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

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Florida Housing Finance Corporation  
Tallahassee, Florida

We have audited the accompanying balance sheet of Florida Housing Finance Corporation ("Florida Housing") (a component unit of the state of Florida) as of December 31, 2007, and the related statement of revenues, expenses, and changes in net assets, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the management of Florida Housing. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Florida Housing's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Florida Housing at December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 7 and 10, certain multifamily mortgage loans receivable are in default due to noncompliance with terms of their bond documents. As discussed in Note 1, these bonds are not general or special obligations of Florida Housing or of the state of Florida and Florida Housing has no liability for such debt except to the extent of any outstanding guarantees by the Guarantee Program for these loans, therefore, no provision other than provisions for losses in the Guarantee Program have been made for the effects, if any, of the resolution of these default conditions.

Management's discussion and analysis as listed in the table of contents is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of Florida Housing's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information, and we do not express an opinion on it.

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

June 6, 2008

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, 2007 (UNAUDITED)

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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, 2007. This overview and analysis is required by accounting principles generally accepted in the United States of America ("GAAP") in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* ("GASB 34").

### FINANCIAL HIGHLIGHTS

- As a result of operations in 2007, net assets increased \$350.0 million, to \$2.0 billion as of December 31, 2007. This increase consists of increases in bond programs (\$64.1 million) and in the State and Federal programs (\$288.2 million), with an offsetting decrease in the Operating Fund (\$2.3 million).
- Bonds outstanding, net as of December 31, 2007, were \$4.1 billion, an increase of \$542.9 million from December 31, 2006. The change consists of a net increase in single family bonds outstanding (\$483.4 million) and a net increase in multifamily bonds (\$65.9 million), with an offsetting decrease in Guarantee Program bonds outstanding (\$6.4 million).
- Loans receivable, net increased by \$100.4 million, to \$3.0 billion in 2007. The overall increase is comprised of increases in State and Federal programs (\$73.5 million) and in mortgage loans outstanding in the Multifamily Housing Revenue bond programs (\$41.5 million), with offsetting decreases in mortgage loans outstanding in the Operating Fund (\$2.8 million) and the single family bond programs (\$11.8 million).
- The change in net assets for all programs and funds increased \$77.3 million. The primary components of the change include increases in the State and Federal programs of \$29.2 million and the single family bond programs of \$41.3 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 Balance Sheet includes all of Florida Housing's assets and liabilities. All of the revenues and expenses of Florida Housing are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets.



## FINANCIAL ANALYSIS OF FLORIDA HOUSING

### Balance Sheet

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

	2007	2006
Non-capital assets:		
Current assets	\$ 1,265.5	\$ 996.6
Noncurrent assets:		
Investments	2,215.1	1,697.7
Loans receivable—net	2,906.8	2,776.8
Deferred finance charges—net	19.2	15.1
<b>Total non-capital assets</b>	<b>6,406.6</b>	<b>5,486.2</b>
Capital assets—net	0.2	0.3
<b>Total assets</b>	<b>\$ 6,406.8</b>	<b>\$ 5,486.5</b>
Current liabilities	\$ 160.0	\$ 174.4
Noncurrent liabilities:		
Bonds payable—net	4,033.9	3,461.5
Deferred fee income—net	54.8	54.7
Other liabilities	8.1	8.2
Due to developers	131.9	119.6
Due to State of Florida	24.8	24.8
<b>Total liabilities</b>	<b>4,413.5</b>	<b>3,843.2</b>
Net assets:		
Invested in capital assets	0.2	0.3
Restricted	1,896.5	1,544.2
Unrestricted	96.6	98.8
<b>Total net assets</b>	<b>1,993.3</b>	<b>1,643.3</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,406.8</b>	<b>\$ 5,486.5</b>

Florida Housing's net assets increased by \$350.0 million, or 21.3%, from the December 31, 2006, balance. This is primarily due to documentary stamp tax collections that will be used to generate loans in the State programs.

Total loans receivable, net increased \$100.4 million in 2007. The largest components of this change were an increase in mortgage loans outstanding in the State and Federal Programs, offset by a decrease in the Single Family Homeowner Bond Program. Loans receivable in the State and Federal Programs increased by \$73.5 million, to \$680.8 million, primarily in the HOME Investment Partnerships Program and the State Apartment Incentive Loan ("SAIL") Program. Loans receivable in the Single Family Homeowner Mortgage program decreased by \$11.8 million, to \$165.5 million due to the repayment of loans in the program's whole loan portfolio. New loans originated in the program are securitized, and therefore do not offset these repayments but are increases to the investment balance.

Current liabilities decreased \$14.4 million, to \$160.0 million, primarily due to a decrease of \$37.6 million in bonds payable due within one year in the Multifamily Mortgage Revenue bond program. This decrease is offset by an \$8.1 million increase in the amount of bonds payable due within one year in the Single Family Homeowner Mortgage bond program.

Bonds payable, net increased \$542.9 million, to \$4.1 billion, in 2007. Single family bonds outstanding showed a net increase of \$483.3 million comprised of increases due to issuance and related premiums on the 2007 single family bonds (\$578.3 million) and accreted interest on capital appreciation bonds (\$1.2 million) offset by principal payments on bonds (\$96.2 million). The Guarantee Program bonds outstanding decreased by \$6.4 million due to principal repayments. The \$65.9 million net increase in multifamily bonds outstanding is comprised of increases due to bond issuances (\$186.6 million) and accreted interest on capital appreciation bonds (\$0.3 million), offset by principal payments on bonds (\$121.0 million). Multifamily bond principal repayments of \$31.0 million resulted from early retirement of bonds.

Net assets of the bond programs and the State and Federal programs are classified as restricted as the uses of the funds are directed by trust indentures and state statute, respectively.

Florida Housing's Board of Directors authorized the designation of unrestricted net assets in the Operating Fund for 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 from which partial or no monitoring fees were collected. As of December 31, 2007, the total amount designated is \$96.6 million.

### Statements of Revenues, Expenses, and Changes in Net Assets

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

	2007	2006
Operating revenues:		
Interest on loans	\$ 145.4	\$ 144.6
Investment income	189.3	93.0
Other income	19.8	19.3
HUD administrative fees	4.2	4.1
<b>Total operating revenues</b>	<b>358.7</b>	<b>261.0</b>
Operating expenses:		
Interest expense	199.0	175.7
Payments to other governments	154.3	304.1
Provision for uncollectible loans	22.9	22.7
General and administrative expenses	46.7	36.9
Housing assistance payments	13.3	15.7
<b>Total operating expenses</b>	<b>436.2</b>	<b>555.1</b>
Nonoperating revenues (expenses):		
HUD program receipts	44.3	55.7
State documentary stamp tax receipts	387.4	519.0
Transfers to state agencies	(4.2)	(7.9)
<b>Total nonoperating revenues</b>	<b>427.5</b>	<b>566.8</b>
<b>Change in net assets</b>	<b>\$ 350.0</b>	<b>\$ 272.7</b>

Total operating revenues increased \$97.7 million from the prior year. This is primarily due to a \$96.3 million increase in investment income, primarily in the Single Family Homeowner Mortgage bond and State and Federal programs.

Investment income increased \$96.3 million in 2007. The overall increase was comprised of an increase in investment income for the bond programs (\$72.0 million), the State and Federal programs (\$22.6 million), and the Operating Fund (\$1.7 million). Unrealized gain on investments in 2007 was \$25.2 million, compared to a \$7.4 million unrealized loss recorded in 2006. Additionally, actual income earned from investments increased \$63.7 million from 2006, a result of the gradual rise in interest rates and the increase in cash and investment balances.

Total operating expenses decreased \$118.9 million, to \$436.2 million in 2007. Components of the decrease include decreases in the payment of State Housing Initiatives Partnership ("SHIP") funds to local governments (\$46.6 million), Hurricane Housing Recovery Program ("HHRP") payments to local governments (\$103.1 million), and payments for the Section 8 program (\$3.3 million). These are offset by increases in interest expense (\$23.3 million), provision for uncollectible loans (\$0.2 million), general and administrative expense (\$9.8 million), and housing assistance payments for the HOME Tenant-Based Rental Assistance program (\$0.8 million). The increase in bond interest expense is due to the increase in outstanding bond balances as described above. The decrease in SHIP payments was due to a change in the funds release schedule for the state fiscal year 2007-08 compared to 2006-07. The decrease in HHRP disbursements is due to winding down this program which was funded from a one-time appropriation in state fiscal year 2005-06.

Net nonoperating revenues decreased \$139.3 million from \$566.8 million in 2006 to \$427.5 million in 2007. State documentary stamp tax collections decreased by \$131.6 million compared to 2006 collections due to the continued slowdown in the Florida real estate market.

For the bond programs, loan related interest earnings (\$133.5 million) and investment income (\$127.8 million) are the primary components of total revenues. Bond interest expense (\$199.0 million) is the largest expense item.

Florida Housing's revenues in the Operating Fund were primarily generated from investment income (\$8.1 million), issuer fees (\$7.4 million), and administrative fees for federal programs (\$4.2 million). General and administrative expenses (\$16.7 million), which include operating expenses and program administration (credit underwriting, servicing, and monitoring), and rental assistance payments to Section 8 properties (\$6.3 million) comprise the bulk of expenses in the Operating Fund.

Nonoperating revenues, including documentary stamp tax receipts of \$387.4 million, investment income (\$53.3 million) and federal program funds (\$37.9 million) make up the majority of the revenues and transfers in the State and Federal programs. Payments to local governments through SHIP and HHRP (\$154.3 million) are the largest component of expenses. The decrease in payments to other governments in SHIP and HHRP (\$149.8 million) and the increase in investment income (\$22.6 million), offset by the decreases in documentary stamp tax receipts (\$131.6 million) and federal program receipts (\$7.5 million) are primarily responsible for the increase in change in net assets in the state and federal programs.

## DEBT ADMINISTRATION

At year-end, Florida Housing had total bonded debt outstanding of \$4.1 billion, net of discounts. This represents a net increase of \$542.9 million during 2007, resulting from the issuance of bonds and premiums (\$764.9 million) and accreted interest on capital appreciation bonds (\$1.6 million), offset by principal payments on bonds (\$223.6 million). More detailed information about Florida Housing's debt is presented in Note 10 to the financial statements.

## OTHER FINANCIAL INFORMATION

An analysis of Florida Housing's overall financial position as a result of this year's operations shows a continuance of Florida Housing's financial strength and a continued increase in its net assets.

