

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
July 28, 2006
Information Items



FISCAL
Information

I. FISCAL

A. Operating Budget Analysis for April 2006

- a) The Financial Analysis for June 30, 2006, is attached as [Exhibit A.](#)
- b) The Operating Budget for the period ending June 30, 2006, is attached as [Exhibit B.](#)

GUARANTEE PROGRAM

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II. GUARANTEE PROGRAM

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

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III. LEGAL

A. **Florida Housing Finance Corporation v. Aloma Bend, Ltd., a Florida limited partnership; Christopher T. Spano, Robert Thollander and Betsy Spano, as Individuals**

1. **Background**

- a) On December 30, 1997, Aloma Bend, Inc. ("Aloma") closed its Multi-Family Mortgage Revenue Bond loan. Florida Housing allocated \$15,500,000.00 in Multi-Family Mortgage Revenue Bond Program funds for this development. The bond documents provide that the proceeds from any condemnation are to be paid to First Union National Bank, the Trustee.
- b) On November 21, 2000, Plaintiff, The State of Florida, Department of Transportation ("DOT") filed a Petition in eminent domain to condemn a portion of Aloma's property in the Circuit Court of Seminole County, Florida seeking to take a portion of the property for widening the road adjacent to the development known as Barrington Place.
- c) On March 28, 2002, the Circuit Court entered a Stipulated Final Judgment Including Attorneys Fees and Costs awarding Aloma the total amount of \$235,000 and requiring that Aloma additionally deposit \$51,100 into the registry of the Clerk of Court ("Condemnation Proceeds").
- d) In April of 2002, Florida Housing requested from Aloma an accounting of the Condemnation Proceeds. The statement provided by Aloma demonstrates that the Condemnation Proceeds were used to repair and pay for expenses at other unrelated properties.
- e) On June 12, 2002, Florida Housing demanded the return of the Condemnation Proceeds to Florida Housing or the Trustee. Aloma has refused to pay Florida Housing or the Trustee and has otherwise failed to perform their obligations under the Loan Agreement and Guaranty.
- f) On April 24, 2003, Florida Housing filed a Complaint in the Circuit Court of Leon County, Florida, requesting that the court enter an Order enforcing the Guaranty and entering a judgment against Aloma and related parties. A copy of the Complaint was attached to the June 20, 2003 informational package as Exhibit A.

2. **Present Situation**

- a) On June 23, 2003, Aloma filed a Motion to Dismiss Florida Housing's Complaint as to Thollander, which was denied on August 14, 2003. Aloma and Thollander did not file an answer to the Complaint by September 3, 2003. Defendant Betsy Spano's motion to dismiss for failure to join an indispensable party was denied on August 14, 2003. Defendant, Christopher T. Spano was served via alternative service through the Secretary of State, and did not file a proper answer within the allotted time. A motion for default on other defendants will also be heard in the near future, but the date has not yet been set. On December 1, 2004, the judge verbally granted Florida Housing's motion for summary judgment was granted, in part, finding that Aloma Bend failed to assign the proceeds from the condemnation of the subject property to Florida

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Housing and failed to deposit those proceeds into an Insurance and Condemnation Proceeds Fund, as required by the Mortgage and Security Agreement and by the Loan Agreement. The litigation will continue as to the other issues in the case. On February 16, 2005, the judge issued an Order Granting, in Part, Plaintiff's Motion for Summary Judgment; Denying Defendants' Motion to Strike Late Filed Document. Aloma Bend has filed a Motion for Referral to Mediation on the issue of the amount Settlement negotiations regarding the money damages are ongoing.

- b) On June 28, 2006, the parties entered into a settlement agreement, under which Aloma Bend will pay Florida Housing \$90,000.00 as reimbursement for its attorneys' fees and costs incurred in pursuing this action, and that upon closing of the pending sale of the development, the project will be essentially made whole as to the proceeds of the eminent domain action. Should the sale not close, the parties will go to trial for a determination of damages over and above the \$90,000.00 payment. Trial (Should a trial be necessary) is presently scheduled to begin on August 17, 2006.

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B. Collier County, Florida v. April Circle, Ltd., et al.

1. Background

- a) On July 26, 2004, Plaintiff, Collier County, filed a Petition in eminent domain to condemn a portion of April Circle's property in the Circuit Court of Collier County, Florida seeking to take a portion of the property for the widening of Immokalee Road.
- b) On October 14, 2004, Florida Housing filed its answer to the Petition in eminent domain.

2. Present Situation

- a) Florida Housing will continue to monitor the litigation.

