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, May 20, 2010 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; Michael Solomon, designee for General Treasurer Frank T. Caprio; Michael Marques, Director of Department of Business Regulation; and Kevin Flynn, designee for Rosemary Booth Gallogly, Director of Department of Administration. Jose Monteiro and Perry Clough were absent.

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; Cathleen Paniccia, Director of Homeownership and Administration Leslie McKnight, Director of Servicing, 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 8:38 a.m.

Approval of Minutes of Board Meeting Held on April 15, 2010

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

VOTED: That the Minutes of the Board Meeting held on April 15, 2010 hereby are approved.

Chairman's Report

There was no report from the Chairman.

Committee Reports

Chairman Noble noted that the Audit Committee met on April 15, 2010 and that the recommendations from the meeting would be presented by the chair of that Committee, Commissioner Flynn. Commissioner Flynn provided a review of the outcome of the Audit Committee and Chairman Noble requested that agenda item number 14, Approval of External Auditor Services, be considered for approval as part of the Committee report.

Approval of Engagement of External Auditor Services

Chairman Noble presented this request.

This Request for Action seeks approval to engage an accounting firm to provided external audit and accounting services for Fiscal Years 2010 and 2011.

Rhode Island Housing solicits proposals from accounting firms to provide audit and accounting services every two years using a Request for Proposal ("RFP") process. The RFP was issued in February 2010 and was advertised in the Providence Journal and posted on Rhode Island Housing's website and on the Rhode Island Vendor Information Program ("RIVIP") website administered by the Department of Administration.

Rhode Island Housing received proposals from five firms in response to the RFP. Three firms, Lefkowitz, Garfinkel, Champi & DeRienzo ("LGCD"), Braver PC, and CCR, LLC were chosen as final candidates and met with the Audit Committee to discuss their respective proposals. Following these meetings, the Audit Committee recommends that CCR be engaged to provide audit and accounting services. A copy of the Audit Committee minutes has been provided to the Board.

CCR has extensive experience in both governmental and financial institution accounting and auditing. The cost of the proposal from CCR was the lowest of the three firms. The Auditor General must also approve the selection of our external accounting vendor, and we do not anticipate that he will express any concerns with CCR.

Staff recommends that the attached Resolution authorizing the engagement of CCR to provide external audit and accounting services be approved.

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

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

RESOLVED: That the accounting firm of CCR, LLC be engaged as Rhode Island Housing's external accounting/audit firm for fiscal years 2010 and 2011.

RESOLVED: That the Executive Director and either Deputy Director, each acting singly be, and hereby is, authorized to take any and all actions and execute any and all agreements he or she deems necessary to carry out the above Resolution.

Executive Director's Report

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

Approval of Foundations of Senior Health (FOSH) Program Contracts

Richard Godfrey presented this request. Ms. Rainone, Director of Policy, provided additional comments.

The Foundations of Senior Health (FOSH) Program provides direct support services to assist residents of Rhode Island Housing financed elderly developments with their activities of daily living. These services help residents continue to live independently for as long as possible. On average, over 177 residents per month are serviced by the FOSH Program. Residents pay a nominal fee for the services with the remainder of the cost being split between the developments and Rhode Island Housing. For the past two years, services under the FOSH program have been provided by two homecare agencies: Homefront Health Care and Bayada Nurses Home Care Specialists. The contracts with these agencies will expire on June 30, 2010.

Rhode Island Housing issued a Request for Proposals (RFP) in February 2010. The RFP was sent to sixty home health agencies. Three proposals were received and reviewed by a committee of five persons: three staff and two representatives from the management companies involved in the FOSH Program. Proposals were evaluated under the following criteria:

(i) Cost
(ii) Professional Experience/Qualifications
(iii) Capacity to meet the scope of services statewide
(iv) Quality and breadth of policies and procedures
(v) Licensing review
(vi) Rate of homemaker turnover
(vii) Capacity to meet the scope of services

Following review of all proposals, the Committee recommended that the proposal submitted by Homefront Health Care most clearly and efficiently met the specifications set forth in the RFP. The proposal submitted by Homefront Health Care was cost-competitive and the organization is very familiar with the FOSH program and the participating developments, so there would be consistency and continuity for residents. Several developments have requested fewer hours in the next contract. Therefore, only one service agency is needed to meet the needs of the program.

The contract period is for two years, subject to funding availability. The maximum possible amount to be funded in any year by Rhode Island Housing is $93,280. The actual cost to Rhode Island Housing is projected to be $55,424 per year, and will depend on the actual hours of service provided to the residents and the residents' actual co-pay. This projection is based on a utilization rate of eighty percent and an average co-pay of $6.00.

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

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

WHEREAS: Rhode Island Housing's Foundations of Senior Health Program (FOSH) requires the services of a home health care agency to continue the delivery of homemaker/personal care services to the residents of participating developments.

NOW THEREFORE, it is hereby:

RESOLVED: That Rhode Island Housing is authorized to enter into a contract with Homefront Health Care for the provision of services as set forth in the proposals submitted by the agencies on April 23, 2010 and modified to reflect the hours and developments as set forth in Attachments B and C, and with such modifications, including the amount, as the Executive Director or the Deputy Director of Programs may deem necessary or advisable. The contract shall be subject to annual availability of funds.

