



**Jacksonville Housing Finance Authority**  
**Board of Directors Meeting**  
**May 18, 2011**  
**12:00 Noon**

**AGENDA**

Call Meeting to Order  
 Approval of Minutes for April 20, 2011

**Bernard E. Smith**  
**JHFA Board**

		<b>Pages</b>
<b>I.</b>	<b><u>REPORTS</u></b>	
A.	Financial Report	12
B.	Director's Report (verbal)	
C.	Financial Advisor Memo	16, 25
<b>II.</b>	<b><u>ACTION ITEMS</u></b>	
A.	Approval of amendment to NIBP Single Family Indenture, Series 2009B or Direction Letter to Trustee	31
B.	Approval of Maintaining 2011 Bond Allocation as Single Family	32
C.	Approval of New Single Family Bond and/or MBS Program	33, 51
<b>III.</b>	<b><u>NEW BUSINESS</u></b>	
	None.	
<b>IV.</b>	<b><u>OLD BUSINESS</u></b>	
A.	Courtney Manor Workout	55

Public Comments

HOUSING AND NEIGHBORHOODS DEPARTMENT



JACKSONVILLE HOUSING FINANCE AUTHORITY

**MINUTES**

**OF**

**REGULAR MEETING**

April 20, 2011

# **JACKSONVILLE HOUSING FINANCE AUTHORITY**

**April 20, 2011**

**12:00 p.m.**

**PROCEEDINGS before the Jacksonville Housing Finance Authority  
taken on Wednesday, April 20, 2011, Edward Ball Building, 214 N.  
Hogan Street, 8<sup>th</sup> Floor, Jacksonville, Duval County, Florida  
commencing at approximately 12:04p.m.**

## **AUTHORITY MEMBERS**

**BERNARD E. SMITH, Chair  
CATHERINE L. CHILDERS, Member  
KEN FILIP, Member  
RONALD JACKSON, Member  
JIM PELLOT, Secretary**

**WIGHT GREGER, Executive Director**

## APPEARANCES

### BOARD MEMBERS:

BERNARD E. SMITH, Chair  
CATHERINE L. CHILDERS, Member  
KEN FILIP, Member  
RON JACKSON, Member.....absent  
JIM PELLOT, Member

### PROFESSIONAL STAFF:

KAREN CHASTAIN, Office of General Counsel  
RHONDA BOND-COLLINS, Greenberg Traurig, Inc.  
PATT DENIHAN, Ehousing Plus  
HELEN FEINBERG, RBC Dain Rauscher  
MARK HENDRICKSON, The Hendrickson Company  
PRISCILLA HOWARD, Community Concepts Group  
SUSAN LEIGH, Community Concepts Group

### STAFF:

WIGHT GREGER, Director  
JANE BOUDA  
GREG HERZOG  
LAURA STAGNER  
YON WHEELER

### OTHERS PRESENT:

Richard Dillard, BNY Mellon  
Rob Ippolito, Cornerstone Group  
Mike Langton, Langton Associates

**PROCEEDINGS**

April 20, 2011

Regular meeting

12:00 p.m.

**Call to Order and Comments.** Chair Smith called the regular meeting to order at approximately 12:04 p.m. with a quorum present.

**Consider Approval of Minutes of February 16, 2011 of the JHFA**

**Regular Meeting.** The first item on the agenda was the approval of the minutes of the February 16, 2011, Regular Meeting, a copy of which is attached hereto and by this reference made a part hereof. Ms. Childers made a motion to approve the minutes and Mr. Filip seconded the motion.

**Motion Passed 4-0.**

**1. Reports**

**1a. Financial Report**

Regarding the Financial Report, a copy of which is attached hereto and by this reference made a part hereof. Ms. Stagner stated that the results of the financial operations through March 31<sup>st</sup> are available for review. She also stated the financials are doing better than projected on revenues and expenses and expects a return of funding to go towards the fund balance at the end of the year.

**1b. Director's Report**

Ms. Greger stated that the loan restructure for Liberty Center went through the committee process with no issues and is scheduled to be voted by Council at the meeting next week. She also stated to contact her if there are any questions.

1c. Financial Advisor Memo

Referring to the Financial Advisor's Report from The Hendrickson Company and Community Concepts Group, copies of which are attached hereto and by this reference made a part hereof, Mr. Hendrickson stated that the Report is available for review for items other than action and to contact him if there are any questions.

**2. Action Item**

2a. Approval for W.A. Knight's Request to Defer Interest Payments

Regarding the developer's request for the W.A. Knight Building for modification, Mr. Hendrickson stated that at the August 2010 Board meeting, the owner requested conversions of the loan to a grant with \$60K being forgiven each year. However, the request was denied. Presently, the first mortgage held by Wachovia was modified on February 10, 2011. The modification is for two years which requires an immediate \$20K principal reduction, \$5K per month principal reduction during the loan modification period and an increase in the interest rate by 2%. At the conclusion of the modification period which is February 2013, the first mortgage will be reduced to \$550K. At that time, Wachovia will consider another five year loan. The owner has made a request to continue the waiver of monthly interest payments for the life of the loan. However, Mr. Hendrickson's recommendation to the Board is to continue forbearance of the JHFA loan. Discussion ensued about balances, forbearance and defaults and Mr. Filip made a motion to continue the forbearance of the JHFA loan with the same terms as the current forbearance including continued accrual of interest through the end of the Wachovia loan period of February 2013. Mr.

Pellot seconded the motion.

**Motion passed 4-0.**

2b. Logan's Point - SAIL ELI Subordinate Mortgage Consent

Regarding Logan's Point consent to subordinate loan, a copy of which is attached hereto and by this reference made a part hereof. Mr. Hendrickson stated that the owner has requested the City of Jacksonville's consent for the FHFC SAIL/ELI loan for Logan's Point. Logan's Point is a 248 unit development located at 3544 St. John's Bluff Road in Jacksonville and is owned by the Cornerstone Group. The development was financed in 1999 with an FHFC mortgage revenue bonds in the original amount of \$12.5M secured by the FHFC Guaranty Fund/HUD Risk Sharing Program. The financing matures June 1, 2039 and the current principal balance is \$10.7M. The two Jacksonville loans that they have are the DCHFA 2<sup>nd</sup> mortgage and the City HOME 3<sup>rd</sup> mortgage. Presently, the owners have been awarded a \$1.875M SAIL/ELI (Extremely Low Income) loan from FHFC. These loans provide the capital to offset the loss of income that occurs when the rents are reduced on some of the units to make them affordable to persons earning 33% of AMI or lower. This is accomplished by using the loan to pay down the first mortgage. As a result, the first mortgage will be reduced by \$1.875M and 25 units will be shifted from 60% of AMI to 33% of AMI. As of April 2011, physical occupancy is 96% and economic occupancy is 84%. Mr. Hendrickson stated that the JHFA loan will retain its second mortgage position and will still be secured by the Letter of Credit. The overall debt structure will be improved by reduction of the first mortgage debt. Discussion ensued about

ELI, reductions and guaranteed interest and Ms. Childers made a motion to approve the request for consent to the FHFC SAIL/ELI loan for Logan's Point. Mr. Filip seconded the motion.

**Motion passed 4-0.**

2c. Approval of Loan Extension for Hilltop Village

Regarding the request for a loan extension for the Hilltop Village Apartments (HTV), Mr. Hendrickson stated that Landex is the owner of HTV which is a 200 unit project based Section 8 property located at 1646 W. 45<sup>th</sup> Street. The property was renovated in 1996 with financing from a 221(d)3 first mortgage, SAIL from FHFC, a loan from the City of Jacksonville and the DCHFA as well as housing credits. The DCHFA loan of \$250K matures on May 11, 2011. The loan is 3% interest only with payments due from available cash flow. Mr. Hendrickson stated that Landex has made no payments on the loan. The current loan balance is \$250K of principal, \$121,847.75 of accrued interest and \$1,855.20 for late fees; for a total current balance of \$373,702.95. The property is approaching the end of the housing credit compliance period and is in need of renovation. At this point, Landex wishes to exit the deal and has a sales contract for the property with Southport Financial Services. The sale/refinancing cannot close until after the expiration of the initial Tax Credit compliance period which is December 31, 2001. This would create a projected sale date of January 2012. Landex has requested that the maturity date on the loan as well as the accompanying accrued interest be extended until January 31, 2012. Discussion ensued about the extension date and Ms. Childers made a motion to approve the extension of

the request for Hilltop Village Apartments until January 31, 2012 with the requirement that the new or current owner repay the loan in full upon sale, plus all accrued interest and late fees. Mr. Pellot seconded the motion.

**Motion passed 4-0.**

***"For the Record Disclosure: Susan Leigh and Priscilla Howard from Community Concepts Group represent Southport. They do not represent Landex. They will receive a fee if Southport acquires Hilltop and closes an NIBP bond issue with Florida Housing. They will not benefit from this loan. The above noted recommendation was made by Mark Hendrickson from the Hendrickson Company."***

2d. Approval of 2001 and 2002 Single Family MBS Sale

Regarding the Analysis and Resolutions for the 2001 and 2002 Single Family MBS Sale, a copy of which is attached hereto and by this reference made a part hereof. Mr. Hendrickson stated that both the 2001 Taxable Homeowner Mortgage Revenue Bonds and the 2002A DCHFA Homeowner Mortgage Revenue Bonds are at a stage where optional redemptions are allowed. The 2001 can be redeemed at par and the 2002 at price of 101%. The current MBS balances are \$1,093,398 for 2001 and 1,381,530 for 2002. The underlying MBS can be sold at estimate for 108% for 2001 and 106% for 2002. Expenses of the sale are estimated at \$25K per transaction. Mr. Hendrickson stated that the sale removes any risk associated with the downgrade of GIC providers as the bond transaction is terminated. It also would save \$6,500 per issue in annual audit fees and \$1,200 for rebate analysis for the 2002 issue. The \$101K

of cash which has accumulated in the 2001 program would be released to the JHFA. This is not an increase of net benefit, but transfers monies from the bond account to the JHFA. Ms. Childers made a motion to adopt the Resolution prepared by Bond Counsel approving the sale of the MBS for the 2001 Single-family issue and the optional redemption of the bonds. Mr. Filip seconded the motion.

**Motion passed 4-0.**

Ms. Childers made a motion to adopt the Resolution prepared by Bond Counsel approving the sale of the MBS for the 2002A Single-family issue and the option redemption of the bonds. Mr. Filip seconded the motion.

**Motion passed 4-0.**

2e. Bond Team Contract Extension

Referring to the Bond Team Contract Extension, Ms. Greger stated that the JHFA has contracts with each of the members of the Bond Team was set to expire on April 1, 2011 and is requesting an extension of their contracts for one year. Discussion ensued and Ms. Childers made a motion to extend the Bond Team Contracts for a period of one year. Mr. Pellot seconded the motion.

**Motion passed 4-0.**

**3. New Business**

None.

**4. Old Business**

None.

**5. Public Comments**

None.

Adjournment. Meeting adjourned at 12:51p.m.

