

**5MINUTES 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, October 18, 2007, at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Anthony Marouchoc; Vice Chairwoman Denise Barge; General Treasurer Frank T. Caprio; Steve Cayouette, designee for Michael Marques, Director of Department of Business Regulation; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; and Perry Clough. Jose Monteiro was 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; Amy Rainone, Director of Policy; Carol Ventura, Director of Development; Leslie McKnight, Director of Servicing; Michael V. Milito, Corporation Counsel and Jo-Ann Ryan Communications Director.

Brian P. Gallogly, 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 8:30 a.m.

Approval of Minutes of Board Meeting Held on August 9, 2007

Upon a motion made by Commissioner Caprio and seconded by Commissioner Clough, the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held August 9, 2007 hereby are approved.

Chairman's Report

Chairman Marouchoc did not have anything to report.

Committee Reports

Chairman Marouchoc noted that the Legal Subcommittee met on October 4, 2007 and October 5, 2007 to interview legal firms for Bond Counsel Services. Commissioner Caprio, Chair of the Legal Subcommittee referred the Board to the meeting minutes and presented the committees' recommendations to the Board, which is set forth at Item 13 of the agenda. The Chairman moved consideration of Item 13.

Engagement of Bond Counsel

Rhode Island Housing's current engagement with its bond counsel matures at the end of 2007. In accordance with established practice of the Board of Commissioners, Rhode Island Housing issued a Request for Proposals (RFP) in July 2007. The RFP notice was published in *The Bond Buyer* and *Rhode Island Lawyers Weekly* and was listed on the web site maintained by the RI Division of Purchasing. In addition, the full RFP was sent to law firms and organizations that had asked to be included on our solicitation list.

Rhode Island Housing received proposals from seven law firms. A Selection Committee composed of staff and the Legal Subcommittee reviewed the proposals and met to evaluate the proposals and make recommendations to the Board regarding engagement of bond counsel for 2008 and 2009. Commissioner Caprio, chair of the Legal Subcommittee, presented the recommendations to the Board.

Upon a motion made by Chairman Marouchoc and seconded by Commissioner Clough, the following resolution was unanimously adopted:

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

Resolved: That the Corporation be and hereby is authorized to engage the law firm of Kutak Rock as primary bond counsel for single family financings and such other related matters as the Executive Director or his designee deems advisable or necessary.

Resolved: That the Corporation be and hereby is authorized to engage the law firm of Hawkins Delafield & Wood as primary bond counsel for multi-family financings and such other related matters as the Executive Director or his designee deems advisable or necessary.

Resolved: That the Executive Director or his designee, or any Deputy Director, each acting singly, be and hereby is authorized to take any and all actions, including specifically the authority to negotiate terms and fees of the engagements as they may determine are in the best interests of Rhode Island Housing, and to execute any and all agreements and to take such further actions as they deem necessary to carry out the above resolutions.

Executive Director's Report

Mr. Godfrey deferred his report until the end of the action items.

Approval of Housing Choice Voucher Section 8 Administrative Plan

Upon a motion made by Commissioner Caprio and seconded by Commissioner Clough, the Board unanimously adopted a motion to convene a meeting of the Section 8 Committee of the Board of Commissioners to consider approval of the Housing Choice Voucher Section 8 Administrative Plan. The Section 8 Committee Meeting was convened at 8:42 am.

Chairman Marouchoc introduced and welcomed Allison Nugent, a resident participant in Rhode Island Housing's Section 8 Voucher Program and the resident member of the Section 8 Committee.

Mr. Godfrey and Susan Bodington, Deputy Director, made this presentation.

Rhode Island Housing functions as a Public Housing Agency ("PHA") in the administration of the Section 8 Housing Choice Voucher Program (the "Program"). Rhode Island Housing administers the Program in accordance with its Administrative Plan. The Administrative Plan must be revised from time to time to incorporate statutory and regulatory changes to the Program.

The Administrative Plan was last updated in December 2001. Since then, there have been numerous legislative and regulatory changes to various aspects of the Program.

The new Administrative Plan will establish policies for carrying out the programs in a manner consistent with HUD requirements and local objectives. The Plan covers both admission and continued participation in the HVCP, Violence Against Women Act (VAWA), Family Self Sufficiency (FSS), Section 8 Homeownership, and various other subjects.

