

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS**

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, August 10, 2006, at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Anthony Marouchoc; A. Michael Marques, Director of Department of Business Regulation; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; Christine Curley. Vice Chairwoman Denise Barge, Jose Monteiro and George Carvalho, designee for General Treasurer Paul J Tavares were absent.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Thomas F. Hogg, Chief Financial Officer; Susan Bodington, Deputy Director; John Gordon, Director of Asset Management; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing; Michael V. Milito, Corporation Counsel and Chris Barnett, Director.

Jayne M. Donegan, Counsel to the Corporation was also present, as were members of the public.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Board of Commissioners was posted in the Offices of the Corporation and at the first floor bulletin board in the State House.

Chairman Marouchoc called the meeting to order at approximately 8:40 a.m.

Approval of Minutes of Board Meeting Held June 22, 2006

Upon a motion made by Commissioner Curley and seconded by Commissioner Flynn, the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held June 22, 2006 hereby are approved.

Chairman's Report

Chairman Marouchoc did not have anything to report.

Committee Reports

There were no committee meetings held during July.

Executive Director's Report

Mr. Godfrey briefly updated the Board on the \$50 million housing bond question on the November ballot.

Mr. Godfrey notified the Commissioners that sales have increased in the Homeownership division and that Rhode Island Housing's marketing campaign is generating increased inquiries.

Mr. Godfrey announced that the Communications and Marketing strategies continue to push forward in diligent fashion.

Mr. Godfrey welcomed and introduced Mary Kate Harrington to the Commissioners. Mary Kate is working in the Executive division as assistant to the executive director and will be focusing her efforts on the communications, marketing and strategic planning initiatives.

Preliminary Approval of Financing for the Colony Apartments

Mr. Godfrey presented this request.

This Request for Action (RFA) is for preliminary approval of first mortgage financing for Women's Development Corporation (WDC) for the acquisition and preservation of The Colony Apartments located at Public Street in Providence. The Colony Apartments is a 17 unit Section 8 development that was originally financed by HUD. WDC has requested a first mortgage from Rhode Island Housing. In addition, secondary financing will be sought under the HOME program and from the Affordable Housing Trust.

Chairman Marouchoc recognized Susan Aitcheson of Women's Development Corporation who thanked Carol Ventura and her staff for the support that Women's Development has received from Rhode Island Housing. Members of the tenants association also addressed the Board through Rachel Van Cleve, their translator, regarding the level of cooperation and assistance provided to the tenants during the transition.

The tenants expressed their gratitude to Rhode Island Housing for supporting the project.

Upon a motion made by Commissioner Curley and seconded by Commissioner Flynn the following resolution was unanimously adopted:

Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

Whereas, Rhode Island Housing is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well-planned and designed apartments which will provide housing for low and moderate-income persons or families in locations where there is a need for such housing; and

Whereas, the applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting financing to acquire and rehabilitate the property as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>First Mortgage</u>
The Colony Apartments	Women’s Development Corporation	Up to \$300,000

Whereas, Staff has reviewed the submission and determined that this development may qualify for non-recourse financing under enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That subject to the special conditions listed below, Rhode Island Housing hereby declares firm commitment approval for a first mortgage loan to Women’s Development Corporation in an amount not to exceed \$300,000 for the preservation of The Colony Apartments located at 625 Public Street in Providence, Rhode Island;

Resolved, That the foregoing resolution is subject to the following conditions:

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.
- Final approval of an operating budget and approval of a budget based rent increase by HUD.
- Final approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- Evidence that all other financing sources are committed.

Resolved, That the Executive Director, any Deputy Director, or the Director of Development, each acting singly, shall take any and all actions they deem necessary to carry out the foregoing resolutions.

Preliminary Approval of Preservation Financing for Hillcrest Village Apartments

Mr. Godfrey made this presentation.

This Request for Action (RFA) is for preliminary approval of financing for Hillcrest Village, an existing elderly development originally financed by Rhode Island Housing. The new owner has requested financing through Rhode Island’s Preservation Program to preserve the property’s long-term affordability.