**JACKSONVILLE HOUSING FINANCE AUTHORITY**

**Certification**

**Recorded by:**

**Submitted by:**

\_\_\_\_\_

\_\_\_\_\_

**Yonner Wheeler**

**Jim Pellot, Secretary**

**Approved by:**

\_\_\_\_\_

**Bernard E. Smith, Chair**

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Financial Report**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 05/12/2011**

**Please check only one:**     **JHFA**                       **JHCDC**                       **NWJEDF**

**Please check only one:**

**ACTION ITEM**

**Reports**     **Staff Reports**     **Committee Reports**     **New Business**     **Old Business**

**Name of Person/s that will be presenting item at the meeting: Laura Stagner-Crites**

**Background/Description:** Financial Report for the Period Ending April 30, 2011 and Proposed Budget for FY2012

**Are funds available for this item (if applicable):**     **Yes**     **No**     **N/A**

\_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION: None**

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 JHFA Combining Balance Sheet 2011.04.30</p> <p align="center">Name of Person/s responsible for submitting attachment Laura Stagner-Crites</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p align="center">Name of Attachment2 JHFA Combining Operating Statement 2011.04.30</p> <p align="center">Name of Person/s responsible for submitting attachment Laura Stagner-Crites</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>
<p align="center">Name of Attachment3 JHFA 2012 Proposed Budget 2011.05.12</p> <p align="center">Name of Person/s responsible for submitting attachment Laura Stagner-Crites</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p align="center">Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_ Second: \_\_\_\_\_ Other: \_\_\_\_\_ Quorum # \_\_\_\_\_

*Motion Note:*

JACKSONVILLE HOUSING FINANCE AUTHORITY  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE MONTH ENDED APRIL 30, 2011

	JACKSONVILLE HOUSING FINANCE AUTHORITY				TOTAL
	721 Operating Funds	722 Tax Credit Funds	723 Loan Trust Fund		
<b>REVENUE:</b>					
From Federal Grant Sources.....	-	-	-	-	-
From State Grant Sources.....	-	-	-	-	-
From Recaptured Grant Funds.....	-	-	-	-	-
From Bond Sources.....	266,268	-	-	-	266,268
From Investment & Interest Income.....	61,984	11,578	20,076	-	93,638
From Other Sources.....	15,803	-	-	-	15,803
Total Revenue.....	344,055	11,578	20,076	-	375,709
<b>EXPENDITURES:</b>					
For Program Uses.....	-	-	-	-	-
For Personnel Expenses.....	125,836	-	-	-	125,836
For Operating Expenses.....	81,069	-	-	-	81,069
For Other Expenses.....	-	-	-	-	-
Total Expenditures.....	206,905	-	-	-	206,905
<b>ENCUMBRANCES:</b>					
For Program Uses.....	-	-	-	-	-
For Personnel Expenses.....	-	-	-	-	-
For Operating Expenses.....	54,571	-	-	-	54,571
For Other Expenses.....	-	-	-	-	-
Total Encumbrances.....	54,571	-	-	-	54,571
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES.....</b>	82,579	11,578	20,076	-	114,233
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In.....	-	-	-	-	-
Transfers Out.....	-	-	-	-	-
Transfers from Fund Balance.....	291,763	-	-	-	291,763
Total Other Financing Sources (Uses).....	291,763	-	-	-	291,763
<b>NET CHANGE IN FUND BALANCES.....</b>	374,342	11,578	20,076	-	405,996
Includes Prior Year Encumbrances of	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES (Current Year)</b>	374,342	11,578	20,076	-	405,996

JACKSONVILLE HOUSING FINANCE AUTHORITY  
 COMBINING BALANCE SHEET  
 APRIL 30, 2011

JACKSONVILLE HOUSING FINANCE AUTHORITY				
	721	722	723	TOTAL
	Operating Funds	Tax Credit Funds	Loan Trust Fund	
<b>ASSETS</b>				
Equity in Cash and Investments.....	2,889,901	1,309,289	3,133,242	7,332,431
Cash in Escrow and with Fiscal Agents.....	93,453	-	-	93,453
Receivables (Net of Allowances).....	7,070,019	5,857,322	-	12,927,341
Deferred Charges .....	-	218,000 <sup>B</sup>	-	218,000
Other Assets.....	109,773 <sup>A</sup>	-	-	109,773
<b>TOTAL ASSETS.....</b>	<b>10,163,146</b>	<b>7,384,610</b>	<b>3,133,242</b>	<b>20,680,998</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities.....	-	-	-	-
Deposits.....	32,450	-	-	32,450
Deferred Revenue.....	-	-	-	-
Loan Pre-Commitments.....	-	218,000 <sup>B</sup>	-	218,000
<b>TOTAL LIABILITIES.....</b>	<b>32,450</b>	<b>218,000</b>	<b>-</b>	<b>250,450</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances.....	54,571	-	-	54,571
Cash in Escrow.....	-	-	-	-
Mortgages Receivable.....	6,912,363	4,971,103	-	11,883,466
Appropriated.....	(291,763)	-	-	(291,763)
All Other Reserves.....	39,910	-	-	39,910
Unreserved:				
Designated.....	-	-	-	-
Undesignated (deficit).....	3,041,273	2,183,929	3,113,166	8,338,368
Current Year Operating Excess (Deficit).....	374,342	11,578	20,076	405,996
Total Fund Balances.....	10,130,696	7,166,610	3,133,242	20,430,548
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>10,163,146</b>	<b>7,384,610</b>	<b>3,133,242</b>	<b>20,680,998</b>

A - Prepaid Items Consists of 4% Subsidy Funds on Deposit with Trustee (SF2009)

B - Marcis Pointe Loan Commitment - Elimination Entries in Process

**JACKSONVILLE HOUSING FINANCE AUTHORITY  
PROPOSED ANNUAL BUDGET (AS OF MAY 12, 2011)  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2012**

	BUDGET		CHANGE	
	2011 Actual	2012 Proposed	in \$	%
<b>REVENUE:</b>				
From Bond Sources.....	163,059	158,591	(4,468)	-2.74%
From Investment & Interest Income.....	55,713	57,563	1,850	3.32%
From Other Sources.....	25,000	20,000	(5,000)	-20.00%
From Transfers.....	291,763	293,654	1,891	0.65%
<b>Total Revenue.....</b>	<b>535,535</b>	<b>529,808</b>	<b>(5,727)</b>	<b>-1.07%</b>
<b>EXPENDITURES:</b>				
For Regular Salaries.....	189,272	191,755	2,483	1.31%
For Other Salaries.....	20,000	20,000	0	0.00%
For Overtime.....	1	1	0	0.00%
For Special Pay.....	400	819	419	104.75%
For Taxes.....	3,048	3,093	45	1.48%
For Pensions.....	25,023	33,510	8,487	33.92%
For Fringe Benefits.....	13,671	18,325	4,654	34.04%
For Worker's Compensation.....	7,130	7,130	0	0.00%
For Professional Services.....	213,725	188,865	(24,860)	-11.63%
For Travel and Per Diem.....	1,500	-	(1,500)	-100.00%
For Internal Services.....	10,704	24,958	14,254	133.17%
For Rentals and Leases.....	2,500	2,500	0	0.00%
For Insurance.....	2,824	2,824	0	0.00%
For Printing and Binding.....	1,000	-	(1,000)	-100.00%
For Advertising.....	1,000	500	(500)	-50.00%
For Other Current Expenditures.....	8,400	7,500	(900)	-10.71%
For Office Supplies.....	2,000	2,000	0	0.00%
For Books, Publications and Memberships.....	2,509	2,335	(174)	-6.94%
For Capital Expenditures.....	1	1	0	0.00%
For Other Uses.....	30,827	23,692	(7,135)	-23.15%
<b>Total Expenditures.....</b>	<b>535,535</b>	<b>529,808</b>	<b>(5,727)</b>	<b>-1.07%</b>

**NOTES:**

- [01] Revenue assumptions are based upon current year actuals through February, adjusted for extraordinary items.  
Budgeted Revenues NET of Transfers = 243,772 236,154 (7,618) -3.13%
- [02] Payroll-related line items are based upon calculations performed by the City's Budget Office in accordance with existing HR policies.
- [03] Reduction largely due to increased internal compliance monitoring activities (with associated reduction to 3rd party costs).
- [04] Line item eliminated due to new City policy regarding travel.
- [05] Increase largely due to an increase in estimated legal charges based on historical performance. It is expected that a large part of this will be reimbursed according to new fee structure.
- [06] Line item eliminated. Services will be procured from the City's Copy Center and are budgeted in Internal Services.
- [07] Line item reduced to reflect historical performance.
- [08] Line item reduced to capture reduction in discretionary expenditures.
- [09] Line item reduced to capture reduction in City indirect costs.

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Financial Advisor's Memorandum**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 5-10-11**

**Please check only one:**     JHFA                       JHCDC                       NWJEDF

**Please check only one:**

**ACTION ITEM**

**Reports**     **Staff Reports**     **Committee Reports**     **New Business**     **Old Business**

**Name of Person/s that will be presenting item at the meeting:**

**Background/Description:** Each month, the action and informational items before the Board are detailed in the FA Memo. There are multiple action items, plus discussion items, in the memorandum. Each action item will have its own Submission Form

**Are funds available for this item (if applicable):**     Yes     No     N/A

\_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION: Consider approval of recommendations in FA Memo.**

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 FA Memo</p> <p>Name of Person/s responsible for submitting attachment Mark Hendrickson</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_    Second: \_\_\_\_\_    Other: \_\_\_\_\_    Quorum # \_\_\_\_\_

*Motion Note:*

**THE HENDRICKSON COMPANY &  
THE COMMUNITY CONCEPTS GROUP**

---

To: Board of Directors, Jacksonville Housing Finance Authority  
 From: Mark Hendrickson, Susan Leigh and Priscilla Howard, Financial Advisors  
 Subject: Update for May 17, 2011 Board Meeting  
 Date: May 10, 2011

**I. NIBP Single Family Indenture—Action**

1. The trust indenture for the NIBP single family bond issue permits the trustee to pay the costs of the rebate analyst. However, it does not specifically put a dollar amount in the indenture for the payment (which seems obvious, since the cost could change over time and an issuer should not have to change the indenture every time the cost changed).
2. A Moody’s ratings analyst raised concerns on this issue.
3. **Recommendation:** Authorize letter to trustee directing them to pay the rebate analyst.

**II. 2011 Bond Allocation—Action**

1. The 2011 allocation is \$40,535,897, an increase of \$2,813,156 (7.5%) over 2010:

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2011			\$15,535,897	N.A. until allocated
2011	\$25,000,000			June 7, 2011
2010	\$21,022,741	\$10,700,000		Carryforward available until December 31, 2013. Must be used before new bond allocation and MF is not project specific.
2009		\$10,000,000		Carryforward available until December 31, 2012. Must be used before new bond allocation and is not project specific.
2008		\$18,900,000		Carryforward available until December 31, 2011. Must be used before new bond allocation and is not project specific.
<b>TOTAL</b>	<b>\$46,022,741</b>	<b>\$39,600,000</b>	<b>\$15,535,897</b>	

2. For the 2011 allocation, prior to June 7, 2011, the Authority will have to reassign the allocation to multi-family developments or return the allocation to the Division of Bond Finance and request new single or multi-family allocation with a later expiration date. In either event, the Authority may have to file a validation complaint to toll the expiration date of the 2011 allocation. As there are no new multi-family deals in the pipeline, the option is single family.
3. **Recommendation:** Authorize staff and counsel to take all action necessary to return any allocation and request a new allocation not to exceed \$40 million for single family, and to file for validation when necessary.

