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, November 19, 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; 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; Tom Hogg, 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. Milito, 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 October 15, 2009

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

VOTED: That the Minutes of the Board Meeting held on October 15, 2009 hereby are approved.

Chairman's Report

Chairman Noble welcomed everyone and announced that the previous evening, November 18, 2009; he participated in the first of a series of hearings before the House Separation of Powers Committee regarding Rhode Island Housing. It was an educational experience and Chairman Noble was impressed with the fiscal accountability presented by Rhode Island Housing. Additional hearing dates have yet to be scheduled.

Committee Reports

There were no committee meetings held during October.

Executive Director's Report

Mr. Godfrey presented the Commissioners with a copy of the PowerPoint presentation that had been made to the House Separation of Powers Committee hearing held on November 18, 2009. Mr. Godfrey noted that six boxes of information on regarding Rhode Island Housing's operations had been delivered to the Committee, and that additional materials had been requested and will be provided.

Mr. Godfrey reported that data on foreclosure activity in Rhode Island presents mixed signals. Foreclosures remain at historically high levels, though recent data shows a decrease from the number of foreclosures initiated from April to July, 2009. The number of initiations has dropped significantly in the urban core communities of the state, but has increased in other areas. The first wave of foreclosures was due to underwriting issues involving sub-prime lending; the current wave is due to continued high unemployment and general weakness of the Rhode Island economy.

Mr. Godfrey reported that there is much anticipation with the announcement of a Treasury/GSE plan to purchase HFA bonds. The program is complex and writing itself as it evolves. The potential is great and is critical to the future of HFA. The new plan and the market improving sufficiently have enabled Rhode Island Housing to sell bonds at rates that can fund mortgages with viable interest rates. Mr. Godfrey also noted that legislation extending the homebuyer tax credit until April 30, 2010 had been passed. The extension includes higher income homebuyers as well as a credit for existing homeowners who have lived in their home for at least five consecutive years out of the last eight, and who wish to purchase a different home as their primary residence.

Approval of Financing for OPENDOORS, Living Healthy Place

Mr. Godfrey presented this request.

This Request for Action is for firm commitment of a Deferred Payment loan for Living Healthy Place, a 19 unit development in Providence. The development is sponsored by OPENDOORS, a non-profit organization providing services to formerly incarcerated individuals. Until recently, OPENDOORS was known as the Family Life Center.

The Living Healthy Place project is a critical part of OPENDOORS' long-standing organizational goal to provide permanent housing for ex-offenders struggling to reintegrate into the community. This proposal is fully supported by the Department of Corrections and is a priority of the Governor's Re-entry Council. The facility will enable OPENDOORS to establish the only supportive housing development in Rhode Island for formerly incarcerated individuals. The building will also provide office and service space for OPENDOORS and community space for residents and other clients receiving services provided through the sponsor. OPENDOORS will move their offices and walk-in center to the new facility. Their services include: discharge planning for existing inmates at minimum security prisons; one-on-one or group counseling and support for those released from prison; employment workshops and training; and tax assistance. OPENDOORS also actively engages in policy research and advocacy to reduce reentry barriers.

Since purchasing this building formerly known as the Sealtest Ice Cream factory, OPENDOORS has gained support to finance this innovative project. The Corporation for Supportive Housing provided funds for predevelopment and to purchase the building in 2007. Subsequently, the City of Providence awarded HOME funds, the Providence Housing Authority allocated 19 project-based Section 8 vouchers allowing tenants to pay only 30% of their income towards rent and the Housing Resources Commission awarded a 10 year operating subsidy from the Neighborhood Opportunities Program to cover potential operating deficits. In addition, the project received a $200,000 grant from the Environmental Protection Agency (EPA) for remediation of lead, asbestos, contaminated soils and removal of an underground storage tank.