RESOLVED: That the Executive Director, or the Deputy Director for Programs, and each hereby, is authorized to execute (or cause to be executed) any and all contracts, purchase orders, certificates, instruments, letters of instructions, and documents as shall be required to effectuate the aforementioned contract for homemaker services, and to take such further action in connection therewith as they deem necessary or advisable.

Approval of Federal Hardest Hit Funds Plan

Mr. Godfrey made this presentation.

This Request for Action ("RFA") is for approval of an application to the U.S. Department of the Treasury for assistance under the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets ("HHF").

In February 2010, the U.S. Department of the Treasury announced the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets as a way to provide financial assistance to families in the nation's hardest-hit housing states. The initial program provided $1.5 billion in funding to five states; California, Florida, Arizona, Michigan and Nevada. At the urging of U.S. Senators Reed and Whitehouse, Congressmen Langevin and Kennedy, on March 29, 2010, the U.S. Department of the Treasury expanded this program, announcing a second allocation of up to $600 million in funding to five additional states; North Carolina, Ohio, Oregon, Rhode Island and South Carolina.

The second round of program funds targeted states with high concentrations of residents living in economically distressed areas where the unemployment rate exceeded an average of 12% during 2009. Charged with strategically designing, implementing and managing programs created to help prevent foreclosures and stabilize housing markets, the five states' HFAs are invited to submit program proposals to the U.S. Department of Treasury no later than June 1, 2010.

Rhode Island Housing expects to submit its application to Treasury on May 27, 2010. A copy of the Treasury Guidelines is included as Attachment A. Treasury expects that it will take 6 – 8 weeks to approve the plan.

Rhode Island is slated to receive $43 million in Hardest-Hit funding. Given Rhode Island's devastating rate of unemployment and decline in real estate values, our intention is to focus these much-needed funds to bring relief to nearly five thousand homeowners at risk of losing their homes due to job loss or other financial hardship that has occurred beyond the homeowners control since the inception of the mortgage loan. Since virtually all Rhode Island homeowners have seen a decrease in value over the past three years, such a loss in value is not, unto itself, a criterion for program eligibility.

In considering the program design, a great deal of attention was given to the maximum amount of assistance which can be offered to homeowners knowing that tens of thousands of Rhode Island homeowners have experienced a financial set-back and are at risk of foreclosure. The goal was to assist the greatest number of families in an amount sufficient to have a significant likelihood of preventing foreclosure.

There are two major categories of lenders serving Rhode Island homeowners. These include large national lenders who participate in the federally structured HAMP program. While this program does provide federal funds to help the homeowner and the lender, it also comes with major limitations especially for unemployed borrowers. The other major category includes smaller lenders not governed by HAMP who may also offer local servicing. Two of the major proposed programs address these two classes of lenders and contributes up to $6,000 per transaction to help lenders and borrowers reach a settlement that allows the homeowner to remain in the home. The third major program provides other temporary or immediate assistance to prevent foreclosure. This program also has a limit of $6,000, of which up to $2,500 may supplement a mortgage workout under the first two programs, for total assistance of $8,500.

Rhode Island Housing has convened three meetings of stakeholders' working group to assist in designing effective programs to utilize and leverage these funds. The working group included representatives from the following organizations: Bank of America, Citizens Bank, City of Cranston, City of Providence, City of Warwick, Credit Union Association of Rhode Island, Fannie Mae, Federal Home Loan Bank of Boston, Federal Reserve Bank of Boston, Housing Action Coalition, HUD's Providence Office, Money Management International, Inc, National Consumer Law Center, NeighborWorks Blackstone River Valley, NeighborWorks America, Rhode Island Association of Realtors, Rhode Island Bankers Association, Rhode Island Department of Business Regulation, Rhode Island Department of Labor and Training, Rhode Island Housing Resources Commission, Rhode Island Legal Services, Rhode Island Mortgage Bankers Association, Rhode Island Tenants and Homeowners Association, The Housing Network of Rhode Island, U.S. Representative Langevin's office, U.S. Senator Whitehouse's office, the Urban League of Rhode Island and West Elmwood Housing Development Corporation.

The working group's efforts were enriched by discussions with Genworth Financial, Bank Newport, Washington Trust and Pawtucket Credit Union as well as an internal working group.

Additionally, we consulted with the offices of U.S. Senators' Reed and Whitehouse as well as U.S. Representatives' Kennedy and Langevin. Moving forward, the working group will meet regularly to monitor and measure program performance. In addition, this group will help restructure program options as deemed necessary to meet demand and to maximize program reach in accordance with subsequent industry changes and enhancements.

The working group provided thoughtful insight into designing the three major programs but also demonstrated a need and advocated for some more flexible programs for families who have been the most hardest hit, have special circumstances and need assistance that differs from the primary programs and may be needed in higher amounts. There was also significant support for providing some assistance to families for whom the best outcome is to find an alternative place to live.