### III. New Single Family Program Options—Action

1. At the last meeting, the Board asked the professional team to bring options for a new single family program. A new single family bond program would produce a mortgage rate of approximately 5.8% (with significant costs of issuance and negative arbitrage).
2. A structure wherein builders would pay the costs of issuance was analyzed. Because builder payments are treated under tax law as borrower contribution, the allowable size of the builder payment is limited by yield requirements. This means that some of the builder contribution would have to buy down the rate as opposed to paying costs of issuance and negative arbitrage.
3. For example, a \$10 million issue could be structured to deliver a 5.75% mortgage rate, if builders would contribute 0.66% per loan. The Authority will still have to contribute \$616,590 (plus DPA) to pay cost of issuance and negative arbitrage. If all loans originated, the net benefit to the Authority would be (\$187,002)—a loss of money.
4. Another example—a \$10 million issue with a builder contribution of 2.60% per loan would deliver a 5.50% mortgage rate. However, the Authority would still have to contribute \$417,876 (plus DPA), and the net benefit with full origination would be (\$199,374).
5. Another potential program would involve the origination of MBS in advance of a bond issue, with the option either to sell bonds if possible or sell the MBS after origination. It is important to note that the mortgage rate can be changed at any time if rates begin to escalate, and the program can be canceled at any time (meaning no more loans accepted in pipeline). Therefore, the “risk” is associated with the program is not attributable to \$10 million of loans, but to each \$1 million (approximately) of loans that enter the program.
6. This would maintain builder and lender relationships and continue to serve first-time buyers. However, the program is dependent upon the availability of DPA assistance.
7. Currently, an MBS with a 5.50% mortgage rate and a 5% pass-through rate would sell a premium of approximately 107%. The risk to the HFA would be if rates increased significantly and the MBS could not be sold at par. In that case, the HFA would take a loss upon sale or would hold the MBS as an investment.
8. The analysis from RBC:
  - *Current FHA mortgage rates: 1 lender said 4.50% with 0 points and 2 lenders said 4.75% with 0%. Estimate current rate at 4.75%.*
  - *Based on data reviewed by RBC, for a 50 basis point increase in mortgage rates, the price of the MBS should drop by 2.50% to 3.00%. Therefore, it would seem that in order to erase the 6-7% premium on the 5.50% mortgages (5.00% pass through rate), mortgage rates would need to increase by over 1.00%. The reduction in price is not linear - the more rates increase, the greater the price reduction will likely take place.*
  - *Another important data point is that over the last 10 years, the 5.00% GNMA pass through has traded at a low of 94% and it is currently at its high of 107%. Over the last 2 1/2 years it has always traded over par (see attached chart).*
  - *RBC would project the price to be approximately par if rates were 1% higher. However, this is not a mathematical projection as MBS pricing is based on many factors including the projected duration of the loan - so no one can accurately project that price. RBC is basing the estimate on various data points.*

9. Therefore, it would take a dramatic and quick rise in mortgage rates to create any meaningful capital risk to the HFA. Within expected ranges, the “risk” would be less than the cost of issuing new bonds.
10. Additionally, there is really no model that can accurately predict mortgage rates, even if the 10 year Treasury rate is known. There is a clear relationship between the two, but not one that can be meaningfully modeled.
11. **Recommendation:** Consider authorizing MBS/Bond program, as described in items 5-10 above, and authorizing DPA as part of the program in the amount of 4% of each loan amount.

#### IV. Update on Rental Financings—Informational

##### A. Background

##### 1. Summary of active bond applications:

	Pine Grove	Savannah Springs Phase II
<b>Developer</b>	Richman Group Greenwich, CT & Delray Beach, FL	Richman Group Greenwich, CT & Delray Beach, FL
<b>Development Location</b>	1659 Woods Walk Court (Powers Blvd. approximately 0.75 miles south of University Blvd.)	6945 Morse Avenue (N.E. corner of Morse & Firestone, immediately west of I-295.)
<b>Bond Amount</b>	\$11,480,000	\$6,660,000
<b>Units</b>	168	96
<b>Local Government Loan</b>	\$0	\$0
<b>Development Info</b>	New Construction Family	New Construction Family
<b>Development Status</b>	Building permits approved; DEP permits in place	Ready to Close
<b>TEFRA Hearing &amp; TEFRA Approval</b>	1-15-10	6-10-10
<b>Preliminary Agreement Expiration</b>	2-23-10	8-24-10
	12-31-11	12-31-11
<b>Credit Enhancement/</b>	Freddie Mac/CW Capital (no commitment) Issues with market delaying Freddie Mac application	Freddie Mac/Wells Fargo Commitment received December 2010 Developer rejected terms
<b>Housing Equity</b>	Richman Capital	Richman Capital
<b>Credit Underwriter</b>	TBD	AmeriNational
<b>Anticipated Closing Date</b>	TBD	TBD

2. The original \$29.7 million NIBP bond issue closed in escrow January 12, 2010. The long term bond rate was locked at 3.60%, plus 60 basis points. The rate was re-locked on September 1, 2010 at 2.47% (plus 60 basis points)—a reduction of 1.02%. Each development will have to complete HFA credit underwriting and obtain credit enhancement from FHA, Fannie Mae, or Freddie Mac in order to “break escrow” and receive a project specific bond loan.

3. The \$8.1 million of NIBP bonds that did not close this December can close in 2011, but at a new rate determined December 3, 2010 (3.01% plus 60 basis points).
4. Richman Development indicates that they are still moving forward on Pine Grove and Savannah Springs II. They have ordered new market studies and will make a final decision once they are received. Also, the delay in adopting the new FHFC rules with the mini-application for local HFA bond deals will also delay any JHFA deal.
5. **Recommendation:** None.

**V. Sale of MBS—2001 and 2002 Single Family Issues: Informational**

1. The Authority authorized the sale of MBS in the 2001 Duval County HFA Taxable Homeowner Mortgage Revenue Bonds and the Duval County HFA Homeowner Mortgage Revenue Bonds, Series 2002A. The current MBS balances are \$1,093,398 (2001) and \$1,381,530 (2002),
2. The underlying MBS can be sold (current estimate) for 108% for the 2001 and 106% for the 2002. Expenses of the sale are estimated at \$25,000 per transaction.
3. The sale is scheduled for May 24, with bond redemption on June 1.
4. **Recommendation:** None.

**VI. Eagles Pointe—Informational**

1. The redemption of the \$3.6 million of bonds related to Eagles Pointe has taken place.
2. **Recommendation:** None.

**VII. 2010 Single Family Program (NIBP)—Informational**

**A. Background**

1. The \$15 million NIBP bond issue closed in escrow January 12, 2010. The bonds closed November 23, 2010 (roll-out).
2. The initial mortgage rate was 5.20%, with 4% of downpayment assistance available for each loan. The program servicer is US Bank. The rate was reduced to 3.99% for applications taken after September 27.
3. To date, 157 loans (-0) with a total mortgage amount of \$20,695,439 are closed or in process. Of those, MBS containing 43 loans were sold. Since the rate was reduced, 80 loans totaling \$10,386,806 entered the pipeline.

Allocation	MBS Sold	Purchased	Compliance Approved	UW/ Compliance Review	Reservation	Total Allocated	Remaining Allocation
\$15,000,000	\$5,740,741	\$13,999,562	\$369,189	\$295,364	\$290,583	\$20,695,439	\$45,302
	43 loans +0	107 loans +10	3 loans -6	2 loans -3	2 loans -1	138% -0%	

Note: Full origination will now be \$20,740,741, or 138% of original \$15 million

4. The program profile:

Loans	Sales Price	Loan Amount	Income	Family Size	Age	Race	New or Existing	Head of Household/ Marital Status
157 (-0)	\$135,683	\$131,378	\$57,371	2.2	35.3	White: 40% Black: 46% Hispanic: 9% Asian: 3% Other: 2%	22% New  85% SF 6% Condo 8% THome 1% Manufac.	46% Female  39% Married 57% Single 3% Single HH

5. Seven lenders originated loans in this program:

BB&T (49)                      Bank of America (19)                      DHI (25)                      First Bank (16)  
MFC (1)                              UAMC (21)                              Watson (26)

**B. Present Situation**

1. The program is essentially out of funds.
2. As a result of the successful sale of MBS in the program, another \$5.7 million of loans were originated without issuing additional bonds.
3. The origination period was extended to June 1 to give lenders an opportunity to clear out all loans in the pipeline.

**C. Recommendation: None.**

**VIII. 2007 Single Family Issue—Informational**

1. The 4-30-11 servicing report from US Bank:

	First Mortgages
Original # Loans	109
Original Mortgage Balance	\$14,326,638
Current Mortgage Balance	\$ 8,903,089
Normal Payoffs	12 (11.0%)
Repurchased by Servicer for Chronic Delinquency	15 (13.8%)
Foreclosed or Bankruptcy	8 (7.3%)
Remaining Loans	74
30 Days Delinquent	6 (8.11%)
60 Days Delinquent	2 (2.70%)
90+ Days Delinquent	1 (1.35%)
In Foreclosure	1 (1.35%)

2. **Recommendation: None.**

**IX. 2006 Single Family Issue—Informational**

1. The March 2011 servicing report from Bank of America:

	<b>First Mortgages</b>	<b>Second Mortgages</b>
Original # Loans	85	60
Original Mortgage Balance	\$11,261,533	\$1,809,908
Current Mortgage Balance	\$10,281,540	\$1,269,178
Normal Payoffs	2	1
Repurchased by Servicer or Foreclosed	7	5
Remaining Loans	76	54
30 Days Delinquent	3 (3.95%)	2 (3.70%)
60 Days Delinquent	1 (1.32%)	1 (1.85%)
90+ Days Delinquent	5 (6.58%)	7 (12.96%)
In Foreclosure	6 (7.90%)	0 (0.00%)

2. **Recommendation:** None.

**X. Florida Housing Finance Corporation Rulemaking—Informational**

1. Florida Housing is in the midst of their rulemaking for the upcoming Housing Credit cycle. Due to concerns from the transition team for Governor Scott, the rule was delayed.
2. There were significant problems with the initial draft of the rule, including overreaching interference by FHFC into the credit underwriting, location, physical features and resident programs of bonds financed by local HFA's.
3. Based upon comments from Florida ALHFA, Florida Housing removed local bond deals from much of their application process—creating a “mini-application”. After further comment, most of the proposed requirements from the mini-application (relating to the imposition by FHFC of physical standards, green energy requirements, resident programs, credit underwriting standards, and other items) were removed. Additionally, deals within the 2.5 mile radius of Guarantee Fund deals will now be evaluated on a case-by-case basis rather than rejected outright.
4. Another area of controversy in the rule is the proposal to grant points for various rail stations that exceed the possible points for any other type of public transportation. This proposal gives an overwhelming advantage to developments located in the limited number of counties that have commuter or light rail (Miami-Dade most prevalent). The issues of the advantage for rail stations and the split between Preservation and New Construction deals are under review.
5. Additionally, the Governor has placed a hold on new “rules”. When state agencies conduct bids or distribute funds, they need to adopt a “rule” so that the public can have input into, and can hold the governmental body accountable for distributing the money properly. Florida Housing hopes the rule will be adopted in April, with a June application deadline.
6. Four new Board members were appointed by Governor Crist, and subsequently withdrawn by Governor Scott.
7. **Recommendation:** None.