The proposed development is relatively small at only 19 units and contains a fair amount of office and services space. OPENDOORS will pay rent for use of the facility; however the operating expenses for the site are above average primarily due to the high security costs built into the budget. In addition, the site will pay all utility costs for residents. It is expected that turnover will be higher than typically seen in an assisted facility which increases administrative costs. As a result, the building will have no hard debt. The first mortgage will be a Deferred Payment Loan from Rhode Island Housing which will be paid from available cash flow, if any.

Upon a motion made by Commissioner Monteiro 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") 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, 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, the Applicant has submitted an application to Rhode Island Housing for a Deferred Payment Loan as follows:

Applicant	Development	Deferred Payment Loan
OPENDOORS, Inc	**Living Healthy Place**	**$100,000**

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, subject to the special conditions listed below, Rhode Island Housing hereby approves a Deferred Payment Loan funds for Living Healthy Place, or an affiliated entity (the "Borrower") in an amount not to exceed $100,000 for residential housing located in Providence, Rhode Island.

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

1. Evidence of HOME, BHRI, Neighborhood Stabilization Program Funds, and EPA funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing.
2. Approval of Tax Credit Exchange Program funds in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing.
3. 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 residential and commercial units.
4. Final Approval of plans, specifications and construction documentation.
5. Approval of the Property Management Firm and all management related plans and agreements
6. Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.

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 Award of Tax Credit Exchange Program (TCEP) Funding

Mr. Godfrey gave an overview of this request.

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 ("ARRA") in an effort to combat the recession and stimulate the economy. The funding programs from ARRA provide Rhode Island Housing with resources to address the diminished demand for housing tax credits which has been the primary production program for affordable rental housing since 1986.

Under Section 1602 of the ARRA, Rhode Island Housing is eligible to receive a Section 1602 grant in lieu of housing tax credits. The purpose of the Exchange Program is to preserve and create jobs and promote economic recovery in the near term and to invest in infrastructure that will provide long-term economic benefits.

Rhode Island Housing returned all unused 2008 housing tax credits and 40% of unused 2009 housing tax credits to the Treasury and was awarded Exchange funds totaling $36,811,103 to allocate to eligible projects.

In May, Rhode Island Housing issued a Program Bulletin announcing the availability of Exchange Program funds. The Program Bulletin set forth Rhode Island Housing's priorities and policies to be used to make funding awards under the Exchange Program. At the June 2009 Board meeting, the Board of Commissioners approved the Exchange Program and the allocation of $35,113,260 in Exchange funds to five developments.

In September, Rhode Island Housing issued a Request for Proposals to allocate the remaining $1,777,801 in Exchange Funds. Five proposals were submitted. Staff reviewed and scored the applications based on the threshold criteria and the stated priorities, with particular focus on those developments that are immediately ready to move to closing and construction. On November 4th, Development staff met with the Executive Director, both Deputy Directors, and the Director of Policy to review the proposals and make recommendations for funding. The committee recommended the allocation of $1,777,801 in Exchange Funds to OPENDOORS, formerly known as the Rhode Island Family Life Center, for the development of Living Healthy Place which will provide 19 units of housing for ex-offenders.

Upon a motion made by Commissioner Marques 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 United States Treasury Department ("Treasury") has issued regulations, terms and conditions for implementing the Tax Credit Exchange Program (the "Exchange Program") established by Section 1602 of the American Recovery and Reinvestment Act of 2009 ("ARRA"); and

Whereas: Rhode Island Housing has filed an application with Treasury and has been awarded a cash grant of $36,811,103 in Exchange Program funding; and

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

Whereas: Rhode Island Housing has published a Program Bulletin applicable to the Tax Credit Exchange Program;

Whereas, OPENDOORS has submitted an application to Rhode Island Housing for Exchange Program funds; and

Whereas, Staff for Rhode Island Housing has determined that OPENDOORS is eligible for the funding under the Exchange Program under the laws of the State of Rhode Island, ARRA 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: Staff recommends that the Board of Commissioners authorize the approval of Exchange Program funding up to $1,777,801 to OPENDOORS for the development of 19 units of housing for ex-offenders.