In light of the time since the last update, staff has undertaken a comprehensive review and created a new Administrative Plan to incorporate the legislative and regulatory changes. A summary of the proposed changes to the Administrative Plan is attached. A complete copy of the amended Administrative Plan is available for review and will be presented at the Board meeting.

In accordance with HUD requirements, which mandate a public hearing and comment period, Rhode Island Housing held a public hearing in Middletown on September 12 and in North Kingstown on September 19 to solicit comments on the proposed plan. No substantive comments to the proposed Administrative Plan were received.

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

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

Resolved: That Rhode Island Housing hereby adopts the new Section 8 Housing Choice Voucher Program Administrative Plan (the "Administrative Plan") substantially in the form presented at the meeting of the Board of Commissioners held this date.

Resolved: That the Executive Director or his designee, and any Deputy Director, each acting singly, be, and hereby is, authorized to take any and all action as may be necessary or desirable to carry out the foregoing Resolution.

Upon a motion by Commissioner Caprio and seconded by Commissioner Cayouette a motion to adjourn the Section 8 Committee and reconvene the Board of Commissioners meeting was unanimously adopted. Chairman Marouchoc reconvened the Board of Commissioner meeting at 8:50 am.

Prepayment Approval for Fairmont Heights

Mr. Godfrey and Ms. Ventura, Director of Development, made this presentation.

This Request for Action (“RFA”) is for approval of prepayment of the mortgage for Fairmont Heights an existing elderly development originally financed by Rhode Island Housing under the Section 8 program.

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

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

RESOLVED: That the prepayment of the existing first mortgage for Fairmont Heights be, and hereby is, approved, subject to the following terms and conditions:

1. Final approval of the sources and uses of the proposed transaction including a commitment letter from the new Lender with terms and conditions.
2. Execution of a new 40 year Regulatory Agreement satisfactory to Rhode Island Housing for the development.
3. Final approval of the application materials submitted under the Regulations Governing Proposed Prepayments and Transfers, with the exception of such requirements that may be waived or modified by the Executive Director or any Deputy Director, consistent with the nature of this transaction and the protection of the interests of Rhode Island Housing.
4. Satisfaction of any additional requirements which the Executive Director or any Deputy Director believes to be necessary or advisable to protect the interests of Rhode Island Housing with respect to Fairmont Heights.

RESOLVED: That the Executive Director, any Deputy Director, or the Director of Development, each acting singly, be and hereby is authorized to execute and deliver on behalf of Rhode Island Housing all documents necessary or advisable to consummate such prepayment and to take such further actions as he or she shall deem necessary of advisable in connection therewith.

Prepayment Approval for Greenwich Village

Mr. Godfrey and Ms. Ventura, Director of Development, presented this request.

This Request for Action (“RFA”) is for approval of prepayment of the mortgage for Greenwich Village an existing elderly development originally financed by Rhode Island Housing under the Section 8 program.

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

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

RESOLVED: That the prepayment of the existing first mortgage for Greenwich Village be, and hereby is, approved, subject to the following terms and conditions:

1. Final approval of the sources and uses of the proposed transaction including a commitment letter from the new Lender with terms and conditions.
2. Execution of a new 40 year Regulatory Agreement satisfactory to Rhode Island Housing for the development.
3. Final approval of the application materials submitted under the Regulations Governing Proposed Prepayments and Transfers, with the exception of such requirements that may be waived or modified by the Executive Director or any Deputy Director, consistent with the nature of this transaction and the protection of the interests of Rhode Island Housing.
4. Satisfaction of any additional requirements which the Executive Director or any Deputy Director believes to be necessary or advisable to protect the interests of Rhode Island Housing with respect to Greenwich Village.

RESOLVED: That the Executive Director, any Deputy Director, or the Director of Development, each acting singly, be and hereby is authorized to execute and deliver on behalf of Rhode Island Housing all documents necessary or advisable to consummate such prepayment and to take such further actions as he or she shall deem necessary of advisable in connection therewith.

Firm Approval of Preservation Financing for Douglas Manor

Mr. Godfrey made this presentation.

This Request For Action (RFA) is for Firm Approval of financing for Douglas Manor Apartments (Douglas Manor), an existing elderly housing development originally financed by Rhode Island Housing in 1977. In 1991, the development was refinanced by D.M. Associates,

L.P., a Rhode Island Limited Partnership formed to acquire and refinance the property with 4% low income housing tax credits at which time the property was preserved in perpetuity. Given that the tax credit compliance period has expired, the owners are now requesting new financing under Rhode Island Housing's Preservation Program.

