

**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, October 15, 2009 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Mark Noble; Vice Chairwoman Denise Barge; Xay Khamsyvovong, designee for General Treasurer Frank T. Caprio; Michael Marques, Director of Department of Business Regulation; Kevin Flynn, designee for Gary Sasse, Director of Department of Administration; Jose Monteiro and Perry Clough.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Susan Bodington, Deputy Director; John Gordon, Director of Asset Management; Amy Rainone, Director of Policy; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing, Michael V. Mילו, Corporation Counsel and Jo-Ann Ryan Communications Director.

Brian 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 Noble called the meeting to order at approximately 8:30 a.m.

Approval of Minutes of Board Meeting Held on August 27, 2009

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

VOTED: That the Minutes of the Board Meeting held on August 27, 2009 hereby are approved.

Chairman's Report

Chairman Noble welcomed guests and invited them to introduce themselves to the Board of Commissioners.

Committee Reports

There were no committee meetings held during September.

Executive Director's Report

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

Mr. Godfrey noted that although there was much anticipation about an imminent announcement of a Treasury/GSE plan to purchase HFA bonds, no plan has yet been announced. With Congressional authorization set to expire at year end, the actual logistics of issuing and closing on multiple transactions totaling \$35 billion grows more daunting everyday. The delay is especially disappointing to those agencies which are frozen by large amounts of outstanding variable rate debt. On a positive note, the capital markets have improved sufficiently to enable Rhode Island Housing to sell bonds at rates that can fund mortgages with viable interest rates. This topic will be discussed in greater detail as part of action items 9 and 10 of the agenda.

Mr. Godfrey reported that HUD did not renew Rhode Island Housing's application for additional lead abatement funding, and that the request for additional counseling funds was significantly reduced. However, sufficient funds remain to continue these activities at least through the end of the fiscal year and additional competitive funding rounds will be announced before then.

As required by statute, Rhode Island Housing's 2009 Financial Statements were completed and filed with the respective state offices within the statutory deadline. Mr. Godfrey provided copies for Board Members and announced that the results will be discussed at length at the upcoming the Audit Committee meeting.

Delinquencies and foreclosures continue to rise in Rhode Island. More than 75% of the new foreclosure originations in July and August were located in the urban core. A significant percentage of these involved "80/20" finance deals for both purchases and refinance. Of the refinancing activity, about 25% of the loans were for double or more of the original purchase price. Rhode Island Housing's portfolio continues to perform well in comparison to statewide foreclosure trends.

Rhode Island Housing continues to serve homeowners seeking assistance through our HelpCenter. Since opening the doors to our Housing HelpCenter in November 2007, 5,604 Rhode Island homeowners seeking assistance have contacted the HelpCenter. All of these homeowners have received a financial analysis questionnaire. More than 3,000 homeowners with a full-range of financial challenges have met face-to-face with our counseling staff. Of these, 2,340 have completed the counseling process and 679 are being reviewed by servicers. The majority of homeowners seeking our assistance live in Providence, Cranston, Warwick, Pawtucket, and Central Falls, all communities that have experienced high rates of foreclosure.

The Homeownership Tax Credit of \$8000 available to first time homebuyers is scheduled to expire on November 30. Rhode Island Housing is calling extra staff in over the Thanksgiving weekend to assure that all possible loans are closed by the deadline. However, in our effort to close loans in the pipeline, we will not sacrifice underwriting requirements that we determine are needed to assure the best possible long-term outcome for our borrowers. It is possible that

Congress will extend the credit beyond November 30, 2009.

On October 15, 2009, Rhode Island Housing celebrated the opening of the first phase of Sweetbriar apartments, which is the first affordable rental housing for families in Barrington. This development was completed with the application of several tools, such as Low/Mod Housing Act; the Land Bank program; State housing bond funds; federal housing tax credits; local community involvement; and multiple financing partners. Sweetbriar will help reduce concentrations of lower wage earners; allowing greater access to good educational and employment opportunities; provide construction jobs during the current recession; and foster responsible growth within traditional community settings and infrastructure.