Rhode Island Housing's HHF Program is designed to provide alternative and flexible assistance options. The maximum amount of assistance is targeted at $6,000 per household, although up to $8,500 in assistance may be available in some instances. For programs 1, 2 and 3, funds will be provided in the form of a zero-percent interest loan forgivable at 20% per year over 5 years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement.

Funds provided under program 4, Moving Forward Assistance, are capped at $4,000 and will be in form of a grant. Funds under the Hardest of Hardest-Hit programs will be capped at $30,000 per homeowner household and payment terms will be structured according to individual circumstances as approved by an advisory committee which will include lenders and community advocates.

Upon a motion made by Commissioner Marques 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, in response to the financial crisis in the United States, Congress enacted the Emergency Economic Stabilization Act of 2008 ("EESA"); and

WHEREAS, the purpose of EESA is to restore liquidity and stability to the financial system and to use Troubled Asset Relief Program ("TARP") funds in a manner that protects home values, preserves homeownership, promotes jobs and economic growth, and provides for accountability regarding the use of TARP funds; and

WHEREAS, in February 2010, the United States Department of the Treasury ("Treasury") announced creation of the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets (the "Hardest- Hit Fund"), a program designed to implement EESA in those states which are experiencing the most severe housing crisis; and

WHEREAS, in March 2010, Rhode Island Housing was designated by Treasury to submit a proposal for approximately $43.0 million in federal funding under Round 2 of the Hardest-Hit Fund due to the declining housing market and high unemployment and underemployment rates in Rhode Island; and

WHEREAS, the objective of the Hardest-Hit Fund is to allow eligible housing finance agencies ("HFAs") to develop and implement innovative housing initiatives tailored to their local conditions to help prevent foreclosures and stabilize housing markets; and

WEHREAS, Treasury guidelines encouraged eligible HFAs to exercise the maximum possible flexibility in designing and implementing programs tailored to meet the unique conditions of each state; and

WHEREAS, Rhode Island Housing convened a series of meetings with a stakeholders working group, consisting of homeowner advocates, Rhode Island-based community banks and credit unions, national mortgage lenders and servicers, HUD-approved mortgage counseling providers, non-profit community development corporations, credit counseling agencies, municipalities and federal elected officials to assist in the design of a proposal to Treasury that would effectively use and leverage Hardest-Hit Fund resources to maximize the impact of the program for troubled Rhode Island homeowners; and

WHEREAS, as a result of these meetings and discussions, Rhode Island Housing staff has developed the following array of initiatives (the "Proposed Programs") that are consistent with the Hardest-Hit Fund and that are designed to assist homeowners who are unable to pay their mortgage due to job loss or other financial hardship:

- HAMP Loan Modification Assistance
- Loan Modification Assistance for non-HAMP Mortgage Customers
- Temporary and Immediate Homeownership Assistance
- Moving Forward Assistance
- Hardest of Hardest-Hit Programs

WHEREAS, a summary of each of the Proposed Programs was presented to the Commissioners at this meeting.

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that Rhode Island Housing is authorized and directed to submit a proposal to Treasury for assistance under the Hardest-Hit Fund (the "Proposal").

RESOLVED, that the Proposal shall be substantially in the form of and consistent with the Proposed Programs presented at this meeting, with such changes and modifications as the Executive Director determines to be necessary to be in the best interests of Rhode Island Housing and necessary or desirable to carry

out the purposes, or comply with the requirements of, EESA, the Hardest-Hit Program and/or Treasury.

RESOLVED, that following approval of the Proposal by Treasury, Rhode Island Housing is authorized and directed to implement the Proposed Programs as quickly as possible in light of the economic conditions in Rhode Island.

RESOLVED, that, Rhode Island Housing is authorized to take preliminary steps to prepare for the implementation of the Proposed Programs, provided that the Proposed Programs shall not be implemented in advance of approval of the Proposal by Treasury.

RESOLVED, that in implementing the Proposed Programs, Rhode Island Housing is authorized to make any modifications to the terms and conditions of the Proposed Programs as the Executive Director, in his discretion, determines to be necessary to carry out the objectives of the Hardest- Hit Fund and in the best interests of Rhode Island Housing, including without limitation, reallocating funding from one Proposed Program to another, or modifying the terms and conditions of any Proposed Program, provided that any such modifications are not inconsistent with the requirements of EESA, the Hardest-Hit Program, and the goals and objectives underlying the Proposed Programs.

RESOLVED, Rhode Island Housing is hereby authorized to enter into any agreement or document consistent with the summary of the Proposed Programs and the Treasury Guidelines for HFA Proposal Submission presented to the Commissioners at this meeting.

RESOLVED, that the Executive Director and any Deputy Director, each acting singly, is authorized to take any and all actions they deem necessary to carry out the foregoing Resolutions.

Approval of Construction Loan for Community Works RI

Mr. Godfrey presented this request.

This Request for Action is for approval of a two year revolving construction loan for Community Works Rhode Island ("CWRI"). The $500,000 loan will provide financing for the development of homeownership opportunities in the Elmwood and surrounding neighborhoods of South Providence.