While Florida Housing's financial position continues to be strong, the last year has proven challenging on many fronts for Florida with the decline in the general housing market, the rise in residential foreclosures and the rise in development operating costs. One indication of the impact is that Florida ended 2007 ranking second highest in the number of foreclosure filings in the nation. Foreclosures are projected to rise with continued interest rate resets of adjustable rate mortgages over the next 18 to 24 months. State of Florida revenue estimates indicate this condition will continue to impact the collection of documentary stamp taxes; however, the amount collected is expected to exceed the statutory cap on deposits to the housing trust funds of \$243 million.

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. These requirements have kept the whole loan portfolio foreclosures under 2%. Whole loans make up approximately 10% of the combined whole loan and MBS portfolio. Florida Housing is not at risk for foreclosures in the MBS portion of the portfolio.

The properties enhanced by Florida Housing's Guarantee Program are not immune to the impact of the recent changes in the financial and real estate markets. Factors which are important for the stable functioning of the Guarantee Program considering current market conditions include the HUD Risk Sharing Program, the seasoning of the properties in the portfolio, the lack of any multifamily claims in the history of the program, the size of the net assets of the program, and the statutory availability of documentary stamp taxes when certain conditions exist. The combination of these factors and deal-specific conditions mitigate the risks to the Guarantee Program.

For those transactions in the conduit debt portfolio that are not enhanced by the Guarantee Program, the impact of the credit condition of the capital markets that began in 2007 has been minimal to date. The general rise in operating costs has similarly affected the properties in our conduit debt portfolio. Florida Housing's bonds, both multifamily and single family, continue to sell and remarket, although at higher rates as is the case with all housing bonds marketed.

The Board-approved 2007 operating budget of \$19.9 million was adequate to fund operations. Actual total operating expenses of \$16.6 million were 16.8% less than the total budget.

The budget approved by the legislature for state fiscal year 2008-2009 contains \$294.2 million in appropriations for Florida Housing programs, a \$5.9 million transfer to the Department of

Children and Families for homeless programs, a \$2.5 million transfer to General Revenue for the Community Contribution Tax Credit Program and \$0.4 million for compliance monitoring.

The initial tax-exempt bond allocation for 2008 is \$363.5 million, an increase of \$3.5 million from the 2007 initial allocation. The per capita allocation increased from \$80 in 2007 to \$85 in 2008; the remainder of the increase is due to an increase in Florida's population.

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)

BALANCE SHEET  
AS OF DECEMBER 31, 2007

<b>ASSETS</b>	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 225,289,183
Investments—net	902,878,952
Interest receivable on investments	14,432,555
Interest receivable on loans	27,133,024
Loans receivable—net	72,902,359
Documentary stamp taxes receivable	20,408,720
Other assets	2,480,536
Total current assets	<u>1,265,525,329</u>
NONCURRENT ASSETS:	
Investments—net	2,215,045,849
Loans receivable—net	2,906,828,610
Deferred finance charges—net	19,211,572
Capital assets—net	211,412
Total noncurrent assets	<u>5,141,297,443</u>
TOTAL ASSETS	<u>\$ 6,406,822,772</u>
<b>LIABILITIES AND NET ASSETS</b>	
CURRENT LIABILITIES:	
Accounts payable and other liabilities	\$ 16,239,287
Accrued interest payable	65,600,114
Accrued arbitrage rebate	309,178
Collateralized bank loan	95,000
Bonds payable—net	72,788,299
Deferred fee income—net	4,927,352
Total current liabilities	<u>159,959,230</u>
NONCURRENT LIABILITIES:	
Bonds payable—net	4,033,949,288
Deferred fee income—net	54,808,357
Other liabilities	8,120,403
Due to developers	131,896,470
Due to state of Florida	24,824,125
Total noncurrent liabilities	<u>4,253,598,643</u>
Total liabilities	<u>4,413,557,873</u>
COMMITMENTS AND CONTINGENCIES (Note 16)	
NET ASSETS:	
Invested in capital assets	211,412
Restricted	1,896,472,302
Unrestricted	96,581,185
Total net assets	<u>1,993,264,899</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,406,822,772</u>

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 ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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OPERATING REVENUES:	
Interest on loans	\$ 145,431,475
Investment income	189,268,923
Other income	19,823,071
HUD administrative fees	<u>4,178,877</u>
Total operating revenues	<u>358,702,346</u>
OPERATING EXPENSES:	
Interest expense	199,032,363
Payments to other governments	154,358,073
Provision for uncollectible loans	22,861,575
General and administrative	46,708,228
Housing assistance payments	<u>13,269,272</u>
Total operating expenses	<u>436,229,511</u>
OPERATING LOSS	<u>(77,527,165)</u>
NONOPERATING REVENUES (EXPENSES):	
HUD program receipts	44,341,486
Documentary stamp tax receipts	387,365,720
Transfers to state agencies	<u>(4,247,951)</u>
Total nonoperating revenues	<u>427,459,255</u>
CHANGE IN NET ASSETS	349,932,090
NET ASSETS:	
Beginning of year	<u>1,643,332,809</u>
End of year	<u>\$ 1,993,264,899</u>

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, 2007

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Interest received on conduit debt fund investments	\$ 75,296,891
Cash received from interest on loans receivable	159,546,177
Cash received from maturities of loans receivable	142,160,422
Cash received from HUD for administrative fees	3,298,518
Cash received from other revenues	24,380,814
Cash payments for issuance of loans	(259,780,426)
Interest paid on conduit debt	(167,567,369)
Cash payments for operating expenses	(43,407,113)
Housing assistance payments	(13,269,272)
Payments to other governments	(154,358,073)
	<u>(233,699,431)</u>
Net cash used in operating activities	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from issuance of bonds	764,970,641
Principal payments—bonds	(222,503,405)
Interest paid	(13,690,743)
Payment of bond issuance costs	(6,031,435)
Repayments on collateralized bank loan—net	(1,748,401)
Cash received from HUD for programs	44,341,486
State documentary stamp tax receipts	397,226,626
Transfers to state agencies	(4,247,951)
	<u>958,316,818</u>
Net cash provided by noncapital financing activities	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	<u>(103,517)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(6,595,646,587)
Proceeds from the sale and maturity of investments	5,481,175,528
Interest received on investments	71,119,824
	<u>(1,043,351,235)</u>
Net cash used in investing activities	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(318,837,365)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>544,126,548</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 225,289,183</u>

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

STATEMENT OF CASH FLOWS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2007

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RECONCILIATION OF OPERATING LOSS TO NET CASH	
USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (77,527,165)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Fair value of investments	(25,163,662)
Accreted interest on capital appreciation bonds	1,555,726
Provision for uncollectible loans	22,861,575
Amortization and depreciation	(12,244,093)
Loans forgiven	1,317,252
Interest received on investments	(71,119,824)
Interest paid	13,690,743
Changes in assets and liabilities which (used) provided cash:	
Interest receivable on investments	(3,670,679)
Interest receivable on loans	455,241
Loans receivable	(126,570,266)
Other assets	(826,601)
Accounts payable and other liabilities	1,693,584
Accrued interest payable	15,353,742
Accrued arbitrage rebate	(259,456)
Deferred fee income	14,433,738
Due to developers	12,320,714
	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (233,699,431)</u>

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)

### NOTES TO FINANCIAL STATEMENTS

#### AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

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#### 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.

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 financial position, results of operations, and cash flows of the proprietary fund, which includes all programs controlled by Florida Housing.

Based on the criteria in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, Florida Housing has determined that there are no component units that meet the criteria for inclusion in Florida Housing's financial statements.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, Florida Housing has elected not to adopt any Financial Accounting Standards Board ("FASB") Statements issued after November 30, 1989, unless so directed by the GASB.

Bonds and other obligations issued by Florida Housing (other than the Guarantee Program capitalizing bond issues) 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 and discount, was \$3.8 billion as of December 31, 2007.

## 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 of America 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 to 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 and the operations of Florida Housing. The operations of each program are accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net assets, 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 and investment income. Florida Housing also recognizes as revenues program and administrative fees. Operating expenses include interest expense, provision for uncollectible loans, administrative expenses, and payments made to third parties under the various programs administered by Florida Housing. 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 held by the trustees 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. Fair value of Florida Housing's share of the state investment pool is determined by the fair value per share of the pool's underlying portfolio.

***Loans Receivable***—Loans receivable are carried at their uncollected principal balances. Servicing of loans is provided by various approved and qualified private lending institutions and 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 collectibility of the loans and reflects an amount which, in management's judgment, is adequate to provide for potential losses. Additions to the allowance for loan losses are made by provisions charged to current operations.

***Deferred Finance Charges and Bond Discounts and Premiums***—In connection with the issuance of Florida Housing's bonds, certain related costs are deferred and amortized over the life of the related issue using the straight-line method. Discounts and premiums on bonds payable are amortized over the life of the related issue using the straight-line method. The use of the straight-line method does not materially differ from the effective interest method.

***Capital Assets***—Capital assets are stated at cost less accumulated depreciation. Florida Housing capitalizes assets with an initial cost of \$1,000 or more. Assets are capitalized in one of the following four categories: furniture (seven-year life), equipment (five-year life), computer equipment (three-year life) or leasehold improvements (ten-year life). Depreciation on capital assets is computed using the straight-line method over the estimated useful lives. When assets are retired or otherwise disposed, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the results from operations in the period of disposal.

***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, except on state and federally funded loans and loans in the Operating Fund where interest is recorded as income on an as-collected basis. Interest income on mortgage loans is recorded net of servicer 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 deferred and are amortized over the life of the loans using the straight-line method, which approximates the effective interest method. Loans are presented net of deferred fee income in accordance with FASB Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated With Originating or Acquiring Loans and Initial Direct Costs of Leases—an amendment of FASB Statements No. 13, 60, and 65*. Certain administrative and monitoring fees collected under the various programs are deferred and amortized over the life of the loan or set-aside period.

***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***—In June 2004, the GASB issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The provisions of this statement are effective for periods beginning after December 15, 2006. The adoption of GASB Statement No. 45 did not have a material impact on the financial position, results of operations, or cash flows of Florida Housing.

In September 2006, the GASB issued GASB Statement 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement establishes criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. This statement also provides additional guidance for sales of receivables and future revenues within the same financial reporting entity. The requirements of this statement are effective for fiscal periods beginning after December 15, 2006. The adoption of GASB Statement No. 48 did not have a material impact on the financial position, results of operations, or cash flows of Florida Housing.