Upon a motion made by Commissioner Caprio and seconded by Commissioner Barge 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 Rhode Island Housing have promise 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 mortgage financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Permanent Mortgage</u>	<u>Bridge Loan</u>
Douglas Manor	Cathedral Development Group, Inc.	\$4,911,000.00	\$950,000.00

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for bridge loan financing in an amount not to exceed \$950,000 to DM Associates, L.P. for the redemption of the interests of its Limited Partner and Special Limited Partner in anticipation of the sale of the

rental housing known as Douglas Manor located at 1155 Douglas Avenue in North Providence, Rhode Island to Douglas Manor Apartments, L.P..

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax exempt mortgage financing in an amount not to exceed \$4,911,000.00 to Douglas Manor Apartments, L.P. for rental housing known as Douglas Manor located at 1155 Douglas Avenue in North Providence, Rhode Island.

Resolved, That Rhode Island Housing hereby declares that the firm 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 \$4,911,000.00 in permanent mortgage funds, 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 closing in accordance with normal underwriting and processing requirements.
- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Evidence satisfactory to Rhode Island Housing that the development is eligible for the proposed HAP/Section 8 rents.
- Approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.
- Final approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the permanent first mortgage.
- Evidence that neither Fannie Mae nor Freddie Mac will not be purchasing the LIHTC's as Fannie Mae and Freddie Mac may be key buyers of Rhode Island Housing bonds and cannot participate in both sides of the transaction.

Resolved, That the Executive Director, either 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 Approval of Preservation Financing for Heritage Village I & II

Mr. Godfrey made this presentation, with additional information provided by Ms. Ventura.

This Request for Action (RFA) is for firm commitment of financing for Heritage Village I and II, two existing developments located in North Kingstown. Both Heritage Village I and Heritage Village II were originally financed by Rhode Island Housing, and Heritage Village I was

refinanced by the original owner with Rhode Island Housing in 2005. Preservation of Affordable Housing (“POAH”) has proposed to purchase and refinance both developments and has requested financing through Rhode Island Housing’s Preservation Program. As part of the transaction, the developments would be combined into a single ownership entity to provide efficiencies and economies of scale in the financing and management of the developments.

Upon a motion made by Commissioner Caprio and seconded by Commissioner Barge 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 Rhode Island Housing 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>
Heritage Village I Heritage Village II	POAH, Inc.	\$15,100,000

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, Rhode Island Housing hereby preliminarily approves tax exempt mortgage financing to POAH and its to be formed limited partnership in an amount not to exceed \$15,100,000 for rental housing located in North Kingstown, Rhode Island to be financed by tax-exempt bonds;

Resolved, That Rhode Island Housing hereby declares that the firm 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 \$15,100,000 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.
- Final approval of the Mark Up to Market rents by HUD.
- Approval of a new operating budget.
- Final 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.

Firm Approval of Financing for Newport Heights Phase IV

Mr. Godfrey, with assistance of Ms. Ventura made this presentation.

This Request for Action is for Firm Commitment of \$801,215 of 2007 Low Income Housing Tax Credits, first mortgage financing, bridge loan financing and a Targeted Loan for Phase 4 of Newport Heights to be developed by Valley Affordable Housing (“Developer”).

Newport Heights Phase 4 is the next to last phase of the public housing replacement effort undertaken by the Newport Housing Authority. The previous 3 phases totaling 299 units, developed by Trinity Financial, are occupied and complete. After Trinity unsuccessfully submitted a LIHTC application in 2005 to develop Phase 4, the Newport Housing Authority and Trinity Financial, amicably dissolved their Development Services Agreement. The Housing Authority conducted an RFP and selected Valley Affordable Housing as its new developer for Phase 4 in June 2006. Valley Affordable received a reservation of tax credits in January 2007. Phase 4 represents a change from previous phases in that it introduces a homeownership component whereas previously, the phases were entirely rental. A future Phase 5 is envisioned by the Housing Authority however that phase will not utilize any HOPE VI dollars.

A brief discussion followed the presentation. Various interested parties including Jim Reed, Executive Director of Newport Housing Authority, Yvette Harris, representing the residents' council and Peter Bouchard, representing the developer commented on the proposal.