Mr. Godfrey announced that Rhode Island Housing's HomeHelp Kit recently received the NCSHA Program Excellence Award in the Promotional Materials and Newsletters category. The Kit provides comprehensive information on our low-interest loans, grants, education, services, advocacy and consumer counseling to help our customers buy and retain their homes. Production of the Kit has served to foster and strengthen our relationships with housing partners, public officials, cities and towns, legislators, realtors and counselors and has gained increased exposure for Rhode Island Housing as a trusted source of housing information.

Approval of HOME Awards

Mr. Godfrey presented this request and gave a brief overview of each proposed projects.

Rhode Island Housing has administered the HOME Investment Partnerships Program since 1992. This year, the Corporation has executed a grant agreement with the United States Department of Housing and Urban Development (HUD) for \$5,489,680 in FY 2009 HOME Program Funds. On May 21, 2009 the Board of Commissioners approved awards totaling \$4,059,001. This Request is for approval of the balance of FY 2009 HOME funds.

Twenty-two applications requesting more than \$4 million from the HOME Program were reviewed by staff. Additional information was requested where necessary, and staff conducted site visits of selected proposals. In accordance with procedures adopted by the Board of Commissioners, the Executive Director did not participate in the review or consideration of any of the applications since his spouse is the Executive Director of one of the applicants for funding.

Following this review, all applications were rated based upon the scoring system in the Second Amendment of the Rules and Regulations of the HOME Program as adopted by the Board on May 19, 2005. All eligible applications were submitted to the HOME Program Advisory Committee for review. The Committee convened on September 15, 2009 and recommends eleven (11) proposals for HOME funding. The Committee also approved a set-aside of \$229,752 to provide down payment assistance to low-income buyers of affordable homes developed with HOME Program funds. These recommendations will commit the balance of \$1,325,052 of 2009 HOME Program funds.

All eleven (11) recommended applications were submitted by seven nonprofit organizations and one municipality. Four of the nonprofit organizations are designated as Community Housing

Development Organizations (CHDOs). The proposed project sites are located in the following communities: Lincoln, Newport, Pawtucket, Providence, Warwick and West Warwick. HOME regulations require that all of the funded units be occupied by families and individuals with incomes not exceeding 80% of the area median and that 90% of the rental units be occupied by tenants with incomes not exceeding 60% of the area median. In this round 37 units will serve families and individuals with incomes not exceeding 50% of median income.

A total of \$1,325,052 is recommended to be committed at this time. This amount will directly fund 45 units, including 39 units of rental housing, six units for homeownership, and provide a down payment assistance set-aside of up to \$229,752 for low-income homebuyers. The recommended developments will produce an additional 67 affordable units.

With the approval of these proposals, 100% of FY 2009 HOME funds will be committed. These recommendations increase the commitment of HOME Program funds since 1992 to \$75,324,329 to produce 3,857 affordable housing units in 509 developments. Representatives from each of the proposed recipients were present and available to respond to questions from the Commissioners.

Representatives from each of the proposed recipients were present and available to respond to questions from the Commissioners.

Upon a motion made by Commissioner Flynn 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: Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) has entered into an agreement with the U.S. Department of Housing and Urban Development to administer the HOME Program and;

WHEREAS: Rhode Island Housing is authorized to disburse \$5,489,680 in Federal Fiscal Year 2009 HOME funds to eligible entities in order to create affordable housing opportunities, and;

WHEREAS: The applicants listed in Attachment B have submitted applications which meet the requirements of the HOME Program and;

WHEREAS: Staff of Rhode Island Housing and the HOME Program Advisory Committee have reviewed each of the eligible applications submitted and the Advisory Committee has recommended that HOME funds be committed to the proposals in Attachment B;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commit \$1,325,052 in Fiscal Year 2009 HOME funds and program income, in accordance with the program description as

approved by the United States Department of Housing and Urban Development, to the proposals as recommended by the HOME Program Advisory Committee in Attachment B.

RESOLVED: That any Deputy Director and the Director of Development, each acting singly be, and hereby is, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolution.

Approval of Threshold Program Awards

Mr. Godfrey made this presentation.

Since September 1994, Rhode Island Housing has managed the Thresholds Program under agreement with the Rhode Island Department of Mental Health, Retardation and Hospitals. The goal of the Thresholds Program is to increase the supply of housing affordable to people with serious mental illnesses. This year MHRH expanded eligibility to projects serving clients with developmental disabilities. Some of this housing is supervised, but the majority of the apartments are supportive housing. In supportive housing, a mental health agency provides its clients with the services they need to live independently in integrated settings. To date, Thresholds has provided financing for 330 units and has committed over \$12.2 million in program funds.