Upon a motion made by Commissioner Flynn and seconded by Commissioner Marques the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of the Corporation have promise of supplying well-planned, well-designed apartment units which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, the Corporation intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

Whereas, said bonds shall have a term not to exceed forty (40) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, the applicant (“Applicant”) listed below has presented an application to the Corporation requesting tax-exempt financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Mortgage</u>
Hillcrest Village	POAH, Inc.	\$10,750,000

Whereas, Corporation staff has reviewed the submission and determined that this development may qualify for non-recourse financing under the Corporation’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves tax exempt mortgage financing to POAH and its to be formed limited partnership in an amount not to exceed \$10,750,000 for rental housing located in Providence, Rhode Island to be financed by tax-exempt bonds;

Resolved, That the Corporation hereby declares that the firm approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to a \$10,750,000 first mortgage, plus the required bond reserve funds, and the related costs of issuance for the bond issue

for the above-referenced develop pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

Resolved, That the foregoing resolutions are subject to the following conditions:

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-stabilized value of the property.
- An acceptable commitment letter from the equity provider for the transaction demonstrating syndication proceeds from 4% Low Income Housing Tax Credits in an amount sufficient to assure development feasibility. Syndicator must agree not to sell the tax credits to Fannie Mae or Freddie Mac.
- Approval by Rhode Island Housing of all members of the development team, including contractor, architect and management agent.
- Approval of a new operating budget.
- Approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- FHA Risk-Sharing approval for 50% of the first mortgage.
- Approval by bond underwriter and bond counsel that the loan will satisfy all required bond provisions for the bond issue.

Resolved, That the Executive Director, any Deputy Director, and the Director of Development, each acting singly, shall take any and all actions they deem necessary to carry out the foregoing Resolutions.

Preservation of LIHTC for Stillwater Mills

Mr. Godfrey outlined this proposal.

This Request for Action is for the reservation of up to \$103,143 in 2006 9% tax credits for the Stillwater Mill development in Burrillville. This reservation represents a partial commitment of 9% credits needed for the development of the site. The development must successfully complete for additional 2007 credits as a condition of this reservation.

Representatives of the Town of Burrillville, including Michael Wood, Town Administrator, were present to answer questions.

Upon a motion made by Commissioner Curley and seconded by Commissioner Flynn the following resolution was unanimously adopted:

Resolution of the Board of Commissioners

of Rhode Island Housing and Mortgage Finance Corporation

Whereas, The Low Income Housing Tax Credit Program (the "Program") was created as part of the Tax Reform Act of 1986 (the "Act"); and

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Staff for the Corporation has determined that the applicant ("Applicant") listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to the Corporation for the reservation of tax credits from the tax credit authority available in the calendar year 2006 ("the Tax Credit") as follows:

<u>Applicant</u>	<u>Development</u>	<u>9% Tax Credits</u>
Woonsocket Neighborhood Development Services	Stillwater Mill	\$103,143

Whereas, Corporation staff has reviewed the submission, inspected the site, and determined that this development may qualify for financing under the Corporation's enabling legislation, regulations, guidelines and policies;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$103,143 of allocated 2006 tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of the Corporation applicable to the Allocation of Low-Income Housing Tax Credits (the "Rules and Regulations of the Corporation"), and that either Deputy Director and the Director of Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of the Corporation to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That, the foregoing resolutions are subject to the following conditions:

1. Reservation of the remaining low income housing tax credits necessary for the transaction.
2. The award of HOME Program funds in the amount of \$500,000 or the availability of alternative equity satisfactory to RIH;

3. The award of NOP funds in the amount of \$500,000 or the availability of alternative equity satisfactory to the corporation;
4. The award of Lead funds in the amount of \$250,000 or the availability of alternative equity satisfactory to Rhode Island Housing;
5. The award of HUD Hope VI Main Street funds in the amount of \$500,000 or the availability of alternative equity satisfactory to Rhode Island Housing;
6. The award of Neighborhood Reinvestment funds in the amount of \$235,000 or the availability of alternative equity satisfactory to Rhode Island Housing;
7. The award of first mortgage and targeted loan funds from Rhode Island Housing;
8. Syndication equity from the sale of LIHTCs and federal and state historic tax credits in amounts sufficient to achieve project feasibility;
9. Development of plans and specifications that meet Rhode Island Housing design criteria;
10. Approval of a remediation plan by the Rhode Island Department of Environmental Management;
11. Acceptable final appraisal and market study by independent appraiser demonstrating that the loans do not exceed 90% of the as-stabilized value of the property and that sufficient demand exists for the proposed units;
12. Approval by Rhode Island Housing of all management related issues;
13. Satisfactory and timely performance in accordance with the schedule established by the sponsor and approved by Rhode Island Housing staff;
14. Master Plan approval of the subdivision located at Reservoir Road in Burrillville.

