek to minimize interest rate risk by structuring the portfolio to meet ongoing program and operational cash requirements without having to sell securities in the open market. Interest rate risk in these funds is also minimized by maintaining a short duration portfolio. Investments in bond funds are structured to meet the cash requirements of the specific issue. Interest rate risk is also minimized with guaranteed investment contracts.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Florida Housing's investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, limit the purchase of securities to those rated in the four highest categories by a major rating agency. Certain types of investments are further limited up to the one or two highest rating categories. Investments in the bond funds are governed by their respective indentures; Florida Housing does not have a separate investment guideline covering them.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, Florida Housing will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All securities owned by Florida Housing are either in the custody of the related bond indenture trustees or held in Florida Housing's name by a party other than the issuer of the security.

Concentration of Credit Risk – Concentration of credit risk is the increased risk of loss associated with a lack of diversification, or the ownership of securities from one issuer. Florida Housing's investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, limit securities from a single corporate issuer to no more than 5% of the portfolio. Investments in the bond funds are governed by their respective indentures; Florida Housing does not have a separate investment guideline covering them.

The following table provides information on issuers in which Florida Housing has investments representing more than 5% of its total investments. This table represents combined investments of all funds (Operating, State and Federal, and bond funds) at December 31, 2012:

Investment	%	Fair Value
Fannie Mae	16.44%	$ 389,985,839
State Treasury	13.82%	327,953,577

6. RESERVE FUND REQUIREMENTS

Cash and investments held to satisfy various reserve requirements at December 31, 2012 were as follows:

Program	Reserve Requirements	On Deposit	Excess
Homeowner Mortgage Revenue	$ 512,365	$ 512,365	$ –
Multifamily Mortgage Revenue	17,857,862	17,942,130	84,268
	$ 18,370,227	$ 18,454,495	$ 84,268

7. LOANS RECEIVABLE

Loans receivable, net of allowance for loan losses, discounts, and unearned fees were as follows at December 31, 2012:

Single family bond mortgage loans	$ 119,600,632
Multifamily bond mortgage loans	1,668,910,540
State and federal loans	1,385,985,053
Operating loans	34,315,925
	3,208,812,150
Less:	
Allowance for loan losses	(268,883,541)
Loan discounts	(887,963)
Unearned fee income	(7,498,710)
	2,931,541,936
Less current portion	(259,686,473)
	$ 2,671,855,463

The single family and multifamily bond program loans are pledged as collateral for the payment of principal and interest on note and bond indebtedness. Substantially all of these multifamily mortgage loans have an interest rate equal to the interest rate on the notes and bonds plus expenses.

Certain single family bond mortgage loans are secured by first liens on single family residential property. Interest rates on the single family bond mortgage loans range from 3.0% to 7.25%. Under Florida Housing's program guidelines, all conventionally financed single family bond mortgage loans with an initial loan-to-value ratio greater than 80% are insured by private mortgage insurance carriers. The mortgage insurers, together with the approximate percentage of single family bond mortgage loans insured outstanding at December 31, 2012, (exclusive of Fannie Mae and GNMA guaranteed loans) are as follows: Federal Housing Administration (50.7%), Commonwealth Mortgage Assurance Company (Radian Guaranty, Inc.) (11.1%), Department of Veterans' Affairs (9.2%), Rural Housing Authority (6.1%), and General Electric Mortgage Insurance Company (3.4%). Approximately 19.5% of single family bond mortgage loans outstanding at December 31, 2012 are uninsured.

Under the multifamily bond programs, mortgage loans are collateralized by various methods, including first liens on multifamily rental properties, letters of credit, surety bonds, and guarantees provided by the Florida Housing Guarantee Program and third parties. Approximately $308.7 million of the outstanding multifamily bond mortgage loans at December 31, 2012, are secured, in part, by irrevocable direct-pay letters of credit provided by banking and savings and loan institutions. Approximately $1.4 billion of the outstanding multifamily bond mortgage loans at December 31, 2012 are secured, in part, by insurance as follows: Guarantee Program/HUD (22.4%), Fannie Mae (21.5%), Freddie Mac (15.7%), and various other companies (23.8%). Approximately 16.6% of the multifamily bond mortgage loans are uninsured.

Mortgage loans in the Multifamily Mortgage Revenue Bond Programs are recorded at an amount generally equal to the outstanding conduit debt. Any loss resulting from the insufficiency of the available assets and credit enhancement to satisfy the obligations of a specific bond issue will be sustained by the specific bondholder.

State and federally funded loans are primarily second mortgages made on both single family residential property and multifamily housing developments. Interest rates range from 0% to 9%. Most loans made under the SAIL and TCAP programs contain interest payment provisions based upon the developments' cash flows with deferral of interest payment until positive cash flow is generated. Principal is due at maturity.

Many of Florida Housing's loan programs defer payments, both for principal and interest, until maturity. Under some programs, loans may be forgivable if the borrower meets certain criteria or complies with certain criteria during a predetermined period.

8. PROPERTY HELD FOR SALE

At December 31, 2012, property held for sale consisted of three properties. The three properties totaling $0.5 million were acquired through foreclosures on loans funded by the Predevelopment Loan Program.

9. COLLATERALIZED BANK LOAN

In April 1998, Florida Housing entered into a line of credit agreement with the Federal Home Loan Bank (the Bank) to preserve available single family tax-exempt bond allocations. In 2005, the annual line of credit renewal amended the agreement to remove the $100 million maximum borrowing limitation. All advances under this agreement are fully collateralized with cash, which may be replaced with other types of collateral in a form and amount acceptable to the Bank. The line of credit bears interest at the investment rate on the cash collateral account (0.005% at December 31, 2012) plus seven basis points. The agreement renews each October for an additional 12-month period; therefore, the collateralized bank loan is classified as a current liability. There was no new collateralized bank loan activity during 2012. The outstanding balance of $8.8 million at December 31, 2012 relates to the Single Family Homeowner Mortgage Program.

10. NOTES AND BONDS PAYABLE

At December 31, 2012 notes and bonds payable consist of the following:

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
NOTES PAYABLE				
Multifamily Housing Revenue Fund				
2009 Series B Mortgage Revenue Note	12/23/2009	2024	5.70%	13,308,784
2011 Series H1 Mortgage Revenue Note	01/19/2012	2043	4.00%	2,586,809
2011 Series H2 Mortgage Revenue Note	01/19/2012	2014	Floating	4,450,000
				7,036,809
2011 Series I Mortgage Revenue Note	10/06/2011	2044	2.59%	24,000,000
2012 Series B Mortgage Revenue Note	09/20/2012	2015	Floating	2,587,675
Total notes payable				$ 46,933,268
BONDS PAYABLE				
Single Family Home Ownership Fund				
1987 Series G1, G2 Term Bonds	12/16/1987	2017 - 2018	8.63%	310,000
1991 Series G1, G2 Term Bonds	09/26/1991	2023	Floating	1,291,000
1992 Series G1, G2 Term Bonds	06/30/1992	2023 - 2025	Floating	4,136,500
Total Single Family Home Ownership bonds payable				$ 5,737,500
Single Family Homeowner Mortgage Fund				
1997 Series 1, 2, 3 Term Bonds	06/01/1997	2014 - 2029	5.625% - 5.90%	8,930,000
2004 Series 3 Serial Bonds	10/07/2004	2013 - 2015	3.70% - 3.95%	2,710,000
2004 Series 4 Term Bonds	10/07/2004	2023 - 2026	4.75% - 5.50%	9,190,000
				11,900,000
2004 Series 5, 6 Serial Bonds	01/11/2005	2013 - 2016	3.95% - 4.45%	1,870,000
2004 Series 6 Term Bonds	01/11/2005	2020 - 2036	4.50% - 4.95%	14,225,000
2004 Series 6 PAC Term Bonds	01/11/2005	2036	5.10%	1,725,000
				17,820,000
2005 Series 1 Serial Bonds	06/16/2005	2013 - 2015	4.10% - 4.30%	1,360,000
2005 Series 1 Term Bonds	06/16/2005	2025 - 2036	4.60% - 4.70%	17,845,000
2005 Series 1 PAC Term Bonds	06/16/2005	2036	5.00%	2,610,000
				21,815,000
2005 Series 2 Serial Bonds	11/17/2005	2013 - 2017	3.90% - 4.25%	2,075,000
2005 Series 3 Term Bonds	11/17/2005	2025 - 2036	4.75% - 4.90%	10,215,000
2005 Series 3 PAC Term Bonds	11/17/2005	2036	5.00%	7,590,000
				19,880,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2006 Series 1 Serial Bonds	03/23/2006	2013 - 2016	4.20% - 4.38%	2,000,000
2006 Series 1 Term Bonds	03/23/2006	2020 - 2037	4.55% - 4.85%	18,450,000
2006 Series 1 PAC Term Bonds	03/23/2006	2037	5.00%	10,610,000
				31,060,000
2006 Series 2 Serial Bonds	05/24/2006	2013 - 2016	4.40% - 4.70%	2,135,000
2006 Series 2, 3 Term Bonds	05/24/2006	2021 - 2038	4.50% - 4.95%	30,370,000
2006 Series 2 PAC Term Bonds	05/24/2006	2037	5.50%	8,145,000
				40,650,000
2006 Series 4 Serial Bonds	08/17/2006	2013 - 2016	4.60% - 4.75%	4,345,000
2006 Series 4, 5 Term Bonds	08/17/2006	2021 - 2037	4.70% - 5.15%	49,295,000
2006 Series 4 PAC Term Bonds	08/17/2006	2037	5.75%	14,215,000
				67,855,000
2006 Series 6 Serial Bonds	12/18/2006	2013 - 2016	4.05% - 4.20%	2,320,000
2006 Series 6 Term Bonds	12/18/2006	2021 - 2037	4.45% - 4.70%	22,465,000
2006 Series 6 PAC Term Bonds	12/18/2006	2037	5.75%	18,760,000
				43,545,000
2007 Series 1 Serial Bonds	03/13/2007	2013 - 2017	4.10% - 4.38%	1,625,000
2007 Series 1 Term Bonds	03/13/2007	2022 - 2048	4.55% - 4.85%	14,025,000
2007 Series 1 PAC Term Bond	03/13/2007	2048	5.95%	22,330,000
				37,980,000
2007 Series 2 Serial Bonds	05/03/2007	2013 - 2017	4.20% - 4.40%	1,985,000
2007 Series 2 Term Bonds	05/03/2007	2022 - 2048	4.70% - 4.85%	35,935,000
2007 Series 2 PAC Term Bonds	05/03/2007	2048	6.00%	30,225,000
				68,145,000
2007 Series 3 Term Bonds	07/18/2007	2027 - 2048	5.00% - 5.15%	28,260,000
2007 Series 3 Premium PAC Bonds	07/18/2007	2048	6.25%	25,990,000
2007 Series 4 Serial Bonds Fed Taxable	07/18/2007	2013 - 2017	5.75% - 5.95%	2,075,000
2007 Series 4 Taxable PAC Bonds	07/18/2007	2048	5.99%	5,870,000
				62,195,000
2007 Series 5 Serial Bonds	10/10/2007	2013 - 2017	4.20% - 4.50%	2,285,000
2007 Series 5 Term Bonds	10/10/2007	2022 - 2048	4.95% - 5.15%	20,890,000
2007 Series 5 PAC Term Bonds	10/10/2007	2048	5.75%	20,040,000
				43,215,000
2007 Series 6 Serial Bonds	01/08/2008	2013 - 2017	4.05% - 4.45%	2,700,000
2007 Series 6 Term Bonds	01/08/2008	2023 - 2049	5.00% - 5.40%	24,370,000
2007 Series PAC Term Bonds	01/08/2008	2048	5.50%	21,730,000
				48,800,000
2008 Series 1 Serial Bonds	04/15/2008	2013 - 2018	4.45% - 5.15%	1,760,000
2008 Series 1 Term Bonds	04/15/2008	2023 - 2039	5.45% - 6.00%	13,865,000
2008 Series 1 PAC Term Bonds	04/15/2008	2039	6.45%	8,960,000
				24,585,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2008 Series 2 Serial Bonds	07/29/2008	2013	4.60%	455,000
2008 Series 2 Term Bonds	07/29/2008	2018 - 2039	5.05% - 5.65%	23,125,000
2008 Series 2 PAC Term Bonds	07/29/2008	2039	6.70%	14,820,000
				38,400,000
2008 Series 3 Serial Bonds	09/30/2008	2013 - 2018	3.40% - 4.30%	11,600,000
2008 Series 3 Term Bonds	09/30/2008	2023 - 2039	5.00% - 5.50%	43,455,000
				55,055,000
2008 Series 4 Serial Bonds	11/25/2008	2013 - 2020	4.20% - 5.50%	17,885,000
2008 Series 4 Term Bonds	11/25/2008	2023 - 2038	5.85% - 6.38%	25,580,000
				43,465,000
2009 Series 1 Serial Bonds	07/27/2009	2013 - 2019	2.40% - 4.10%	7,700,000
2009 Series 1 Term Bonds	07/27/2009	2025 - 2039	4.95% - 5.40%	26,085,000
2009 Series 1 PAC Term Bonds	07/27/2009	2039	5.38%	11,230,000
				45,015,000
2009 Series 2 Serial Bonds	10/01/2009	2013 - 2019	2.05% - 3.85%	13,830,000
2009 Series 2 Term Bonds	10/01/2009	2024 - 2039	4.40% - 5.00%	48,575,000
2009 Series 2 PAC Term Bonds	10/01/2009	2041	5.50%	14,980,000
				77,385,000
2011 Series 1, 2 Serial Bonds	03/31/2011	2013 - 2022	2.00% - 4.45%	33,780,000
2011 Series 1 PAC Term Bonds	03/31/2011	2041	5.00%	21,470,000
2011 Series 2, 3 Term Bonds	03/31/2011	2026 - 2027	5.00% - 5.05%	16,820,000
				72,070,000
Total Single Family Homeowner Mortgage bonds payable				879,765,000
Unamortized bond premium				22,808,133
Net Single Family Homeowner Mortgage bonds payable				$ 902,573,133
Homeowner Mortgage Revenue Fund (Special Program)				
2009 Series A1 Serial Bonds	01/12/2010	2013 - 2020	1.80% - 4.00%	14,145,000
2009 Series A1 Term Bonds	01/12/2010	2020 - 2029	4.00% - 4.80%	28,035,000
2009 Series A1 PAC Term Bonds	01/12/2010	2028	5.00%	21,750,000
2009 Series A2 Term Bonds	01/12/2010	2041	4.05%	98,070,000
				162,000,000
2010 Series A Serial Bonds	06/23/2010	2013 - 2022	1.55% - 4.10%	21,445,000
2010 Series A Term Bonds	06/23/2010	2021 - 2029	4.00% - 4.60%	25,205,000
2010 Series A PAC Term Bonds	06/23/2010	2028	5.00%	26,925,000
2009 Series B1 Term Bonds	06/23/2010	2041	4.05%	116,350,000