NOW THEREFORE, IT IS HEREBY:

Resolved: Staff is authorized to award funding to OPENDOORS, under such terms and conditions as staff determines are consistent with the requirements of the Exchange Program and in the best interests of Rhode Island Housing, in an amount not to exceed $1,777,802

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

- Approval of the Development budget demonstrating that OPENDOORS is seeking the least amount of Exchange Funds required.
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and OPENDOORS.
- Compliance by OPENDOORS to the satisfaction of Rhode Island Housing with the requirements of ARRA and its implementing regulations, the Federal Tax Code and the Program Bulletin.

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

Approval of Financing for Indian Village

Mr. Godfrey made this presentation.

This Request for Action is for Revised Firm Approval of Preservation Financing for Indian Village Housing Development ("Indian Village"), an existing 36-unit family housing development located within a Providence city block bounded by Pine Street, Somerset Street, Friendship Street and Myrtle Street. Indian Village was developed in 1989 with 9% Low Income Housing Tax Credits (HTCs) and financing from Rhode Island Housing. The 15-year HTC compliance period for the development has expired and the development received Firm Approval for preservation financing utilizing a tax exempt first mortgage and 4% HTCs in April 2008.

The current owner of the development is Inter-Tribal Indian Village Housing Development Associates, L.P., a Rhode Island limited partnership, in which, The Indian Village Housing

Development ("TIVHD") serves as the general partner and Related Capital is the tax credit investor/limited partner. TIVHD was originally organized as a joint venture of Women's Opportunity Realty Corporation, a Rhode Island nonprofit corporation controlled by Women's Development Corporation and Rhode Island Indian Housing Development Corporation ("RIIHDC"), a Rhode Island nonprofit corporation controlled by the Rhode Island Indian Council.

Subsequent to receiving Firm Approval for tax exempt preservation financing, the joint venture partners decided to terminate their joint venture arrangement. Consequently, the proposed financing transaction was unable to move forward to closing in a timely manner. Pursuant to a Joint Venture Interest Purchase Agreement entered into by the parties, Women's Opportunity Realty Corporation sold its interest in the joint venture to its joint venture partner, Rhode Island Indian Housing Development Corporation, in exchange for payment by the buyer of certain expenses incurred by the seller on behalf of the ownership entity. In October of 2008, the Rhode Island Housing Board of Commissioners granted approval of the foregoing change in the ownership pursuant to the Rhode Island Housing Regulations Governing Proposed Prepayments and Transfers ("TPA").

RIIHDC has now decided to transfer its interest in Indian Village to Omni Development Corporation ("Omni"), an experienced Providence-based affordable housing developer as part of the preservation and refinancing of the development. It should be noted that Omni has been working closely with RIIHDC since the above-described ownership change and was identified at that time as a potential future partner in the preservation transaction. Omni assisted RIIHDC in engaging Winn Management as a new property manager for Indian Village. Since Winn and Omni became involved in Indian Village, the street appeal and marketability of the site has improved. Winn Management currently provides management services to several other developments in Rhode Island Housing's portfolio.

The proposed refinancing is similar to the refinancing plan approved in April of 2008 and will allow for the rehabilitation and preservation of 36 units of existing affordable housing The development is comprised of nine two-story buildings, containing 9 two-bedroom, 25 three-bedroom and 2 four-bedroom townhouse style units.

Currently, Rhode Island Housing holds first mortgage debt on the property in the amount of approximately $773,000. There is also soft debt on the property in the form of an Affordable Housing Trust Loan and a Rhode Island Housing Tax Credit Capital Improvement Loan. In addition, the property is subject to two HODAG loans from the City of Providence in the total amount of approximately $780,000. The new limited partnership will acquire the property for the combined value of all existing first mortgage and secondary debt including accrued interest. An adjacent vacant lot currently held in the Rhode Island Housing Land Bank will be acquired by the new LP and upgraded to provide open space and play area for the residents of Indian Village as part of the proposed preservation transaction.