In October, 2001 the Board of Commissioners authorized the creation of the Home Development and Homeownership Loan Program (the "Program"). Over the past eight years, this Program has provided financing to several non-profit organization for the construction of over 80 homes in Providence that have been sold to first time homebuyers.

CWRI is a community economic development corporation formed in July 2009 when the Elmwood Foundation ("TEF") and Greater Elmwood Neighborhood Services ("GENS") merged. Each of these organizations had a 30 year history revitalizing Elmwood and the South Side of Providence., but their focus areas overlapped resulting in a competitive rather than collaborative relationship. The merger has helped to focus the organization's presence in the Elmwood neighborhood.

Creating affordable homeownership opportunities in this neighborhood is one component of CWRI's overall strategy for community development. Like many neighborhoods, the Elmwood area has been devastated by foreclosures, threatening the positive work accomplished by TEF and GENS as well as CWRI's Broad Street Revitalization and Parkis Avenue redevelopment currently underway. CWRI would like to capitalize on lower acquisition prices and address the recent blight of housing foreclosures caused by the economic downturn. CWRI proposes to invest in a variety of homeownership opportunities including new construction on vacant land and renovation of existing buildings.

CWRI has initial plans to develop 10 homeownership units during the next two years targeting primarily single family and duplex structures. Duplexes will be sold to one owner who will rent the other unit as an affordable apartment. Condominiums may be considered under this loan, however, only if approved by Rhode Island Housing staff on a case by case basis. All homes will be sold to first time homebuyers and we expect that several buyers will obtain permanent financing through Rhode Island Housing's FirstHomes Programs.

CWRI currently owns several of the properties slated for redevelopment but they are also working with agents and partners in the community to identify other desirable properties available through sale or foreclosure. CWRI may seek funding from the Rhode Island Housing Land Bank to purchase properties for construction under this initiative.

This revolving loan will be used for construction costs only. CWRI intends to use City of Providence HOME funds, City of Providence Neighborhood Stabilization Program ("NSP") funds and City of Providence Lead Funds to make up the balance of the financing needed for each of the individual projects. The construction loan will be repaid from the proceeds realized from the sale of each property.

Given CWRI's past success, the Development Division is recommending a new $500,000 revolving loan to fund CWRI's homeownership development activities. Under the agreement, CWRI will be able to develop up to three homes or condominiums at any time, but no more than two rehabilitations at one time. At least two of the three homes must be pre-sold to qualified buyers prior to Rhode Island Housing making a construction loan, minimizing the risk of increased carrying costs due to the inability to sell the homes. The loan amount will be the lower of the appraised value (based on a Rhode Island Housing commissioned appraisal) or the sales price of the homes. CWRI's authority to borrow under this agreement will expire in 24 months.

As with the previous loan programs, the Homeownership Division will pre-qualify applicants with purchase and sales commitments to purchase homes. The homes will be sold to first time low and moderate-income homebuyers at or below 80% of median income. A provision will be

made to allow for the sale of homes to buyers with incomes at or below 115% of median if no HOME funds are used and an appraisal supports the higher loan and sales price.

The interest rate for each mortgage under the Master Loan will be set at the one-month LIBOR plus 3.5%, with a rate floor of 4.50% and cap of 7.50%. The rate for each individual mortgage will be set at closing.

Carrie Marsh from Community Works, RI was introduced and thanked the board and staff.

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

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

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

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

Whereas, Community Works Rhode Island ("CWRI") has presented an application to Rhode Island Housing requesting a revolving line of credit to construct residential housing as set forth in this Request for Action; and

Whereas, Rhode Island Housing staff has reviewed the submission, will inspect the sites and will determine that these developments may qualify for financing under Rhode Island Housing's enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

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

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

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

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

Preliminary Approval of Financing and Tax Credit Reservation for Around Public and Friendship

Susan Bodington, Deputy Director, made this presentation. In accordance with an Advisory Opinion from the Ethics Commission, Mr. Godfrey did not participate in the review and recommendation of the proposal since Mr. Godfrey's wife is the Executive Director of SWAP. Vice Chairwoman Barge represented the board during the review of the proposal.

This Request for Action ("RFA") is for the reservation of up to $831,270 in 9% Housing Tax Credits ("HTC") and preliminary approval of a $52,000 first mortgage and a $793,302 deferred payment loan for the Around Public & Friendship development ("APF" or the "Development"), a 38 unit rental project in Providence.

This application was first submitted by SWAP as part of the 2010 tax credit RFP in October 2009. The proposal was one of six that met the Threshold Criteria and therefore was reviewed and ranked. Only one proposal seeking 2010 tax credits was initially funded. There are approximately $1.1 Million of 2010 HTC remaining to be allocated.

SWAP, along with several other applicants, solicited feedback from Rhode Island Housing regarding its proposal. Based on that feedback, SWAP has resubmitted the proposal and included a Letter of Intent from a syndicator demonstrating financial feasibility and readiness to proceed, two important criteria in the Qualified Allocation Plan ("QAP"). SWAP is requesting a combination of 9% HTCs, first and second mortgage financing, HOME funds, Lead funds and Building Homes Rhode Island funds from the Housing Resources Commission to undertake the proposed rehabilitation and new construction.