				189,925,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2010 Series B Serial Bonds	11/01/2010	2013 - 2020	1.05% - 3.25%	4,675,000
2010 Series B Term Bonds	11/01/2010	2025 - 2028	4.00% - 4.13%	6,730,000
2010 Series B PAC Term Bonds	11/01/2010	2029	4.50%	5,920,000
2009 Series B2 Term Bonds	11/01/2010	2041	3.01%	27,070,000
				44,395,000
2011 Series A Serial Bonds	03/09/2011	2013 - 2021	1.20% - 4.30%	21,105,000
2011 Series A Term Bonds	03/09/2011	2026 - 2030	5.00% - 5.20%	19,510,000
2011 Series A PAC Term Bonds	03/09/2011	2029	4.50%	16,335,000
2009 Series B3 Term Bonds	03/09/2011	2041	3.57%	84,230,000
				141,180,000
2011 Series A Serial Bonds	07/07/2011	2013 - 2021	0.90% - 3.70%	21,560,000
2011 Series B Term Bonds	07/07/2011	2026 - 2029	4.45% - 4.63%	19,925,000
2011 Series B PAC Term Bonds	07/07/2011	2029	4.50%	18,335,000
2009 Series B4 Term Bonds	07/07/2011	2041	3.48%	89,100,000
				148,920,000
2011 Series C Serial Bonds	11/03/2011	2013 - 2022	0.80% - 3.65%	19,055,000
2011 Series C Term Bonds	11/03/2011	2026 - 2030	4.10% - 4.45%	21,230,000
2011 Series C PAC Term Bonds	11/03/2011	2030	4.50%	14,535,000
2009 Series B5 Term Bonds	11/03/2011	2041	2.32%	82,230,000
				137,050,000
Total Homeowner Mortgage Revenue (Special Program) bonds payable				823,470,000
Unamortized bond premium				6,333,429
Net Homeowner Mortgage Revenue (Special Program) bonds payable				$ 829,803,429
Multifamily Housing Revenue Fund				
Multifamily Housing Revenue Bonds				
1985 Series SS Term Bonds	12/17/1985	2017	Floating	20,000,000
1985 Series XX Term Bonds	12/17/1985	2025	Floating	8,500,000
1985 Series GGG Term Bonds	12/30/1985	2013	Floating	12,700,000
1995 Series C1 Term Bonds	01/15/1995	2014 - 2035	6.75% - 7.00%	7,635,000
1995 Series G1 Term Bonds	10/15/1995	2015 - 2035	6.05% - 6.25%	7,650,000
1995 Series J Term Bonds	11/01/1995	2015 - 2035	5.95% - 6.20%	10,670,000
1995 Series L Term Bonds	12/19/1995	2025	Floating	8,550,000
1995 Series M Term Bonds	12/19/1995	2025	Floating	5,370,000
1996 Series F Term Bonds	07/10/1996	2026	Floating	11,500,000
1996 Series G Term Bonds	07/15/1996	2016 - 2036	6.20% - 6.50%	6,590,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
1996 Series M Term Bonds	09/01/1996	2015 - 2036	6.00% - 6.25%	5,495,000
1996 Series O Term Bonds	09/01/1996	2016 - 2036	6.15% - 6.30%	10,250,000
1996 Series P Term Bonds	09/20/1996	2026	Floating	6,050,000
1996 Series T Term Bonds	12/01/1996	2018 - 2036	5.85% - 6.05%	6,520,000
1996 Series U Term Bonds	12/19/1996	2029	Floating	9,165,000
1997 Series C Term Bonds	05/15/1997	2017 - 2039	5.75% - 6.00%	8,600,000
1997 Series D Term Bonds	06/01/1997	2017 - 2030	5.90% - 5.95%	5,900,000
1997 Series E Term Bonds	06/01/1997	2030	8.00%	1,395,000
1997 Series G Term Bonds	07/15/1997	2020 - 2037	5.50% - 5.70%	12,170,000
1997 Series H Term Bonds	07/15/1997	2020 - 2037	5.50% - 5.70%	7,830,000
1998 Series A Term Bonds	03/01/1998	2030	5.45%	11,970,000
1998 Series B Term Bonds	06/01/1998	2038	6.61%	14,670,000
1998 Series C Term Bonds	06/01/1998	2038	6.61%	7,820,000
1998 Series H Term Bonds	07/01/1998	2038	7.25%	3,167,100
1998 Series I1 Term Bonds	08/01/1998	2033	Floating	15,875,000
[2] 1998 Series J Term Bonds	10/01/1998	2028	Floating	4,925,000
[2] 1998 Series L Term Bonds	10/01/1998	2032	6.50%	8,675,000
1998 Series S Term Bonds	12/28/1998	2031	4.80%	9,081,000
1998 Series U1 Term Bonds	12/16/1998	2039	6.45%	10,785,000
1999 Series A Serial Bonds	04/15/1999	2013 - 2018	4.95% - 5.15%	1,560,000
1999 Series A Term Bonds	04/15/1999	2021 - 2039	5.20% - 5.40%	11,070,000
				12,630,000
1999 Series B1 Term Bonds	04/21/1999	2013 - 2032	4.80% - 5.20%	10,870,000
1999 Series D1, D2 Term Bonds	07/21/1999	2013 - 2032	5.38% - 7.10%	12,955,000
1999 Series E1, E2 Term Bonds	08/12/1999	2038 - 2039	5.80%	6,935,000
1999 Series E1 Capital Appreciation Term Bonds	08/12/1999	2029	Floating	2,550,416
				9,485,416
1999 Series F1, F2 Term Bonds	08/25/1999	2019 - 2039	5.90% - 6.00%	7,760,000
1999 Series F1 Capital Appreciation Term Bonds	08/25/1999	2029	Floating	1,987,809
				9,747,809
1999 Series G1, G2 Term Bonds	08/25/1999	2032	Floating	11,750,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
1999 Series I1, I2 Term Bonds	08/31/1999	2032	Floating	13,065,000
1999 Series N1 Term Bonds	09/21/1999	2013 - 2039	5.40% - 5.90%	6,140,000
1999 Series P Term Bonds	09/24/1999	2032	Floating	6,435,000
1999 Series Q1, Q2 Term Bonds	09/27/1999	2014 - 2039	5.75% - 7.85%	12,600,000
2000 Series B Term Bonds	03/28/2000	2030	6.90%	15,535,000
2000 Series C1, C2 Term Bonds	05/01/2000	2015 - 2040	6.20% - 8.50%	15,445,000
2000 Series E1, E2 Term Bonds	06/13/2000	2033	Floating	9,755,000
2000 Series M1, M2 Term Bonds	11/09/2000	2029 - 2040	5.70% - 6.00%	10,425,000
2000 Series N1, N2 Term Bonds	12/12/2000	2013 - 2041	5.75% - 7.70%	11,070,000
2000 Series O1, O2 Term Bonds	11/30/2000	2031 - 2040	5.85% - 5.95%	11,010,000
2000 Series Q1, Q2 Term Bonds	11/21/2000	2027 - 2041	5.75% - 7.80%	12,145,000
2000 Series R1, R2 Term Bonds	12/06/2000	2018 - 2033	5.75% - 7.85%	8,620,000
2000 Series S Term Bonds	12/14/2000	2013 - 2041	5.10% - 5.85%	10,340,000
2000 Series V1, V2 Term Bonds	12/28/2000	2017 - 2041	5.38% - 7.55%	7,400,000
2000 Series W1, W2 Term Bonds	12/29/2000	2031 - 2041	5.60% - 5.85%	7,280,000
2001 Series A1, A2 Term Bonds	01/01/2001	2032 - 2041	5.30% - 5.45%	7,725,000
2001 Series F1, F2 Term Bonds	11/01/2001	2013 - 2041	5.00% - 6.35%	17,275,000
2001 Series G Term Bonds	11/01/2001	2031	6.25%	9,105,000
2001 Series H1, H2 Term Bonds	11/01/2001	2021 - 2041	5.25% - 6.13%	10,900,000
2001 Series JA, JB Term Bonds	11/19/2001	2031	Floating	8,440,000
2001 Series L Term Bonds	12/01/2001	2013 - 2035	4.63% - 5.38%	7,795,000
2002 Series A1, A2 Term Bonds	01/08/2002	2035	Floating	12,300,000
2002 Series B1 Term Bonds	01/24/2002	2013 - 2034	4.50% - 5.30%	7,825,000
2002 Series C1 Term Bonds	01/30/2002	2013 - 2042	5.30% - 7.00%	15,350,000
2002 Series D1-D2 Term Bonds	02/28/2002	2013 - 2042	5.20% - 7.00%	17,480,000
2002 Series E1 Term Bonds	03/06/2002	2013 - 2042	5.13% - 6.85%	14,555,000
2002 Series F1, F2 Term Bonds	07/19/2002	2016 - 2035	5.45% - 7.00%	9,835,000
2002 Series G Term Bonds	07/16/2002	2020 - 2035	4.88% - 5.40%	13,400,000
2002 Series H1, H2 Term Bonds	07/31/2002	2024 - 2042	5.20% - 6.00%	10,875,000
2002 Series I1, I2 Term Bonds	10/16/2002	2035	5.61%	2,524,200