## **XI. Sadowski Educational Effort—Informational**

1. The Sadowski Coalition determined that most legislators are unfamiliar with the Sadowski Affordable Housing Act, including the fact that the documentary tax on deeds was increased to fund housing programs and the success of those programs. To improve the situation, the Sadowski Coalition implemented an education effort.
2. At the Florida ALHFA conference, Representative Gary Aubuchon (lead sponsor of the housing legislation in the House) commented on the effectiveness of the Sadowski Education Effort, and emphasized that due to term limits, this must be an ongoing effort. Representative Aubuchon is the House Rules Chairman for the 2011 and 2012 sessions.
3. The education effort has been renewed for the 2011 Legislative Session, with \$107,250 raised this year (\$76,000 from local HFA's, \$25,000 from the Florida Realtors, and remainder from other groups).
4. The 2011 housing bills (with cap repeal) have been introduced (SB 912 by Senator Bennett and HB 639 by Representative Aubuchon). **HB 639—with repeal of the cap—passed the House and the Senate. SB 912, and has been sent to the Governor.**
5. The Senate passed SB 2154 which would have permanently redirects the doc stamps that are now dedicated to housing from the Housing Trust Funds to General Revenue. The bill also would have put Florida Housing under tighter budget control, so that repaid interest and loans could not be recycled into new loans without an appropriation, and federal funds could not be spent without an appropriation.
6. The House passed HB 7207 which would have eliminated the Housing Trust Funds and permanently redirected the doc stamps now dedicated to housing to the new State Economic Enhancement and Development (SEED) trust fund. While housing is a permissible use of SEED funds, we would be competing against economic development, transportation and tourism for the funding.
7. Therefore, both the House and Senate passed legislation that would have permanently diverted all doc stamp funds away from housing—they just diverted them to very different uses.
8. In Conference Committee, the Senate was reluctant to accept the SEED concept, in part because it gave tremendous discretionary authority to the Governor to decide how the funds would be spent. **The resulting compromise (SB 2156—the 839 page bill that creates the large Department of Economic Opportunity):**
  - **Did not eliminate the Housing Trust Funds**
  - **Did not permanently redirect any housing monies to General Revenue**
  - **Permanently diverted \$75 million per year from the Housing Trust Funds to the SEED Trust Fund.**
  - **Left Florida Housing as-is for purposes of budgeting and expenditures**
9. The Governor's budget recommendation contained only \$37.5 million for housing, of the \$193 million available for appropriation from the housing trust funds. **The appropriations act gave \$0 to housing from the Housing Trust Funds and swept \$189,531,109 from the Housing Trust Funds to general revenue for Fiscal Year 2011-2012.**

10. Therefore, given a time in the session when the Housing Trust Funds were close to elimination, the session was a success. The Housing Trust Funds remain intact, the \$75 million permanent redirection to SEED is not fatal, and the cap was repealed (allowing larger amounts to flow into the Housing Trust Funds in future years).

11. **Recommendation:** None.

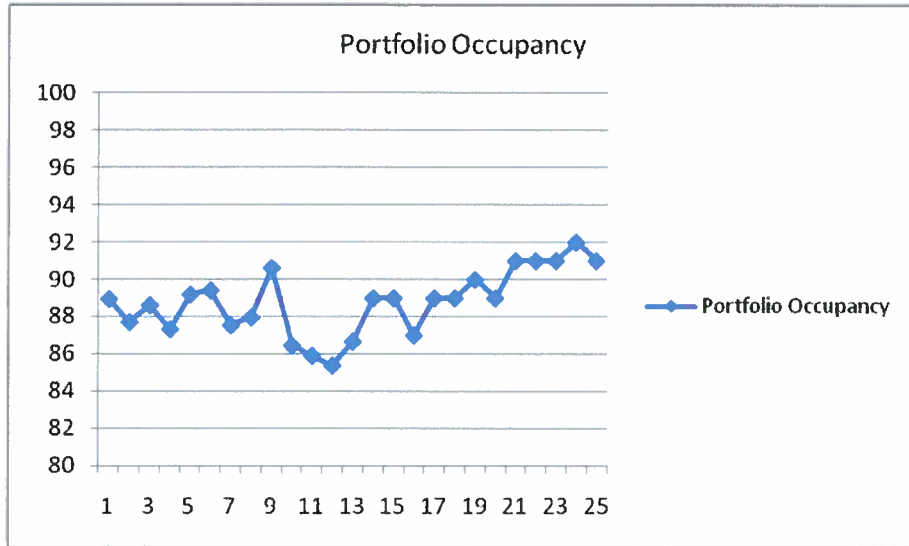
## OCCUPANCY LEVELS

5-18-11

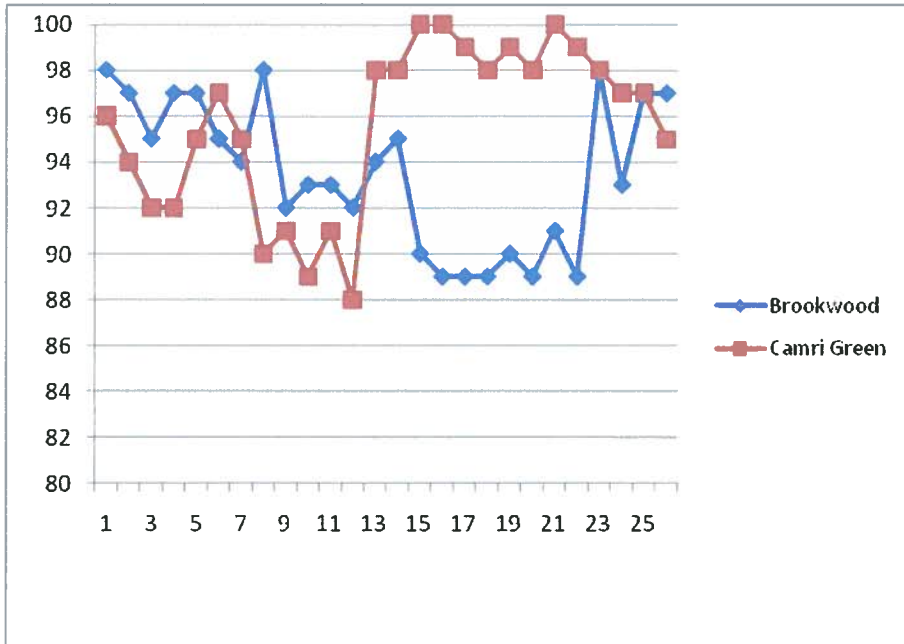
Active Rental Developments—Bond Financed by DCHFA or JHFA

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Brookwood Forest Apartments 1251 Fromage Way 32225	CED	\$10,000,000 2005	168 97% (+0%)
Camri Green Apartments 3820 Losco Road 32257	Vestcor	\$9,200,000 2003	184 95% (-2%)
Cedars at Baymeadows 9801 Old Baymeadows Road 32256	NHP	See Eagles Point	160 82% (-2%)
Christine Cove 3730 Soutel Dr 32208	Carlisle	\$6,000,000 2006	96 97% (+0%)
Eagles Pointe North 3100 Townsend Blvd. 32277	NHP	\$9,015,000 1997	186 89% (+5%)
The Glades Apartments 7524 Southside Blvd. 32256		\$8,775,000 2002	360 96% (-0%)
Hartwood AKA Hampton Ridge 11501 Harts Road 32218	Southport	\$5,840,000 2006	110 88% (+3%)
Kimbers Cove AKA Saddle Creek 103d St. & Monroe Smith Rd. 32210	PRS Companies	\$19,000,000 2004	288 88% (-0%)
Lakes of Mayport Apartments 2610 State Road A1A 32233		\$6,600,000 1985	216 92% (-2%)
Lindsey Terrace Apartments 6455 Argyle Forest Blvd. 32244	Vestcor	\$12,645,000 2001	336 92% (-3%)
Mandarin Pines (formerly Sunbeam Road Apartments) 4295 Sunbeam Road 32257		\$7,350,000 1997	263 84% (+1%)
Southpoint Place 3530 Victoria Park Road 32216		\$1,940,000 1996	108 71% (-0%)
St. Augustine at the Lakes- Phase I and Phase II 11001 St. Augustine Road 32257		\$13,235,000 1986/1996 \$11,720,000 2006	524 (400 & 124) 95% (-1%)
Timuquana Park Apartments 5615 Seaboard Ave. 32244	Southport	\$4,300,000 2004	100 100% (+0%)

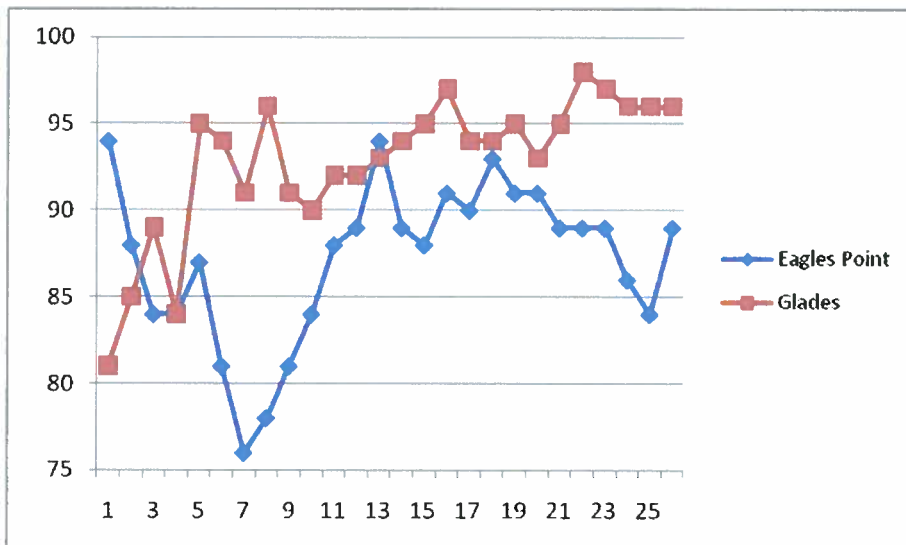
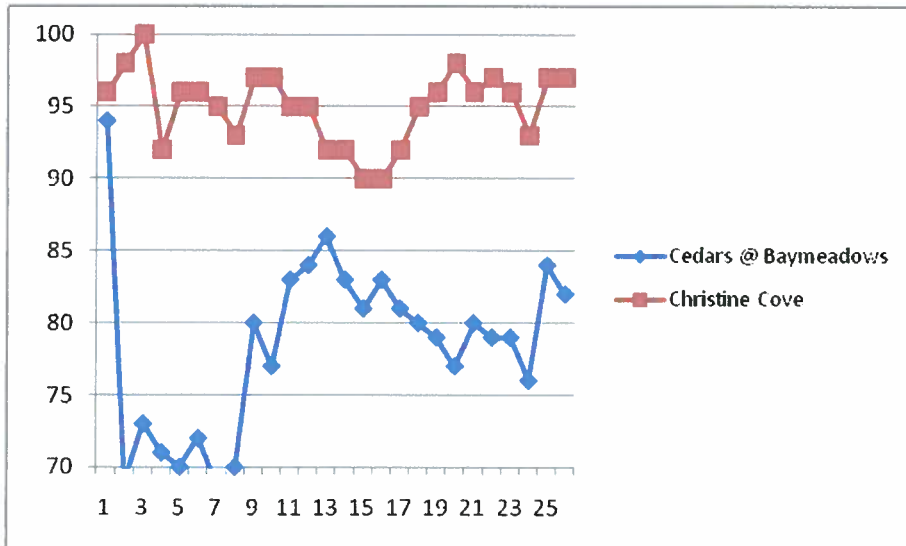
## 26 Month Occupancy Levels—Entire Portfolio Average Occupancy