Upon a motion made by Commissioner Caprio and seconded by Commissioner Barge 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 Rhode Island Housing 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 listed below has presented an application to Rhode Island Housing requesting an allocation of tax credits to acquire and rehabilitate a residential housing development as follows:

Whereas, Rhode Island Housing has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, staff for Rhode Island Housing 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

Applicant	Development	First Mortgage	Targeted Loan	9% LIHTC	Bridge Loan
Valley Affordable Housing	Newport Heights 4	\$400,000	\$877,802	\$801,215	\$8,500,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$801,215 of allocated 2007 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”), and that the Executive Director, either Deputy Director and the Director of Housing Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island

Housing 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, subject to the special conditions listed below, the Corporation hereby approves financing for a taxable first mortgage loan to Valley Affordable Housing, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$400,000 (the “Loan”) for family housing located in Newport, Rhode Island.

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves financing for a short-term construction bridge loan to Valley Affordable Housing, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$8,500,000 (the “Bridge Loan”) for family housing located in Newport, Rhode Island.

Resolved: That the Corporation hereby reserves up to \$877,802 of Targeted Loan Funds for the Borrower.

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

1. Continued adherence to the Rhode Island Housing, approved one-for-one replacement plan.
2. HUD approval of financing proposal, including demolition and construction of new Tax Credit units within the existing Tonomy Hill neighborhood.
3. Approval of other sources of funds or the availability of alternative equity satisfactory to the corporation.
4. Final approval of plans, specifications and construction documentation
5. Final Approval by Rhode Island Housing of management agent, management documents and all management related issues.
6. Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements and the requirements established for previous phases.
7. Satisfactory evidence that the Developer is meeting required Section 3 goals set forth in the HOPE VI grant.

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.

Approval of Issuance of Homeownership Bonds Series 58

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

Rhode Island Housing staff 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 58 in an amount not to exceed \$100 million.

An additional comment regarding volume cap is relevant. Historically, staff has been able to balance annual utilization of volume cap (which is the mechanism that rations the issuance of tax exempt housing bonds) with annual awards of new volume cap. In fact, over past years, staff has adopted various methodologies to preserve and build up a carry-forward balance of volume cap. More recently, this balance has been significantly tilted towards utilization because of the very high level of loan origination activity in the single family portfolio. At present production levels, we must begin to blend taxable bonds into each bond series in order to stretch volume cap and still offer affordable rates on our residential mortgages. Almost every housing finance agency is currently experiencing this same situation and uses this blending approach as a standard way to deal with it.

Issuance of new bonds to support single family mortgage loan production occurs three to four times a year. We are at one of those issuance points, as the current level of loan production suggests new bonds will be needed in November. Based on seasonal production estimates, a \$100 million issuance will cover homeownership loans for the next three to four months.

Upon a motion made by Commissioner Flynn and seconded by Commissioner Barge the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the October 18, 2007 board package.

Approval of Multi-Family Bonds Financing - \$130 Million

Mr. Godfrey, and Tom Hogg made this presentation.

Rhode Island Housing has approved a significant number of multi-family mortgage loans for developing and preserving affordable rental housing. While some of the smaller loans will be funded from Rhode Island Housing's general funds, the bulk of the financing must be provided by issuing tax-exempt and taxable bonds.

Presently, the Development Division is working on approximately twenty transactions for which closing documentation is expected to be finalized and which may need an initial loan disbursement within the next twelve months. In addition, existing multi-family bonds that carry higher interest rates than current market and have reached their optional call dates will be considered for economic refunding. Bonds in a principal amount of up to \$130 million will accommodate these transactions. These bonds will include both tax-exempt and taxable components.

This Request for Action authorizes issuance of up to \$130 million of bonds to finance multi-family developments and to refund existing bonds, including possible reserves and issuance costs, in one or more series or subseries.

Upon a motion made by Commissioner Caprio and seconded by Commissioner Clough the following resolution was unanimously adopted:

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

WHEREAS, the Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized under the laws of the State of Rhode Island and Providence Plantations (the “State”), and in particular under the provisions of the Rhode Island Housing and Mortgage Finance Corporation Act, constituting Chapter 55, of Title 42 of the General Laws of Rhode Island, 1956 (2006 Reenactment), as amended and supplemented (the “Act”), to encourage the investment of private capital and stimulate the construction and rehabilitation of residential housing for persons and families of low and moderate income, to provide construction and mortgage loans, and to make provision for the purchase of mortgage loans and otherwise as is necessary to accomplish its purposes; and