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
[2] 2002 Series J1, J2 Term Bonds	10/30/2002	2032	Floating	20,100,000
2002 Series K1, K2 Term Bonds	10/30/2002	2035	Floating	16,400,000
2002 Series L1, L2 Term Bonds	12/09/2002	2034	Floating	8,155,000
[2] 2002 Series M1 Term Bonds	11/14/2002	2032	Floating	5,700,000
[2] 2002 Series N1, N2 Term Bonds	11/14/2002	2032	Floating	8,850,000
2002 Series O1 Serial Bonds	11/26/2002	2017 - 2020	4.80% - 5.10%	1,230,000
2002 Series O2 Term Bonds	11/26/2002	2017 - 2042	5.15% - 5.75%	15,805,000
				17,035,000
2002 Series P1 Term Bonds	12/04/2002	2018 - 2042	4.75% - 5.35%	4,170,000
2002 Series R1, R2, R3 Term Bonds	12/17/2002	2015 - 2036	5.15% - 5.95%	10,020,000
2003 Series A Term Bonds	01/01/2003	2036	Floating	7,550,000
2003 Series B1, B3 Term Bonds	01/01/2003	2034	Floating	8,670,000
2003 Series C1, C2 Term Bonds	01/01/2003	2013 - 2043	4.88% - 6.00%	15,145,000
2003 Series D1 Term Bonds	02/01/2003	2013 - 2044	4.20% - 5.15%	18,710,000
2003 Series E1 Term Bonds	03/01/2003	2036	Floating	7,715,000
2003 Series F Term Bonds	03/01/2003	2013 - 2044	3.85% - 5.05%	11,420,000
2003 Series G Term Bonds	03/18/2003	2036	Floating	8,000,000
2003 Series H Term Bonds	03/25/2003	2036	Floating	6,760,000
[2] 2003 Series I Term Bonds	04/01/2003	2033	6.30%	7,439,000
2003 Series J Term Bonds	04/01/2003	2036	5.61%	5,153,000
2003 Series K Term Bonds	04/01/2003	2036	Floating	6,120,000
2003 Series L Term Bonds	07/01/2003	2013 - 2036	3.45% - 4.45%	10,685,000
2003 Series M Term Bonds	07/01/2003	2013 - 2044	4.10% - 5.35%	8,830,000
2003 Series N Term Bonds	07/22/2003	2035	Floating	13,330,000
2003 Series O Term Bonds	07/29/2003	2035	Floating	15,900,000
2003 Series P Term Bonds	07/29/2003	2035	Floating	14,155,000
2003 Series Q1, Q2 Term Bonds	09/17/2003	2013 - 2043	4.80% - 6.00%	12,355,000
2003 Series R1, R2 Term Bonds	10/01/2003	2037	Floating	14,670,000
2003 Series S1 Serial Bonds	10/01/2003	2013 - 2023	3.80% - 4.75%	1,320,000
2003 Series S1 Term Bonds	10/01/2003	2036	4.80%	2,995,000
				4,315,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2003 Series T Serial Bonds	10/07/2003	2013 - 2019	4.10% - 4.70%	1,120,000
2003 Series T Term Bonds	10/07/2003	2024 - 2045	4.90% - 5.15%	11,805,000
				12,925,000
2003 Series W Term Bonds	12/16/2003	2036	Floating	5,400,000
2004 Series A Term Bonds	02/01/2004	2013 - 2045	3.70% - 5.00%	9,760,000
2004 Series B Term Bonds	02/12/2004	2032	Floating	2,400,000
2004 Series C1 Serial Bonds	02/18/2004	2013 - 2014	3.75% - 4.00%	235,000
2004 Series C1, C2 Term Bonds	02/18/2004	2027 - 2037	4.80% - 5.31%	6,175,000
				6,410,000
2004 Series D Term Bonds	02/01/2004	2013 - 2045	3.75% - 4.95%	11,830,000
2004 Series E Term Bonds	03/01/2004	2037	Floating	5,600,000
2004 Series F Serial Bonds	03/01/2004	2037	Floating	6,100,000
2004 Series H Term Bonds	06/01/2004	2037	Floating	7,700,000
2004 Series K Term Bonds	12/01/2004	2037	Floating	14,600,000
[2] 2004 Series L Term Bonds	12/22/2004	2034	Floating	16,410,000
[2] 2004 Series M Term Bonds	12/22/2004	2034	Floating	18,175,000
2005 Series A Term Bonds	01/25/2005	2037	Floating	11,780,000
2005 Series B1, B2 Term Bonds	04/01/2005	2035	Floating	40,525,000
[1] 2005 Series C Term Bonds	06/29/2005	2035	Floating	21,965,000
[1] 2005 Series D Term Bonds	11/29/2005	2035	Floating	11,990,000
2006 Series A Term Bonds	03/28/2006	2042	6.15%	6,768,747
2006 Series B Term Bonds	03/16/2006	2050	6.00%	6,538,946
2006 Series C Term Bonds	03/16/2006	2050	6.00%	6,420,684
[1] 2006 Series D Term Bonds	07/11/2006	2036	Floating	9,275,000
2006 Series E Term Bonds	04/19/2006	2038	5.50%	3,579,000
[1] 2006 Series F Term Bonds	05/17/2006	2036	Floating	14,170,000
2006 Series G Term Bonds	06/30/2006	2039	Floating	3,860,000
2006 Series H Term Bonds	06/21/2006	2039	Floating	6,295,000
[1] 2006 Series I Term Bonds	06/29/2006	2041	6.50%	30,000,000
2006 Series K Term Bonds	09/21/2006	2038	5.49%	1,310,000
2006 Series L Term Bonds	10/26/2006	2038	5.29%	400,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2006 Series N Term Bonds	12/13/2006	2044	Floating	13,680,000
2007 Series A Term Bonds	08/23/2007	2040	5.49%	3,338,000
2007 Series B Term Bonds	02/06/2007	2048	6.70%	9,706,956
2007 Series C Term Bonds	06/15/2007	2044	Floating	9,515,000
[1] 2007 Series D Term Bonds	05/23/2007	2047	6.50%	41,205,000
[1] 2007 Series G1, G2 Term Bonds	06/15/2007	2042	Floating	54,124,037
2007 Series H Term Bonds	06/29/2007	2042	Floating	3,295,000
2007 Series I Term Bonds	11/02/2007	2042	Floating	17,260,000
2007 Series K Term Bonds	12/20/2007	2042	6.00%	1,890,000
2008 Series A Term Bonds	01/16/2008	2041	Floating	6,770,000
2008 Series C Serial Bonds	02/11/2008	2013 - 2018	3.30% - 4.05%	635,000
2008 Series C Term Bonds	02/11/2008	2035 - 2049	5.00% - 5.25%	6,955,000
				7,590,000
2008 Series E Term Bonds	03/20/2008	2048	Floating	5,075,000
2008 Series H Term Bonds	05/08/2008	2039	5.88%	4,418,533
2008 Series I Term Bonds	06/06/2008	2048	Floating	11,000,000
2008 Series J Term Bonds	07/09/2008	2040	5.95%	5,472,450
2008 Series K Term Bonds	07/31/2008	2041	Floating	6,335,000
2008 Series L Term Bonds	08/19/2008	2041	Floating	7,055,000
2008 Series M Term Bonds	11/14/2008	2041	Floating	7,220,000
2008 Series N Term Bonds	12/18/2008	2043	Floating	4,185,000
2008 Series O Term Bonds	12/18/2008	2043	Floating	4,095,000
2010 Series A2 Term Bonds	09/20/2010	2027	7.25%	4,290,000
2009 Series A1 Term Bonds	09/29/2010	2044	3.07%	6,030,000
2009 Series D1 Term Bonds	11/10/2010	2044	3.01%	2,250,000
2010 Series A Term Bonds	11/10/2010	2027	4.20%	3,010,000
2009 Series C Term Bonds	11/10/2010	2044	3.01%	7,000,000
				10,010,000
2010 Series B1 Term Bonds	12/07/2010	2047	7.60%	825,000
2009 Series E Term Bonds	12/15/2010	2028	3.01%	3,120,000
2009 Series F Term Bonds	12/15/2010	2040	3.01%	5,860,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2009 Series G Term Bonds	12/15/2010	2052	3.01%	11,140,000
2010 Series D1 Term Bonds	12/20/2010	2042	7.60%	2,815,000
[1] 2011 Series A Term Bonds	02/02/2011	2041	4.55%	11,171,134
[1] 2011 Series B Term Bonds	02/02/2011	2041	4.55%	6,712,270
[1] 2011 Series C1 Term Bonds	02/02/2011	2041	4.55%	9,819,091
2011 Series E Serial Bonds	05/19/2011	2014 - 2020	1.55% - 3.85%	1,835,000
2011 Series E Term Bonds	05/19/2011	2022 - 2028	4.10% - 4.88%	3,595,000
2009 Series I Term Bonds	05/19/2011	2044	3.57%	20,270,000
				25,700,000
2011 Series F Serial Bonds	05/19/2011	2014 - 2020	1.55% - 3.85%	1,780,000
2011 Series F Term Bonds	05/19/2011	2022 - 2029	4.10% - 4.95%	3,860,000
2009 Series J Term Bonds	05/19/2011	2044	3.57%	19,460,000
				25,100,000
2011 Series G1, G2 Term Bonds	05/26/2011	2029	4.85%	1,510,000
2009 Series K Term Bonds	12/13/2011	2052	2.32%	9,350,000
2009 Series L Term Bonds	10/21/2011	2044	2.32%	12,950,000
2009 Series M Term Bonds	10/21/2011	2041	2.32%	6,500,000
2009 Series N Term Bonds	10/21/2011	2041	2.32%	9,250,000
2009 Series O Term Bonds	12/13/2011	2052	2.32%	7,540,000
2009 Series P Term Bonds	12/13/2011	2052	2.32%	4,870,000
2009 Series Q Term Bonds	12/13/2011	2042	2.32%	6,970,000
2009 Series R Term Bonds	12/13/2011	2042	2.32%	9,250,000
2011 Series J Term Bonds	12/13/2011	2015	1.63%	3,400,000
2009 Series S Term Bonds	12/13/2011	2045	2.32%	17,100,000
				20,500,000
2009 Series T Term Bonds	12/13/2011	2044	2.32%	11,700,000
2009 Series U1, U2 Term Bonds	12/13/2011	2045	2.32% - Variable	15,700,000
2012 Series A Term Bond	02/08/2012	2014	Floating	3,803,616
[1] 2012 Series C Term Bonds	12/03/2012	2032	5.35%	7,075,000
Total Multifamily Housing Revenue bonds payable				1,704,175,989
Total net bonds payable				$ 3,442,290,051