On August 17, 2009 a request for proposals for Thresholds funding was distributed. Eight (8) applications requesting \$1,526,556 were received for fiscal year 2010. The Thresholds Advisory Committee met on September 30, 2009 to review the applications, and recommended funding five (5) applications.

The Department of Mental Health, Retardation and Hospitals (MHRH) concurred with the recommendation of the Advisory Committee. The current Thresholds account balance available for allocation is \$732,696. The Thresholds Advisory Committee determined (1) that the recommended awards totaling \$732,696 would enable Thresholds to meet its goal of supplying housing linked to supportive services from a mental health or developmental disability agency and (2) that the size of the awards were justified and sufficient.

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

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

WHEREAS, the Department of Mental Health, Retardation and Hospitals (MHRH) has entered into an agreement with Rhode Island Housing pursuant to which MHRH has delegated to Rhode Island Housing the administration of Thresholds funds; and

WHEREAS, the proposals of House of Hope Community Development Corp, The Kent Center, Newport County Community Mental Health, Arc of Blackstone Valley,

and Westerly Area Rest Meals (WARM), Inc. meet the criteria for Thresholds funding, and

WHEREAS, the Thresholds Advisory Committee and MHRH have both reviewed the proposals and recommend approval of the allocation of Thresholds funds.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and it hereby is authorized, to commit \$732,696 in Thresholds funds, as set forth in Attachment A, and approved by MHRH

RESOLVED: That the Executive Director and the Deputy Director for Programs, each acting singly be, and hereby is, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolution.

Approval of Financing for Carlton/Westside

Mr. Godfrey made this presentation.

This Request for Action is for Revised Firm Approval of financing for Carleton Court (“Carleton”) and Westside Apartments (“Westside”), two existing developments in Providence, Rhode Island. In June 2008, the general partnership interests were assigned to Arch Street Development LLC (“Arch Street”), a for-profit housing real estate developer from Needham, MA from the former General Partner, the Gatehouse Group. Arch Street seeks to rehabilitate and preserve Carleton and Westside using housing tax credits or an equivalent equity source. This financing plan will assist with the preservation of 86 units of affordable housing, which currently serve elderly and disabled tenants as well as families.

Carleton is a 46-unit development consisting of 42 one-bedroom and 4 two-bedroom units located at 211 Carleton Street in Providence’s Federal Hill neighborhood. Formerly used as a parochial school, the building was converted to residential use in 1991 and currently serves a predominantly elderly population.

Westside is a 40-unit scattered site development located on the west side of Providence. Comprised of 18 modular-style buildings containing 22 three-bedroom units and 18 four-bedroom units, Westside was constructed in 1990 with financing provided by Rhode Island Housing and currently serves low income families.

Firm Approval for acquisition and permanent tax-exempt financing was given by Rhode Island Housing’s Board of Commissioners to Arch Street in December of 2007. With an identified housing tax credit investor, the transaction was prepared for closing. However, due to subsequent turmoil in the housing tax credit market, the proposed tax credit syndicator withdrew its investment commitment and the transaction could not go forward. Since that time, the sponsor has been unsuccessful in identifying a substitute housing tax credit investor. Consequently, in June of 2009, the Rhode Island Housing Board of Commissioners gave approval of a Tax Credit Assistance Program (“TCAP”) award in the amount of \$2,048,100.

Also in June of 2009, the Trustees of the Affordable Housing Trust granted approval of a loan in the amount of \$2,000,000 to repay existing debt on the two properties in connection with acquisition and rehabilitation of the properties.

A new limited partnership entity, Carleton Westside Apartments, L.P. (“Borrower”), has been formed to acquire and renovate Carleton Court and Westside Apartments. Arch Street will serve as the developer and will be the managing member of the new general partner. As part of the transaction, Borrower will rehabilitate the buildings and extend the affordability.