WHEREAS, the Act declares that there exists in the State a seriously inadequate supply of and a pressing need for safe and sanitary dwelling accommodations within the financial means of persons and families of lower income, and that private lending institutions have been and will continue to be unable to provide necessary financial support for lower income housing and the resulting shortage of financing is wholly or partially responsible for the shortage of lower income housing; and

WHEREAS, in order to provide Rhode Island Housing with funds to make mortgage loans, to finance the acquisition and improvement of certain housing facilities pursuant to the Act and to refund one or more series of the bonds previously issued under the General Resolution (as hereinafter defined), Rhode Island Housing intends to issue its Housing Bonds (Rental Housing Program), in one or more series or sub-series (the “Authorized Bonds”) pursuant to the Act, the General Housing Program Bond Resolution adopted August 17, 1988 (the “General Resolution”) and the 2007 Series General Housing Program Bond Supplemental Resolution, a copy of which was presented to this meeting (the “Supplemental Resolution”) (collectively, the “Resolution”); and

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION AS FOLLOWS:

Section 1. To accomplish the purposes of the Act and to provide for financing costs of the Program and/or to refund one or more series of its bonds previously issued under the General Resolution, the issuance of the Authorized Bonds is hereby authorized subject to the provisions of this resolution, the General Resolution and the Supplemental Resolution. The Authorized Bonds shall be issued in one or more series in the aggregate initial principal amount as determined by any Authorized Representative of Rhode Island Housing (as herein defined),

which shall not exceed a total of \$130,000,000 and shall mature on the dates and in the amounts, shall bear interest at the rates and shall be subject to redemption as provided for in the Supplemental Resolution and the Certificates of Determination to be executed in connection with the issuance of the Bonds.

Section 2. Rhode Island Housing hereby approves and adopts the Supplemental Resolution, substantially in the form presented to this meeting, with such changes, insertions and omissions as may be approved by any Authorized Representative. Each Authorized Representative of Rhode Island Housing is hereby individually authorized to deliver the Supplemental Resolution with such changes, insertions and omissions as may be approved by such Authorized Representative. In the discretion of Rhode Island Housing, the Authorized Bonds may be issued in one or more series or sub-series.

Section 3. The Authorized Bonds shall be special revenue obligations of Rhode Island Housing, payable solely from the revenues and assets of Rhode Island Housing pledged therefore, and from any amounts otherwise available under the Resolution for the payment thereof. The State and any political subdivision thereof shall not be obligated to pay the principal of, premium, if any, or interest on the Authorized Bonds. Neither the faith or credit nor taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of, premium, if any, or interest on the Authorized Bonds.

Section 4. The assignment to the Trustee of Rhode Island Housing's interest in certain loans, revenues, receipts, funds, moneys and securities as provided in the Resolution is hereby authorized and approved, and any Authorized Representative of Rhode Island Housing is hereby authorized to execute and deliver all documents necessary to give effect to this assignment.

Section 5. Rhode Island Housing approves and authorizes the distribution and use of one or more Preliminary Official Statements and the Official Statements substantially in the form of the Preliminary and Official Statement distributed by Rhode Island Housing in conjunction with Housing Bonds issued under the General Resolution, with such further amendments, supplements, changes and insertions thereto as may be approved by any Authorized Representative in connection with the offering and sale of the Authorized Bonds consistent with the provisions of the Supplemental Resolution and in accordance with applicable legal requirements. Any Authorized Representative of Rhode Island Housing is hereby authorized, empowered and directed to execute one or more final Official Statement(s) to be delivered to the Underwriters (as hereinafter defined). Any such approval shall be conclusively evidenced by such Authorized Representative's execution and delivery of the Official Statements. The foregoing approvals of the form of the Official Statements shall not be deemed to constitute an acknowledgement by Rhode Island Housing of any responsibility for the information set forth in the Preliminary Official Statements or the final Official Statements or for information which has been furnished by the Underwriters (as herein defined) for use in such Preliminary Official Statements or final Official Statements.