In November 2006, the GASB issued GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current and potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The requirements of this statement are effective for fiscal periods beginning after December 15, 2007. Management believes GASB Statement No. 49 will not have a material impact on the financial position, results of operations, or cash flows of Florida Housing.

In May 2007, the GASB issued GASB Statement 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information by pension plans and by employers that provide pension benefits. The requirements of this statement are effective for fiscal periods beginning after June 15, 2007. Management believes GASB Statement No. 50 will not have a material impact on the financial position, results of operations, or cash flows of Florida Housing.

### 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.

*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 GNMA certificates 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.

The GNMA Collateralized Home Ownership Mortgage Revenue Program and GNMA-Fannie Mae Home Ownership Revenue Program purchased GNMA and Fannie Mae certificates representing undivided interests in qualifying mortgage loans for single family residences located in the state of Florida with the proceeds of bond issues under the programs.

***Single Family Homeowner Mortgage Revenue Bond Program***—The Homeowner Program issues revenue bonds to finance the origination of home mortgages for persons of low, moderate or middle income within the state of Florida. Certain bond issues have been refunded with subsequent bond issues under the program.

***Multifamily Mortgage Revenue Bond Programs***—Due to the similarity of program operations, the Multifamily Mortgage Revenue Bond, FHA-Insured, Floating Rate, and GNMA-Collateralized issues 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 FHA-Insured Bonds***—Proceeds from the sale of the Multifamily FHA-Insured bonds were used to make mortgage loans insured by the FHA for eleven developments receiving housing assistance payments pursuant to the federal Section 8 program. Of these eleven loans, one remains outstanding.

***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 GNMA-Collateralized Bonds***—The Multifamily GNMA-Collateralized bonds were issued to make GNMA-collateralized mortgage loans for multifamily housing developments located in the state of Florida and intended for occupancy by persons of low, moderate, or middle income. The mortgages are guaranteed by the GNMA.



*Florida Housing administers the following programs that represent 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 funding for homeownership and rental housing through regular Florida Housing programs, for technical assistance and for the Affordable Housing Study Commission. Funds from the State Housing Trust Fund may also be used as a match for a federal program and for debt service on Guarantee Fund bonds. For the year ended December 31, 2007, approximately \$112.0 million in documentary stamp tax revenue had been transferred to Florida Housing for use in these programs.

***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 with up to \$10,000 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.

For the year ended December 31, 2007, approximately \$14.3 million in loans were closed by Florida Housing.

***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 provide gap financing that allows developers to obtain the full financing needed to construct affordable multifamily units. SAIL dollars are available to individuals, public entities, and nonprofit or for-profit organizations 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 substantial improvements to existing affordable elderly housing.

For the year ended December 31, 2007, approximately \$31.9 million in loans were closed by Florida 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 as of November 2007 (\$500,000 previously) 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.

For the year ended December 31, 2007, approximately \$1.4 million in loans were closed by Florida Housing.

***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 51 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.

For the year ended December 31, 2007, Florida Housing disbursed \$119.2 million under this program.

***Hurricane Housing Recovery Program***—The Hurricane Housing Recovery Program (“HHRP”) was created by the 2005 Legislature as a locally administered program designed to accommodate the specific housing needs of hurricane affected communities. The program provides special incentives and requirements to focus on home ownership, community collaborations, and recovery plans and to assist those with extremely low incomes. A funding formula that weights both the extent and the intensity of housing damage in a county was used to allocate funds to 28 eligible counties. For the year ended December 31, 2007, \$35.1 million in program funds were disbursed.

***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. For the year ended December 31, 2007, \$33.8 million in loans were closed.

***Affordable Housing Guarantee Program***—The Guarantee Program encourages 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 issues commitments to guarantee obligations for both single family homes and multifamily developments. The program receives state documentary stamp tax revenue to use toward debt service on its outstanding

bonds, which totaled \$258.0 million at December 31, 2007. In addition, the program has statutory authority to utilize up to 50% of the amounts distributed to the State Housing Trust Fund during the ensuing state fiscal year for claims payment obligations if payment of the obligations from amounts on deposit in the Guarantee Program will result in a downgrade in the program's claims payment ratings.

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 ("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, 2007, total participation under the Risk Sharing Program consisted of 68 guarantees totaling \$416.4 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, 2007, the balance of the HUD Dedicated Risk Account was \$9.2 million.

***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. For the year ended December 31, 2007, approximately \$34.1 million in loans were closed by Florida Housing.

***Other programs administered by Florida Housing:***

***Housing Credit Program***—The Housing Credit Program provides qualified owners and developers of rental property a federal income tax credit for providing low income rental housing. The United States Treasury Department has authorized Florida Housing to allocate the tax credits within the state of Florida with the stipulation that 10% of the total annual allocation be disbursed to nonprofit organizations. The program was permanently extended by Congress in 1993.

For the year 2007, Florida Housing allocated \$52.5 million in housing credits, including National Pool allocation and returned credits.

***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 a need for special needs housing is determined and funds are available. For the year 2007, one loan for approximately \$0.5 million was closed by Florida Housing.

**Affordable Housing Demonstration Loan Program**—The Affordable Housing Demonstration Loan Program was implemented in June 1986 as part of the Affordable Housing Act. The purpose of the program was to encourage the production of suitable housing for persons of very low and moderately low income. Funds were available to both developers and individuals only as a second mortgage to finance up to one-third of a development or home's cost at interest rates from 0% to 3%. Although loans are no longer made under the program, Florida Housing is responsible for the administration of the program.

#### 4. CASH AND CASH EQUIVALENTS

As of December 31, 2007, Florida Housing had the following cash and cash equivalents:

	<u>Credit Rating</u>	<u>Fair Value</u>
Cash	-	\$ 17,358,412
Money Markets	AAA - AA	206,274,692
Money Markets	Unrated	<u>1,656,079</u>
		<u>\$ 225,289,183</u>

Cash on deposit in the bond and government programs 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. All investments of Florida Housing are recorded at fair value with changes in fair value recorded as a component of investment income.

Certain 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 and a portion of its pooled investments in the Operating Fund and State and Federal 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. 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 \$520.5 million at December 31, 2007, 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, 2007, Florida Housing had the following investments and maturities (in thousands):

Investment Type	Credit Rating	Investment Maturities (in years)				Total Fair Value
		Less Than 1	1-5	6-10	More Than 10	
Ginnie Mae MBS	-	\$ -	\$ 11	\$ 1,395	\$ 642,284	\$ 643,690
Fannie Mae MBS	AAA	-	729	5,575	561,625	567,929
Freddie Mac MBS	AAA	10	6,487	178	60,706	67,381
Investment Agreements	AAA - A-	166,558	213,011	279,224	82,568	741,361
State Treasury	AA-	520,537	-	-	-	520,537
U.S. Treasury	-	36,103	101,475	-	-	137,578
Agencies	-	125,767	64,200	-	-	189,967
Corporate Bonds	AAA - BB+	53,904	81,095	-	-	134,999
Asset-Backed Securities	AAA	-	11,924	-	16,037	27,961
CMBS	AAA	-	-	-	50,985	50,985
MBS	AAA	-	-	-	27,137	27,137
CD	A-	-	985	-	-	985
Municipal Bonds	AAA	-	7,415	-	-	7,415
		<u>\$ 902,879</u>	<u>\$ 487,332</u>	<u>\$ 286,372</u>	<u>\$ 1,441,342</u>	<u>\$ 3,117,925</u>

**Interest Rate Risk**—Interest rate risk is the risk that the market value of securities in the portfolio will fall due to decreases in market interest rates. Florida Housing's investment policy, which covers the pooled investments in the Operating Fund and the State and Federal Funds, seeks 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 is also minimized by maintaining a very short duration portfolio. Investments in bond funds are structured to meet the cash requirements of the specific issue. Interest rate risk is often minimized by the use of 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 policy, which covers the pooled investments in the Operating Fund and the State and Federal Funds, limits 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 policy 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 policy, which covers the pooled investments in the Operating Fund and the State and Federal Funds, limits 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 policy 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 at December 31, 2007:

<u>Investment</u>	<u>%</u>	<u>Fair Value</u>
Fannie Mae	18.21%	\$ 567,928,667
State Treasury	16.69%	520,537,003
Trinity Funding	8.77%	273,391,278

## 6. RESERVE FUND REQUIREMENTS

Cash and investments held to satisfy various reserve requirements at December 31, 2007, were as follows:

<u>Program</u>	<u>Reserve Requirements</u>	<u>On Deposit</u>	<u>Surety Bonds</u>	<u>Excess</u>
Homeowner	\$ 7,630,184	\$ 2,275,383	\$ 5,487,218	\$ 132,417
Multifamily	33,008,352	33,044,585	-	36,233
Guarantee	39,138,076	29,138,295	10,000,000	219
	<u>\$ 79,776,612</u>	<u>\$ 64,458,263</u>	<u>\$ 15,487,218</u>	<u>\$ 168,869</u>

## 7. LOANS RECEIVABLE

Loans receivable, net of allowance for loan losses, discounts, and deferred fees were as follows at December 31, 2007:

Single family bond mortgage loans	\$ 170,051,801
Multifamily bond mortgage loans	2,124,090,405
State and federal loans	846,220,412
Operating loans	18,296,176
	<u>3,158,658,794</u>
Less:	
Allowance for loan losses	(171,477,886)
Loan discounts	(1,777,468)
Deferred fee income	(5,672,471)
	<u>2,979,730,969</u>
Less current portion	(72,902,359)
	<u>\$ 2,906,828,610</u>

The single family and multifamily bond program loans are pledged as collateral for the payment of principal and interest on bond indebtedness. Substantially all of the multifamily bond mortgage loans have an interest rate equal to the interest rate on the 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 10.95%. Under Florida Housing's program guidelines, all conventionally financed single family bond mortgage loans with an initial loan-to-value ratio of 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, 2007, (exclusive of Fannie Mae and GNMA guaranteed loans) are as follows: FHA (47.3%), Commonwealth Mortgage Assurance Company (Radian Guaranty, Inc.) (17.2%), VA (11.5%), Rural Housing Authority (5.9%), and General Electric Mortgage Insurance Company (3.5%). Approximately 14.6% of single family bond mortgage loans outstanding at December 31, 2007, 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 \$68.1 million of the outstanding multifamily bond mortgage loans at December 31, 2007, are secured, in part, by irrevocable direct-pay letters of credit provided by banking and savings and loan institutions. Approximately \$1.7 billion of the outstanding multifamily bond mortgage loans at December 31, 2007 are secured, in part, by insurance as follows: Guarantee Program/HUD (29.4%), Fannie Mae (19.6%), Freddie Mac (12.5%), and various other companies (16.5%). Approximately 22.0% of the multifamily bond mortgage loans are uninsured.