Firm Commitment of Financing for Riverside Village Apartments

Mr. Godfrey gave an overview of this request

This Request for Action (RFA) is for firm approval of financing for Riverside Village, an existing elderly and handicapped development originally financed as a HUD 221 (d)(3) FHA insured property. Valley Affordable Housing (VAH) is purchasing the property and has requested financing through Rhode Island’s Preservation Program to preserve the property’s long-term affordability.

Upon a motion made by Commissioner Marques and seconded by Commissioner Curley the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of the Corporation have promise of supplying well-planned, well-designed apartment units which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, Rhode Island Housing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

Whereas, said bonds shall have a term not to exceed forty (40) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, the applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting tax-exempt financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Financing</u>
Riverside Village	Valley Affordable Housing Corporation	\$4,700,000

Whereas, Rhode Island Housing staff has reviewed the submission and determined that this development may qualify for non-recourse financing under the Corporation’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby approves firm commitment first mortgage financing to Valley Affordable Housing Corporation and its to be formed limited partnership in an amount not to exceed \$4,700,000 for rental housing located in Cumberland, Rhode Island to be financed by tax-exempt bonds;

Resolved, That Rhode Island Housing hereby declares that the firm commitment approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to a \$4,700,000 first mortgage, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced develop pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

Resolved, That the foregoing resolutions are subject to the following conditions:

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.
 - Acceptable final appraisal by an independent appraiser demonstrating that

the loan does not exceed 90% of the as-stabilized value of the property.

- An acceptable commitment letter from the equity provider for the transaction demonstrating syndication proceeds from 4% Low Income Housing Tax Credits in an amount sufficient to assure development feasibility. Syndicator must agree not to sell the tax credits to Fannie Mae or Freddie Mac.
- Final approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- Final approval of the new operating budget.
- FHA Risk-Sharing approval for up to 50% of the first mortgage.
- Approval by bond underwriter and bond counsel that the loan will satisfy all required bond provisions for the bond issue.

Resolved, That the Executive Director, any Deputy Director, and the Director of Development, each acting singly, shall take any and all actions they deem necessary to carry out the foregoing Resolutions.

Firm Commitment of Tax Exempt Construction Financing for The Meadows

Mr. Godfrey along with Carol Ventura, Director of Development, made this presentation.

This Request for Action is for Firm Approval of up to \$12,000,000 in Tax Exempt Construction Loan financing for The Meadows, a residential development for the elderly in North Smithfield. Woonsocket Neighborhood Development Corporation (“WNDC”), a Rhode Island non-profit housing developer, has submitted an application to Rhode Island Housing to fund the construction of 80 affordable apartments in conjunction with a community room, health center, and offices.

Joseph Garlick, Executive Director of WNDC, expressed his appreciation to staff and Board members.

Upon a motion made by Commissioner Curley and seconded by Commissioner Flynn the following resolution was unanimously adopted:

Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of the Corporation have promise of supplying well-planned, well-designed apartment units which will provide housing for low and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, The applicant (“Applicant”) listed below has presented an application to the Corporation requesting a reservation of Bond Financing to acquire and build an elderly residential housing development as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Mortgage</u>
The Meadows	Woonsocket Neighborhood Development Corporation	\$12,000,000

NOW, THEREFORE, IT IS HEREBY:

Resolved: That, subject to the special conditions listed below, the Corporation hereby declares firm commitment approval for a construction loan to Woonsocket Neighborhood Development Corporation and its to be formed limited partnership in an amount not to exceed \$12,000,000 for rental housing known as The Meadows located in North Smithfield, Rhode Island to be financed by tax-exempt bonds;

Resolved: That the Corporation hereby declares that the firm commitment approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to \$12,000,000 in construction funds and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption

Resolved: That the foregoing resolutions are subject to the following conditions:

- Syndication equity from the sale of tax credits in an amount sufficient to achieve project feasibility.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- Final approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- Completion of HUD 202 and mixed finance closing requirements.
- Final approval of all development team members.
- Final commitment of all financing sources and assignment of sources to Rhode Island Housing during construction.
- A requirement that the Rhode Island Housing construction loan be the senior loan during construction

Resolved: That the Executive Director, any Deputy Director, or the Director of Development each acting singly, shall take any and all actions they deem necessary to carry out the forgoing Resolutions.