Rather than proposing a typical "scattered site" clustered development, APF's primary targets are foreclosed, vacant and abandoned properties on the Southside of Providence that are adjacent to, or in close proximity of, other SWAP-developed properties. These sorts of properties threaten the viability of those existing homes. The foreclosure crisis has devastated the area and addressing foreclosures was a priority in the QAP for 2010 as one way to help stabilize the community.

The proposed Development includes eight vacant or abandoned properties. There are six existing properties that were foreclosed and have been acquired by the Rhode Island Housing or

Neighborhood Stabilization Program ("NSP") Land Bank in the past year. These six properties will be renovated into 14 new homes. A seventh foreclosure was purchased by SWAP and will be renovated into 4 new units. Two of the seven properties are on Pine Street, with one directly across the street from SWAP's offices. The other sites are located in and around Prairie Avenue, Public Street and Potters Avenue.

Another property, currently known as the Earthen Vessel, located on Gordon Avenue near Prairie Avenue has been vacant for many years. An old mill, the Earthen Vessel was purchased by SWAP several years ago through financing provided by LISC. Their original plan was to renovate the building for commercial use with some live/work condominiums, similar to a property at 15 Gordon Avenue which provides incubator space for small non-profits and new businesses. Unfortunately, that plan became infeasible due to the downturn in the market. SWAP's current plan is to create 8 one-bedroom and 6 two-bedroom units for a total of 14 units and a small amount of community space. This redevelopment will help to re-stabilize the corner near Gordon Avenue and Baxter and Public Streets. Earthen Vessel is near the old Federated Lithographers site on Prairie Avenue which is currently being cleared by the City of Providence. The site has been targeted for redevelopment as medical and office space and the redevelopment will provide a boost to the overall neighborhood.

APF also includes a vacant parcel at the intersection of Public, Burnside and Reynolds streets on which a total of 6 new town house units in two buildings will be constructed. The site is zoned for more than six units so no zoning variance will be required. The building configuration will allow for some open space, play areas and parking.

In total, APF will create 38 new homes. There will be 9 one-bedroom units, 17 two-bedroom units, 10 three-bedroom units and 2 four-bedroom units.

SWAP has submitted a Letter of Intent from the National Equity Fund ("NEF") for the sale of the HTCs. NEF has identified an investor who is prepared to invest in Rhode Island. The fund for this transaction is scheduled to be fully committed by summer and will close in the fall of 2010 so SWAP will need to work expeditiously to move the transaction to Firm Commitment by the end of the summer with a closing in the early fall.

<u>Funding Sources</u>

The total development cost for this project is $9,530,559. Proposed sources of funding include: (i) a Rhode Island Housing first mortgage, (ii) a Rhode Island Housing Deferred Payment Loan, (iii) syndication equity from the sale of Housing Tax Credits and Federal Historic Tax Credits, (iv) HOME funds, (v) Building Homes Rhode Island funds, (vi) Lead Funds, and (vii) a deferred developer fee.

Marilyn Carlson from SWAP and Barbara Sokoloff, consultant for SWAP, were present to answer questions from the Board.

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

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

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

Whereas, Rhode Island Housing and Mortgage Finance Corporation ("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, 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 2010 ("the Tax Credit") and permanent mortgage financing as follows:

Applicant	**Development**	**9%Tax Credits**	**1st Mortgage**	**Deferred Payment Loan**
SWAP, Inc.	Around Public & Friendship	$831,270	$52,000	$793,302

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 $831,270 of allocated 2010 or 2011 tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of Rhode Island Housing applicable to the Allocation of Low-Income Housing Tax Credits (the "Rules and Regulations of the Corporation"), and that either Deputy Director and the Director of 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 Rhode Island Housing hereby preliminarily approves financing for a taxable first mortgage loan to SWAP, Inc, or an affiliated partnership (the "Borrower") in an amount not to exceed $52,000 (the "Loan") for family housing located in Providence, Rhode Island.

Resolved: That the Rhode Island Housing hereby preliminarily approves up to $793,302 of Deferred Payment Loan Funds for the Borrower.

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

1. Approval of a zoning change and density variance for the Earthen Vessel building by July 31, 2010;
2. Final approval of acquisition pricing for 1043 Broad Street;
3. Syndication equity from the sale of Housing Tax Credits and Federal Historic Tax Credits in amounts sufficient to achieve project feasibility;
4. The award of HOME funds, Lead funds and Building Homes Rhode Island funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
5. Development of plans and specifications that meet Rhode Island Housing design criteria.
6. 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;
7. Approval by Rhode Island Housing of all management related issues;
8. Firm approval by the September 2010 Board Meeting;
9. Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and sponsor.

Resolved: That 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.

Firm Approval of Financing for the Sale of 9 Properties from SHP to Rhode Island Homes, LLC

Mr. Godfrey made this presentation.