[1] Refunding
[2] Reoffering

Interest on outstanding notes and bonds is payable semiannually, except as follows:

(1) Monthly interest payments

- Multifamily and Single Family Floating Rate Bonds
- Multifamily Housing Revenue Bonds:

1998 Series H	2006 Series A	2007 Series A	2009 Series
1998 Series S	2006 Series B	2007 Series B	2011 Series A
2001 Series G	2006 Series C	2007 Series D	2011 Series B
2002 Series I	2006 Series I	2007 Series G1, G2	2011 Series C1, C2
2003 Series I	2006 Series K	2008 Series H	2011 Series H1, H2
2003 Series J	2006 Series L	2008 Series J	2011 Series I

- Single Family Home Ownership Bonds:

  1987 Series G1 and G2, 1991 Series G1 and G2, and 1992 Series G1 and G2

(2) Interest paid at maturity

- Capital Appreciation Bonds

The methods or indices used to determine the actual interest rates for floating rate bonds are outlined in the individual bond documents. Actual interest rates ranged from 0.05% to 2.93% during 2012. Rates in effect at December 31, 2012 ranged from 0.12% to 2.93%.

Scheduled maturities of notes and bonds payable, interest payments, and sinking fund requirements at December 31, 2012, are as follows:

	Principal	Interest	Total
2013	$ 403,335,821	$ 115,705,691	$ 519,041,512
2014	65,141,785	113,337,192	178,478,977
2015	66,122,795	111,124,930	177,247,725
2016	63,222,723	108,859,588	172,082,311
2017	84,749,766	106,444,779	191,194,545
2018 – 2022	439,558,100	481,868,385	921,426,485
2023 – 2027	517,301,125	388,748,587	906,049,712
2028 – 2032	610,016,360	278,360,624	888,376,984
2033 – 2037	651,057,774	155,043,173	806,100,947
2038 – 2042	403,307,615	51,957,487	455,265,102
2043 – 2047	131,951,011	8,397,173	140,348,184
2048 – 2052	24,316,882	416,704	24,733,586
	3,460,081,757	1,920,264,313	5,380,346,070
Net unamortized bond premium	29,141,562	–	29,141,562
	$ 3,489,223,319	$ 1,920,264,313	$ 5,409,487,632

Assets of the various funds are pledged for payment of principal and interest on the applicable debt. Each issue, with the exception of certain single family issues, is collateralized by a separate collateral package. The bonds in the Single Family Homeowner Mortgage fund are collateralized under a single bond indenture. In addition, certain assets are further restricted for payment of interest and principal in the event that the related debt service and other available funds are insufficient. Such assets are segregated within the various funds and are held in cash or investments.

Changes in Notes and Bonds Payable

Notes and bonds payable activity for the year ended December 31, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes and bonds payable	$ 4,098,485,568	$ 37,653,236	$ (676,057,047)	$ 3,460,081,757	$ 403,335,821
Unamortized premium (discount)	33,480,621	–	(4,339,059)	29,141,562	2,771,767
Total notes and bonds payable, net	$ 4,131,966,189	$ 37,653,236	$ (680,396,106)	$ 3,489,223,319	$ 406,107,588

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Guarantee Program

The Guarantee Program guarantees the payment of principal and interest on qualifying loans made to finance or refinance the purchase, construction, or rehabilitation of eligible housing. The suspension of issuing new guarantees, ratified by Florida Housing's Board in 2009, remains in force. Therefore, no additional commitments were issued in 2012.

As of December 31, 2012, the Guarantee Program had total outstanding guarantees of approximately $468.5 million.

Hardest Hit Fund

Funds for this program are held by the U.S. Treasury and are drawn by Florida Housing as needed to fund disbursements and administrative expenses. Funds must be drawn in lump sum capital draws, and the program requirements specify minimum and maximum draw amounts as well as parameters for the timing of these capital draws. Since unused funds must ultimately be returned to the Treasury, these draws are recorded in Accounts Payable and Other Liabilities. Revenue is recognized as the funds are disbursed to borrowers or used to pay administrative expenses. In 2012, Florida Housing made three capital draws of $79.4 million. As of December 31, 2012, $16.5 million relating to these capital draws is included in Accounts Payable and Other Liabilities.

12. DUE TO DEVELOPERS

All of Florida Housing's multifamily bond issues are conduit debt. The assets of each issue are pledged solely to support the outstanding debt, and the bondholders' claims on the assets of the indenture are limited to the amount of debt and any outstanding interest. Assets in excess of the related liabilities are owed to the borrower, and are therefore recorded as Due to Developer. These multifamily bond issues represent $122.6 million of the total $122.8 million Due to Developer amounts. The remaining balance represents Good Faith Deposits required from developers to begin the multifamily bond issuance process.

13. RESTRICTED NET POSITION

Pursuant to various trust indentures and loan agreements, the assets and equity of the bond programs are restricted. Upon satisfaction of all bondholder indebtedness and payment of all authorized expenses, any remaining funds are disbursed to Florida Housing or the respective developer as described in each trust indenture or loan agreement. The assets and equity of the state-funded programs are restricted by statute. The following is a summary of restricted assets, liabilities, and net position as of December 31, 2012:

Total restricted cash	$ 353,048,562
Total restricted current assets	$ 986,350,021
Total restricted assets	$ 5,519,084,735
Total current liabilities payable from restricted current assets	$ 487,468,884
Total liabilities payable from restricted assets	$ 3,699,169,566
Total restricted net position	$ 1,819,915,169

14. UNRESTRICTED NET POSITION

Unrestricted net position provides additional security for Florida Housing's general obligations, coverage of current and planned administrative costs, and tentative plans for future utilization, subject to the approval of Florida Housing's management or Board of Directors. As of December 31, 2012, the balance of unrestricted net position, $113.3 million, has been designated by the Board of Directors for a variety of uses: loans and loan commitments, including demonstration loans and loans to developments guaranteed by the Guarantee Fund; direct support of the Guarantee Program; and coverage of single family bond issuance costs. Additionally, unrestricted net position is designated for working capital and future operating and capital expenditures, including coverage of compliance monitoring fees for housing credit properties for which partial or no fees were collected at the time of allocation; and the costs associated with holding foreclosed property.