Rhode Island Housing will provide a loan of up to $2,200,000 for a new first mortgage and construction financing. As part of the transaction, the existing Rhode Island Housing and Affordable Housing Trust debt will be repaid. It is anticipated that the City of Providence loans

will be assumed by the new borrower and all required interest payments under those loans will be curtailed.

Upon closing, the new owners will sign a 40-year use agreement guaranteeing affordability and commit to undertake approximately $1.2 million in rehabilitation. Based upon a previous Capital Needs Assessment, rehabilitation plans call for site work, including walkway and parking lot repairs, exterior improvements including new doors, windows, trim replacement and painting, roof repairs, as well as various upgrades to unit interiors. In the last several years, all of the boilers providing heat and hot water for the units were replaced and some site work has been completed.

The previously approved transaction contemplated the sale of 4% Housing Tax Credits as part of the financing. However, due to turmoil in the housing tax credit market, the proposed tax credit syndicator withdrew its investment commitment and the transaction could not proceed. The developer has submitted a request for Tax Credit Assistance Program ("TCAP") funds to fill the gap caused by the loss of the equity investor.

Joe Caffey, Executive Director of Omni Development was present and available to respond to questions from the Commissioners.

Upon a motion made by Commissioner Monteiro 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 thirty (30) 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	Applicant	Tax-exempt Mortgage
Indian Village	Omni Development Corporation	$2,200,000

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, subject to the special conditions listed below, Rhode Island Housing hereby approves a first mortgage loan to be financed by tax-exempt bonds, to Omni Development Corporation, or an affiliated partnership (the "Borrower") in an amount not to exceed $2,200,000 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 $2,200,000.00 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, 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 all members of the development team.
- Final approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- Syndication equity from the sale of housing tax credits or some equivalent source of funding in an amount sufficient to achieve project feasibility
- Approval by bond underwriter and bond counsel that the loan(s) will satisfy all required bond provisions for the bond issue as well as assurance that the LIHTC investors will not also be involved in the transaction as purchasers of the Rhode Island Housing bonds used to fund the loan(s).
- Completion of all items required for closing in accordance with normal underwriting and processing requirements.
- Approval from the City of Providence to defer existing interest payments on the two outstanding HODAG loans.

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.

Approval of Award of Tax Credit Assistance Program (TCAP) Funding

Mr. Godfrey gave this presentation.

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 ("ARRA") in an effort to combat the recession and stimulate the economy. The funding programs from ARRA provide Rhode Island Housing with resources to address the diminished demand for housing tax credits which has been the primary production program for affordable rental housing since 1986. One of the new programs under ARRA is the Tax Credit Assistance Program ("TCAP"). The purpose of TCAP is to provide financing to developments that have been awarded housing tax credits but are unable to raise sufficient equity from the sale of the credits to achieve financial feasibility. Rhode Island Housing received $11,933,403 in TCAP funding.

Rhode Island Housing values the public/private partnerships that have resulted from the past successful implementation of the Housing Tax Credit program. Together with our partners, thousands of affordable homes have been produced for Rhode Islanders. However, the downturn in the economy has dramatically reduced the number of investors in the Housing Tax Credit market and more specifically, the number of investors in Rhode Island resulting in a standstill in production of new multi-family housing. The ARRA resources have helped to alleviate some of the production decline.

In May, Rhode Island Housing issued a Program Bulletin announcing the availability of TCAP funds. The Program Bulletin set forth Rhode Island Housing's priorities and policies to be used to make funding awards under TCAP. Rhode Island Housing intended to award the resources under TCAP expeditiously to eligible projects. Funding priority was given to projects immediately ready to move to closing and construction. At the June 2009 Board meeting, the Board of Commissioners approved TCAP and the allocation of $10,186,990 in TCAP funds to four developments. On October 1, 2009, Rhode Island Housing rescinded the TCAP award to Medina Village and recaptured $1,625,000 for reallocation.