C. In Re: Holly Ridge Limited Partnership v. Pritchett, et al.

1. Background

- a) Holly Ridge Limited Partnership ("Holly Ridge"), a property financed in part by Low Income Housing Tax Credits, challenged the tax assessment of its real property in Putnam County for 2002 and 2003. After a two-day non-jury trial, the Circuit Court for Putnam County, entered verbatim a 30-page Final Judgment which found that the assessments were in compliance with the requirements of law, and that Holly Ridge did not overcome the presumption of correctness to which the assessments were entitled.
- b) Holly Ridge appealed the Final Judgment, based in part on the trial court's interpretation of § 420.5099, which provides that the Property Appraiser may not consider the tax credits as income to the property for valuation purposes, and must consider the effect of rent restrictions imposed by the LURA on the income produced by the property. Because of the potential statewide negative effect of the misapplication of § 420.5099 on other tax credit properties, Florida Housing will file an Amicus Curiae brief in support of Holly Ridge's position. The Coalition of Affordable Housing Providers is also filing an Amicus Curiae brief. The Amicus briefs are due to be filed by November 28, 2005.

2. Present Situation

All briefs have been filed by the parties. Oral argument was held on July 6, 2006. There is no specific timeline for decisions to be rendered by the appellate courts.

RENTAL RECOVERY LOAN PROGRAM

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IV. RENTAL RECOVERY LOAN PROGRAM

A. Rental Recovery Loan Program

1. Background/Present Situation

- a) On June 1, 2006, the Governor signed into law Chapter 2006-69 appropriating, in part, \$92.9 million for the Rental Recovery Loan Program (RRLP).
- b) To assist staff in the implementation of this new program, public meetings were held on April 21 and May 23, 2006, in Tallahassee, to receive public comments concerning the 2006 RRLP rule and application.
- c) On July 5, 2006, Emergency Rules 67ER06-25 through 67ER06-41, F.A.C., were filed for adoption with the Department of State, effective immediately upon filing. The Emergency Rules were also filed with the Joint Administrative Procedures Committee.
- d) The RRLP Application cycle opened on July 5, 2006 and will close on August 3, 2006.

V. SINGLE FAMILY BONDS

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

1. Background/Present Situation

- a) Lendable proceeds totaling \$102,325,971 were made available on May 9, 2006. The origination period began on May 9, 2006. The last date for Lenders to reserve loans in the program is March 1, 2007.
- b) Freddie Mac purchased \$25 million of the 2006 2-3 bond issue at a below-market rate which created a low rate spot pool specifically for homebuyers in the Wilma GO Zone.
- c) The pool sizes and rates are as follows:
 - (1) Lendable proceeds totaling \$47,325,971 for the Low Rate Spot pool were made available and offered at an interest rate of 5.75%.
 - (2) Lendable proceeds totaling \$10,000,000 for the Assisted Spot pool were made available and offered at an interest rate of 6.45%.
 - (3) Lendable proceeds totaling \$15,000,000 for the Community Spot pool were made available and offered at an interest rate of 5.50%.
 - (4) Lendable proceeds totaling \$25,000,000 for the Wilma GO Zone pool were made available and offered at an interest rate of 5.50%. On May 16, 2006, \$5,000,000 from the initial Wilma GO Zone pool was used to create a Wilma Cash Assisted pool. The \$5,000,000 were made available and offered at an interest rate of 6.20%.

SINGLE FAMILY BONDS

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- (5) Additionally, \$5,000,000 were set-aside for special targeting for purchases in Urban Infill, Targeted Areas, HOPE VI and Front Porch Communities; the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and for individuals with Disabilities at an interest rate of 4.99%.

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d) As of June 30, 2006, the following activity was reported:

Allocated Pool	Current \$ Amount Allocated	Purchased/Reserved \$ Amount Number	\$ Amount Available	% Used
Low Rate Spot Pool	\$46,325,971	\$36,487,686 314	\$9,838,285	78.8
Assisted Spot Pool	\$9,000,000	\$8,407,749 53	\$592,252	93.4
Community Rate	\$17,000,000	\$16,906,313 134	\$93,687	99.4
Subsidized Rate Pool	\$5,000,000	\$3,164,436 28	\$1,835,564	63.3
GO Zone Pool	\$20,000,000	\$13,538,504 88	\$6,461,496	67.7
Wilma Cash Assisted	\$5,000,000	\$3,075,580 15	\$1,924,420	61.5%

e) As of June 30, 2006, the following activity was reported for the Downpayment and Closing Costs Assistance Programs:

Allocated Pool	Current \$ Amount Allocated	Purchased/Reserved \$ Amount Number	\$ Amount Available	% Used
HAMI Loans	\$398,539	\$187,806 38	\$210,733	47.1
HAP D/P	\$3,560,781	\$1,821,630 184	\$1,739,151	51.2
HOME Loans	\$8,239,363	\$6,382,296 281	\$1,857,067	77.5

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B. 2006 Series 1 Single Family Mortgage Revenue Bond Program