Upon closing, the new owners will sign a 40-year use agreement guaranteeing affordability and commit to undertake approximately \$2.4 million in rehabilitation. Based upon Capital Needs Assessments for both developments as well as an inspection of each unit, rehabilitation plans call for new roofs, mechanical system upgrades, exterior improvements and fire protection improvements. Unit interiors and common areas will also receive upgrades. Throughout the past year, the sponsor has worked closely with the proposed general contractor to refine the scope of rehabilitation and reduce costs through careful value engineering.

Proposed sources of funding include (i) a tax exempt first mortgage based on rents converting to the 50% tax credit level; (ii) syndication equity from the sale of 4% HTCs and funding under the TCAP; (iii) a Targeted Loan from Rhode Island Housing; (iv) a loan from the Affordable Housing Trust; (v) a deferred development fee; and (vi) cash equity from existing reserves.

This Request for Action is for revised firm approval of tax exempt construction financing in an amount up to \$4,300,000 of which, \$2,060,000 will remain as a permanent first mortgage debt and approval of an increase of the June 2009 TCAP award in the amount of \$400,000 for a total TCAP award of \$2,448,100 as part of the new financing for the Development.

Upon a motion made by Commissioner Marques and seconded by Commissioner Monteiro 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, to pay the costs of issuance, to fund a Capital Reserve Fund, and to provide the capitalized interest if determined to be necessary;

Whereas, the Applicant listed below has presented an application to Rhode Island Housing requesting mortgage(s) consisting of tax-exempt financing to acquire and rehabilitate a residential housing development as follows:

Development	Borrower	Tax Exempt Loan	Targeted Loan
Carleton Court/ Westside Apartments	Carleton Westside Apartments, L.P.	\$4,300,000.00	\$1,045,000.00

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;

Whereas, Rhode Island Housing previously authorized TCAP funding for Carleton Court/Westside Apartments in the amount of \$2,048,100.00.

Whereas, Whereas the Applicant has requested an increase to the previous TCAP award in the amount of \$400,000.00 based on refinement of the project financing.

Whereas, Rhode Island Housing staff has reviewed the Applicant’s TCAP request and has determined that the additional funding is warranted.

Whereas, Staff recommends that the Board of Commissioners authorize approval of TCAP assistance up to \$2,448,100.00 for Carleton Court/Westside Apartments.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby approves a loan to be financed by tax-exempt bonds, to Carleton Westside Apartments, L.P. (the “Borrower”) in an amount not to exceed \$4,300,000.00 for rental housing located at in Providence, Rhode Island.

Resolved, Rhode Island Housing hereby declares that the firm approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing towards the issuance of bonds to finance up to a \$4,300,000.00 mortgage, the required reserve funds, the related costs of issuance for the Bond issue for the above- named 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, subject to the special conditions listed below, Rhode Island Housing hereby approves a Targeted Loan to Carleton Westside Apartments, L.P. (the “Borrower”) in an amount not to exceed \$1,045,000.00 for rental housing located at in Providence, Rhode Island.

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

- Acceptable final appraisal by an independent appraiser that demonstrates that the permanent loan does not exceed 90% of the as-stabilized value of the property.
- Approval by Rhode Island Housing of final construction documentation.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- Completion of all items required for closing in accordance with normal underwriting and processing requirements.

Resolved, Staff is authorized to award TCAP funding to Carleton Court/Westside Apartments in an amount up to \$2,448,100.00, under such terms and conditions as staff determines are consistent with the requirements of TCAP and in the best interests of Rhode Island Housing, and in an amount not to exceed the tax credit equity authorized in the firm approval adjusted for costs incurred by the implementation of Davis Bacon Prevailing Wages.

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 Commitment of Financing for Blackstone Valley Gateway

Mr. Godfrey gave this presentation.

This Request for Action is for the reservation of up to \$881,974 in 2009 9% tax credits for the Blackstone Valley Gateway development (the “Development”) in Pawtucket. The sponsor is Pawtucket Citizens Development Corporation (“PCDC”).

PCDC submitted an application for 2009 Low Income Housing Tax Credits (“HTC”) in October 2008 as part of the annual Request for Proposals. The application was not funded, primarily because the Development did not have a commitment for syndication and the large amount of commercial space programmed for Dexter Street and Broad Street was still in the planning stages. Since the filing of the tax credit application, PCDC has finalized its plan for the commercial portions of the Development and have received a Letter of Intent for syndication from National Equity Fund (“NEF”) which has identified a buyer for the tax credits. The syndication letter is based on the receipt of 2009 HTC and a year end closing.