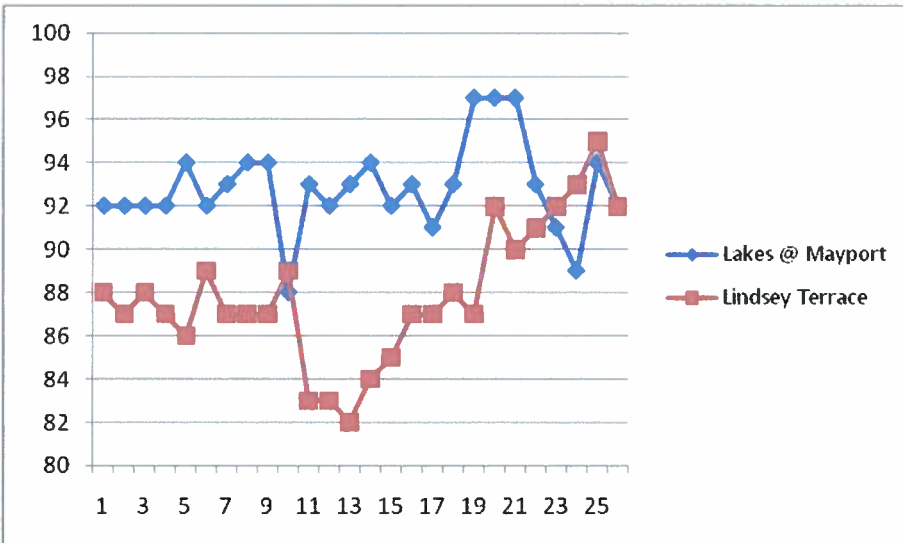
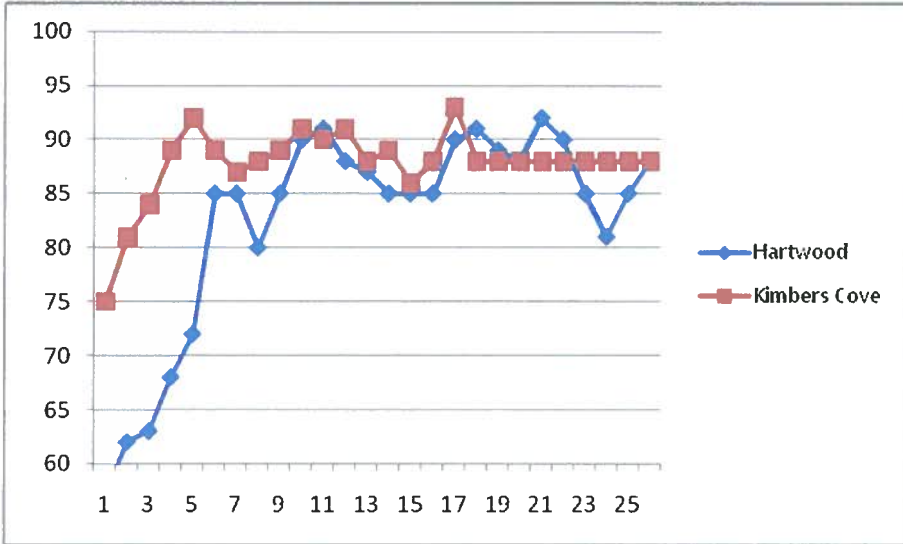
## 26 Month Occupancy Levels—Average Occupancy by Development



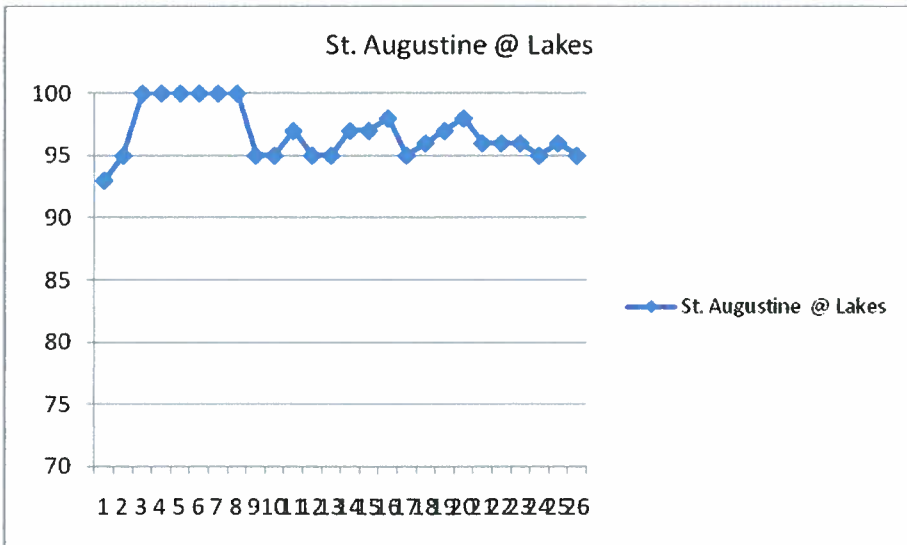
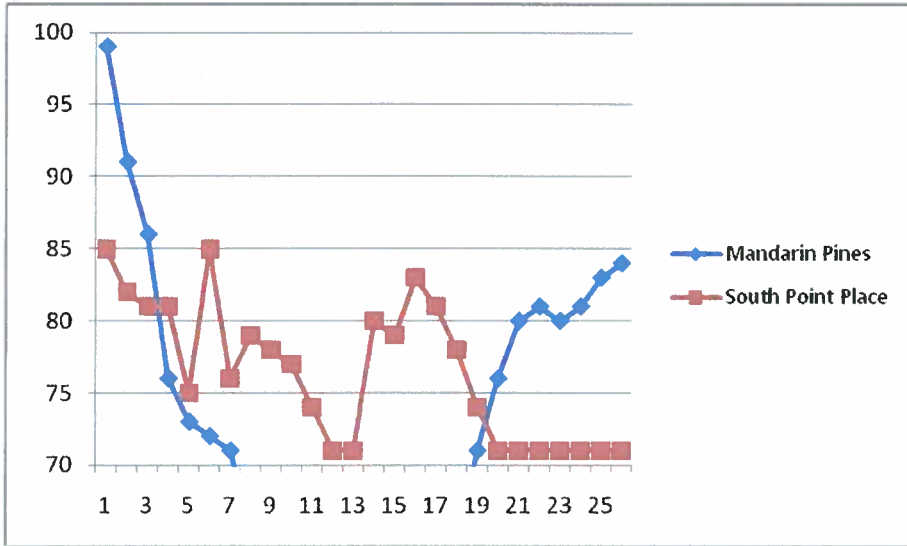
## 26 Month Occupancy Levels—Average Occupancy by Development



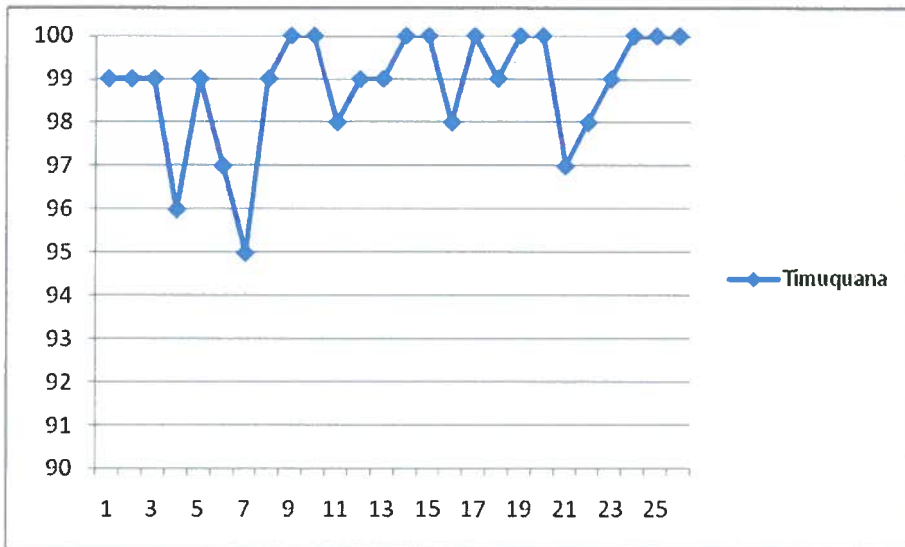
## 26 Month Occupancy Levels—Average Occupancy by Development



## 26 Month Occupancy Levels—Average Occupancy by Development



## 26 Month Occupancy Levels—Average Occupancy by Development



**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: NIBP Indenture**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 5-10-11**

**Please check only one:**      JHFA                       JHCDC                       NWJEDF

**Please check only one:**

ACTION ITEM

Reports      Staff Reports      Committee Reports      New Business      Old Business

**Name of Person/s that will be presenting item at the meeting:**

**Background/Description:** The trust indenture for the NIBP Single Family Program authorizes the trustee to pay the rebate analyst, but does not direct them to pay a specific dollar amount each year..

**Are funds available for this item (if applicable):**      Yes      No      N/A

\_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION:** Consider authorizing letter to trustee directing the trustee to pay the rebate analyst when required.

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 FA Memo</p> <p>Name of Person/s responsible for submitting attachment Mark Hendrickson</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input checked="" type="checkbox"/> No</p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_     Second: \_\_\_\_\_     Other: \_\_\_\_\_     Quorum # \_\_\_\_\_

*Motion Note:*

## BOARD MEETING SUBMISSION FORM

*(All information must be completed prior to Submission)*

**AGENDA NAME: 2011 Bond Allocation**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 5-10-11**

**Please check only one:**     JHFA                       JHCDC                       NWJEDF

**Please check only one:**

ACTION ITEM

Reports     Staff Reports     Committee Reports     New Business     Old Business

**Name of Person/s that will be presenting item at the meeting:**

**Background/Description:** The 2011 allocation expires in June. The Board must take action to preserve the allocation.

**Are funds available for this item (if applicable):**     Yes     No     N/A

\_\_\_\_\_ *Finance Director Signature*

**RECOMMENDATION:** Consider authorizing counsel and staff to take all steps necessary to preserve allocation, including filing for validation when required.

\*\*\*\*\*

### ATTACHMENTS (Check Here if N/A )

<p style="text-align: center;">Name of Attachment1 FA Memo</p> <p>Name of Person/s responsible for submitting attachment Mark Hendrickson</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p style="text-align: center;">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p style="text-align: center;">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p style="text-align: center;">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_ Second: \_\_\_\_\_ Other: \_\_\_\_\_ Quorum # \_\_\_\_\_

*Motion Note:*

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: New Single Family Program**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 5-10-11**

**Please check only one:**     **JHFA**                       **JHCDC**                       **NWJEDF**

**Please check only one:**  
 **ACTION ITEM**

**Reports**     **Staff Reports**     **Committee Reports**     **New Business**     **Old Business**

**Name of Person/s that will be presenting item at the meeting:**

**Background/Description:** The Board asked the Professional Team to analyze various options for a new single family program. Both a traditional bond issue and hybrid involving the origination of MBS prior to a bond issue have been analyzed.