In September, Rhode Island Housing issued a Request for Proposals to allocate the remaining $2,971,413 in TCAP Funds. Five proposals were submitted. Staff reviewed and scored the applications based on the threshold criteria and the stated priorities, with particular focus on those developments that are immediately ready to move to closing and construction. It was determined that one of the developments was ineligible for TCAP funding because it had not received approval for tax credits before September 30, 2009, a regulatory deadline.

On November 4th, Development staff met with the Executive Director, both Deputy Directors, and the Director of Policy to review the four eligible proposals and make recommendations for funding. The committee recommended the allocation of $2,971,413 to Omni Development Corporation for the acquisition and rehabilitation of Indian Village located in Providence.

Upon a motion made by Commissioner Barge 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 United States Department of Housing and Urban Development ("HUD") has issued regulations, terms and conditions for implementing the Tax Credit Assistance Program ("TCAP") established by the American Recovery and Reinvestment Act of 2009 ("ARRA"); and

Whereas: Rhode Island Housing has filed application to receive $11,933,433 in TCAP funding, which was approved by HUD; and

Whereas, Rhode Island Housing has published a Program Bulletin applicable to TCAP; and

Whereas, The Omni Development Corporation (the "Applicant") submitted an application to Rhode Island Housing for TCAP assistance for the acquisition and redevelopment of Indian Village, located in Providence; and

Whereas, Staff for Rhode Island Housing has determined that the Applicant is eligible for TCAP funding under the laws of the State of Rhode Island, ARRA and applicable HUD regulations; and

Whereas: Staff recommends that the Board of Commissioners approve TCAP funding up to $2,971,413 for Indian Village.

NOW THEREFORE, IT IS HEREBY:

Resolved: Staff is authorized to award funding to eligible projects, under such terms and conditions as staff determines are consistent with the requirements of TCAP and in the best interests of Rhode Island Housing, as follows:

Indian Village: $2,971,413

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

- Approval of the TCAP budget demonstrating that the Applicant is seeking the least amount of TCAP required for project feasibility.
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and the Applicant.
- Sale of housing tax credits for the development in an amount and at a price acceptable to Rhode Island Housing.
- Compliance by the Applicant to the satisfaction of Rhode Island Housing with the requirements of ARRA and its implementing regulations and the Program Bulletin.

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

Revised Firm Approval of Financing for Douglas Manor

Mr. Godfrey gave an overview of this request.

This Request For Action is for Revised Firm Approval of financing for Douglas Manor Apartments (Douglas Manor), an existing elderly housing development originally financed by Rhode Island Housing in 1977.

Douglas Manor is a 100-unit elderly development located in North Providence. The development, composed of a single masonry building and associated parking, contains 86 one-bedroom units and 14 two-bedroom units. Section 8 rental assistance has been provided through a Housing Assistance Payment (HAP) contract. The existing HAP contract for this site was renewed in 2005 and runs through January 31, 2010.

D.M. Associates, L.P., a Rhode Island limited partnership is the current owner of Douglas Manor. Property Advisory Group, Inc., serves as the general partner of the existing ownership entity. A new limited partnership entity, Douglas Manor Apartments, L.P., has been formed to acquire and renovate Douglas Manor. The general partner of the new ownership is D.M.A. Associates, LLC, a limited liability corporation with Cathedral Development Group, Inc., as the managing member.