PCDC’s proposed development is part of their Pawtucket/Central Falls KeepSpace Initiative. This Development will provide 33 affordable apartments and 3,453 square feet of community and service space. Four existing buildings will be renovated to create 13 apartments. Three new buildings will be constructed to create 20 new apartments and the community/service space. Upon completion, there will be 4 one-bedroom units, 18 two-bedroom units and 11 three-bedroom units. All 33 apartments will be leased to families earning at or below 50% AMI and eight units will be leased to tenants with income at or below 40% AMI with operating assistance provided through the Neighborhood Opportunity Program (“NOP”).

The current development plan proposes more community space and less commercial space than originally proposed. Recent changes to the HTC statute allow for a larger percentage of community space to be included in the tax credit eligible basis, encouraging PCDC to expand these uses in the Development. At the same time, PCDC decided to reduce the amount of commercial space since the current credit crunch has made it difficult to secure commercial financing. With the reduction of commercial space and the increase in community and service space the Development is financially feasible without the need for a commercial loan.

In the revised plan two buildings will have community and service uses on the ground level. ACCESS-RI a statewide service provider will lease space at 185 Dexter Street and will provide services to residents of the Development. ACCESS-RI is a statewide program of the Mental Health Association of Rhode Island designed to serve people experiencing chronic homelessness who have a diagnosis of mental illness and/or substance abuse. In addition, PCDC will relocate their offices to 204 Broad Street which will increase their visibility within the community allowing them to better serve area residents with a presence along this main thoroughfare of Pawtucket. PCDC will pay only a nominal rent helping to reduce their operating expenses and increase their financial stability.

This proposal includes many elements identified as priorities within the state's Qualified Allocation Plan. This project will bridge previous achievements of PCDC in the area with the larger KeepSpace proposal envisioned to improve connectivity within the neighborhood and serve as a future gateway to Blackstone Valley. The development includes the historic re-use of one property on Nickerson Street. It provides affordable housing in an area of Pawtucket where need remains great. The proposal leverages some commercial income from the Dexter Street property. Finally, the Development has significant support from the city of Pawtucket.

The total development cost for this project is \$10,020,133. Proposed sources of funding include: (i) a Rhode Island Housing first mortgage, (ii) a Rhode Island Housing Targeted Loan, (iii) HOME funds from both the City of Pawtucket and Rhode Island Housing (iv) the sale of Housing Tax Credits and Federal Historic Tax Credits, (v) Building Homes Rhode Island funds (vi) Special Needs Rental Program (SNRP) funds (vii) Rhode Island Housing Lead funds, and (viii) Neighborhood Stabilization Program (NSP) funds.

Michael Lorano from PCDC was introduced and thanked the board and staff.

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

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

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

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

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, 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; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of tax credits from the tax credit authority available in the calendar year 2009 ("the Tax Credit") as follows:

Development	Applicant	9%Tax Credits	First Mortgage	Targeted Loan
Blackstone Valley Gateway	Pawtucket Citizens Development Corporation	\$881,974	\$150,000	\$730,600

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 enabling legislation, regulations, guidelines and policies;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$881,974 of allocated 2009 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 the Executive Director, either Deputy Director, or the Director of 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 Rhode Island Housing hereby preliminarily approves financing for a taxable first mortgage loan to PCDC or an affiliated partnership (the “Borrower”) in an amount not to exceed \$150,000 (the “Loan”) for family housing located in Pawtucket, Rhode Island.

Resolved: That the Rhode Island Housing hereby preliminarily approves up to \$730,600 of Targeted Loan Funds for the Borrower;

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

1. The award of Rhode Island Housing HOME, Pawtucket HOME, NOP, and Neighborhood Stabilization Program funds sufficient to make the project feasible, or the availability of alternative equity satisfactory to Rhode Island Housing;
2. The award of Building Homes Rhode Island, Special Needs Rental Production, and Lead Funds sufficient to make the project feasible, or the availability of alternative equity satisfactory to Rhode Island Housing;
3. Syndication equity from the sale of HTCs and federal historic tax credits in amounts sufficient to achieve project feasibility;
4. Final approval of plans and specifications by Rhode Island Housing and final agreement with General Contractor on construction cost;
5. Acceptable final appraisal and market study by an 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;
6. Approval by Rhode Island Housing of all management related issues;
7. Satisfactory and timely performance in accordance with the schedule established by the sponsor and approved by Rhode Island Housing;
8. 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.