Section 6. Rhode Island Housing is hereby authorized to execute and deliver one or more Contracts of Purchase between Rhode Island Housing and UBS Financial Services Inc., Goldman Sachs & Co. or any other underwriter selected by Rhode Island Housing, as any Authorized Representative may determine, as representative of the underwriters and for any

other person or entity (the “Underwriters”), relating to the Authorized Bonds (the “Contracts of Purchase”), which Contracts of Purchase shall be substantially in the form of that certain Contract of Purchase entered into by Rhode Island Housing in connection with the sale of the most recent Housing Bonds issued by Rhode Island Housing under the General Resolution, with such changes, substitutions, insertions and omissions thereto as may be approved by any Authorized Representative. Any Authorized Representative of Rhode Island Housing is hereby authorized to execute, acknowledge and deliver the Contracts of Purchase with such changes (including the addition of a put bond provider to the underwriting group), insertions and omissions as may be approved by such Authorized Representative, and the Secretary or any Authorized Representative of Rhode Island Housing is hereby authorized to affix the seal of Rhode Island Housing to the Contracts of Purchase and attest the same. In the discretion of the Authorized Representative if a portion of the bonds are sold to an entity other than the Underwriter, a Composite Contract of Purchase or a separate Contract of Purchase with such buyer may be substituted for a Contract of Purchase. The execution of the Contracts of Purchase by any Authorized Representative shall be conclusive evidence of any approval required by this Section. The Executive Director, Chairman of the Board of Commissioners and Deputy Director of Finance, acting singly, each is authorized to sell the Authorized Bonds as authorized and on the terms provided pursuant to the Supplemental Resolution. Notwithstanding anything contained in this Section to the contrary, the Executive Director, the Deputy Director of Finance and the Chairman of the Board of Commissioners, acting singly, is hereby authorized to enter into such other agreements with underwriters regarding tender option bonds to be included as part of the transactions authorized hereby, as each such officer may deem necessary or advisable.

Section 7. One or more Continuing Disclosure Agreements related to the Authorized Bonds (the “Continuing Disclosure Agreements”) between Rhode Island Housing and The Bank of New York, N.A., as Trustee for the Authorized Bonds, substantially in the form of the most recent of such Continuing Disclosure Agreements entered into by Rhode Island Housing is hereby approved with such amendments, supplements, changes and insertions thereto as may be approved by any Authorized Representative consistent with the provisions of the Supplemental Resolution and in accordance with applicable legal requirements.

Section 8. The Authorized Bonds shall be executed in the manner provided in the Resolution and delivered to the Trustee for proper authentication and deliver to the Underwriters, upon instructions to the effect. The use of a book-entry system for all or a portion of the Authorized Bonds is hereby authorized.

Section 9. The Executive Director, Chairman of the Board of Commissioners, Deputy Director of Finance, Treasurer and Portfolio Manager of Rhode Island Housing, acting singly, each is hereby authorized to pay costs of issuance, capitalized interest, to pay the costs for any Interest Rate Exchange Contract (defined below), if any, entered into by Rhode Island Housing and to fund the Debt Service Reserve Account, if required, relating to the Authorized Bonds from the operating funds of Rhode Island Housing, to the extent such subsidies are not paid from the proceeds of the Authorized Bonds or the Program cash flow.

Section 10. All covenants, stipulations, obligations and agreements of Rhode Island Housing contained in this resolution, the General Resolution, Supplemental Resolution, the

Certificates of Determination, the Contracts of Purchase and any Preliminary Official Statements or final Official Statements shall be deemed to be the covenants, stipulations, obligations and agreements of Rhode Island Housing to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon Rhode Island Housing and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon Rhode Island Housing or the Commissioners thereof by the provisions of this resolution, the General Resolution, Supplemental Resolution or the Contracts of Purchase shall be exercised or performed by Rhode Island Housing or by such Commissioners, officers, board or body as may be required by law to exercise such powers and to perform such duties.