Below is a summary of the Operating Fund designated net position as of December 31, 2012:

Designated net position:	
Demonstration and other initiatives	$ 58,660,166
Dedicated reserve for operations	42,835,000
Single family	11,835,000
Total designated net position	$ 113,330,166

15. DEVELOPER AND REGIONAL CONCENTRATION

As of December 31, 2012, three developers account for approximately 22% ($387.3 million) of bonds and notes outstanding in the multifamily bond programs. No other developer accounts for more than 5% of the bonds and notes outstanding. Developments in the following six counties represent 63% of the bonds and notes outstanding: Orange County (23%), Hillsborough County (9%), Miami-Dade County (9%), Duval County (9%), Palm Beach County (8%), and Broward County (5%). No other county represents 5% or more of the bonds and notes outstanding.

As of December 31, 2012, four developers account for approximately 38% ($286.4 million) of loans outstanding in the SAIL Program. No other developer accounts for more than 5% of SAIL loans outstanding. Developments in the following five counties represent 49% of the SAIL loans outstanding: Miami-Dade County (14%), Hillsborough County (12%), Orange County (11%), Duval County (6%), and Palm Beach County (6%). No other county represents more than 5% of the SAIL loans outstanding.

As of December 31, 2012, two developers account for approximately 14% ($41.5 million) of loans outstanding in the HOME Program. No other developer accounts for more than 3% of HOME loans outstanding. Developments in the following four counties represent 36% of HOME loans outstanding: Miami-Dade County (17%), Desoto County (7%), Highlands County (6%), and Broward County (6%). No other county represents more than 5% of the outstanding HOME loans.

As of December 31, 2012, four developers account for approximately 63% ($290.6 million) of the total guarantees issued by the Guarantee Program. Credit enhanced developments are located in 24 counties. The counties with 5% or more of the total outstanding guarantees are as follows: Miami-Dade County (20%), Palm Beach County (18%), Broward County (11%), Orange County (7%), and Duval County (5%).

16. COMMITMENTS AND CONTINGENCIES

Loans

Florida Housing originates commitments to extend credit in the normal course of business to meet the financing needs of qualified first time homebuyers and developers providing affordable housing for low, moderate, and middle income families in the state of Florida. Commitments to extend credit are contractual obligations to lend to a developer or individual homebuyer as long as all established contractual conditions are satisfied.

As of December 31, 2012, Florida Housing had outstanding commitments under state and federally funded programs and other initiatives as follows:

Hardest Hit Fund	$	95,929,238
HOME Investment Partnerships Program		11,690,263
State Apartment Incentive Loan Program		3,974,883
Community Workforce Housing Innovation Pilot Program		3,878,224
Predevelopment Loan Program		2,202,749
Subordinate Mortgage Initiative		319,870
Demonstration Loans		162,289
	$	118,157,516

Risk Management

Florida Housing is subject to normal risks associated with its operations, including property damage, personal injury and employee dishonesty. All risks are managed through the purchase of commercial insurance. There have been no decreases in coverage over the last three years.

17. EMPLOYEE BENEFITS

Florida Housing is authorized by Section 420.507(32) of the Florida Statutes to establish pension plans for the benefit of its employees. There are two plans in place, a defined contribution pension plan and a deferred compensation plan.

Retirement Plan

Florida Housing sponsors a defined contribution pension plan (the Plan) under Internal Revenue Code (IRC) Section 401(m) to provide retirement and survivor benefits to participating employees. The Plan, which is administered by Florida Housing, covers all employees who have completed 12 months of employment, have attained the age of 21, and have performed at least 1,000 hours of service before the first anniversary of their employment or during any Plan year. In accordance with Plan documents, Florida Housing, or its Board of Directors, as applicable, may order changes to the Plan. Such changes shall be effective upon execution of a written instrument amending the Plan. Under the Plan, Florida Housing's contribution is based on a two-tier system. First, Florida Housing contributes a percentage of the eligible employee's compensation to the Plan. This percentage, designated by Florida Housing's Board of Directors, was 8% for the years ended December 31, 2012, 2011, and 2010. Second, Florida Housing contributes $0.50 to the Plan for every $1.00 of compensation deferred by the eligible employee under Florida Housing's sponsored IRC Section 457 Deferred Compensation Plan, up to a maximum contribution by Florida Housing of 3% of the eligible employee's compensation. These contributions are recognized in the period they are due. Florida Housing contributions vest to the employee after three years of service.

Deferred Compensation Plan

Florida Housing offers its employees a deferred compensation plan created in accordance with IRC Section 457 (the 457 Plan). The 457 Plan, available to all employees who have completed 90 continuous days of employment and have attained the age of 21, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. Florida Housing has the right to amend the 457 Plan. Amendments must be made in writing.

All amounts of compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (notwithstanding the mandates of 26 U.S.C. s. 457 (b) (6), all of the assets specified in subparagraph 1) held in trust for the exclusive benefit of participants and their beneficiaries as mandated by 26 U.S.C. s. 457 (g) (1). Florida Housing does not contribute to the 457 Plan. Participation under the 457 Plan is solely at the discretion of the employee. Florida Housing has no liability for losses under the 457 Plan, but does have the duty of due care.

18. SUBSEQUENT EVENTS

During the period January 1, 2013 through April 30, 2013, pursuant to various trust indentures, bonds in the aggregate amount of $294.5 million were called for redemption from principal payments and excess revenues. The bonds were called at a redemption price equal to par value plus accrued interest.

Bonds and notes were called from the following programs:

Issue	Date	Redemption Amount
Single Family Home Ownership		
Various	January 2, 2013	$ 137,674
Various	February 1, 2013	153,072
Various	March 1, 2013	94,503
Various	April 1, 2013	73,793
		459,042
Single Family Homeowner Mortgage		
Various	January 2, 2013	115,945,000
Various	February 1, 2013	3,640,000
Various	April 1, 2013	40,240,000
		159,825,000
Multifamily Housing Revenue		
Various	January 2013	32,556,735
Various	February 2013	44,567,519
Various	March 2013	40,426,769
Various	April 2013	16,698,895
		134,249,918
		$ 294,533,960

On April 24, 2013, $4.3 million in bonds, 2013 Series A, were issued in the Multifamily Housing Revenue Program. No other bonds were issued during the period January 1, 2013 through April 30, 2013.

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SUPPLEMENTARY SCHEDULES

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SUPPLEMENTARY SCHEDULE OF PROGRAM STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2012