Certain multifamily mortgage loans receivable are in default due to noncompliance with terms of their bond documents (see Note 10). As described in Note 1, these bonds are not general or special obligations of Florida Housing or of the state of Florida and Florida Housing has no liability for such debt except to the extent of any outstanding guarantees by the Guarantee Program for these loans, therefore, no provision other than provisions for losses in the Guarantee Program have been made for the effects, if any, of the resolution of these default conditions. 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 program 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.

## 8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Furniture	\$ 169,884	\$ -	\$ -	\$ 169,884
Equipment	230,682	-	(1,425)	229,257
Computer equipment	2,744,939	103,516	(28,509)	2,819,946
Leasehold improvements	155,917	-	-	155,917
Total capital assets	<u>3,301,422</u>	<u>103,516</u>	<u>(29,934)</u>	<u>3,375,004</u>
Accumulated depreciation:				
Furniture	(144,845)	(7,935)	-	(152,780)
Equipment	(212,636)	(8,664)	1,425	(219,875)
Computer equipment	(2,559,870)	(153,651)	28,509	(2,685,012)
Leasehold improvements	(90,333)	(15,592)	-	(105,925)
Total accumulated depreciation	<u>(3,007,684)</u>	<u>(185,842)</u>	<u>29,934</u>	<u>(3,163,592)</u>
Capital assets—net	<u>\$ 293,738</u>	<u>\$ (82,326)</u>	<u>\$ -</u>	<u>\$ 211,412</u>

Depreciation expense for the year ended December 31, 2007 was \$185,842.

## 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 capture 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 (4.12% at December 31, 2007) plus seven basis points. The agreement renews each October for an additional 12-month period. As a result, the collateralized bank loan is classified as a current liability.



During 2007, Florida Housing utilized the agreement to redeem bonds from:

Single Family Home Ownership Program:

1987 Series G1	\$ 225,000
1996 Series G2	155,000

Single Family Homeowner Mortgage Program:

1996 Series 2	170,000
1996 Series 3	50,000
1997 Series 2	2,683,716
1998 Series 2	1,263,250
1999 Series 2 and 3	147,060
1999 Series 7 and 8	574,721
2000 Series 4 and 5	1,402,620
2000 Series 11	2,204,317
2002 Series 2 and 3	2,772,945
2003 Series 1 and 2	2,282,936
2003 Series 5	3,881,238
2004 Series 2	4,633,656
2004 Series 6	2,990,877
2005 Series 1	2,424,466
2005 Series 2 and 3	4,004,965
2006 Series 1	1,230,000
2006 Series 2 and 3	1,153,357
2006 Series 4 and 5	534,619
2006 Series 6	25,000
	<u>\$ 34,809,743</u>

Collateralized bank loan activity for the year ended December 31, 2007 was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
\$ 1,843,401	\$ 34,809,743	\$ (36,558,144)	\$ 95,000

The outstanding balance of \$95,000 at December 31, 2007 relates to the Single Family Home Ownership Program.

## 10. BONDS PAYABLE

At December 31, 2007 bonds payable consist of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Due Dates</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
<i>Single Family Home Ownership Fund</i>				
1987 Series G1, G2 Term Bonds	12/16/1987	2017 - 2018	8.63%	\$ 1,285,000
1991 Series G1, G2 Term Bonds	09/26/1991	2023	Floating	3,073,000
1992 Series G1 Term Bonds	06/30/1992	2025	Floating	<u>8,520,801</u>
Total Single Family Home Ownership bonds payable				<u>12,878,801</u>
<i>Single Family Homeowner Mortgage Fund</i>				
1996 Series 1, 2 Term Bonds	07/01/1996	2016 - 2028	6.05% - 6.35%	3,575,000
1996 Series 2 Serial Bonds	07/01/1996	2008 - 2011	5.85% - 6.05%	<u>415,000</u>
				3,990,000
1996 Series 3 Serial Bonds	09/01/1996	2008 - 2014	5.60% - 6.05%	1,550,000
1996 Series 3 Term Bonds	09/01/1996	2016 - 2028	6.20% - 6.35%	<u>4,850,000</u>
				6,400,000
1997 Series 1, 2, 3 Term Bonds	06/01/1997	2014 - 2029	5.625% - 5.90%	19,825,000
1998 Series 1 Serial Bonds	05/15/1998	2008 - 2014	4.70% - 5.15%	9,310,000
1998 Series 1, 2 Capital Appreciation Bonds	05/15/1998	2017 - 2029	Floating	7,727,806
1998 Series 2, 3 Term Bonds	05/15/1998	2019 - 2021	4.75% - 5.35%	4,455,000
1998 Series 3 Term Bonds	05/15/1998	2016	Floating	<u>3,550,000</u>
				25,042,806
1999 Series 1, 2 Serial Bonds	02/15/1999	2008 - 2012	4.30% - 4.65%	5,205,000
1999 Series 1, 2 Term Bonds	02/15/1999	2013 - 2021	4.60% - 5.15%	15,660,000
1999 Series 2 Capital Appreciation Bonds	02/15/1999	2030	Floating	6,751,928
1999 Series 3 Term Bonds	02/15/1999	2013	Floating	<u>2,395,000</u>
				30,011,928
1999 Series 6, 7, 9 Term Bonds	09/01/1999	2012 - 2021	5.75% - 7.03%	10,045,000
1999 Series 7 Serial Bonds	09/01/1999	2008 - 2012	5.10% - 5.50%	1,740,000
1999 Series 7 Capital Appreciation Bonds	09/01/1999	2030	Floating	2,806,736
1999 Series 8 Term Bonds	09/01/1999	2013	Floating	870,000
2000 Series 1, 2 Term Bonds	07/01/2000	2017 - 2021	5.75% - 5.85%	<u>700,000</u>
				16,161,736
2000 Series 3, 4, 7 Term Bonds	02/01/2000	2017 - 2031	5.85% - 6.25%	11,485,000
2000 Series 4 Serial Bonds	02/01/2000	2008 - 2012	5.55% - 5.85%	335,000
2000 Series 4 Capital Appreciation Bonds	02/01/2000	2030 - 2032	Floating	3,528,533
2000 Series 5 Term Bonds	02/01/2000	2012	Floating	<u>1,690,000</u>
				17,038,533
2000 Series 10, 11 Serial Bonds	10/15/2000	2008 - 2013	4.95% - 5.20%	3,630,000
2000 Series 10, 11, 12 Term Bonds	10/15/2000	2017 - 2032	5.50% - 7.14%	<u>28,030,000</u>
				31,660,000
2002 Series 1, 2 Serial Bonds	11/13/2002	2008 - 2017	3.85% - 4.85%	5,390,000
2002 Series 2, 3 Term Bonds	11/13/2002	2023 - 2034	5.00% - 5.40%	<u>19,305,000</u>
				24,695,000

## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2003 Series 1, 2 Serial Bonds	06/19/2003	2008 - 2017	2.50% - 4.00%	7,680,000
2003 Series 2 Term Bonds	06/19/2003	2022 - 2035	4.50% - 5.00%	23,695,000
				<u>31,375,000</u>
2003 Series 5 Serial Bonds	11/18/2003	2008 - 2013	3.10% - 4.35%	3,565,000
2003 Series 5 Term Bonds	11/18/2003	2023 - 2035	4.90% - 5.05%	28,645,000
				<u>32,210,000</u>
2004 Series 1, 2 Serial Bonds	03/24/2004	2008 - 2016	2.20% - 4.20%	7,640,000
2004 Series 2 Term Bonds	03/24/2004	2024 - 2036	4.70% - 5.00%	45,400,000
				<u>53,040,000</u>
2004 Series 3 Serial Bonds	10/07/2004	2008 - 2015	2.50% - 3.95%	7,485,000
2004 Series 4 Term Bonds	10/07/2004	2023 - 2026	4.75% - 5.50%	19,415,000
				<u>26,900,000</u>
2004 Series 5, 6 Serial Bonds	01/11/2005	2008 - 2016	2.95% - 4.45%	5,380,000
2004 Series 6 Term Bonds	01/11/2005	2020 - 2036	4.50% - 5.10%	36,660,000
				<u>42,040,000</u>
2005 Series 1 Serial Bonds	06/16/2005	2008 - 2015	3.30% - 4.30%	4,800,000
2005 Series 1 Term Bonds	06/16/2005	2025 - 2036	4.45% - 5.00%	41,865,000
				<u>46,665,000</u>
2005 Series 2, 3 Serial Bonds	11/17/2005	2008 - 2017	3.55% - 4.25%	8,120,000
2005 Series 3 Term Bonds	11/17/2005	2025 - 2036	4.75% - 5.00%	49,270,000
				<u>57,390,000</u>
2006 Series 1 Serial Bonds	03/23/2006	2008 - 2016	3.65% - 4.38%	7,800,000
2006 Series 1 Term Bonds	03/23/2006	2020 - 2037	4.55% - 5.00%	65,870,000
				<u>73,670,000</u>
2006 Series 2 Serial Bonds	05/24/2006	2008 - 2016	3.85% - 4.70%	9,520,000
2006 Series 2, 3 Term Bonds	05/24/2006	2021 - 2038	4.50% - 5.50%	88,955,000
				<u>98,475,000</u>
2006 Series 4 Serial Bonds	08/17/2006	2008 - 2016	3.90% - 4.75%	17,960,000
2006 Series 4, 5 Term Bonds	08/17/2006	2021 - 2037	4.70% - 5.75%	156,425,000
				<u>174,385,000</u>
2006 Series 6 Serial Bonds	12/18/2006	2008 - 2016	3.70% - 4.20%	12,050,000
2006 Series 6 Term Bonds	12/18/2006	2021 - 2037	4.45% - 5.75%	107,925,000
				<u>119,975,000</u>
2007 Series 1 Serial Bonds	03/13/2007	2009 - 2017	3.80% - 4.375%	8,565,000
2007 Series 1 Term Bonds	03/13/2007	2022 - 2048	4.55% - 4.85%	51,935,000
2007 Series 1 PAC Term Bond	03/13/2007	2048	5.95%	49,500,000
				<u>110,000,000</u>
2007 Series 2 Serial Bonds	05/03/2007	2008 - 2017	3.75% - 4.40%	9,060,000
2007 Series 2 Term Bonds	05/03/2007	2022 - 2048	4.70% - 4.85%	94,455,000
2007 Series 2 PAC Term Bonds	05/03/2007	2048	6.00%	71,485,000
				<u>175,000,000</u>

## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2007 Series 3 Term Bonds (AMT)	07/18/2007	2027 - 2048	5.00% - 5.15%	80,500,000
2007 Series 3 Prem PAC Bonds	07/18/2007	2048	6.25%	59,500,000
2007 Series 4 Serial Bonds Fed Taxable	07/18/2007	2008 - 2017	5.44% - 5.95%	18,935,000
2007 Series 4 Taxable PAC Bonds	07/18/2007	2048	5.99%	16,065,000
				<u>175,000,000</u>
2007 Series 5 Serial Bonds	10/10/2007	2009 - 2017	3.85% - 4.50%	8,960,000
2007 Series 5 Term Bonds	10/10/2007	2022 - 2048	4.95% - 5.75%	91,040,000
				<u>100,000,000</u>
Total Single Family Homeowner Mortgage bonds payable				1,490,950,003
Unamortized bond premium				<u>31,536,081</u>
Net Single Family Homeowner Mortgage bonds payable				<u>1,522,486,084</u>
 <b><i>Guarantee Fund</i></b>				
1993 Series A Term Bond	06/29/1993	2034	Floating	53,000,000
1999 Series A Term Bonds	09/01/1999	2044	Floating	47,250,000
2000 Series A Term Bonds	10/12/2000	2045	Floating	64,750,000
2002 Series A Term Bonds	04/18/2002	2047	Floating	93,000,000
				<u>258,000,000</u>
Total Guarantee Fund bonds payable				258,000,000
Unamortized bond discount				<u>(394,824)</u>
Net Guarantee Fund bonds payable				<u>257,605,176</u>
 <b>Multifamily Housing Revenue Fund</b>				
<b><i>Multifamily Loan Revenue Bonds Floating Rate Monthly Demand</i></b>				
1984 D Term Bonds	06/01/1984	2012	Floating	9,610,000
 <b><i>Multifamily GNMA Secured Fund</i></b>				
1989 Series I Term Bonds	12/20/1989	2031	7.65%	6,330,000
 <b><i>Multifamily FHA Insured Fund</i></b>				
1992 Series A Term Bonds	12/01/1992	2014 - 2024	6.35% - 6.40%	1,180,000
 <b><i>Multifamily Housing Revenue Bonds</i></b>				
1985 Series B Term Bonds	<sup>2</sup> 05/01/1988	2011	Floating	6,980,000
1985 Series FF Term Bonds	10/01/1985	2026	Floating	9,350,000
1985 Series PP Term Bonds	12/19/1985	2012	Floating	16,500,000
1985 Series SS Term Bonds	12/17/1985	2017	Floating	20,000,000
1985 Series TT Term Bonds	12/17/1985	2029	Floating	6,200,000
1985 Series XX Term Bonds	12/17/1985	2025	Floating	8,500,000

## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
1985 Series GGG Term Bonds	12/30/1985	2013	Floating	12,700,000
1987 Series A Term Bonds	02/01/1987	2008	Floating	11,640,000
1989 Series A Term Bonds	01/01/1989	2009	8.30%	21,079,921
1989 Series J Term Bonds	12/19/1989	2011	Floating	24,150,000
1990 Series A Term Bonds	08/01/1990	2008	Floating	9,540,000
1990 Series E Term Bonds	09/28/1990	2020	7.00%	1,915,000
1994 Series A Term Bonds	03/01/1994	2024	6.25%	11,847,795
1995 Series C1 Term Bonds	01/15/1995	2014 - 2035	6.75% - 7.00%	12,445,000
1995 Series F Term Bonds	11/01/1995	2015 - 2035	6.05% - 6.25%	6,610,000
1995 Series G1 Serial Bonds	10/15/1995	2008 - 2010	5.60% - 5.90%	510,000
1995 Series G1 Term Bonds	10/15/1995	2015 - 2035	6.05% - 6.25%	11,750,000
				12,260,000
1995 Series J Term Bonds	11/01/1995	2015 - 2035	5.95% - 6.20%	11,505,000
1995 Series K Serial Bonds	11/15/1995	2008 - 2010	5.50% - 5.70%	445,000
1995 Series K Term Bonds	11/15/1995	2015 - 2035	5.875% - 6.10%	10,185,000
				10,630,000
1995 Series L Term Bonds	12/19/1995	2025	Floating	9,550,000
1995 Series M Term Bonds	12/19/1995	2025	Floating	5,970,000
1996 Series C1 Serial Bonds	03/15/1996	2008	5.75%	115,000
1996 Series C1, C2 Term Bonds	03/15/1996	2016 - 2036	6.10% - 6.20%	12,515,000
				12,630,000
1996 Series E Term Bonds	07/01/1996	2026	6.35%	4,915,000
1996 Series F Term Bonds	07/10/1996	2026	Floating	12,900,000
1996 Series G Term Bonds	07/15/1996	2016 - 2036	6.20% - 6.50%	7,000,000
1996 Series H Serial Bonds	08/01/1996	2008	5.75%	170,000
1996 Series H Term Bonds	08/01/1996	2011 - 2017	6.00% - 6.10%	8,580,000
				8,750,000
1996 Series J Term Bonds	09/01/1996	2016 - 2036	6.00% - 6.30%	3,980,000
1996 Series L Term Bonds	09/01/1996	2016 - 2036	6.05% - 6.25%	7,470,000
1996 Series M Serial Bonds	09/01/1996	2008 - 2009	5.60% - 5.70%	165,000
1996 Series M Term Bonds	09/01/1996	2015 - 2036	6.00% - 6.25%	5,785,000
				5,950,000
1996 Series N Term Bonds	09/01/1996	2010 - 2036	5.85% - 6.30%	9,845,000
1996 Series O Term Bonds	09/01/1996	2010 - 2036	5.90% - 6.30%	11,010,000

## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
1996 Series P Term Bonds	09/20/1996	2026	Floating	6,850,000
1996 Series T Term Bonds	12/01/1996	2018 - 2036	5.85% - 6.05%	7,025,000
1996 Series U Term Bonds	12/19/1996	2029	Floating	10,190,000
<sup>3</sup> 1997 Series A Term Bonds	04/01/1997	2017 - 2037	6.10% - 6.25%	14,595,000
1997 Series B Term Bonds	06/01/1997	2017 - 2030	5.80% - 5.90%	8,020,000
1997 Series C Serial Bonds	05/15/1997	2008 - 2010	5.25% - 5.45%	535,000
1997 Series C Term Bonds	05/15/1997	2017 - 2039	5.75% - 6.00%	13,950,000
				14,485,000
1997 Series D Term Bonds	06/01/1997	2017 - 2030	5.90% - 5.95%	6,750,000
1997 Series E Term Bonds	06/01/1997	2030	8.00%	1,395,000
1997 Series F Term Bonds	06/15/1997	2017 - 2039	5.80% - 6.00%	13,695,000
1997 Series G Serial Bonds	07/15/1997	2008 - 2012	5.05% - 5.25%	1,000,000
1997 Series G Term Bonds	07/15/1997	2020 - 2037	5.50% - 5.70%	12,170,000
				13,170,000
1997 Series H Serial Bonds	07/15/1997	2008 - 2012	5.05% - 5.25%	665,000
1997 Series H Term Bonds	07/15/1997	2020 - 2037	5.50% - 5.70%	7,830,000
				8,495,000
1997 Series I1, I2 Term Bonds	12/01/1997	2008 - 2037	4.80% - 6.25%	11,630,000
1997 Series J1, J2 Term Bonds	12/01/1997	2009 - 2038	4.90% - 6.30%	19,110,000
<sup>3</sup> 1997 Series L Term Bonds	12/01/1997	2008 - 2037	4.70% - 5.45%	13,110,000
1998 Series A Term Bonds	03/01/1998	2030	5.45%	13,060,000
1998 Series B Term Bonds	06/01/1998	2038	6.61%	15,590,000
1998 C Series C Term Bonds	06/01/1998	2038	6.61%	8,310,000
1998 Series D Serial Bonds	06/01/1998	2008 - 2015	4.70% - 5.25%	2,420,000
1998 Series D Term Bonds	06/01/1998	2018 - 2031	5.30% - 5.375%	10,055,000
				12,475,000
1998 Series G Term Bonds	07/01/1998	2038	6.60%	16,070,000
1998 Series H Term Bonds	07/01/1998	2038	7.25%	3,324,436
1998 Series I1 Term Bonds	08/01/1998	2009 - 2033	Floating	17,440,000
1998 Series J Term Bonds	<sup>2</sup> 10/01/1998	2028	Floating	4,925,000
1998 Series K Term Bonds	<sup>2</sup> 10/30/1998	2032	6.375%	16,500,000
1998 Series L Term Bonds	<sup>2</sup> 10/01/1998	2032	6.50%	12,190,000
1998 Series M	<sup>2</sup> 10/01/1998	2032	6.125%	17,175,000