**Are funds available for this item (if applicable):**     **Yes**     **No**     **N/A**

\_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION: Consider authorizing MBS/Bond program, including DPA/**

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 FA Memo</p> <p>Name of Person/s responsible for submitting attachment Mark Hendrickson</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p align="center">Name of Attachment2 JHFA Continuation of Single Family Program via Warehousing</p> <p>Name of Person/s responsible for submitting attachment Helen Feinberg</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>
<p align="center">Name of Attachment3 2011 Jax SF Issue Spreadsheet</p> <p>Name of Person/s responsible for submitting attachment Debbie Berner</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_    Second: \_\_\_\_\_    Other: \_\_\_\_\_    Quorum # \_\_\_\_\_

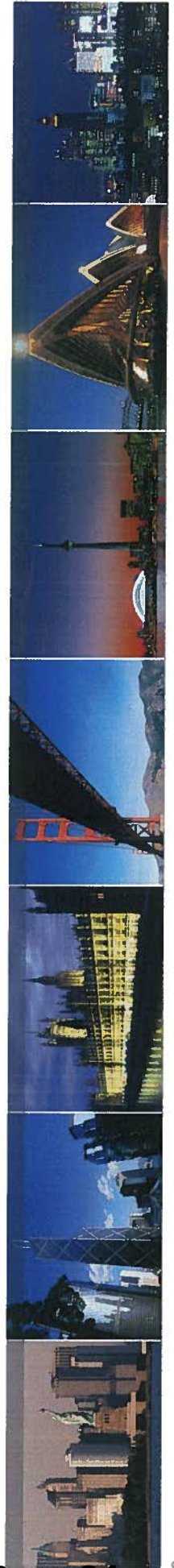
*Motion Note:*

---

# Jacksonville Housing Finance Authority

Continuation of Single Family Program

*May 18, 2011*



## Overview

---

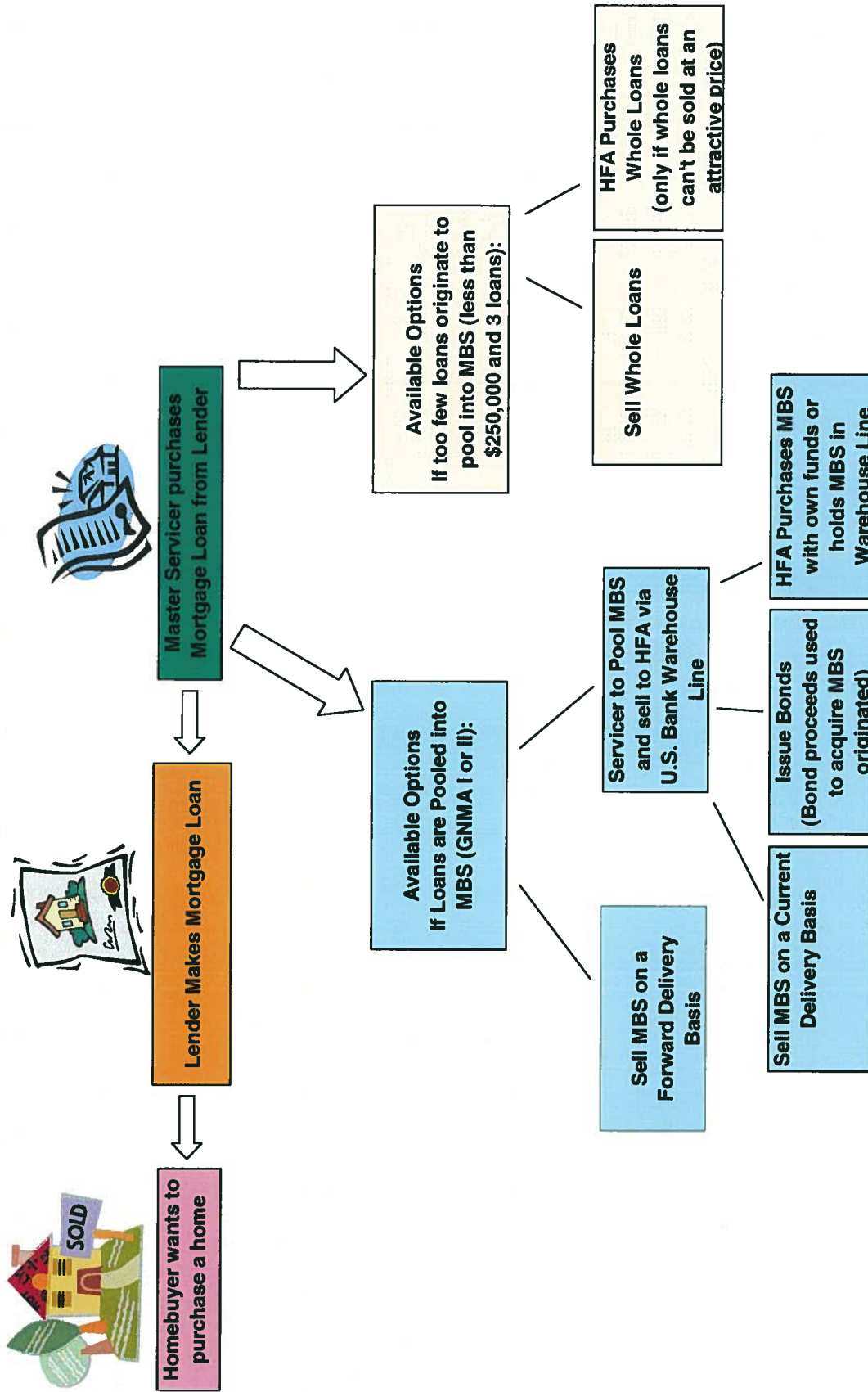
- Because of the dislocation in the tax-exempt bond market, a new issuance of SF Mortgage Revenue Bonds would not presently produce an attractive mortgage rate (*the full spread rate based on current market conditions is approximately 6.00%*). In addition, negative arbitrage continues to be a significant expense.
- This presentation outlines strategies which would allow the Jacksonville HFA to continue to originate mortgage loans without a new bond issue in place (assuming NIBP Bond funds have been fully originated).
- The Program would include the following steps:
  - Secure down payment assistance funds
  - Establish rate and terms for a mortgage product (including purchase price and income limits that conform with a tax exempt bond program)
  - Originate loans through lenders under a Mortgage Origination Agreement
  - Engage U.S. Bank as Warehouse Provider to provide warehouse facility for MBS
  - Monitor single family bond market conditions to determine if issuance is feasible
  - If Bonds are feasible, prepare to issue. If not, continue to monitor bond market and/or sell MBS when market conditions are favorable

## Single Family Program Considerations

---

- Allows first time homebuyers to be served under a HFA program. Present market conditions demonstrate a need for mortgage financing.
- Single Family program will help HFA maintain Lender and Builder Relationships
- Creates a pipeline that may reduce origination risk when a single family bond program is viable
- Provides potential for income (however market risk can offset potential income)
- Availability of down payment assistance (“DPA”) is a consideration – i.e. down payment assistance is needed to have a successful program
- Program is best suited for a HFA with available cash resources to hold mortgage backed securities for an extended period of time if market conditions change
- Bond Counsel is of the opinion that bonds must be included in the plan of finance in order to use bond income and purchase price limits. Otherwise, the program must serve households at or below 80% AMI at prices not greater than 90% of average area purchase price (pursuant to Florida Statutes Chapter 159)

# How the Program Works & Exit Strategies



## U.S. Bank Line of Credit (for Warehousing MBS)

---

- The Jacksonville HFA used a U.S. Bank Line of Credit to warehouse mortgage backed securities under the New Issue Bond Program. The facility had attractive terms and may continue to be available as a resource for the Authority in terms of originating new loans. The following are the likely terms under the facility:

- 1 Year Facility
- Collateral Posting TBD
- Interest Rate equivalent to MBS Pass Through Rate

## Creation of a Pipeline of Mortgage Backed Securities

---

- Once the HFA has originated a pool of mortgage backed securities, the HFA staff, the investment banker and financial advisor will discuss market conditions. Based on interest rates and pricing, the following options will be explored:
  - Consider trends for bond interest rates and mortgage rates
  - Consider tax exempt bond prices and determine whether a bond issue would be feasible
  - Consider whether MBS could be sold at a significant premium
  - Consider whether mortgage backed securities should continue to be accumulated in the U.S. Bank warehouse line
  - Consider down payment assistance resources and whether sufficient funds are available for future originations
  - Consider whether the current program mortgage rate should be adjusted for future originations

## Risks

---

Under this program, the HFA will set mortgage rates before either bonds are sold to finance the purchase of MBS or before the MBS are sold to a third party purchaser. This approach results in the following risks:

- Interest Rate Risk
  - By setting mortgage rates before the exit strategy has been determined, the HFA is exposed to interest rate risk.
  - This risk highlights the importance of having the ability to hold the MBS as an investment for a considerable period of time. This availability of cash serves as a “hedge” in case of extreme movement in rates.
  
- Origination Volume
  - A minimum number / dollar amount of loans must be originated to create a MBS (i.e. 3 loans with a minimum amount of \$250,000). If insufficient loans originate, the HFA will need to liquidate or hold whole loans.

## Risks – Mitigating Factors

---

- Interest Rate Risk – Mitigating factors include the following:
  - The HFA can establish a lending rate that is conservative and presently valued at a premium (for example, a MBS with an underlying 5.50% mortgage rate and a 5.00% pass through rate is presently valued at a price of approximately 107%).
  - The HFA may have the opportunity to sell MBS in the “TBA Market” whereby pricing may be established 30 days before delivery of the MBS. The HFA may want to take a conservative approach and only sell MBS on a forward basis once lenders have closed and purchased loans in order to avoid potential penalties associated with a failure to deliver securities.
  - The availability of HFA cash resources to hold MBS mitigates the Authority’s risk.
  
- Origination Volume – Mitigating factors include the following:
  - The HFA has originated \$20+ million in loans over the last year and has a number of lenders who actively originate the Authority’s loan product.
  - The HFA has cash resources that could be used to hold a minimum amount of whole loans.

# Current Forward MBS Pricing Indications - RBC Forward Purchase GNMA I

**Date:** 05/04/11

**Time:** RBC pricing at 10:36 am

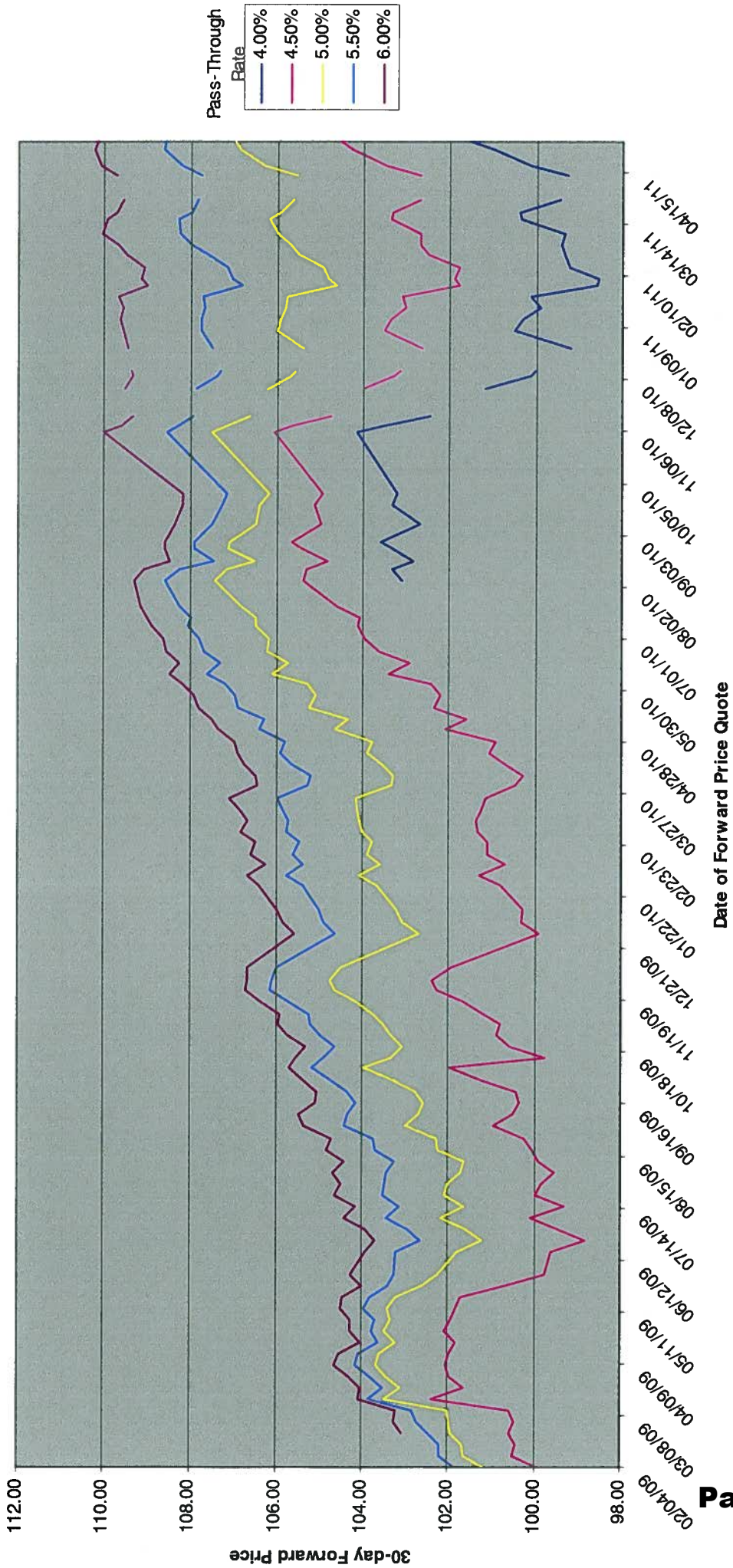
**Pass Through Rate:**

	4.00%	4.50%	5.00%	5.50%	6.00%
	RBC GNMA 1*	RBC GNMA 1*	RBC GNMA 1*	RBC GNMA 1*	RBC GNMA 1*
May (30 day)	101.5313	104.5469	106.9688	108.5938	110.1719
June (60 day)	106.7500	104.1250	106.6250	108.3281	109.8750
July (90 day)	100.7500	103.7031	106.2813	108.0781	109.5156

\*Note: RBC rates have been adjusted to reflect a 25 bp muni markup.