Rhode Island Homes, LLC is seeking firm approval for tax-exempt mortgage financing for the acquisition and rehabilitation of nine properties in seven developments, comprised of a total of 708 apartments for elderly & disabled tenants from Subsidized Housing Partners, II (SHP). The developments are Bear Hill Village Apartments, Metcalf Courts I, Metcalf Courts II, Etta Apartments, Gatewood Apartments, Hardig Brook Apartments, Indian Run Apartments, 315 Park Avenue, and Chateau Clare. To improve operating efficiencies, Metcalf Courts I, Metcalf Courts II, and Etta Apartments, which are located in the same neighborhood, will be combined into one development at refinancing. All of the properties with the exception of Chateau Clare are currently financed by Rhode Island Housing. The properties are being sold in an arms length transaction from Subsidized Housing Partners, II ("SHP") to a series of single purpose entities affiliated with Rhode Island Homes, LLC (the "Sponsor").

SHP has owned these properties since the early 1990s, and refinanced all of them except Chateau Clare through Rhode Island Housing in 2003. In early 2008, SHP made a decision to sell a portion of their portfolio in the Northeast and Mid-Atlantic area. They engaged Cushman Wakefield, Inc. to market approximately 6,500 units of housing in 6 states. SHP received 8 offers on their Rhode Island portfolio and after some negotiation reached an agreement with Rhode Island Homes, LLC to sell the properties included in these seven developments.

All of the properties receive Section 8 assistance pursuant to a Housing Assistance Payment ("HAP") contract with HUD. The HAP contracts have recently been extended and currently run through the following dates:

Property	New HAP Expiration
Bear Hill Village	November 30, 2025
Metcalf/Etta	
Metcalf Courts I	April 30, 2025
Metcalf Courts II	May 31, 2025
Etta Apartments	November 30, 2025
Gatewood Apartments	April 10, 2025
Hardig Brook Apartments	January 31, 2029
Indian Run Apartments	March 31, 2025
315 Park Avenue	October 31, 2025
Chateau Clare	April 30, 2025

These HAP contracts will be assumed by the Sponsor as part of the acquisition.

SHP has an option to prepay their existing loans in 2013. The proposed purchase and refinance ensures that the properties stay in the Rhode Island Housing portfolio and adds Chateau Clare as a new property. Proceeds will help finance a moderate rehabilitation of the properties and maintain continued Rhode Island Housing oversight, improving long-term stability for the real estate and its residents. Rhode Island Homes, LLC will be required to execute a new 40 year Regulatory Agreement as part of the transaction, and the new financing will include prepayment lockouts for 15 years.

Soon after the preliminary approval in 2008, the economic downturn began in earnest which led to significant delays as well as several changes in the transaction. Before the end of 2008, the original syndicator, Bank of America, withdrew its commitment and the tax exempt bond markets froze rendering the transaction infeasible. Over the past eighteen months, the Sponsor has worked diligently to move the deal forward. The Sponsor was able to renegotiate the Purchase and Sales Agreement to both extend the closing date and reduce the acquisition price to reflect some of the downturn in the market. In December 2009, they secured a syndication commitment from Koch Industries, one of the largest privately held companies in the United States. Unfortunately, while the original deal assumed syndication pricing at $.87, the current pricing is now $.60 which has led to a restructuring of the transaction and a reduction in the scope of work originally planned for the development. The 4% tax credit market has been slower to rebound than the 9% credit market and as a result the pricing is still low compared to 9% transactions.

The tax exempt bond market is still rebounding from the economic downturn. As part of the American Recovery and Reinvestment Act ("ARRA"), the US Treasury instituted a tax exempt lending program called the New Issue Bond Program ("NIBP"). A portion of the NIBP has been set aside for multifamily properties, allowing stalled transactions such as these that are utilizing tax exempt bonds and the 4% credits generated as a result of the bonds being issued, to move forward. Rhode Island Housing will use NIBP funds as well as our more traditional tax exempt bonds to finance these transactions. The NIBP funds must be issued by the end of 2010.

Proposed capital improvements across the properties include replacement of windows, envelope upgrades, structural improvements, boiler replacement to improve energy efficiency, common area upgrades and improvements to kitchens, baths and flooring in the apartments. Rhode Island Homes, LLC will also be required to establish a reserve for each development to cover the costs of any necessary upgrades and improvements forecasted for future years. There will be separate construction contracts and documentation for each Development including plans and specifications tailored to the specific needs of each site. There will be one architect and one general contractor and both will execute contracts for each development as well.

The primary sources of financing for the transactions will be 40-year tax-exempt bond funded mortgages for each development. In each case the mortgages will be supported by the lower of HAP or market rents to comply with HUD risk share requirements, and will be insured during construction consistent with NIBP requirements. Additional sources include equity from the sale of 4% tax credits, a portion of the existing project reserves, deferred developer fee, and owner equity.