	Restricted Programs								
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2012
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	$ 939,873	$ 144,114,061	$ 64,287,479	$ 827,627	$ 124,606,842	$ 18,237,623	$ 1,277	$ 3,381,603	$ 356,396,385
Investments, net	-	37,798,368	97,627,336	165,934,029	1,678,619	26,952,849	19,730	49,920,991	379,931,922
Interest receivable on investments	32,332	4,043,087	2,855,384	358,833	448,937	-	-	913,477	8,652,050
Interest receivable on loans	-	573,023	-	-	15,025,519	995,859	-	-	16,594,401
Loans receivable, net	-	6,541,437	-	-	222,960,821	30,115,683	-	68,532	259,686,473
Prepaid finance charges, net	-	1,442,224	534,962	-	-	-	-	-	1,977,186
Documentary stamp taxes receivable	-	-	-	-	-	16,681,273	-	-	16,681,273
Property held for sale	-	-	-	-	-	-	462,400	-	462,400
Other assets	-	12,376	-	-	-	9,459	7	1,335,471	1,357,313
(Payable to) receivable from other programs	(380)	(4,561,957)	(437,577)	(4,961)	(921,409)	4,574,707	(534,400)	1,885,977	-
Total current assets	971,825	189,962,619	164,867,584	167,115,528	363,799,329	97,567,453	(50,986)	57,506,051	1,041,739,403
NONCURRENT ASSETS									
Investments, net	6,245,729	928,956,082	770,206,144	-	79,885,970	74,081,473	54,230	133,399,279	1,992,828,907
Loans receivable, net	-	110,299,287	-	-	1,445,949,720	1,098,719,015	-	16,887,441	2,671,855,463
Prepaid finance charges, net	-	10,191,526	4,914,653	-	-	-	-	-	15,106,179
Other assets, net	-	-	-	-	-	-	-	26,624	26,624
Total noncurrent assets	6,245,729	1,049,446,895	775,120,797	-	1,525,835,690	1,172,800,488	54,230	150,313,344	4,679,817,173
TOTAL ASSETS	$ 7,217,554	$ 1,239,409,514	$ 939,988,381	$ 167,115,528	$ 1,889,635,019	$ 1,270,367,941	$ 3,244	$ 207,819,395	$ 5,721,556,576
LIABILITIES									
CURRENT LIABILITIES									
Accounts payable and other liabilities	$ -	$ -	$ -	$ 112,225	$ -	$ 17,041,241	$ 17,384	$ 6,553,392	$ 23,724,242
Accrued interest payable	32,943	22,546,600	15,417,451	-	15,856,407	-	-	-	53,853,401
Accrued arbitrage rebate	-	-	-	-	59,859	-	-	-	59,859
Collateralized bank loan	-	8,810,000	-	-	-	-	-	-	8,810,000
Notes payable, net	-	-	-	-	149,782	-	-	-	149,782
Bonds payable, net	905,000	122,677,575	58,904,192	-	223,471,039	-	-	-	405,957,806
Unearned fee income, net	-	-	-	1,484,570	-	-	-	2,280,006	3,764,576
Total current liabilities	937,943	154,034,175	74,321,643	1,596,795	239,537,087	17,041,241	17,384	8,833,398	496,319,666
NONCURRENT LIABILITIES									
Notes payable, net	-	-	-	-	46,783,486	-	-	-	46,783,486
Bonds payable, net	4,832,500	779,895,558	770,899,237	-	1,480,704,950	-	-	-	3,036,332,245
Unearned fee income, net	-	-	-	1,290,740	-	-	-	80,100,716	81,391,456
Due to developers	-	-	-	-	122,609,496	-	-	204,317	122,813,813
Other liabilities	-	-	-	4,684,715	-	-	-	-	4,684,715
Total noncurrent liabilities	4,832,500	779,895,558	770,899,237	5,975,455	1,650,097,932	-	-	80,305,033	3,292,005,715
TOTAL LIABILITIES	$ 5,770,443	$ 933,929,733	$ 845,220,880	$ 7,572,250	$ 1,889,635,019	$ 17,041,241	$ 17,384	$ 89,138,431	$ 3,788,325,381
NET POSITION									
Restricted	$ 1,447,111	$ 305,479,781	$ 94,767,501	$ 159,543,278	$ -	$ 1,253,326,700	$ -	$ 5,350,798	$ 1,819,915,169
Unrestricted	-	-	-	-	-	-	(14,140)	113,330,166	113,316,026
TOTAL NET POSITION	$ 1,447,111	$ 305,479,781	$ 94,767,501	$ 159,543,278	$ -	$ 1,253,326,700	$ (14,140)	$ 118,680,964	$ 1,933,231,195

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SUPPLEMENTARY SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND CHANGES IN PROGRAM NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

	Restricted Programs								
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2012
OPERATING REVENUES									
Interest on loans	$ -	$ 7,115,134	$ -	$ -	$ 67,351,831	$ 15,140,213	$ -	$ 59,950	$ 89,667,128
Investment income	370,428	32,124,703	46,837,604	5,754,105	3,147,193	2,965,664	1,752	4,050,041	95,251,490
Federal program administrative fees	-	-	-	-	-	5,570,775	-	5,944,988	11,515,763
Recovery of claims	-	-	-	1,915	-	-	-	-	1,915
Other income	-	(87,524)	-	4,934,069	2,167,125	187,742	2,699	12,992,687	20,196,798
Total operating revenues	370,428	39,152,313	46,837,604	10,690,089	72,666,149	23,864,394	4,451	23,047,666	216,633,094
OPERATING EXPENSES									
Interest expense	433,186	48,796,365	31,718,014	1,927,056	61,963,960	-	-	-	144,838,581
Payments to other governments	-	-	-	-	-	2,491,394	-	-	2,491,394
Provision for uncollectible loans	-	576,195	-	(1,102,834)	-	466,867	-	125,946	66,174
General and administrative	1,361	3,263,135	1,297,038	572,128	10,702,189	5,587,225	6,939	19,718,280	41,148,295
Total operating expenses	434,547	52,635,695	33,015,052	1,396,350	72,666,149	8,545,486	6,939	19,844,226	188,544,444
OPERATING INCOME (LOSS)	(64,119)	(13,483,382)	13,822,552	9,293,739	-	15,318,908	(2,488)	3,203,440	28,088,650
NONOPERATING REVENUES (EXPENSES)									
Federal and state program revenue	-	-	-	-	-	79,108,958	-	193,129	79,302,087
Federal and state program expense	-	209,610	-	-	-	(135,455,323)	-	(1,794,671)	(137,040,384)
State documentary stamp tax revenue	-	-	-	-	-	134,132,744	-	-	134,132,744
Transfers to state agencies	-	-	-	-	-	(185,371,398)	-	-	(185,371,398)
Net nonoperating revenues (expenses)	-	209,610	-	-	-	(107,585,019)	-	(1,601,542)	(108,976,951)
Income (Loss) before transfers	(64,119)	(13,273,772)	13,822,552	9,293,739	-	(92,266,111)	(2,488)	1,601,898	(80,888,301)
TRANSFERS FROM (TO) OTHER PROGRAMS	-	(467,281)	367,253	-	-	(1,699,973)	-	1,800,001	-
CHANGE IN NET POSITION	(64,119)	(13,741,053)	14,189,805	9,293,739	-	(93,966,084)	(2,488)	3,401,899	(80,888,301)
NET POSITION									
Beginning of year	1,511,230	319,220,834	80,577,696	150,249,539	-	1,347,292,784	(11,652)	115,279,065	2,014,119,496
End of year	$ 1,447,111	$ 305,479,781	$ 94,767,501	$ 159,543,278	$ -	$ 1,253,326,700	$ (14,140)	$ 118,680,964	$ 1,933,231,195

FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

SUPPLEMENTARY SCHEDULE OF PROGRAM CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Restricted Programs								
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2012
CASH FLOWS FROM OPERATING ACTIVITIES									
Interest received on conduit debt fund investments	$ 435,503	$ 66,410,504	$ 34,531,632	$ -	$ 4,532,111	$ -	$ -	$ -	$ 105,909,750
Cash received from interest on loans receivable	-	6,949,828	-	-	69,240,298	14,144,354	-	59,950	90,394,430
Cash received from principal payments on loans receivable	-	12,625,460	-	-	228,479,751	11,796,074	-	1,904,964	254,806,249
Cash received for federal program administrative fees	-	-	-	-	-	5,570,775	-	6,193,322	11,764,097
Cash received from other revenues	-	(87,524)	-	4,262,480	2,167,125	187,742	-	21,756,568	28,286,391
Cash payments for issuance of loans and federal programs	-	(2,601,019)	-	-	(117,396,824)	(20,249,072)	-	(1,311,685)	(141,558,600)
Interest paid on conduit debt fund bonds	(439,329)	(56,102,782)	(30,951,228)	-	(63,663,489)	-	-	-	(151,156,828)
Cash payments for operating expenses	(1,361)	(3,275,111)	(1,297,039)	(459,903)	(10,702,188)	(5,530,622)	(3,440)	(22,145,718)	(43,415,382)
Payments to other governments	-	-	-	-	-	(2,491,394)	-	-	(2,491,394)
Net cash received from operation of foreclosed properties	-	-	-	-	-	-	2,699	-	2,699
Cash receipts from (payments to) other funds	376	(906,388)	44,681	(25,784)	(101,755)	758,433	(1,916)	232,353	-
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	(4,811)	23,012,968	2,328,046	3,776,793	112,555,029	4,186,290	(2,657)	6,689,754	152,541,412
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Proceeds from issuance of notes	-	-	-	-	33,511,528	-	-	-	33,511,528
Proceeds from issuance of bonds	-	-	-	-	10,878,616	-	-	-	10,878,616
Principal payments on notes	-	-	-	(51,000,000)	(141,500)	-	-	-	(51,141,500)
Principal payments on bonds	(1,007,663)	(261,860,000)	(71,305,000)	-	(297,817,884)	-	-	-	(631,990,547)
Interest paid	-	-	-	(1,773,772)	-	-	-	-	(1,773,772)
Payment of bond issuance costs	-	-	(11,016)	-	-	-	-	-	(11,016)
Transfers from (to) other programs	-	(467,281)	367,253	-	-	(1,699,973)	-	1,800,001	-
Cash received for (used by) federal and state programs	-	209,610	-	-	-	(56,346,365)	-	(1,601,542)	(57,738,297)
State documentary stamp tax receipts	-	-	-	-	-	132,729,117	-	-	132,729,117
Transfers to state agencies	-	-	-	-	-	(185,371,398)	-	-	(185,371,398)
NET CASH PROVIDED BY (USED BY) NONCAPITAL FINANCING ACTIVITIES	(1,007,663)	(262,117,671)	(70,948,763)	(52,773,772)	(253,569,240)	(110,688,619)	-	198,459	(750,907,269)
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchases of investments	-	(562,844,564)	(369,821,102)	(182,454,297)	(92,349,787)	(203,026,908)	(127,887)	(327,869,077)	(1,738,493,622)
Proceeds from the sale and maturity of investments	1,065,861	811,255,108	462,859,221	228,075,438	115,646,197	305,470,170	128,115	315,043,410	2,239,543,520
Interest received on investments	-	-	-	3,572,218	-	2,890,799	1,208	3,090,195	9,554,420
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	1,065,861	248,410,544	93,038,119	49,193,359	23,296,410	105,334,061	1,436	(9,735,472)	510,604,318
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	53,387	9,305,841	24,417,402	196,380	(117,717,801)	(1,168,268)	(1,221)	(2,847,259)	(87,761,539)
CASH AND CASH EQUIVALENTS									
Beginning of year	886,486	134,808,220	39,870,077	631,247	242,324,643	19,405,891	2,498	6,228,862	444,157,924
End of year	$ 939,873	$ 144,114,061	$ 64,287,479	$ 827,627	$ 124,606,842	$ 18,237,623	$ 1,277	$ 3,381,603	$ 356,396,385

FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

SUPPLEMENTARY SCHEDULE OF PROGRAM CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Restricted Programs								
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2012
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES									
Operating income (loss)	$ (64,119)	$ (13,483,382)	$ 13,822,552	$ 9,293,739	$ -	$ 15,318,908	$ (2,488)	$ 3,203,440	$ 28,088,650
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities									
Fair value of investments	58,542	38,315,469	(12,169,378)	(1,901,357)	1,076,747	(284,309)	(637)	(1,488,729)	23,606,348
Accreted interest on capital appreciation bonds	-	-	-	-	338,092	-	-	-	338,092
Provision for loan losses	-	576,195	-	-	-	466,867	-	125,946	1,169,008
Amortization and depreciation	-	(5,771,207)	(214,166)	(4,637,169)	154,439	126,428	93	(2,770,498)	(13,112,080)
Interest received on investments	-	-	-	(3,572,218)	-	(2,890,799)	(1,208)	(3,090,195)	(9,554,420)
Interest paid	-	-	-	1,773,772	-	-	-	-	1,773,772
Changes in assets and liabilities which provided (used) cash									
Interest receivable on investments	6,533	1,087,944	15,322	(280,530)	107,254	83,016	-	301,327	1,320,866
Interest receivable on loans	-	53,674	-	-	1,888,467	(995,859)	-	-	946,282
Loans receivable	-	10,024,441	-	-	111,181,377	(8,452,998)	-	593,279	113,346,099
Other assets	-	(11,976)	-	-	-	490,771	237	289,302	768,334
Accounts payable and other liabilities	-	-	-	(990,608)	-	(434,168)	1,346	(2,492,678)	(3,916,108)
Accrued interest payable	(6,143)	(6,612,295)	829,035	(143,617)	(2,047,526)	-	-	-	(7,980,546)
Accrued arbitrage rebate	-	(259,507)	-	-	56,384	-	-	-	(203,123)
Unearned fee income	-	-	-	4,262,481	-	-	-	12,087,353	16,349,834
Due to developers	-	-	-	-	(98,450)	-	-	(301,146)	(399,596)
Interfund receivable (payable)	376	(906,388)	44,681	(27,700)	(101,755)	758,433	-	232,353	-
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	$ (4,811)	$ 23,012,968	$ 2,328,046	$ 3,776,793	$ 112,555,029	$ 4,186,290	$ (2,657)	$ 6,689,754	$ 152,541,412

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COMPLIANCE SECTION

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Housing Finance Agencies (HFA) Risk Sharing		14.188	$ 277,716,720
ARRA – Tax Credit Assistance Program		14.258	101,134,952
HOME Investment Partnerships Program		14.239	16,877,571
Total U.S. Department of Housing and Urban Development			395,729,243
U.S. DEPARTMENT OF TREASURY			
Passed through NeighborWorks America National Foreclosure Mitigation Counseling Program	PL110-289: 95X1350	21.000	1,828,141
Total U.S. Department of Treasury			1,828,141
TOTAL			$ 397,557,384

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Florida Housing Finance Corporation (Florida Housing) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations*.

2. HOUSING FINANCE AGENCIES (HFA) RISK SHARING – CFDA # 14.188

On November 9, 1994, Florida Housing and the U.S. Department of Housing and Urban Development (HUD) entered into a Risk Sharing Agreement providing for HUD's assumption, or endorsement, of 50% of the post-construction obligation on specific multifamily developments financed by Florida Housing or local housing finance authority bonds. Pursuant to OMB Circular A-133, the value of federal awards expended under loan and loan guarantee programs is calculated as the value of new loans made during the fiscal year plus the balance of loans from previous years for which the federal government imposes continuing compliance requirements. There were no new guarantees made during 2012. The HUD-guaranteed portions of all outstanding loans are included in the accompanying Schedule of Expenditures of Federal Awards.

3. ARRA – TAX CREDIT ASSISTANCE PROGRAM – CFDA # 14.258

In 2009, the American Recovery and Reinvestment Act (ARRA) created the Tax Credit Assistance Program (TCAP). This federal stimulus funding was directed to rental developments that had already received a Housing Credit allocation but required additional funding due to limited equity available in the housing credit market. There were $101.1 million in TCAP loans outstanding at December 31, 2012.

4. HOME INVESTMENT PARTNERSHIPS PROGRAM – CFDA # 14.239

Florida Housing processes loans under the HOME Investment Partnerships Program (HOME). New loans made during the year ended December 31, 2012 are included in the schedule of federal awards. The outstanding loan balance at December 31, 2012 and at December 31, 2011 was $355.5 million and $339.7 million, respectively.

5. PAYMENTS TO SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Florida Housing provided federal awards to subrecipients as follows:

Program Title	CFDA Number	Expenditures
National Foreclosure Mitigation Counseling Program	21.000	$ 1,799,671

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Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Directors of Florida Housing Finance Corporation
Stephen Auger, Executive Director
Barbara Goltz, Chief Financial Officer

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Florida Housing Finance Corporation ("Florida Housing"), which comprise the statement of financial position as of December 31, 2012, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Housing's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Housing's internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Housing's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida Housing's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

June 11, 2013

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Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and on Internal Control Over Compliance

The Board of Directors of Florida Housing Finance Corporation
Stephen Auger, Executive Director
Barbara Goltz, Chief Financial Officer

Report on Compliance for Each Major Federal Program

We have audited Florida Housing Finance Corporation's ("Florida Housing's") compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Florida Housing's major federal programs for the year ended December 31, 2012. Florida Housing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Florida Housing's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Florida Housing's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Florida Housing's compliance.

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Opinion on Each Major Federal Program

In our opinion, Florida Housing complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Florida Housing is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florida Housing's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Florida Housing's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ernst + Young LLP

June 11, 2013

A member firm of Ernst & Young Global Limited

FLORIDA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Florida)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Part I – Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes X no
• Significant deficiency(ies) identified?	___ yes X none reported
• Noncompliance material to financial statements noted?	___ yes X no

Federal Awards Section

Internal control over major programs:	
• Material weakness(es) identified?	___ yes X no
• Significant deficiency(ies) identified?	___ yes X none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	___ yes X no

Identification of major programs:

CFDA Number	Name of Federal Program
14.188	Housing Finance Agencies (HFA) Risk Sharing
14.258	ARRA – Tax Credit Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000
Auditee qualified as low-risk auditee?	X yes ___ no

Part II – Financial Statement Findings Section

The audit disclosed no findings required to be reported by *Government Auditing Standards*.

Part III – Federal Award Findings and Questioned Costs Section

The audit disclosed no findings required to be reported by OMB Circular A-133.

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