## 10. BONDS PAYABLE (continued)

<u>Description</u>	<u>Issue Date</u>	<u>Due Dates</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
1998 Series O Serial Bonds	11/01/1998	2008 - 2010	4.70% - 4.90%	980,000
1998 Series O Term Bonds	11/01/1998	2018 - 2028	5.25% - 5.30%	10,895,000
				<u>11,875,000</u>
1998 Series P Serial Bonds	12/01/1998	2008 - 2031	4.35% - 5.20%	10,110,000
1998 Series Q1 Term Bonds	12/01/1998	2018 - 2038	5.10% - 5.25%	12,875,000
1998 Series R1 Serial Bonds	12/01/1998	2008 - 2021	4.25% - 5.10%	4,260,000
1998 Series R1, R2 Terms Bonds	12/01/1998	2026 - 2032	5.10% - 5.20%	5,820,000
				<u>10,080,000</u>
1998 Series S Term Bonds	12/28/1998	2031	4.80%	9,952,000
1998 Series T1, T2 Term Bonds	12/10/1998	2039	6.50%	14,260,000
1998 Series U1 Term Bonds	12/16/1998	2039	6.45%	11,455,000
1999 Series A Serial Bonds	04/15/1999	2008 - 2018	4.55% - 5.15%	2,550,000
1999 Series A Term Bonds	04/15/1999	2021 - 2039	5.20% - 5.40%	11,070,000
				<u>13,620,000</u>
1999 Series B1, B2 Term Bonds	04/21/1999	2010 - 2032	4.55% - 6.20%	12,210,000
1999 Series C1, C2 Term Bonds	07/01/1999	2009 - 2039	5.50% - 7.50%	9,545,000
1999 Series C1 Capital Appreciation Term Bonds	07/01/1999	2029	Floating	1,846,657
				<u>11,391,657</u>
1999 Series D1, D2 Term Bonds	07/21/1999	2009 - 2032	5.38% - 7.10%	14,360,000
1999 Series E1, E2 Term Bonds	08/12/1999	2011 - 2039	5.65% - 7.63%	13,375,000
1999 Series E1 Capital Appreciation Term Bonds	08/12/1999	2029	Floating	2,234,402
				<u>15,609,402</u>
1999 Series F1, F2 Term Bonds	08/25/1999	2014 - 2039	5.90% - 7.35%	10,500,000
1999 Series F1 Capital Appreciation Term Bonds	08/25/1999	2029	Floating	1,639,269
				<u>12,139,269</u>
1999 Series G1, G2 Term Bonds	08/25/1999	2032	Floating	12,850,000
1999 Series H1 Serial Bonds	09/29/1999	2013 - 2020	5.55% - 5.70%	2,385,000
1999 Series H1, H2 Term Bonds	09/29/1999	2008 - 2032	5.85% - 7.40%	8,770,000
				<u>11,155,000</u>
1999 Series I1, I2 Term Bonds	08/31/1999	2032	Floating	14,465,000
1999 Series J1 Serial Bonds	09/14/1999	2009	5.30%	55,000
1999 Series J1, J2 Term Bonds	09/14/1999	2009 - 2032	5.30% - 7.25%	7,425,000
				<u>7,480,000</u>
<sup>3</sup> 1999 Series L1, L2 Term Bonds	09/29/1999	2010 - 2039	5.35% - 7.30%	12,810,000
1999 Series M1 Serial Bonds	09/29/1999	2008 - 2021	5.05% - 5.70%	3,295,000
1999 Series M1, M2 Term Bonds	09/29/1999	2027 - 2039	5.80% - 6.00%	10,790,000
				<u>14,085,000</u>

## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
1999 Series N1 Term Bonds	09/21/1999	2008 - 2039	5.00% - 5.90%	7,430,000
1999 Series O1, O2 Term Bonds	09/27/1999	2010 - 2041	6.00% - 7.80%	10,535,000
1999 Series P Term Bonds	09/24/1999	2032	Floating	7,135,000
1999 Series Q1, Q2 Term Bonds	09/27/1999	2014 - 2039	5.75% - 7.85%	13,275,000
1999 Series R Term Bonds	09/28/1999	2008 - 2032	5.00% - 6.00%	7,880,000
<sup>3</sup> 2000 Series A1, A2 Term Bonds	02/25/2000	2010 - 2040	6.40% - 8.47%	15,490,000
2000 Series B Term Bonds	03/28/2000	2030	6.90%	16,350,000
2000 Series C1, C2 Term Bonds	05/01/2000	2015 - 2040	6.20% - 8.50%	15,985,000
2000 Series D1 Serial Bonds	10/01/2000	2008 - 2014	4.95% - 5.40%	5,075,000
2000 Series D1, D2 Term Bonds	10/01/2000	2020 - 2030	5.50% - 8.25%	26,940,000
				32,015,000
2000 Series E1, E2 Term Bonds	06/13/2000	2033	Floating	10,755,000
2000 Series F1, F2 Term Bonds	06/01/2000	2017 - 2041	6.00% - 8.25%	10,755,000
2000 Series G Term Bonds	<sup>2</sup> 06/20/2000	2011	Floating	8,085,000
2000 Series H1 Serial Bonds	10/04/2000	2015 - 2020	5.50% - 5.70%	2,135,000
2000 Series H1, H2 Term Bonds	10/04/2000	2015 - 2033	5.70% - 7.88%	11,775,000
				13,910,000
2000 Series I Term Bonds	09/01/2000	2032	Floating	13,365,000
2000 Series J1, J2 Term Bonds	09/01/2000	2015 - 2042	5.70% - 8.10%	13,150,000
2000 Series K1, K2 Term Bonds	10/01/2000	2017 - 2042	5.70% - 7.95%	17,230,000
2000 Series L1 Serial Bonds	11/16/2000	2020 - 2024	5.65% - 5.85%	925,000
2000 Series L1, L2 Term Bonds	11/16/2000	2008 - 2040	5.75% - 7.75%	7,710,000
				8,635,000
2000 Series M1, M2 Term Bonds	11/09/2000	2013 - 2040	5.70% - 7.75%	16,160,000
2000 Series N1, N2 Term Bonds	12/12/2000	2008 - 2041	5.75% - 7.70%	15,900,000
2000 Series O1, O2 Term Bonds	11/30/2000	2008 - 2040	5.85% - 7.65%	18,840,000
<sup>3, 4, 5</sup> 2000 Series P1 Serial Bonds	11/17/2000	2009 - 2017	5.00% - 5.65%	2,565,000
<sup>3, 4, 5</sup> 2000 Series P1, P2 Term Bonds	11/17/2000	2009 - 2034	5.85% - 7.55%	11,860,000
				14,425,000
2000 Series Q1, Q2 Term Bonds	11/21/2000	2008 - 2041	5.75% - 7.80%	12,645,000
2000 Series R1, R2 Term Bonds	12/06/2000	2010 - 2033	5.75% - 7.85%	9,185,000
2000 Series S Term Bonds	12/14/2000	2008 - 2041	4.70% - 5.85%	10,855,000



## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2000 Series U1 Serial Bonds	12/20/2000	2023 - 2025	5.50% - 5.60%	705,000
2000 Series U1, U2 Term Bonds	12/20/2000	2008 - 2041	5.60% - 7.40%	11,250,000
				11,955,000
2000 Series V1, V2 Term Bonds	12/28/2000	2017 - 2041	5.38% - 7.55%	7,815,000
2000 Series W1, W2 Term Bonds	12/29/2000	2028 - 2041	5.60% - 6.75%	12,720,000
2001 Series A1, A2 Term Bonds	01/01/2001	2011 - 2041	5.25% - 7.45%	13,840,000
<sup>3</sup> 2001 Series E1, E2 Term Bonds	07/01/2001	2014 - 2041	5.20% - 7.25%	19,315,000
2001 Series F1, F2 Term Bonds	11/01/2001	2009 - 2041	5.00% - 6.35%	18,100,000
2001 Series G Term Bonds	11/01/2001	2031	6.90%	10,240,000
2001 Series H1, H2 Term Bonds	11/01/2001	2021 - 2041	5.25% - 6.30%	16,505,000
2001 Series IA, IB Serial Bonds	11/19/2001	2031	Floating	14,685,000
2001 Series JA, JB Serial Bonds	11/19/2001	2031	Floating	11,270,000
2001 Series KA, KB Serial Bonds	11/19/2001	2031	Floating	20,235,000
2001 Series L Term Bonds	12/01/2001	2008 - 2035	4.00% - 5.38%	8,120,000
2001 Series O1, O2 Term Bonds	12/01/2001	2009 - 2043	5.25% - 7.15%	6,715,000
2002 Series A1, A2 Term Bonds	01/08/2002	2035	Floating	13,420,000
2002 Series B1 Term Bonds	01/24/2002	2008 - 2034	3.80% - 5.30%	8,560,000
2002 Series C1 Term Bonds	01/30/2002	2008 - 2042	5.30% - 7.00%	16,290,000
2002 Series D1 Term Bonds	02/28/2002	2008 - 2042	5.20% - 7.00%	18,255,000
2002 Series E1 Term Bonds	03/06/2002	2008 - 2042	5.13% - 6.85%	15,195,000
2002 Series F1, F2 Term Bonds	07/19/2002	2016 - 2035	5.45% - 7.00%	10,630,000
2002 Series G Term Bonds	07/16/2002	2020 - 2035	4.88% - 5.40%	13,515,000
2002 Series H1, H2 Term Bonds	07/31/2002	2012 - 2042	5.20% - 6.00%	12,470,000
2002 Series I1, I2 Term Bonds	10/16/2002	2035	5.61%	2,771,800
2002 Series J1, J2 Term Bonds	<sup>2</sup> 10/30/2002	2032	Floating	22,300,000
2002 Series K1, K2 Term Bonds	10/30/2002	2035	Floating	16,500,000
2002 Series L1, L2 Term Bonds	12/09/2002	2034	Floating	9,245,000
2002 Series M1 Term Bonds	<sup>2</sup> 11/14/2002	2032	Floating	6,300,000
2002 Series N1, N2 Term Bonds	<sup>2</sup> 11/14/2002	2032	Floating	9,850,000

## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2002 Series O1 Serial Bonds	11/26/2002	2017 - 2042	4.80% - 5.35%	15,900,000
2002 Series O2 Term Bonds	11/26/2002	2008 - 2017	4.30% - 5.75%	2,170,000
				18,070,000
2002 Series P1 Term Bonds	12/04/2002	2018 - 2042	4.75% - 5.35%	7,975,000
2002 Series P2 Serial Bonds	12/04/2002	2008 - 2015	4.00% to 6.00%	755,000
				8,730,000
2002 Series R1, R2, R3 Term Bonds	12/17/2002	2009 - 2036	3.80% - 5.95%	10,855,000
2003 Series A Term Bonds	01/01/2003	2036	Floating	8,150,000
2003 Series B1, B3 Term Bonds	01/01/2003	2034	Floating	9,670,000
2003 Series C1, C2 Term Bonds	01/01/2003	2008 - 2043	3.15% - 6.00%	15,915,000
2003 Series D1 Term Bonds	02/01/2003	2008 - 2044	2.90% - 5.15%	19,570,000
2003 Series D2 Serial Bonds	02/01/2003	2008	4.00%	25,000
				19,595,000
2003 Series E1 Term Bonds	03/01/2003	2036	Floating	8,415,000
2003 Series F Serial Bonds	03/01/2003	2008	2.75% - 2.85%	105,000
2003 Series F Term Bonds	03/01/2003	2009 - 2044	3.10% - 5.05%	11,895,000
				12,000,000
2003 Series G Term Bonds	03/18/2003	2036	Floating	8,700,000
2003 Series H Term Bonds	03/25/2003	2036	Floating	7,360,000
2003 Series I Term Bonds	<sup>2</sup> 04/01/2003	2033	6.20%	7,775,000
2003 Series J Term Bonds	04/01/2003	2036	5.61%	5,620,000
2003 Series K Term Bonds	04/01/2003	2036	Floating	6,620,000
2003 Series L Term Bonds	07/01/2003	2008 - 2036	2.40% - 4.45%	11,790,000
2003 Series M Term Bonds	07/01/2003	2008 - 2044	2.75% - 5.35%	9,370,000
2003 Series N Term Bonds	07/22/2003	2035	Floating	14,450,000
2003 Series O Term Bonds	07/29/2003	2035	Floating	16,545,000
2003 Series P Term Bonds	07/29/2003	2035	Floating	15,385,000
2003 Series Q1, Q2 Term Bonds	09/17/2003	2008 - 2043	4.00% - 6.00%	12,985,000
2003 Series R1, R2 Term Bonds	10/01/2003	2037	Floating	15,770,000
2003 Series S1, S2 Serial Bonds	10/01/2003	2008 - 2023	3.40% - 4.75%	1,725,000
2003 Series S1 Term Bonds	10/01/2003	2036	4.80%	2,995,000
				4,720,000
2003 Series T Serial Bonds	10/07/2003	2008 - 2019	2.60% - 4.70%	1,760,000
2003 Series T Term Bonds	10/07/2003	2024 - 2045	4.90% - 5.15%	11,850,000
				13,610,000

## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
<sup>5</sup> 2003 Series U Term Bonds	10/01/2003	2033	6.50%	7,695,000
2003 Series W Term Bonds	12/16/2003	2036	Floating	5,800,000
2004 Series A Term Bonds	02/01/2004	2008 - 2045	2.50% - 5.00%	10,210,000
2004 Series B Term Bonds	02/12/2004	2032	Floating	2,400,000
2004 Series C1 Serial Bonds	02/18/2004	2008 - 2014	2.10% - 4.00%	825,000
2004 Series C1, C2 Term Bonds	02/18/2004	2027 - 2037	4.80% - 5.31%	6,915,000
				7,740,000
2004 Series D Term Bonds	02/01/2004	2008 - 2045	2.45% - 4.95%	12,395,000
2004 Series E Term Bonds	03/01/2004	2037	Floating	6,100,000
2004 Series F Serial Bonds	03/01/2004	2037	Floating	6,200,000
2004 Series G1, G2 Term Bonds	05/01/2004	2038	Floating	11,575,000
2004 Series H Term Bonds	06/01/2004	2037	Floating	7,900,000
2004 Series I Term Bonds	<sup>2</sup> 06/02/2004	2034	Floating	5,885,000
2004 Series K Term Bonds	12/01/2004	2037	Floating	15,500,000
<sup>1</sup> 2004 Series L Term Bonds	<sup>2</sup> 12/22/2004	2034	Floating	17,910,000
<sup>1</sup> 2004 Series M Term Bonds	<sup>2</sup> 12/22/2004	2034	Floating	19,975,000
2005 Series A Term Bonds	01/25/2005	2037	Floating	12,650,000
2005 Series B1, B2 Term Bonds	04/01/2005	2035	Floating	40,547,064
<sup>1</sup> 2005 Series C Term Bonds	06/29/2005	2035	Floating	21,965,000
<sup>1</sup> 2005 Series D Term Bonds	11/29/2005	2035	Floating	12,090,000
2006 Series A Term Bonds	03/28/2006	2042	6.15%	7,110,321
2006 Series B Term Bonds	03/16/2006	2050	6.00%	6,635,000
2006 Series C Term Bonds	03/16/2006	2050	6.00%	6,515,000
<sup>1</sup> 2006 Series D Term Bonds	07/11/2006	2036	Floating	9,775,000
2006 Series E Term Bonds	04/19/2006	2038	5.50%	8,909,000
<sup>1</sup> 2006 Series F Term Bonds	05/17/2006	2036	Floating	14,170,000
2006 Series G Term Bonds	06/30/2006	2039	Floating	5,690,000
2006 Series H Term Bonds	06/21/2006	2039	Floating	8,520,000
<sup>1</sup> 2006 Series I Term Bonds	06/29/2006	2046	6.50%	30,000,000
2006 Series J Term Bonds	07/20/2006	2043	6.15%	14,630,000
2006 Series K Term Bonds	09/21/2006	2038	Floating	4,636,794

## 10. BONDS PAYABLE (continued)

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2006 Series L Term Bonds	10/26/2006	2038	Floating	5,491,394
2006 Series M Term Bonds	11/17/2006	2038	Floating	4,439,919
2006 Series N Term Bonds	12/13/2006	2044	Floating	14,450,000
2007 Series A Term Bonds	08/23/2007	2040	5.49%	1,670,000
2007 Series B Term Bonds	02/06/2007	2048	6.70%	9,955,000
2007 Series C Term Bonds	06/15/2007	2044	Floating	9,515,000
<sup>1</sup> 2007 Series D Term Bonds	05/23/2007	2047	6.50%	41,500,000
2007 Series E Term Bonds	10/30/2007	2010	4.00%	4,520,000
2007 Series F Term Bonds	10/30/2007	2010	4.00%	5,930,000
<sup>1</sup> 2007 Series G1 Term Bonds	06/15/2007	2042	Floating	48,500,000
<sup>1</sup> 2007 Series G2 Term Bonds	06/15/2007	2042	Floating	21,500,000
				70,000,000
2007 Series H Term Bonds	06/29/2007	2042	Floating	5,950,000
2007 Series I Term Bonds	11/02/2007	2042	Floating	17,690,000
2007 Series J Term Bonds	09/26/2007	2010	Floating	1,840,029
2007 Series K Term Bonds	12/20/2007	2042	6.00%	1,945,000
Total Multifamily Housing Revenue bonds payable				2,314,235,801
Unamortized bond discount				(468,275)
Net Multifamily Housing Revenue bonds payable				2,313,767,526
Total net bonds payable				\$ 4,106,737,587

<sup>1</sup> Refunding

<sup>2</sup> Reoffering

<sup>3</sup> Issue is in default due to borrower's failure to make timely loan payments. No payments to bondholders have been affected.

<sup>4</sup> Issue is in default due to borrower's failure to make timely payments of fees and escrows.

<sup>5</sup> Issue is in default because borrower filed a bankruptcy petition under Chapter 11.

## 10. BONDS PAYABLE (CONTINUED)

Interest on outstanding bonds is payable semiannually with the exception of the following:

- (1) Monthly interest payments
  - Multifamily and Single Family Floating Rate Bonds
  - Multifamily Housing Revenue Bonds 1989 Series A, 1990 Series E, 1994 Series A, 1998 Series H, 1998 Series S, 2002 Series I, 2003 Series J, 2006 Series A, 2006 Series B, 2006 Series C, 2006 Series I, 2007 Series A, 2007 Series B, 2007 Series C, and 2007 Series D
  - Single Family Home Ownership Bonds 1987 Series G1 and G2, 1991 Series G1 and G2, and 1992 Series G1 and G2
- (2) Quarterly interest payments
  - Multifamily Housing Revenue Bonds 1995 Series B (February, May, August and November)
- (3) Interest paid at maturity
  - Capital Appreciation Bonds
- (4) Interest paid as outlined in the Trust Indenture
  - Guarantee Program 1993 Series A, 1999 Series A, 2000 Series A, and 2002 Series A

The methods or indices used to determine the actual interest rates for floating rate bonds are outlined in the individual bond documents.

Scheduled maturities of bonds payable, interest payments, and sinking fund requirements at December 31, 2007, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 71,866,035	\$ 207,756,309	\$ 279,622,344
2009	72,872,849	203,418,236	276,291,085
2010	63,911,569	200,283,316	264,194,885
2011	91,821,576	196,140,271	287,961,847
2012	81,411,162	192,345,189	273,756,351
2013 - 2017	370,354,621	906,936,796	1,277,291,417
2018 - 2022	421,681,291	799,385,867	1,221,067,158
2023 - 2027	563,779,155	670,765,976	1,234,545,131
2028 - 2032	806,201,395	486,973,632	1,293,175,027
2033 - 2037	1,062,715,822	232,259,535	1,294,975,357
2038 - 2042	297,198,046	72,062,707	369,260,753
2043 - 2047	165,604,202	25,734,420	191,338,622
2048 - 2052	6,646,882	124,448	6,771,330
	<u>4,076,064,605</u>	<u>4,194,186,702</u>	<u>8,270,251,307</u>
Net unamortized bond premium	30,672,982	-	30,672,982
	<u>\$ 4,106,737,587</u>	<u>\$ 4,194,186,702</u>	<u>\$ 8,300,924,289</u>

Assets of the various funds are pledged for payment of principal and interest on the applicable bonds. 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 by bond resolutions 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 were held in cash or investments at December 31, 2007.

Of the multifamily housing revenue bonds issued in 2007, \$65,655,000 was used to refund existing bonds. The refundings were undertaken by the individual developers in order to take advantage of more favorable interest rates and terms. Since the payment of bonds is the responsibility of the individual developers, the refundings did not result in an economic gain or loss for Florida Housing, thus the effect of the refundings is excluded from the changes in bonds payable below.

### *Changes in Bonds Payable*

Bonds payable activity for the year ended December 31, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 3,550,367,121	\$ 714,570,888	\$ (188,873,404)	\$ 4,076,064,605	\$ 71,866,035
Unamortized premium (discount)	13,445,410	18,756,436	(1,528,864)	30,672,982	922,264
Total bonds payable-net	<u>\$ 3,563,812,531</u>	<u>\$ 733,327,324</u>	<u>\$ (190,402,268)</u>	<u>\$ 4,106,737,587</u>	<u>\$ 72,788,299</u>

## 11. DUE TO THE STATE OF FLORIDA

The state of Florida funded approximately \$24.8 million for Hurricane Andrew housing assistance. Florida Housing provided the loans through the SAIL program in areas damaged by Hurricane Andrew. The money is to be returned to the state of Florida upon repayment of the loans. The loans generally bear interest at 9%. As of December 31, 2007, loans totaling \$24.8 million were outstanding.

## 12. GUARANTEE PROGRAM—ALLOWANCE FOR CLAIMS

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.