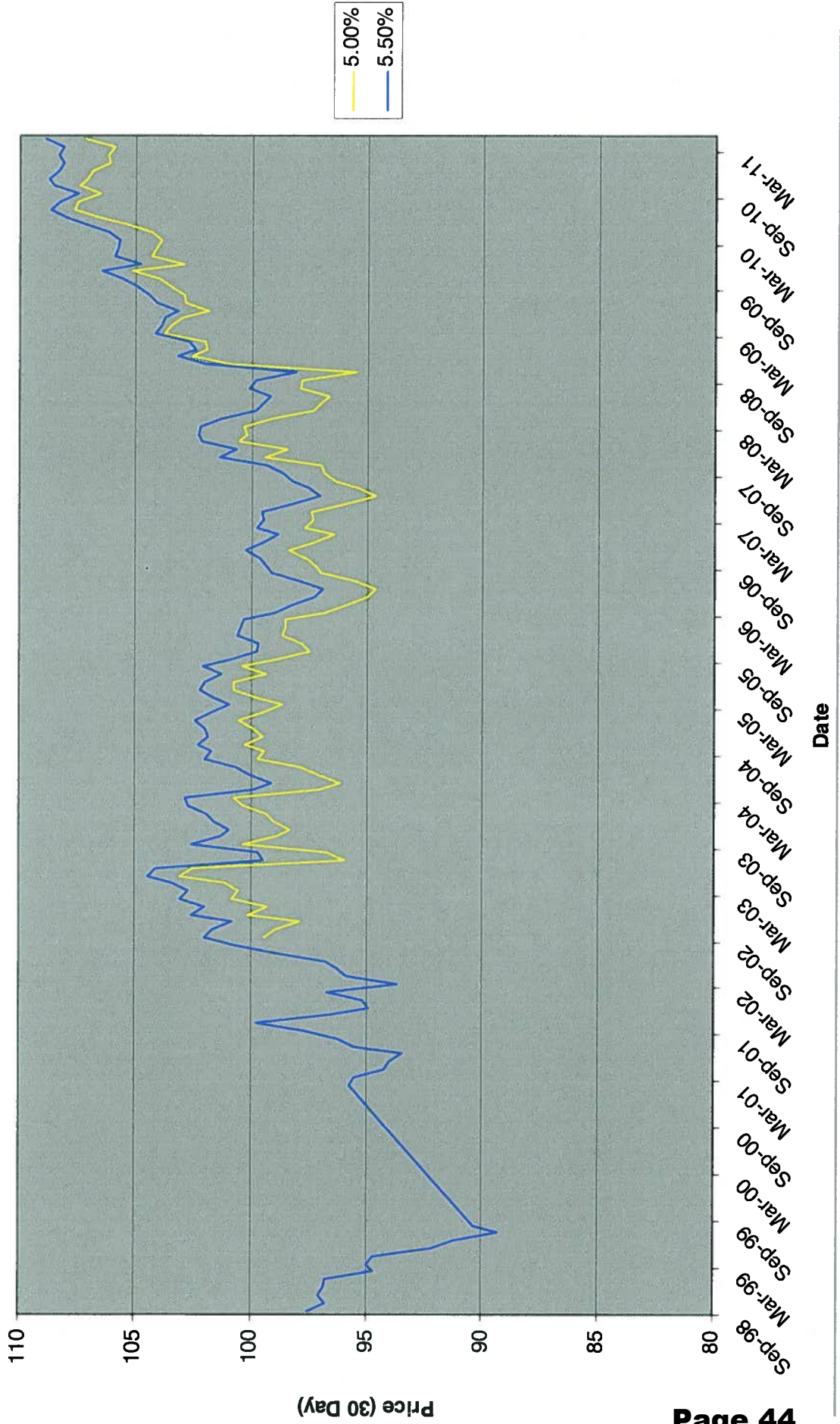
# MBS (GNMA) 30-day Forward Pricing (2009 – 2011)

RBC GNMA I Forward Pricing 2.4.09 - 5.4.11



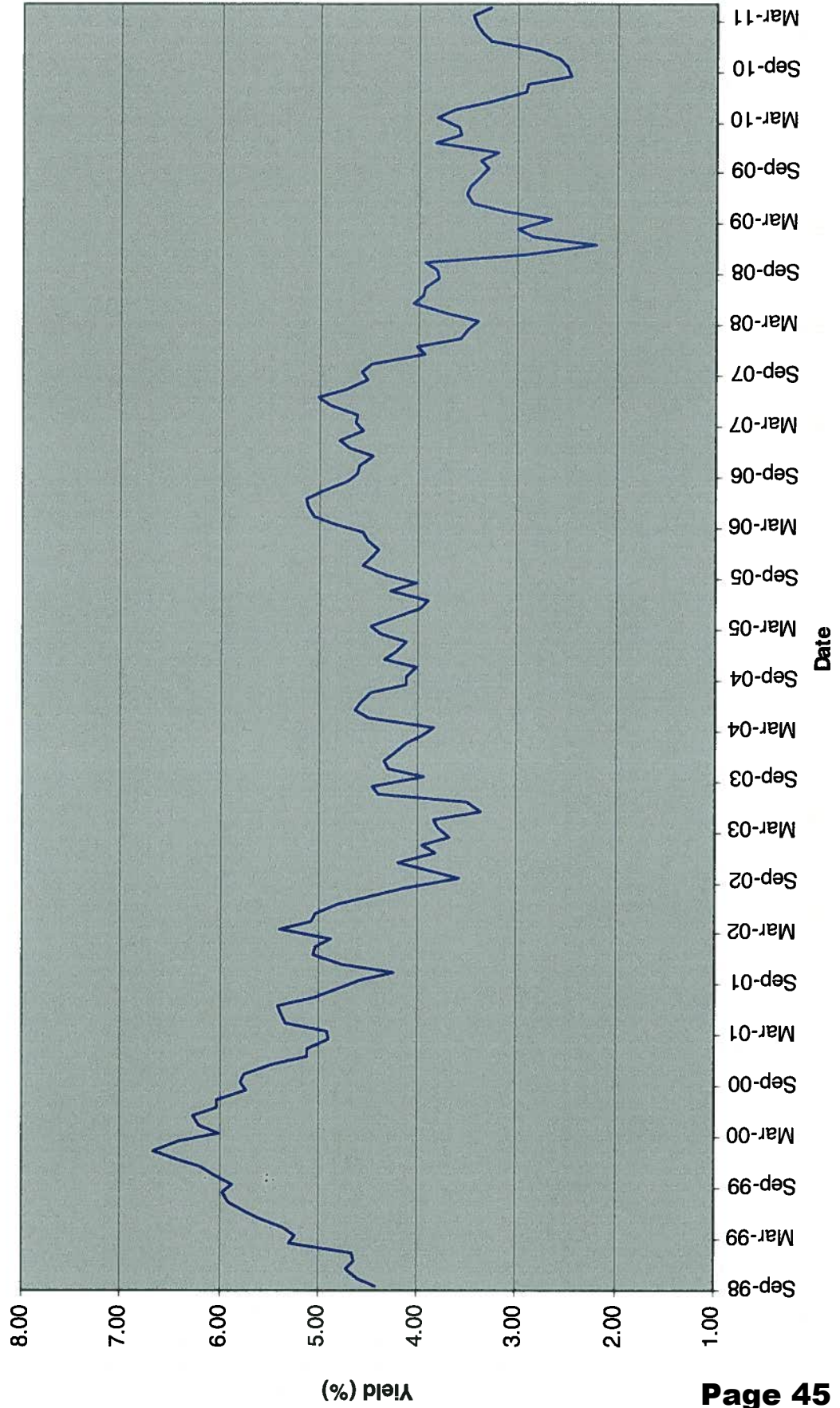
# Historical MBS (GNMA) 30-day Pricing (9/30/98 – 4/29/11)

Historical GNMA MBS Pricing  
9/30/98 - 4/29/11



# 10 Year Treasury Yield (9/30/98 – 4/29/11)

10 Year Treasury Yield  
9/30/98 - 4/29/11



# Source and Use for Forward MBS Purchase – Loan with 2<sup>nd</sup> Mortgage

Indicative Pricing for a 30 Day Forward Purchase MBS Structure (as of 5/4/11)	
Proposed Mortgage Rate:	5.50%
Pass Through Rate:	5.00%
MBS Purchase Price - 30 Day	106.9688%
MBS Type	GNMA 1
<b>Sources</b>	
Origination Fee paid by Homebuyer	0.00%
Servicing Release Premium*	1.5000%
RBC Forward Purchase Premium	6.9688%
<b>Total</b>	<b>8.4688 %</b>
<b>Uses</b>	
Lender Profit	1.7500%
Payment to Jacksonville HFA	6.7188%
<b>Total</b>	<b>8.4688 %</b>

Please note that Master Servicer Servicing Release Premium will vary depending on the established mortgage rate in comparison to the current market at the time of forward commitment.