Revised Firm Commitment of Financing for Hillside Village Apartments

Mr. Godfrey presented this request.

This Request for Action (RFA) is for an amendment to the final commitment of financing approved for Hillside Apartments (“the Development”), an existing elderly development originally financed by Rhode Island Housing. The Board approved a loan in the amount of \$3,500,000 at the June 22, 2006 meeting; this RFA seeks a \$240,000 increase in the bridge loan financing, resulting in a total loan commitment not to exceed \$3,740,000

Upon a motion made by Commissioner Curley and seconded by Commissioner Flynn the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of the Corporation have promise of supplying well-planned, well-designed apartment units which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, the Corporation intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

Whereas, said bonds shall have a term not to exceed forty (40) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, the applicant (“Applicant”) listed below has presented an application to the Corporation requesting tax-exempt financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Mortgage</u>
Hillside Village	POAH, Inc.	\$3,740,000

Whereas, Corporation staff has reviewed the submission and determined that this development may qualify for non-recourse financing under the Corporation's enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation declares firm commitment for tax exempt first mortgage financing to POAH and its to be formed limited partnership in an amount not to exceed \$3,740,000 for rental housing located in Providence, Rhode Island to be financed by tax-exempt bonds;

Resolved, That the Corporation hereby declares that the firm commitment approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue tax-exempt bonds to finance up to an aggregate of \$3,740,000, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced develop pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption

Resolved, That the foregoing resolutions are subject to the following conditions:

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.
- An acceptable commitment letter from the equity provider for the transaction demonstrating syndication proceeds from 4% Low Income Housing Tax Credits in an amount sufficient to assure development feasibility. Syndicator must agree not to sell the tax credits to Fannie Mae or Freddie Mac.
- Final HUD approval of the proposed rents.
- Approval by Rhode Island Housing of buyer's proposed operating budget and reserve escrows.
- Approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- FHA Risk-Sharing approval for 50% of the first mortgage.
- Approval by bond underwriter and bond counsel that the loan will satisfy all required bond provisions for the bond issue.
- Approval of transaction by the RI Equity Pool I.
- Resolution of resident concerns about the condition of the property and security.

Resolved, That the Executive Director, any Deputy Director, and the Director of Development, each acting singly, shall take any and all actions they deem necessary to carry out the foregoing Resolutions.

Approval of Construction Loan Financing for REACH

Mr. Godfrey made this presentation.

This Request for Action is for a Revolving Construction Loan under the Home Development and Homeownership Loan Program to Realty Endeavors for Affordable Community Housing (REACH) in the amount of \$500,000 for the construction of homeownership opportunities. This program provides nonprofit community development organizations with access to capital to construct housing for sale to low and moderate income buyers. More than 100 homes have been developed through this program primarily in the City of Providence.

Upon a motion made by Commissioner Marques and seconded by Commissioner Flynn the following resolution was unanimously adopted.

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing is authorized to make loans to sponsors for such developments as in the judgment of the Corporation have promise of supplying well planned, well designed single family and two family homes and condominiums which will provide housing for low and moderate income persons or families or others in locations where there is a need for such housing;

Whereas, Rhode Island Housing is authorized to provide permanent financing with assistance, as applicable, to homebuyers;

Whereas, Realty Endeavors for Affordable Community Housing, Inc. (“REACH”) has presented an application to Rhode Island Housing requesting a revolving line of credit to construct residential housing as set forth in this Request for Action; and

Whereas, Development staff has reviewed the submission, will inspect the sites and will determine that these developments may qualify for financing under the Corporation’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That Rhode Island Housing be and hereby is authorized to make a revolving construction loan up to \$500,000 to REACH. The loan will be structured generally in accordance with the description contained herein, with such changes as either Deputy Director or the Director of Development may, in their sole discretion determine to be necessary or advisable.

Resolved, That the Executive Director, any Deputy Director or the Director of Development, each acting singly, be and hereby is authorized, empowered and directed to take any and all action to execute, file and deliver any contract, agreement or other instrument as each in his/her sole discretion shall deem necessary or advisable in connection with this loan.

Resolved, That the foregoing resolutions are subject to the following conditions:

1. Execution of a Master Loan Agreement by REACH satisfactory to Rhode Island Housing;
2. Submission of all construction contracts, plans and specifications, marketing plans, construction budgets, schedule of payments, lien releases, gap financing funds, home buyers applications and other documentation necessary for loan funding and construction loan and end loan approval; and
3. Rhode Island Housing Homeownership Division approval of end loans for homebuyers.