Section 11. No covenant, stipulation, obligation or agreement contained in this resolution, the General Resolution, Supplemental Resolution, the Certificates of Determination, the Contracts of Purchase, or any Preliminary Official Statements or final Official Statements shall be deemed to be a covenant, stipulation, obligation or agreement of any Commissioner, officer, agent or employee of Rhode Island Housing or of the State in his or her individual capacity, and neither the Commissioners of Rhode Island Housing nor any officer executing the Authorized Bonds shall be liable personally on the Authorized Bonds, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12. The Chairman of the Board of Commissioners, the Executive Director, the Deputy Director of Finance, the Treasurer and Portfolio Manager of Rhode Island Housing (as used in this resolution, the “Authorized Representatives”) are each hereby designated an Authorized Representative of Rhode Island Housing, and each of them is hereby authorized and directed to cause the proceeds of the Authorized Bonds to be disbursed as provided in the Resolution, to execute and deliver any and all mortgages, agreements, contracts (including, but not limited to, any interest rate swap, yield swap, maturity swap or other interest rate exchange contract (collectively, “Interest Rate Exchange Contracts”)), instruments, opinions, certificates, affidavits and other documents, and to do and cause to be done any and all acts and things necessary or proper for carrying out this resolution, the General Resolution, Supplemental Resolution, the Certificates of Determination, the Continuing Disclosure Agreements, the Contracts of Purchase, any Preliminary Official Statements or final Official Statements, and the issuance of the Authorized Bonds, including making such changes, substitutions, additions or revisions of such documents, including, but not limited to, the Authorized Bonds, the Supplemental Resolution, the General Resolution and this resolution as may be approved by Bond Counsel, and the Contracts of Purchase, as may be approved by General Counsel and by Bond Counsel; provided, however, that no Interest Rate Exchange Contract may be entered into by Rhode Island Housing unless and until the Board of Commissioners has approved a subsequent resolution adopting a swap policy and such Interest Rate Exchange Contract is permitted by and consistent with such swap policy. The Authorized Representatives are each hereby further authorized to take any and all such actions and execute and deliver any and all such documents, agreements, pledges and other instruments as each may deem necessary or advisable to meet the requirements of any national rating agency in conjunction with the Program and the issuance of the Authorized Bonds.

Section 13. The Authorized Representatives are each hereby individually authorized, empowered and directed to conduct a TEFRA hearing relating to the sale of the Authorized Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, and to take any and all actions in connection with said hearing in the name of and on behalf of Rhode Island Housing as each may, in his sole discretion, deem necessary, advisable or convenient.

Section 14. Terms not otherwise defined herein shall have the meaning assigned to them in the Resolution.

Section 15. This Resolution shall take effect immediately.

Response to Address the Mortgage Crisis Issue

Mr. Godfrey gave an update on the impact of the subprime and foreclosure crisis in Rhode Island.

With the resetting of interest rates on sub-prime adjustable mortgages and the subsequent loss of liquidity nationally in the housing market, Rhode Island has experienced a significant increase in foreclosures. In the past year, over 1360 homes have been advertised for foreclosure, with more than 600 located in Providence neighborhoods. Rhode Island experienced the highest rate of foreclosures initiated in New England and is experiencing a rate higher than the national average.

The consequences go beyond the tragedy of families losing their homes. Most foreclosures result in the immediate eviction of tenants. Our homeless shelters, already over capacity, are experiencing an increase of tenants who have been displaced. Neighborhoods are impacted by vacant, boarded properties that are vandalized and that are not maintained. The tightening of national credit policies may result in fewer and higher cost loans for traditionally disadvantaged neighborhoods and families.

Staff has been working with the City of Providence and other partners to coordinate a response. It is critical that homeowners access counseling as early as possible in the process. Rhode Island Housing is opening a counseling center at 44 Washington Street and working with our partners to offer guidance and assistance to homeowners. We are also developing new loan products as alternatives to adjustable rate, high cost and non-traditional products for at-risk homeowners. We will also work with our Community Development Corporations to assist them in stabilizing neighborhoods adversely impacted by concentrations of foreclosures.

A brief discussion followed the presentation with Mr. Godfrey, and Ms. Bodington responding to questions from the Board. It was the unanimous consensus of the Board that staff should prepare a recommendation to the Board of Commissioners, for their next meeting, regarding possible legislation to expand protection for tenants residing in foreclosed properties.

Upon a motion made by Commissioner Barge and seconded by Commissioner Clough the following resolution was unanimously approved:

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

- Whereas:** The mission of Rhode Island Housing is to ensure that every person who lives or works in Rhode Island can afford a safe, healthy home that meets their needs, and;
- Whereas:** Rhode Island Housing’s mission includes assisting Rhode Islanders to retain their homes for as long as they want, and;
- Whereas:** One of the public purposes within the Rhode Island Housing enabling act is to stimulate and assist in the ... retention and maintenance of residential housing ... through the use of public financing, and;
- Whereas:** The mortgage market in Rhode Island and nationally is experiencing a tightening of credit and an increasing number of residential foreclosures, and;
- Whereas:** Rhode Island has the highest rate of foreclosures initiated in New England and a rate considerably higher than the national average, and;
- Whereas:** The City of Providence and many of our community partners have contacted Rhode Island Housing with regard to the severity of the mortgage crisis in Rhode Island, and;
- Whereas:** The rate of foreclosures is particularly high in the neighborhoods in which Rhode Island Housing has partnered with Community Development Corporations to combat deterioration by investing in the development of rental and homeownership opportunities and in the revitalization of the neighborhood, and;
- Whereas:** Most foreclosures result in immediate eviction of all residents and many of the current foreclosures are multiple family buildings resulting in the eviction of many innocent and financially responsible tenants, and;
- Whereas:** Foreclosures and evictions have generated a spike in homelessness, aggravating an already burdened system, and;
- Whereas:** Tightening national credit policies may result in fewer and higher cost loans for traditionally disadvantaged neighborhoods and families, and;
- Whereas:** The increase in foreclosed properties has a blighting impact on streets, neighborhoods, and communities, and has particularly impacted several neighborhoods in which Rhode Island Housing has invested in revitalization efforts, and;