1. Background/Present Situation

- a) On December 9, 2005 the Board authorized issuance of the 2006 Series 1 Bonds. The origination period began on March 23, 2006. The last date for Lenders to reserve loans in the program is January 1, 2007.
- b) Lendable proceeds totaling \$58,509,838 for the Low Rate Spot pool were made available and offered at an interest rate of 5.59%.
- c) Lendable proceeds totaling \$7,500,000 for the Assisted Spot pool were made available and offered at an interest rate of 6.29%.
- d) Lendable proceeds totaling \$7,500,000 for the Community Spot pool were made available and offered at an interest rate of 5.19%. This amount was completely reserved for eligible homebuyers by March 27, 2006. An additional \$2,723,680 was added on March 28, 2006 and offered at an interest rate of 5.34%, increasing the total amount of lendable proceeds to \$10,223,680. \$2,607,680 of the \$2,723,680 was received from the Low Rate Spot pool. Florida Housing used the remainder of the subsidy generated from the 2005 2-3 issue (\$116,000) to lower the rate by 25 basis points.
- e) Additionally, \$3,500,000 were set-aside for special targeting for purchases in Urban Infill, Targeted Areas, HOPE VI and Front Porch Communities; the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program; and for individuals with Disabilities at an interest rate of 4.60%.
- f) As of June 30, 2006, the following activity was reported:

Allocated Pool	Current \$ Amount Allocated	Purchased/Reserved \$ Amount Number	\$ Amount Available	% Used
Low Rate Spot Pool	\$53,125,552	\$53,074,898 471	\$50,654	99.9
Assisted Spot Pool	\$6,973,073	\$6,979,073 44	\$0	100
Community Rate	\$14,308,464	\$14,308,465 106	\$0	100
Subsidized Rate Pool	\$2,831,530	\$2,831,530 25	\$0	100

- g) As of June 30, 2006, the following activity was reported for the Downpayment and Closing Costs Assistance Programs:

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Allocated Pool	Current \$ Amount Allocated	Purchased/Reserved \$ Amount Number	\$ Amount Available	% Used
HAMI Loans	\$196,600	\$196,600 40	\$0	100
HAP D/P	\$2,161,400	\$2,141,400 215	\$20,000	99.1
HOME Loans	\$6,458,884	\$6,418,885 295	\$39,999	99.4

SINGLE FAMILY BONDS

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C. Marketing and Outreach

1. National Homeownership Month

- a) Florida Housing Finance Corporation (Florida Housing) celebrated National Homeownership Month in June with a host of events in Orlando. Florida Housing hosted its Third Annual Affordable Housing Appreciation Awards Dinner on Friday, June 9 at the Caribe Royale Orlando Resort in Orlando and the 2006 Homebuyer Expo at the Orange County Convention Center on Saturday, June 10.
- b) Lenders participating in Florida Housing's First Time Homebuyer Program were recognized and received awards for originating first-time homebuyer loans through the program. There were over 250 participating lenders, federal, state and local government representatives, nonprofit affordable housing service providers, affordable housing builders, developers and more in attendance at the dinner.
- c) Florida Housing's 2006 Homebuyer Expo at the Orange County Convention Center was a tremendous success with over 3,000 consumers in attendance. Homebuyer Education classes were taught in English and Spanish to over 1,000 potential homebuyers. Free credit reports and credit counseling were provided to hundreds of consumers. The number of credit reports pulled was as follows:
 - (1) Actual credit reports pulled 330 – 51 reports per hour
 - (2) Reports pulled through Kroll Factual Data – 220
 - (3) Reports pulled through Annual Credit Report.com – 109
 - (4) Other – 1
 - (5) Actual number of credit counseling sessions provided - 316 people – 49 families per hour
- d) This event was free for consumers and matched prospective homebuyers with providers of affordable housing and other housing services.

2. Realtor Trainings

Realtor CE Course training has begun and classes have been taught in Ft. Walton, Miami, Orlando and West Palm Beach. During National Homeownership Month, a Realtor training course was taught in Orlando to approximately 85 Realtors. The number of Realtor associations requesting training courses be taught in their areas has increased. Florida Housing is currently booking courses through the rest of this year.

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3. Ongoing Marketing

- a) Single Family and Communications continue to work on 2006 marketing goals and objectives. Plans are currently in draft form but will focus on increasing the visibility of Florida Housing and its programs. Market research, data collection and other input has been gathered to be used as a base for future marketing plans. The Shimberg Center for Affordable Housing helped the Communications and Single Family staff chart statewide data to aid in identifying key markets with the most potential. The Shimberg Center is currently finalizing a market analysis showing consumers potentially eligible for the First Time Homebuyer Program. This analysis should be complete in early July 2006.
- b) Single Family and Communications are also working toward developing a call center to answer the volume of calls on the First Time Homebuyer Program. Approximately 10,000 calls per year are currently coming in. The call center will also allow Florida Housing to collect demographic and other information on consumers interested in the First Time Homebuyer Program and track the success of consumers who actually become homeowners through the program. Florida Housing is meeting with PatLive, a statewide call center company, in July to discuss this option.

4. Online Marketing Tools for Lenders

A “Marketing Tools” page has been added to Florida Housing’s website for participating lenders and Realtors trained on Florida Housing’s programs. Florida Housing continues to support statewide homebuyer fairs, workshops and seminars that involve participating lenders and Realtors. The online marketing tools area makes it convenient for lenders and Realtors to access promotional flyers, facts sheets and other information about the First Time Homebuyer Program that can be shared with consumers. This page can be found under “Housing Partners.”