Upon a motion made by Commissioner Barge and seconded by Commissioner Solomon 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") has presented an application to Rhode island Housing requesting Low Income housing Tax credits ("Tax Credits") that meets the requirements of the Qualified Allocation Plan and Tax Credit rules;

Whereas: Applicant has presented an application to Rhode Island Housing requesting a mortgage financing to acquire and rehabilitate the developments as set forth below:

DEVELOPMENT	FIRST MORTGAGE
Bear Hill Apartments	$11,870,000
Metcalf/Etta Apartments	$8,640,000
Gatewood Apartments	$4,600,000
Hardig Brook Apartments	$7,350,000
Indian Run Apartments	$12,000,000
315 Park Avenue Apartments	$5,075,000
Chateau Clare	$5,300,000

Whereas: Rhode Island Housing staff has reviewed the submission and determined that these developments 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 declares firm approval for tax-exempt mortgage financing to Bear Hill Village RIH, LLC in an amount not to exceed $11,870,000 for elderly rental housing located at 156 Bear Hill Road, Cumberland, Rhode Island.

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax-exempt mortgage financing to Metcalf Court II RIH, LLC in an amount not to exceed $8,640,000 for elderly rental housing located at 70 Wild Street, 555 Veazie Street, and 210 Woodward Road, Providence, Rhode Island.

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax-exempt mortgage financing to Gatewood RIH, LLC in an amount not to exceed $4,600,000 for elderly rental housing located at 403 Mendon Road, North Smithfield, Rhode Island.

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax-exempt mortgage financing to Hardig Brook Village RIH, LLC in an amount not to exceed $7,350,000 for elderly rental housing located at 331 Centerville Road, Warwick, Rhode Island.

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax-exempt mortgage financing to Indian Run Village

RIH, LLC in an amount not to exceed $12,000,000 for elderly rental housing located at 681 Kingstown Road, South Kingstown, Rhode Island.

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax-exempt mortgage financing to Park Avenue RIH, LLC in an amount not to exceed $5,075,000 for elderly rental housing located at 315 Park Avenue, Cranston, Rhode Island.

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax-exempt mortgage financing to Chateau Clare RIH, LLC in an amount not to exceed $5,300,000 for elderly rental housing located at 16 Greene Street, Woonsocket, 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 in an aggregate amount to finance up to an $54,835,000 loan plus the required bond reserve funds and the related costs of issuance for the bond issue for the above-referenced Developments 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 demonstrating that the new first mortgage does not exceed 90% of the as-stabilized value of each of the properties.
- Approval by Rhode Island Housing of all members of the development team for each of the properties.
- Syndication equity from the sale of housing tax credits in an amount sufficient to insure each Development's financial feasibility.
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation, including acceptable reserve analyses for the rehabilitation items not immediately undertaken following acquisition for each of the Developments.
- Execution and delivery by the Developer of a Construction Completion Guaranty in form and scope satisfactory to Lender for each of the Developments.
- Final approval of a new operating budget for each of the Developments.
- FHA Risk-Sharing approval for a minimum of 50% of the First Mortgage for each of the Developments, including during construction. Upon completion of due diligence Rhode Island Housing may require a higher level of mortgage insurance.
- Approval by bond underwriter and bond counsel that the loans for each of the Development will satisfy all required bond provisions for the bond issue.
- Completion of all items required for firm commitment and closing in

accordance with normal underwriting and processing requirements.

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

Linwood Court Approval of Deed in Lieu of Foreclosure

Mr. Godfrey outlined this request.

This Request for Action is for designation of the Rhode Island Housing Development Corporation (the "Development Corporation") to accept a deed in lieu of foreclosure from Linwood Court Limited Partnership, the owner of a development in Providence that provides housing to homeless families and individuals.

Linwood Court (the "Development") is a low-income housing tax credit property located at 96-98 and 102-106 Linwood Avenue, Providence, Rhode Island financed by Rhode Island Housing in December 1992. It is a forty-four mixed unit development providing critical housing to homeless individuals and families.

Advent House, Inc. ("Advent, Inc."), a Rhode Island non-profit corporation, was the developer/sponsor of the Development. The Development is owned by a single-purpose limited partnership, Linwood Court Limited Partnership created by Advent House, Inc. The general partner is a single-purpose affiliate of Advent, Inc. Enterprise Social Investment Corporation ("ESIC") is the limited partner in Linwood Court Limited Partnership.

Over the past several years there have been a number of physical and financial challenges at the Developments. Over the years, for a variety of reasons, income was insufficient to pay debt service and to effectively operate the development. As a result, the property has suffered from physical deterioration and became increasingly financially unstable, prompting Rhode Island Housing to engage the Advent, Inc. board of directors and representatives of the limited partner to address the ongoing operational problems.

Since October 2007, Rhode Island Housing assumed an increasingly active advisory and support role in the operation of the Development and refrained from exercising its rights under the various loan documents in the face of ongoing defaults in the hope that operations of the Development would stabilize.

Despite these efforts, success has been elusive, and the various interested parties have reached consensus that significant changes need to be implemented at the Development. To facilitate the stabilization of the Development and protect its financial investment, Rhode Island Housing has negotiated a deed in lieu of foreclosure with the partnership. All of the affected parties have agreed in principle to this transfer.

Rhode Island Housing staff recommends that the Development Corporation be designated to serve as the owner of the Development. The Development Corporation has undertaken this responsibility in the past in similar situations.