As of December 31, 2007, the Guarantee Program had total outstanding guarantees of approximately \$812.0 million. An allowance for claims against such guarantees in the amount of approximately \$8.1 million has been recorded as of December 31, 2007 and is included in other liabilities.

## 13. RESTRICTED ASSETS

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 assets as of December 31, 2007:

Total restricted current assets	\$ 1,172,775,987
Total restricted assets	6,243,326,587
Total current liabilities payable	
from restricted current assets	145,141,069
Total liabilities payable from restricted assets	4,346,854,285
Total restricted net assets	1,896,472,302

## 14. NET ASSETS

The net assets of the Operating Fund are not restricted under the terms of various bond resolutions or loan agreements and can be used by Florida Housing for any purpose authorized by law. The Board of Directors has designated unrestricted net assets in the Operating Fund for demonstration developments, support of the single family bond program, and future operating and capital expenditures, including funding compliance monitoring fees for housing credit properties from which partial or no fees were collected at the time of allocation.

Below is a summary of the Operating Fund net assets as of December 31, 2007:

Designated net assets:	
Demonstration and other developments	\$ 19,500,000
Dedicated reserve for operations (includes future compliance monitoring fees)	63,331,185
Single family bond program	<u>13,750,000</u>
Total designated net assets	96,581,185
Net assets invested in capital assets	<u>211,412</u>
Total net assets—Operating Fund	<u>\$ 96,792,597</u>

These designations are reviewed annually by the Board of Directors and management as to amount and purpose.

## 15. DEVELOPERS AND REGIONAL CONCENTRATION

As of December 31, 2007, three developers account for approximately 24% (\$559.2 million) of bonds outstanding in the multifamily bond programs. No other developer accounts for more than 5% of the bonds outstanding. Developments in the following four counties represent 52% of the bonds outstanding: Orange County (24%), Duval County (10%), Hillsborough County (10%), and Palm Beach County (8%). No other county represents more than 5% of the bonds outstanding.

As of December 31, 2007, two developers account for approximately 23% (\$110.7 million) of loans outstanding in the SAIL program. No other developer accounts for more than 5% of SAIL loans outstanding. Developments in the following six counties represent 59% of the SAIL loans outstanding: Miami-Dade County (19%), Orange County (11%), Palm Beach County (9%), Broward County (8%), Hillsborough County (6%), and Duval County (6%). No other county represents more than 5% of the SAIL loans outstanding.

As of December 31, 2007, four developers account for approximately 21% (\$40.0 million) of loans outstanding in the HOME Program. No other developer accounts for more than 5% of HOME loans outstanding. Developments in the following seven counties represent 56% of HOME loans outstanding: Miami-Dade County (21%), St. Johns (7%), Monroe County (6%), Collier County (6%), Lee County (6%), Citrus County (5%), and Indian River County (5%). No other county represents 5% or more of the outstanding HOME loans.

As of December 31, 2007, four developers account for approximately 62% (\$497.1 million) of the total guarantee amounts issued by the Guarantee Program. Credit enhanced developments are located in 25 counties. The counties with 5% or greater of the total outstanding guarantees are as follows: Miami-Dade County (20%), Broward County (15%), Palm Beach County (13%), Orange County (9%), and Collier County (5%).



## 16. COMMITMENTS

### *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 multifamily 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, 2007, Florida Housing had outstanding loan commitments under state and federally funded programs as follows:

State Apartment Incentive Loan Program	\$ 31,429,365
HOME Investment Partnerships Program	24,745,670
Rental Recovery Loan Program	19,347,897
Florida Homeownership Assistance Program	10,164,468
Predevelopment Loan Program	3,129,921
Demonstration Loan Program	1,503,017
Community Land Trust Program	466,979
	<u>\$ 90,787,317</u>

### *Leases*

Florida Housing leases office space under a noncancelable operating lease. The lease term runs through May 2009. As of December 31, 2007, future minimum lease payments are as follows:

2008	\$ 879,357
2009	366,399
	<u>\$ 1,245,756</u>

Rent expense for the operating lease was \$870,830 for the year ended December 31, 2007.

## 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, 2007, 2006, and 2005. 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. Florida Housing contributions vest to the employee after three years of service. Florida Housing contributed \$634,463, \$640,697 and \$701,755 to the Plan for the years ended December 31, 2007, 2006, and 2005, respectively.

### *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. Employees contributed \$487,573, \$509,655, and \$430,830 to the 457 Plan for the years ended December 31, 2007, 2006, and 2005, respectively.

## **18. SUBSEQUENT EVENTS**

During the period from January 1, 2008 through April 30, 2008, pursuant to various trust indentures, bonds in the aggregate amount of \$82,847,336 were called for redemption from principal payments, excess revenues, and refundings. The bonds were called at a redemption price equal to par value plus accrued interest.

The bonds called were from the following programs:

<u>Issue</u>	<u>Date</u>	<u>Redemption Amount</u>
<b>Single Family Home Ownership:</b>		
1987 Series G1 & G2	January 2, 2008	\$ 10,000
	February 1, 2008	10,000
	March 3, 2008	35,000
	April 1, 2008	10,000
1991 Series G1 & G2	January 2, 2008	50,000
	February 1, 2008	64,000
	March 3, 2008	45,000
	April 1, 2008	16,000
1992 Series G1 & G2	January 2, 2008	31,835
	February 1, 2008	269,829
	March 3, 2008	129,945
	April 1, 2008	157,549
		<hr/>
		\$ 829,158
<b>Single Family Homeowner Mortgage:</b>		
1996 Series 1 - 2	January 2, 2008	\$ 475,000
1996 Series 3	January 2, 2008	820,000
1997 Series 1 - 4	January 2, 2008	1,390,000
1998 Series 1 - 6	January 2, 2008	2,241,304
1999 Series 1 - 5	January 2, 2008	2,111,631
1999 Series 6 - 9	January 2, 2008	1,438,528
2000 Series 3 - 9	January 2, 2008	1,593,823
2000 Series 10 - 12	January 2, 2008	2,120,000
2002 Series 1 - 3	January 2, 2008	2,560,000
2003 Series 1 - 3	January 2, 2008	2,005,000
2003 Series 5	January 2, 2008	3,570,000
2004 Series 2	January 2, 2008	5,260,000
2004 Series 3 - 4	January 2, 2008	1,745,000
2004 Series 5 - 6	January 2, 2008	4,160,000
2005 Series 1	January 2, 2008	2,820,000
2005 Series 2 - 3	January 2, 2008	3,480,000
2006 Series 1	January 2, 2008	2,640,000
2006 Series 2 - 3	January 2, 2008	1,905,000
2006 Series 4 - 5	January 2, 2008	5,060,000
2006 Series 6	January 2, 2008	2,515,000
2007 Series 2	January 2, 2008	180,000

<u>Issue</u>	<u>Date</u>	<u>Redemption Amount</u>
<b>Single Family Homeowner Mortgage (continued):</b>		
1996 Series 1 - 2	March 3, 2008	30,050
1996 Series 3	March 3, 2008	75,000
1997 Series 1 - 4	March 3, 2008	30,000
1998 Series 1 - 6	March 3, 2008	161,330
1999 Series 1 - 5	March 3, 2008	293,012
1999 Series 6 - 9	March 3, 2008	178,357
2000 Series 3 - 9	March 3, 2008	147,197
2000 Series 10 - 12	March 3, 2008	45,000
2002 Series 1 - 3	March 3, 2008	75,000
2003 Series 1 - 3	March 3, 2008	70,000
2003 Series 5	March 3, 2008	85,000
2004 Series 2	March 3, 2008	110,000
2004 Series 5 - 6	March 3, 2008	105,000
2005 Series 1	March 3, 2008	90,000
2005 Series 2 - 3	March 3, 2008	235,000
2006 1	March 3, 2008	35,000
2006 2-3	March 3, 2008	205,000
2006 4-5	March 3, 2008	50,000
		<u>\$ 52,110,232</u>
<b>Guarantee Fund:</b>		
1993 Series A	January 2, 2008	\$ 1,000,000
1999 Series A	January 2, 2008	250,000
2000 Series A	January 3, 2008	950,000
2002 Series A	January 2, 2008	1,000,000
		<u>\$ 3,200,000</u>
<b>Multifamily Housing Revenue:</b>		
Various	January 2008	\$ 1,557,557
Various	February 2008	13,122,757
Various	March 2008	9,078,325
Various	April 2008	2,949,307
		<u>\$ 26,707,946</u>
		<u>\$ 82,847,336</u>

On January 7, 2008, Florida Housing issued \$100,000,000 Homeowner Mortgage Revenue Bonds 2007 Series 6. The bonds shall bear interest rates ranging from 3.65% to 5.50% and have maturity dates from July 1, 2009 to January 1, 2049.

On January 16, 2008, Florida Housing issued \$8,000,000 Housing Revenue Bonds 2008 Series A. The bonds shall bear a weekly variable interest rate and have a maturity date of February 1, 2041.

On January 18, 2008, Florida Housing issued \$4,750,000 Housing Revenue Bonds 2008 Series B. The bonds shall bear a variable interest rate and have a maturity date of January 1, 2040.

On February 8, 2008, Florida Housing issued \$7,870,000 Housing Revenue Bonds 2008 Series C. The bonds shall bear interest rates ranging from 2.60% to 5.26% and have maturity dates of July 20, 2009 to July 20, 2049.

On February 20, 2008, Florida Housing issued \$4,750,000 Housing Revenue Bonds 2008 Series D. The bonds shall bear a variable interest rate and have a maturity date of February 1, 2040.

On March 20, 2008, Florida Housing issued \$5,075,000 Housing Revenue Bonds 2008 Series E. The bonds shall bear a variable interest rate and have a maturity date of March 1, 2048.

On March 27, 2008, Florida Housing issued \$6,700,000 Housing Revenue Bonds 2008 Series F. The bonds shall bear a fixed interest rate of 5.00% and have a maturity date of April 1, 2011.

On April 3, 2008, Florida Housing issued \$7,000,000 Housing Revenue Bonds 2008 Series G. The bonds shall bear a variable interest rate and have a maturity date of April 1, 2040.

On April 15, 2008, Florida Housing issued \$50,000,000 Homeowner Mortgage Revenue Bonds 2008 Series 1. The bonds shall bear interest rates ranging from 3.80% to 6.45% and have maturity dates from July 1, 2010 to January 1, 2039.

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