Whereas: Rhode Islanders are increasingly requesting our assistance as they face an imminent financial crisis; and

Whereas: Rhode Island Housing's strengthening financial base and anticipated costs and income from new initiatives are expected to remain in balance:

Whereas: Rhode Island Housing proposes to:

Increase Mortgage Counseling Services: The growing need for mortgage counseling services has overwhelmed existing resources. Early lender intervention is a key to homeownership retention. As a HUD approved mortgage counseling agency, Rhode Island Housing will provide early intervention counseling and assist in creating work-out or disposition plans with homeowners and their servicers, educate both homeowners and homebuyers, provide the new state required counseling for high cost loans, provide support for the Madeline Walker tax lien program, refer homeowners to other service providers, and provide related housing services.

Stabilize Neighborhoods: Work in partnership with municipalities and non-profits to stabilize neighborhoods that may be particularly disadvantaged by the surge in foreclosure activity. The Neighborhood Stabilization Program is expected to be a distinct component of the Land Bank program to help Community Development Corporations assist owners in selling their homes when they can no longer afford ownership and to keep properties occupied or have them reoccupied as quickly as possible to avoid detrimental impacts on the neighborhood.

Increase Mortgage Liquidity: As the liquidity crisis continues to increase in the mortgage industry, Rhode Island Housing will work with additional lender partners that are having difficulty warehousing or selling conforming loans through their prior correspondent/investor channels. This loan purchase program will be built on the Fannie Mae My Community platform under a special agreement that was negotiated for housing finance agencies.

Offer Home Saver Loans: Create loan products that provide financing to Rhode Island homeowners seeking an alternative to an adjustable rate, high rate or non-traditional mortgages. This program will contain many of the features and low/moderate income targeting of the First Homes Program, but at a somewhat higher rate because of the lack of tax-exempt financing. The products will be offered through the existing distribution network.

Now therefore, it is hereby

Resolved: That the Board of Commissioners hereby finds that programs and services substantially similar to those described above are necessary and appropriate for:

1. the retention and maintenance of residential housing in Rhode Island,

2. the prevention of homelessness,
3. relief for Rhode Islanders experiencing financial stress due to the high cost of housing and housing finance,
4. the prevention and elimination of blight, and
5. for retaining the soundness of Rhode Island Housing's current home-lending portfolio

Resolved: That Rhode Island Housing hereby authorizes, encourages and directs staff to develop programs and services similar to those described above,

Resolved: That the Executive Director or his designee, and any Deputy Director, each acting singly, be, and hereby is, authorized to take any and all action as may be necessary or desirable to carry out the foregoing Resolution.

Executive Director's Report

Mr. Godfrey referred the Commissioners to his memo, which had been previously distributed and briefly commented on several topics of interest.

Rhode Island, like many states, is experiencing an increase in mortgage delinquencies and foreclosures. The number of legally noticed foreclosures rose to 270 in September 2007. This is the second highest monthly total of listings since we began tracking the notices in August of 2006. In total, 1,506 properties were noticed for foreclosure in the one-year period from October 2006 to September 2007.

In response to the increase in mortgage delinquencies and foreclosures, Rhode Island Housing is establishing a Housing Help Center, which will provide comprehensive housing counseling and safe mortgage programs for Rhode Islanders.

Mr. Godfrey notified the Commissioners that Congressman Kennedy and Mayor Cicilline will join him in unveiling plans for the Rhode Island Housing Help Center at a press conference on Friday, October 19th at the DaVinci Center in Providence. Slated to open in November, the center will be located at Rhode Island Housing's offices at 44 Washington Street, on the first floor.

There being no further business to discuss, a motion was duly made by Commissioner Caprio and seconded by Commissioner Clough to adjourn the open meeting at approximately at 9:43 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director