In June of 2008 this Board gave Revised Firm Approval of a permanent tax exempt mortgage of up to $5,115,000 to the prospective owner. Due to market conditions, two previously identified housing tax credit ("HTC") syndicators withdrew from the proposed transaction. The sponsor continues to pursue a new syndicator. In the event that an HTC syndicator cannot be identified in a timely manner, the sponsor has proposed a plan under which the transaction may close and the necessary rehabilitation of the property completed without an HTC investor utilizing a combination of a seller loan and deferral of the entire developer fee in lieu of the originally expected housing tax credit equity. If an HTC investor or investors can be identified in the future, the seller loan and deferred fee will be paid upon the sale of the HTCs generated by the transaction.

This RFA requests Firm Approval for a revised permanent tax exempt mortgage amount of up to $5,620,000,000. The development recently received an increase in the Section 8 rental assistance which supports a higher first mortgage. All other aspects of the previously approved transaction are unchanged.

In order to achieve certain tax objectives, the current owner may need to redeem the interests of the current Limited Partner and Special Limited Partner 30 to 45 days in advance of the proposed transfer of the development to Douglas Manor Apartments, L.P. Consequently, D.M. Associates, L.P., requested and received approval in October 2007 for a $950,000 bridge loan from Rhode Island Housing if necessary to accomplish the proposed redemption. The

bridge loan would be repaid at the time of acquisition of the property through the closing on the permanent financing.

Upon acquisition of the property, the new ownership entity will complete approximately $1.3 million in improvements. The improvements will include common area upgrades, fire protection upgrades and exterior improvements. A capital needs assessment has been conducted and the new owner will establish a reserve to cover the costs of necessary upgrades and improvements forecasted in future years.

The primary source of financing for the transaction will be a 30-year tax exempt first mortgage from Rhode Island Housing based on the lower of current HAP rents or market rents. Other sources include syndication equity from 4% HTCs, a loan of acquisition proceeds from the seller, existing project reserves and a deferred portion of the developer fee. As mentioned above, if the syndication is not available at closing the Seller loan will increase and the entire developer fee will be deferred.

As part of the transaction, the new owner will acquire the improvements and simultaneously enter into a 99-year ground lease agreement with the seller. Ground lease payments will be made by Douglas Manor Apartments, LP to the seller subject to cash flow availability. The ground lease will be subordinated to the Rhode Island Housing first mortgage. The affordability requirement will continue in perpetuity.

Upon a motion made by Commissioner Caprio 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 ("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 thirty (30) 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:

Development	Applicant	Permanent Mortgage
Douglas Manor	**Cathedral Development Group, Inc.**	**$5,620,000.00**

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 revised firm approval for tax exempt mortgage financing in an amount not to exceed $5,620,000.00 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 revised 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 $5,620,000.00 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 revised appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-stabilized value of the property.
- Final approval of operating budget based on the site's most recent year end annual financial statements.
- Final approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.
- Approval by bond underwriter and bond counsel that the loan will satisfy all required bond provisions for the bond issue as well as assurance that the LIHTC investors will not also be involved in the transaction as purchasers of the Rhode Island Housing bonds used to fund the loan.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the permanent first mortgage.

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.

Approval of Engagement of Communications Consultant

Mr. Godfrey presented this request.

Periodically Rhode Island Housing solicits proposals for public information services. In accordance with established practice of the Board of Commissioners, Rhode Island Housing issued a Request for Proposals (RFP) in July 2009. The RFP notice was listed on the Rhode Island Housing website and the website maintained by the RI Division of Purchasing of the Department of Administration. In addition, the RFP was sent by email to ten public information and communication agencies in Rhode Island.

Rhode Island Housing received proposals from four agencies. A Public Information Review Committee composed of staff, the Deputy Director for Programs, the Executive Director, and a member of the Board of Commissioners reviewed the proposals, met to evaluate the proposals and make a recommendation to the Board regarding engagement of public information services.

Based upon consideration of the written proposals, evaluation of two formal presentations and discussions within the Public Information Review Committee, the Committee recommends that Im-aj Communications and Design be engaged to provide public information services as needed for a one-year term, renewable on staff's determination that it is in the best interest of Rhode Island Housing and subject to funding availability.