Approval of Regulations for the Special Needs Rental Production Program

Mr. Godfrey made this presentation.

Rhode Island Housing has established the Special Needs Rental Production Program (the “Program”) to provide resources for the production of rental housing for homeless, disabled and/or very low-income individuals and families. Under the Program, Rhode Island Housing will provide amortizing and deferred loans to developers for the acquisition and development of housing with supportive services for special needs populations. Budget authority of \$2 million shall be included in the fiscal year 2007 budget. This will provide for development of up to 50 units of special needs rental housing. Applications must include a Service Plan ensuring that social services will be provided to residents of these Developments. Social Services will not be funded by the Program.

The Board of Commissioners approved the publication of Proposed Regulations at the May 2006 Board meeting. On June 7, 2006, the legal notice announcing the 30-day comment period was published in The Providence Journal. One request for a copy of the Proposed Regulations was received. No comments were received.

Staff reviewed the proposed Regulations previously provided to the Board and has made several non-substantive changes to foster greater clarity and make the Regulations consistent with our corporate communications strategy. A redlined copy of the amended Regulations is attached.

Upon a motion made by Commissioner Marques and seconded by Commissioner Curley the resolution was unanimously adopted in the form presented to the meeting, including the Regulations which is attached as part of the August 10, 2006 board package.

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS, notice of the Proposed Regulations of Rhode Island Housing Applicable to the Special Needs Rental Production Program (the “Proposed Regulations”) has been given in accordance with the Administrative Procedures Act, as set forth in Chapter 42-35 of the General Laws of Rhode Island of 1956, as amended; and no comment or other response has been received by Rhode Island Housing from any person regarding the Proposed Regulations; and

WHEREAS, pursuant to the provisions of Section 42-35-3 of the General Laws of Rhode Island as amended, consideration has also been given in developing the Proposed Regulations to any significant economic impact the Rules may have on small business as defined in Section 42-35-1(h) of the General Laws of Rhode Island, 1956, as amended, and to any adverse economic impact on any city or town and based on the information available, no significant economic impact on small business and no adverse economic impact on any city or town was identified.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Proposed Regulations as attached hereto are hereby adopted in their entirety.

RESOLVED: That the Executive Director or his designee be, and hereby is, authorized, empowered and directed to file or cause to be filed the Proposed Regulations in duplicate with the Secretary of the State of Rhode Island (the "Secretary"), to execute or cause to be executed any and all certificates, instruments, letters of instruction and documents as shall be required to cause the filing of the Proposed Regulations, and to take such further action as he, in his sole discretion, shall deem necessary or desirable to effectuate the Proposed Regulations.

Approval of Homeownership Opportunity Bonds Series 53

Mr. Godfrey made this presentation and Tom Hogg, CFO, provided additional information regarding the details of the bond issuance.

The Corporation regularly monitors loan origination activity for the single-family program to determine future funding needs and the timing and structure of bond issuance. In addition, staff tracks prepayment speeds of existing mortgages, upcoming maturity dates and optional call dates of notes and bonds, and associated volume cap in order to take full advantage of our authority to issue tax-exempt mortgage revenue bonds and maximize our flexibility and minimize our cost in providing mortgages to low and moderate income borrowers. Based on this analysis, staff recommends the issuance of fixed-rate bonds under HOB Series 53 in an amount not to exceed \$100 million.

Upon a motion made by Commissioner Marques and seconded by Commissioner Curley the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the August 10, 2006 board package.

Executive Session for the Purpose of Discussing Litigation Issues Pursuant to Sections 42-46-5 (a) (2) and 5 of the Rhode Island General Laws

The Executive Session was not convened. The Commissioners and staff discussed the litigation regarding *Jensen et al, vs. Rhode Island Housing et al* and the proposed transfer of Erik Estates and Ashely Estates issues in open session.

Commissioner Curley recused from the discussion, consideration and vote on these matters since she has represented Mr. Jensen in the past.

Michael Milito, Deputy Assistant Director of Law and Human Resources presented the issues involved in these matters..

Erik Estates

Erik Estates Limited Partnership (“EELP”) is the owner of the housing development located in Woonsocket and known as Erik Estates Apartments (“Erik Estates” or the “Development”).