Resolved: That the Executive Director, either 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 Homeownership Opportunity Bonds Series 61

Mr. Godfrey provided information regarding the details of the bond issuance.

Staff continuously monitors loan origination activity, prepayment speeds of existing mortgages; refunding, recycling and optional redemption opportunities related to bonds; and allocated volume cap available to issue tax exempt mortgage revenue bonds. All of these activities have the objective of maximizing our lending flexibility and minimizing our interest costs in order to provide mortgages to low and moderate income borrowers in connection with the purchase of their first home.

In normal times, recommendations to issue bonds to fund new mortgages occur approximately quarterly. Over the last year however, capital markets have been extremely illiquid and interest costs associated with housing or mortgage related bond financing have reached historically high levels compared to traditional benchmarks like the Treasury yield curve. Because of this, Rhode Island Housing has not issued a new bond since August of last year.

During the last month, bond markets have improved. A few housing agencies have recently issued bonds that would allow a small, but positive, net revenue margin on the mortgage loans funded with those bonds. Even potentially more helpful, the U.S. Treasury is presently

developing a program wherein the Treasury, through FannieMae and FreddieMac, will purchase long term bonds from housing finance agencies at rates even lower than those available in the current, improving market.

Staff has found various interim ways to fund mortgage loans since the beginning of the year. At this time, it is appropriate to issue bonds to permanently finance loans already made, as well as to provide anticipatory funding for future loan production. The resolution allows the flexibility to use the Treasury/GSE program and traditional markets.

Staff recommends the issuance of up to \$200 million of bonds, notes and convertible option bonds within the Homeownership Opportunity Bond program. Staff will issue some long term bonds and fixed rate, short term notes as soon as practical. Convertible option bonds will be placed immediately in a short-term mode and be later refunded to long term bonds using the same volume cap.

Upon a motion made by Commissioner Barge and seconded by Commissioner Marques, the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the October 15, 2009 board package.

Approval of Multi-Family Housing Bonds Series 2009

Mr. Godfrey presented this request.

As it does with its single family loans, Rhode Island Housing finances its multi-family loans by issuing bonds identified for that purpose. The multi-family bond resolution is called the Housing Bond Program and a new series of bonds from that resolution is issued from time to time. Because of national market conditions, Rhode Island Housing has not issued a multi-family bond since December 2007.

Rhode Island Housing has approximately \$115 million of multifamily loans in process or closed that require permanent long-term financing. Staff has found various ways to temporarily fund the loans already made, but at this time, market conditions make it appropriate to issue bonds to permanently finance them, as well as to provide anticipatory finding for next year's loan production. The bonds would also include debt service reserves of about \$10 million.

During the last month, bond markets have improved. A few housing agencies have issued bonds at rates that would allow a positive, net revenue margin on the mortgage loans being funded with those bonds. Additionally, the U.S. Treasury continues to develop a program wherein FannieMae and FreddieMac would purchase long term bonds from housing finance agencies at rates even lower than those available in the current, improving market.

The bond issuance recommended in this request for action would allow for the sale of bonds through the Treasury program or in traditional markets.

Staff recommends the issuance of up to \$125 million of bonds and notes within the multi-family Housing Bond Program. All or a portion of the bonds may be short-term, convertible option bonds that can be later refunded into long term ones using the same volume cap.

A brief discussion followed the presentation regarding the continued applicability of the State's "moral obligation" to this bond issue. Commissioner Flynn expressing concerns over the effect of this bond issue on the State's bond rating, in light of the difficult budget situation and general economic climate facing the State.

Upon a motion made by Commissioner Marques and seconded by Commissioner Barge the resolution was adopted by the voting members in the form presented to the meeting, which Resolution is attached as part of the October 15, 2009 board package. Commissioner Flynn abstained from the vote on this resolution.

There being no further business to discuss, a motion was duly made by Commissioner Marques and seconded by Commissioner Barge to adjourn the open meeting at approximately at 9:38 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director