Expenditures for these services will be from the general operating account of Rhode Island Housing and are provided within the 2010 budget.

The Public Information Review Committee recommends that the Board of Commissioners adopt the attached resolution authorizing this engagement.

Commissioner Clough noted that he was a participant of the review committee. Commissioner Clough applauded the review process and agreed with the committee's recommendation of engaging Im-aj Communications and Design.

Upon a motion made by Commissioner Clough 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

Resolved: That Rhode Island Housing be and hereby is authorized to engage Im-aj Communications and Design to provide public information services on such matters as the Executive Director or his designee deems advisable or necessary.

Resolved: That the term of this engagement shall be for one year, renewable on staff's determination that it is in the best interest of Rhode Island Housing and subject to funding availability.

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.

Approval of Line of Credit from JP Morgan

Mr. Godfrey presented this request.

For over a year, the capital and bond markets have been nearly frozen. When accessible, they have been extremely expensive. Before and since, staff has sought additional sources of short term funding to bridge this difficult period. One such tool, commonly used in the mortgage banking industry, is the use of floating rate lines of credit. Rhode Island Housing presently has two such lines with its banking partners. This new line would add some redundancy in an uncertain financial marketplace.

JPMorgan Chase Bank, N.A. (the "Bank") has offered to extend a line of credit on terms very similar to our largest line which is from Bank of America. Staff will use this new line to supplement its other short term funding sources in varying amounts depending on seasonal loan origination activity.

Rhode Island Housing maintains a conservative balance of interest rate sensitive assets versus variable rate liabilities and even full use of this line will leave that balance conservatively aligned.

Staff recommends the authorization to enter into a line of credit arrangement with the Bank on terms and conditions prevalent in the banking markets today. The line will be reviewed at least annually and adjustments to terms and conditions requested by either party may be incorporated in the line agreement depending on the then current borrowing environment.

Commissioner Caprio stepped out at his point.

Upon a motion made by Commissioner Barge and seconded by Commissioner Marques, the resolution was adopted by the voting members in the form presented to the meeting, which Resolution is attached as part of the November 19, 2009 board package. Commissioner Caprio did not vote on this motion.

Commissioner Caprio rejoined the meeting at this time.

Approval of New Bond Resolution for Home Funding Bonds Series 1 & 2

Mr. Godfrey outlined this resolution and Mr. Hogg provided additional information regarding the details of the bond issuance.

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.

In its October meeting, the Board approved the issuance of up to $200 million of single family housing bonds by year end from the existing single family bond resolution to coincide with improving conditions in the capital markets. At that time, a new program wherein the US Treasury would purchase housing finance agency bonds nationally was under consideration, but had not yet been finalized. It was hoped that our December issuance could take advantage of that program.

Shortly after the October meeting, the US Treasury did announce such a program. The federal government, through FannieMae and FreddieMac, will purchase long term bonds at rates even lower than those available in the current, improving market. However, the program, as designed so far, is very rigid in several respects. Many HFAs are considering creating new bond resolutions to better adapt to the Treasury's requirements. Staff believes that this is the best approach for Rhode Island Housing to adopt as well. Rhode Island Housing will adopt a new single family resolution called the Home Funding Bonds general resolution. Under this plan, Rhode Island Housing will issue long term bonds and convertible option bonds as soon as practical. Convertible option bonds will be placed immediately in a short-term mode and be refunded later into long term bonds using the same volume cap.

Staff recommends the attached resolutions authorizing (i) a new single family resolution known as the Home Funding Bonds general resolution; (ii) a supplemental resolution authorizing the issuance of up to $200 million of both short and long term bonds under the new resolution, and (iii) a resolution adopting the general and supplemental resolutions be adopted. The name of this new resolution is Home Funding Bonds.

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 November 19, 2009 board package.