Erik Estates was developed in 1989 using federal low income housing tax credits. The Development was sponsored by Robert Jensen (“Jensen”) and the original general partner of EELP was Erik Realty Associates, Inc., (“Erik Realty”) a corporation formed and controlled by Jensen. Rhode Island Housing Equity Pool, LP (the “Equity Pool”) was the original limited partner in EELP. Rhode Island Housing is the holder of a first and second mortgage loan on Erik Estates having a principal balance of approximately \$450,700.

In 1997, due to EELP’s default under the financing documents and the partnership agreement, the Equity Pool exercised its right to remove Erik Realty as general partner and designated the Rhode Island Housing Development Corporation (the “Development Corp.”) to act as general partner. The Development Corp. continues to serve in that capacity and EELP continues to be in financial default under the loan documents.

In 2003 Jensen, Erik Realty and a development and property management corporation controlled by Jensen (collectively, the “Jensen Parties”) filed suit against Rhode Island Housing, the Equity Pool and EELP (collectively, the “Rhode Island Housing Parties”) alleging wrongdoing on the part of the Rhode Island Housing Parties regarding Erik Estates. The Jensen Parties sought damages and other relief. The Rhode Island Housing Parties believe that no sums are due to the Jensen Parties.

In 2005, the Jensen Parties and the Rhode Island Housing Parties entered into settlement discussions and were successful in reaching a mutually acceptable resolution. Under the agreement, the Rhode Island Housing Parties will agree to sell Erik Estates to Jensen for an

amount equal to the outstanding loan balance plus approximately 50% of the accrued interest due to EELP's financial default. Jensen intends to refinance the Development with a third-party lender and intends to undertake capital improvements.

In order to facilitate the settlement and the transfer of the Development to Jensen, we anticipate that EELP will enter into a Deed in Lieu of Foreclosure Agreement with Rhode Island Housing, which will then transfer the Development to Jensen. As part of that transaction, Jensen will execute a new affordability agreement at closing to ensure that the Development will continue as affordable through June 2021, either as rental housing or as homeownership.

This Request for Action is for authority to (i) accept a deed in lieu of foreclosure from EELP and (ii) transfer the Development to Jensen.

Upon a motion made by Commissioner Marques and seconded by Commissioner Flynn the following resolution was unanimously adopted by the Commissioners voting. Commissioner Curley did not participate in the discussion or vote:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS, Erik Estates Limited Partnership ("EELP") is the record owner of Erik Estate Apartments, located in Woonsocket, Rhode Island ("Erik Estates"); and

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") is the holder of certain mortgage loans on Erik Estates; and

WHEREAS, Rhode Island Housing Development Corporation, a statutory subsidiary of Rhode Island Housing, is the general partner of EELP ; and

WHEREAS, Rhode Island Housing Equity Pool, LP (the "Equity Pool"), a statutory subsidiary of Rhode Island Housing, is the limited partner of EELP

WHEREAS, EELP is in material default of its mortgage loan obligations to Rhode Island Housing.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That Rhode Island Housing be authorized to accept a deed in lieu of foreclosure of Erik Estates from EELP., on such terms and conditions that the Executive Director determines to be in the best interests of Rhode Island Housing; and

Resolved, That Rhode Island Housing be authorized to transfer Erik Estates to Robert Jensen, or his nominee for (i) a purchase price no less than \$490,000, (ii) agreement in form and substance satisfactory to Rhode Island Housing that Erik Estates will be maintained as an affordable housing development through June

30, 2021, and (iii) a release of all claims asserted against the Rhode Island Housing, the Equity Pool and EELP in the case of Jensen, et al. v. Rhode Island Housing Equity Pool, et al, CA No. PC03-0933 (Providence Superior Court); and

Resolved, That the Executive Director or each Deputy Director be, and each hereby is, authorized to take any and all actions, including specifically the authority to execute any and all documents, instruments and agreements and to take such further actions as he or she deems necessary to carry out the above resolutions; and

Resolved, That all acts and deeds heretofore done by the Executive Director or each Deputy Director on behalf of Rhode Island Housing in carrying out the terms and intentions of these resolutions, are hereby ratified, approved and confirmed in all respects.

Ashely Estates

Ashley Estates Limited Partnership (“AELP”) is the owner of the housing development located in Woonsocket and known as Ashley Estates Apartments (“Ashley Estates” or the “Development”).