# Time Line of Loan Origination & Pooling of MBS

## Time Frame for Loan Origination & Pooling of MBS

<b>Assumptions:</b>	
Weekly Origination Volume:	\$ 250,000.00
HFA Funds Committed to program:	\$ 4,000,000.00

	<u>Week 1</u>	<u>Week 2</u>	<u>Week 3</u>	<u>Week 4</u>	<u>Week 5</u>	<u>Week 6</u>	<u>Week 7</u>	<u>Week 8</u>	<u>Week 9</u>	<u>Week 10</u>	<u>Week 11</u>	<u>Week 12</u>	<u>Week 13</u>	<u>Week 14</u>	<u>Week 15</u>
<i>(in thousands)</i>															
Cumulative Origination:	250	500	750	1000	1250	1500	1750	2000	2250	2500	2750	3000	3250	3500	3750
Cumulative Loans Closed:						250	500	750	1000	1250	1500	1750	2000	2250	2500
Cumulative Loans Purchased:										250	500	750	1000	1250	1500
Cumulative MBS Pooled:											250	500	750	1000	1000

---

# Appendices



# Prepayment Data

**JACKSONVILLE HOUSING FINANCE AUTHORITY  
MORTGAGE REVENUE BOND PROGRAMS  
PREPAYMENT REPORT SUMMARY**

Prepared: April 29, 2011  
Factors as of: April-11

BOND ISSUE	MORTGAGE RATE (weighted average)	MBS PASS THRU RATE	ORIGINAL POOL BALANCE	ORIGINAL BALANCE OF MBS POOLS PAID OFF IN ENTIRETY	ORIGINAL BALANCE OF OUTSTANDING POOLS	CURRENT BALANCE OF OUTSTANDING POOLS	% PREPAYMENT SPEEDS OF OUTSTANDING POOLS				
							Weighted Average Remaining Maturity (mos)	SINCE ISSUANCE	LAST 12 MONTHS	LAST 6 MONTHS	LAST 3 MONTHS
1988	8.99%	8.49%	35,277,786	10,301,614.95	24,976,171.24	495,666.55	84	221	15	11	12
1994	7.50%	7.00%	15,951,577	3,243,766.00	12,707,811.00	423,406.44	154	270	70	19	18
1995	6.84%	6.30%	22,960,306	497,673.00	22,462,633.00	1,398,922.28	168	245	195	128	166
1996	6.86%	6.25%	19,528,853	6,729,114.00	12,799,739.00	622,399.68	155	279	263	292	44
2007 Transferred from 1997	6.68%	6.00%	16,741,361	2,335,343.00	14,406,018.00	929,856.45	171	277	101	158	26
2007 Transferred from 1998	6.14%	5.35%	26,721,681	5,764,656.00	20,957,025.00	2,566,692.29	197	232	203	159	247
2001Tax 7.49%	7.99%	7.49%	42,861,171	7,032,734.00	35,828,437.00	1,032,542.24	115	247	101	174	117
2001Tax 7.91%	8.41%	7.91%	12,431,013	5,297,134.49	7,133,879.00	97,217.65	99	285	159	221	267
2002 5.45%	5.95%	5.45%	5,675,109	334,556.00	5,340,553.00	1,252,649.63	253	230	228	241	368
2002 6.40%	6.90%	6.40%	1,583,211	1,123,972.00	459,239.00	70,851.61	240	360	18	16	12
2006A 5.10%	5.60%	5.10%	11,224,390	852,125.00	10,372,265.00	8,051,456.66	315	127	183	195	195
2007A 5.49%	5.99%	5.49%	7,016,349	317,129.00	6,699,220.00	4,621,717.50	327	255	265	283	151
2007A 6.05%	6.55%	6.05%	7,285,755	267,339.00	7,018,416.00	4,141,519.02	324	356	131	122	42
2010 3.49%	3.99%	3.49%	7,943,825	0.00	7,943,825.00	7,919,650.73	357	26	N/A	N/A	11
2010 4.70%	5.20%	4.70%	4,547,524	0.00	4,547,524.00	4,519,842.96	351	4	N/A	2	4
<b>Totals:</b>			<b>237,749,911.68</b>	<b>44,097,156.44</b>	<b>193,652,755.24</b>	<b>38,144,391.70</b>			<b>160</b>	<b>124</b>	<b>107</b>

Weighted Average Prepayment Speed (% PSA) :

Note: SIFMA Speeds only reflect pools currently outstanding. MBS Pools Paid Off are the Original Balances of pools within a Series that have paid off and are not included in the weighted average calculation of historic prepayment speeds. Therefore, historical prepayment speeds of prior bond issues may be understated.

# Disclaimer

This presentation was prepared exclusively for the benefit of and internal use by the recipient for the purpose of considering the transaction or transactions contemplated herein. This presentation is confidential and proprietary to RBC Capital Markets, LLC (“RBC CM”) and may not be disclosed, reproduced, distributed or used for any other purpose by the recipient without RBCCM’s express written consent.

By acceptance of these materials, and notwithstanding any other express or implied agreement, arrangement, or understanding to the contrary, RBC CM, its affiliates and the recipient agree that the recipient (and its employees, representatives, and other agents) may disclose to any and all persons, without limitation of any kind from the commencement of discussions, the tax treatment, structure or strategy of the transaction and any fact that may be relevant to understanding such treatment, structure or strategy, and all materials of any kind (including opinions or other tax analyses) that are provided to the recipient relating to such tax treatment, structure, or strategy.

The information and any analyses contained in this presentation are taken from, or based upon, information obtained from the recipient or from publicly available sources, the completeness and accuracy of which has not been independently verified, and cannot be assured by RBC CM. The information and any analyses in these materials reflect prevailing conditions and RBC CM’s views as of this date, all of which are subject to change.

To the extent projections and financial analyses are set forth herein, they may be based on estimated financial performance prepared by or in consultation with the recipient and are intended only to suggest reasonable ranges of results. The printed presentation is incomplete without reference to the oral presentation or other written materials that supplement it.

IRS Circular 230 Disclosure: RBC CM and its affiliates do not provide tax advice and nothing contained herein should be construed as tax advice. Any discussion of U.S. tax matters contained herein (including any attachments) (i) was not intended or written to be used, and cannot be used, by you for the purpose of avoiding tax penalties; and (ii) was written in connection with the promotion or marketing of the matters addressed herein. Accordingly, you should seek advice based upon your particular circumstances from an independent tax advisor.

**JACSONVILLE HOUSING FINANCE AUTHORITY  
SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2011  
ESTIMATED COST OF ISSUANCE AND CAPITALIZED INTEREST**

		<b>\$10,000,000 SERIES 2011</b>	
		<b>\$/Bond Based on Amount</b>	
<b>UNDERWRITER FEE</b>	<b>TOTAL</b>	<b>PER BOND TOTAL</b>	
Management Fee	\$ 20,000.00	\$ 2.00	\$ 2.00
Takedown	\$ 67,500.00	6.75	\$ 6.75
<b>Expenses</b>			
Underwriter Counsel	26,500.00		2.65
Structuring and Computer	10,000.00		1.00
DTC	1,500.00		0.15
Travel Communications	4,500.00		0.45
CUSIP	350.00		0.04
<b>Total Expenses</b>	<b>42,850.00</b>		<b>4.29</b>
<b>TOTAL FEE</b>	<b>\$ 130,350.00</b>		<b>\$ 13.04</b>
<b>COSTS OF ISSUANCE</b>			
Bond Counsel Fee	\$ 45,000.00		\$ 4.50
Bond Counsel Expenses	7,000.00		0.70
Issuer's Counsel	10,000.00		1.00
Financial Advisor Expenses	7,500.00		0.75
Trustee - Acceptance/Legal/Exp	8,000.00		0.80
Trustee - Payment in Advance	2,250.00		0.23
Rebate - Payment in Advance	500.00		0.05
Posting Official Statement	3,500.00		0.35
Rating Agency	15,000.00		1.50
Cash Flow Verification	6,000.00		0.60
Purchase Price Study	-		-
Contingency	5,000.00		0.50
Marketing	10,000.00		1.00
	<b>119,750.00</b>	(1)	<b>11.98</b>
<b>TOTAL COSTS OF ISSUANCE</b>	<b>\$ 250,100.00</b>		<b>\$ 25.01</b>

<b>Sources and Uses at Closing</b>		
<b>5.75% Mortgage Rate</b>		
<b>Sources</b>		
Par Amount of Bonds	\$	10,000,000.00
Bond Premium		243,000.00
Issuer Contribution		570,496.20
Builder Contribution (0.66% per loan)		67,603.80
<b>Total Sources</b>		<b>10,881,100.00</b>
<b>Uses</b>		
Deposit to Acquisition Fund	\$	10,243,000.00
Deposit to Capitalized Interest Account		388,000.00
Deposit to Cost of Issuance Account		250,100.00
<b>Total Uses</b>	\$	<b>10,881,100</b>

<b>Sources and Uses at Full Origination</b>		
<b>Sources</b>		
Servicing Release Premium (175bp on FHA)	\$	179,252.50
HFA Contribution for Reserve Lag (45bp)		46,093.50
<b>Total Sources</b>	\$	<b>225,346.00</b>
<b>Uses</b>		
Lender Profit (175bp)		179,252.50
Capitalized Interest/Lag		46,093.50
<b>Total Uses</b>		<b>225,346.00</b>

<b>Net Benefit</b>		
Estimated PV of Residual and Issuer Fee	\$	429,588.00
Less Issuer Contribution		616,589.70
<b>Net Benefit</b>	\$	<b>(187,002)</b>

Assumes 0 Issuer Fee  
Assumes 0.66% yield points to reach full spread

**JACSONVILLE HOUSING FINANCE AUTHORITY  
SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2011  
ESTIMATED COST OF ISSUANCE AND CAPITALIZED INTEREST**

		<b>\$10,000,000 SERIES 2011</b>	
		<b>\$/Bond Based on Amount</b>	
<b>UNDERWRITER FEE</b>	<b>TOTAL</b>	<b>PER BOND TOTAL</b>	
Management Fee	\$ 20,000.00	\$ 2.00	\$ 2.00
Takedown	\$ 67,500.00	6.75	\$ 6.75
<b>Expenses</b>			
Underwriter Counsel	26,500.00		2.65
Structuring and Computer	10,000.00		1.00
DTC	1,500.00		0.15
Travel Communications	4,500.00		0.45
CUSIP	350.00		0.04
<b>Total Expenses</b>	<b>42,850.00</b>		<b>4.29</b>
<b>TOTAL FEE</b>	<b>\$ 130,350.00</b>		<b>\$ 13.04</b>
<b>COSTS OF ISSUANCE</b>			
Bond Counsel Fee	\$ 45,000.00		\$ 4.50
Bond Counsel Expenses	7,000.00		0.70
Issuer's Counsel	10,000.00		1.00
Financial Advisor Expenses	7,500.00		0.75
Trustee - Acceptance/Legal/Exp	8,000.00		0.80
Trustee - Payment in Advance	2,250.00		0.23
Rebate - Payment in Advance	500.00		0.05
Posting Official Statement	3,500.00		0.35
Rating Agency	15,000.00		1.50
Cash Flow Verification	6,000.00		0.60
Purchase Price Study	-		-
Contingency	5,000.00		0.50
Marketing	10,000.00		1.00
	<b>119,750.00</b>	(1)	11.98
<b>TOTAL COSTS OF ISSUANCE</b>	<b>\$ 250,100.00</b>		<b>\$ 25.01</b>

<b>Sources and Uses at Closing</b>	
<b>5.50% Mortgage Rate</b>	
<b>Sources</b>	
Par Amount of Bonds	\$ 10,000,000
Bond Premium	243,000.00
Issuer Contribution	371,782.00
Builder Contribution (2.60% of Loans)	266,318.00
<b>Total Sources</b>	<b>\$ 10,881,100.00</b>
<b>Uses</b>	
Deposit to Acquisition Fund	\$ 10,243,000
Deposit to Capitalized Interest Account	388,000.00
Deposit to Cost of Issuance Account	250,100.00
<b>Total Uses</b>	<b>\$ 10,881,100.00</b>

<b>Sources and Uses at Full Origination</b>	
<b>Sources</b>	
Servicing Release Premium (175bp on FHA)	\$ 179,252.50
HFA Contribution for Reserve Lag (45bp)	46,093.50
<b>Total Sources</b>	<b>\$ 225,346.00</b>
<b>Uses</b>	
Lender Profit	\$ 179,252.50
Capitalized Interest/Lag	46,093.50
<b>Total Uses</b>	<b>\$ 225,346.00</b>

<b>Net Benefit</b>	
<b>(Cashflows at 100% FHA)</b>	
Estimated PV of Residual and Issuer Fee	\$ 218,502.00
Less Issuer Contribution	417,875.50
<b>Net Benefit</b>	<b>\$ (199,373.50)</b>

Assumes 0 Issuer Fee  
Assumes 2.60% yield points

# **Courtney Manor Workout**