Approval of New Resolution for Multi-Family Funding Bonds Series 2009

Mr. Godfrey, along with Mr. Hogg, gave this presentation.

As it does with its single family loans, Rhode Island Housing finances its multi-family loans by issuing bonds identified for that purpose. Because it has been either been infeasible or prohibitively expensive to issue multi-family bonds with or without bond insurance for over a year, Rhode Island Housing has not issued such bonds since December 2007.

In its October meeting, the Board approved the issuance of up to $125 million of multi-family housing bonds by year end from the existing multi-family bond resolution to coincide with improving conditions in the capital markets. At that time, a new program wherein the US Treasury would purchase housing finance agency bonds nationally was under consideration, but had not yet been finalized. It was hoped that our December issuance could take advantage of that program.

Shortly after the October meeting, the US Treasury did announce such a purchase program. The federal government, through FannieMae and FreddieMac, will purchase long term bonds at rates even lower that those available in the current, improving capital markets. However, the Treasury program, as designed so far, is very inflexible and proscriptive of some very common attributes normally found in housing finance agency bond structures. To use the Treasury program, Rhode Island Housing, and most other housing agencies, will be required to create new resolutions to accommodative Treasury's program requirements. Staff is recommending adoption of a new multi-family general resolution in order to participate in the new program.

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, it would be appropriate to issue bonds to more permanently finance them, as well as to provide anticipatory funding for next year's loan production. Sizing would also include debt service reserves of about $10 million. All or a portion of the bonds may be short-term, convertible option bonds that can be later refunded into long term bonds using the same volume cap.

The bond issuance recommended in this request for action must occur before year end in order to take advantage of the Treasury purchase program which will expire on December 31.

Staff recommends the attached resolutions authorizing (i) a new multi-family resolution to be known as Multi-Family Funding Bond, (ii) a supplemental resolution authorizing a Series 2009 issuance of up to $125 million, and (iii) a resolution adopting the general and supplemental resolutions be adopted.

Upon a motion made by Commissioner Caprio 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 November 19, 2009 board package.

Approval of new Resolution for Multi-Family Development Bonds Series 2009

Mr. Hogg 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. Because it has been either been infeasible or prohibitively expensive to issue multi-family bonds with or without bond insurance for over a year, Rhode Island Housing has not issued such bonds since December 2007.

In its October meeting, the Board approved the issuance of up to $125 million of multi-family housing bonds by year end from the existing multi-family bond resolution to coincide with improving conditions in the capital markets. At that time, a new program under which the US Treasury would purchase housing finance agency bonds nationally was under consideration, but had not yet been finalized. It was hoped that our December issuance could take advantage of that program.

Shortly after the October meeting, the US Treasury did announce such a purchase program. The federal government, through FannieMae and FreddieMac, will purchase long term bonds at rates even lower that those available in the current, improving capital markets. Staff has presented an RFA for the creation of a new multi-family bond program under the Treasury program.

However, the Treasury program, as designed so far, is very inflexible and proscriptive of some very common attributes normally found in housing finance agency bond structures. In order to provide a contingency option for the issuance of bonds for transactions that do not satisfy the Treasury criteria, and to remove the moral obligation associated with the current multi-family resolution, staff is recommending adoption of a new multi-family general resolution.

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, it would be appropriate to issue bonds to more permanently finance them, as well as to provide anticipatory funding for next year's loan production. Sizing would also include debt service reserves of about $10 million. All or a portion of the bonds may be short-term, convertible option bonds that can be later refunded into long term bonds using the same volume cap.

Staff recommends the attached resolutions authorizing (i) a new multi-family resolution to be known as Multi-Family Development Bond, (ii) a supplemental resolution authorizing a Series 2009 issuance of up to $125 million, and (iii) a resolution adopting the general and supplemental resolutions be adopted.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Clough, the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the November 19 2009 board package.

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 9:35 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director