Ashley Estates was developed in 1989 using federal low income housing tax credits. The Development was sponsored by Robert Jensen (“Jensen”) and the original general partner of EALP was Ashley Realty Associates, Inc., (“Ashley Realty”) a corporation formed and controlled by Jensen. Rhode Island Housing Equity Pool, LP (the “Equity Pool”) was the original limited partner in EALP. Rhode Island Housing is the holder of a three mortgage loans on Ashley Estates having a principal balance of approximately \$1,114,400.

In 1997, due to EALP’s default under the financing documents and the partnership agreement, the Equity Pool exercised its right to remove Ashley Realty as general partner and designated the Rhode Island Housing Development Corporation (the “Development Corp.”) to act as general partner. The Development Corp. continues to serve in that capacity and EALP continues to be in financial default under the loan documents.

In 2003 Jensen, Ashley Realty and a development and property management corporation controlled by Jensen (collectively, the “Jensen Parties”) filed suit against Rhode Island Housing, the Equity Pool and EALP (collectively, the “Rhode Island Housing Parties”) alleging wrongdoing on the part of the Rhode Island Housing Parties regarding Ashley Estates. The Jensen Parties sought damages and other relief. The Rhode Island Housing Parties believe that no sums are due to the Jensen Parties.

In 2005, the Jensen Parties and the Rhode Island Housing Parties entered into settlement discussions and were successful in reaching a mutually acceptable resolution. Under the agreement, the Rhode Island Housing Parties will agree to sell Ashley Estates to Jensen for an amount equal to the outstanding loan balance plus approximately 50% of the accrued interest

due to EALP's financial default. Jensen intends to refinance the Development with a third-party lender and intends to undertake capital improvements.

In order to facilitate the settlement and the transfer of the Development to Jensen, we anticipate that EALP will enter into a Deed in Lieu of Foreclosure Agreement with Rhode Island Housing, which will then transfer the Development to Jensen. As part of that transaction, Jensen will execute a new affordability agreement at closing to ensure that the Development will continue as affordable through June 2021, either as rental housing or as homeownership.

This Request for Action is for authority to (i) accept a deed in lieu of foreclosure from EALP and (ii) transfer the Development to Jensen.

Upon a motion made by Commissioner Marques and seconded by Commissioner Flynn the following resolution was unanimously adopted by the Commissioners voting. Commissioner Curley did not participate in the discussion or the vote:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS, Ashley Estates Limited Partnership ("EALP") is the record owner of Ashley Estate Apartments, located in Woonsocket, Rhode Island ("Ashley Estates"); and

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") is the holder of certain mortgage loans on Ashley Estates; and

WHEREAS, Rhode Island Housing Development Corporation, a statutory subsidiary of Rhode Island Housing, is the general partner of EALP ; and

WHEREAS, Rhode Island Housing Equity Pool, LP (the "Equity Pool"), a statutory subsidiary of Rhode Island Housing, is the limited partner of EALP

WHEREAS, EALP is in material default of its mortgage loan obligations to Rhode Island Housing.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That Rhode Island Housing be authorized to accept a deed in lieu of foreclosure of Ashley Estates from EALP., on such terms and conditions that the Executive Director determines to be in the best interests of Rhode Island Housing; and

Resolved, That Rhode Island Housing be authorized to transfer Ashley Estates to Robert Jensen, or his nominee for (i) a purchase price no less than \$1,207,000, (ii) agreement in form and substance satisfactory to Rhode Island Housing that Ashley Estates will be maintained as an affordable housing development through

June 30, 2021, and (iii) a release of all claims asserted against the Rhode Island Housing, the Equity Pool and EALP in the case of Jensen, et al. v. Rhode Island Housing Equity Pool, et al, CA No. PC03-0933 (Providence Superior Court); and

Resolved, That the Executive Director or each Deputy Director be, and each hereby is, authorized to take any and all actions, including specifically the authority to execute any and all documents, instruments and agreements and to take such further actions as he or she deems necessary to carry out the above resolutions; and

Resolved, That all acts and deeds heretofore done by the Executive Director or each Deputy Director on behalf of Rhode Island Housing in carrying out the terms and intentions of these resolutions, are hereby ratified, approved and confirmed in all respects.

There being no further business to discuss, a motion was duly made by Commissioner Curley and seconded by Commissioner Barge to adjourn the open meeting at approximately at 9:30 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director