Since January of 2009, with approval from its Board of Commissioners, Rhode Island Housing has been actively managing the operations at the Development. Crossroads, RI was hired in February, 2009 as the property manager and social service provider to the residents of the Development. The physical condition of the property has improved dramatically in the past fifteen months; however, financial operations remain strained.

In addition, staff has reached agreement in principle with ESIC to provide additional equity funding that will be used to support ongoing operations. Rhode Island Housing continues to contribute toward operating deficits at the Development through the Help for the Homeless Fund.

During the next 12 to 24 month period, the short-term goal is to continue to stabilize operations at the Development while developing a long-term strategy for the refinance and recapitalization under Rhode Island Housing's preservation program.

Upon a motion made by Commissioner Solomon 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, Linwood Court Limited Partnership (the "Partnership") is the owner of the property located at 96-98 and 102-106 Linwood Avenue in Providence, Rhode Island known as Linwood Court (the "Development"); and

Whereas, Rhode Island Housing and Mortgage Finance Corporation, a corporation, instrumentality and agency of the State of Rhode Island ("Rhode Island Housing"), made certain loans to the Partnership, (the "Loans") which Loans were secured by mortgage and security interests in the Partnership's real and personal property for the Development; and

Whereas, after various attempts to stabilize the Development, it continues to operate with operating deficits and is unable to address major and compelling needs for the Development and has been unable to make payments to Rhode Island Housing despite various forbearance offered by Rhode Island Housing; and

Whereas, the Partnership wishes to transfer its interest in the Development via a deed in lieu of foreclosure to Rhode Island Housing or its designee; and

Whereas, both the general partner and limited partner of the Partnership have agreed to the deed in lieu of foreclosure in favor of Rhode Island Housing or its designee.

Now, therefore, be it:

Resolved, that the Development Corporation, subject to the approval of its Board of Directors, be, and hereby is, designated to accept deed in lieu of foreclosure from

the Partnership under such terms and conditions as the Executive Director, in his sole judgment and discretion, deems to be in the best interests of Rhode Island Housing and the Development Corporation, and it is further

Resolved, that the Executive Director or any Deputy Director be authorized, empowered and directed to take any action to execute, file and deliver any contract, agreement or other instrument in his/her sole discretion shall deem necessary or advisable in connection with the acceptance of deed in lieu of foreclosure from the Partnership to the Development Corporation, and it is further

Resolved, that the Executive Director or any Deputy Director, each acting singly, are hereby authorized, empowered and directed to take such actions as he or she deems necessary, in his or her sole judgment, to carry out the foregoing resolutions.

Approval of Authorization for the Purchase of Medina Village and Transfer to Rhode Island Housing Development Corporation

Mr. Godfrey made this presentation.

This Request for Action seeks approval for Rhode Island Housing to acquire Medina Village Apartments (Medina Village) from the Department of Housing and Urban Development (HUD) upon foreclosure and transfer the ownership to the Rhode Island Housing Development Corporation (the "Development Corporation").

Medina Village is an existing scattered site family housing development consisting of twenty-two (22) walk-up apartment buildings on multiple streets in the West End of Providence. Originally developed in 1980 and financed by the Department of Housing and Urban Development (HUD), Medina Village currently maintains Section 8 rental assistance through a Housing Assistance Payment (HAP) contract for all eighty-three (83) units in the development. Overall, the buildings are in very poor condition and approximately 25% of the units are currently uninhabitable.

Because of very poor management and failing financial performance, HUD took all management responsibility from the existing owners and required them to sell the property. Since 2005, a prospective buyer has attempted to restructure the existing debt through HUD's Mark-to-Market (M2M) Program. When these efforts failed, HUD declared the owner of Medina Village to be in default and provided notification of its intent to foreclose on the properties.

HUD plans to foreclose on the property, discharge all existing debt, and immediately transfer the property upon foreclosure. The foreclosure sale is scheduled for June 8, 2010. In anticipation of the foreclosure, Rhode Island Housing submitted a redevelopment plan to finalize its Right of First Refusal to purchase the property in December, 2009. After several months of review, HUD has approved Rhode Island Housing's plan to acquire and redevelop Medina Village.

The approved purchase price for the property will be $1.00 and the conveyance of the property will include a Section 8 HAP contract for all 83 units. In addition, HUD will continue to fund replacement units for certified Medina Village residents. In conjunction with the acquisition process, Rhode Island Housing will host a community engagement process to initiate an on-going community process to create a safe and healthy neighborhood and to obtain feedback from community partners for the redevelopment of Medina Village. Rhode Island Housing will transfer ownership of the property to the Development Corporation upon acquisition.

Under separate agreements for the redevelopment of Medina Village, Rhode Island Housing awarded HOME funds and issued an unsecured pre-development loan to fund architectural and surveying work for the development. Of the $50,000 in HOME funds, $42,010.40 has been disbursed for the relocation of residents out of Medina Village. Rhode Island Housing has disbursed $243,500 of the $250,000 available from the pre-development loan. The Development Corporation will also assume obligations of the HOME funds and pre-development loan and will transfer these obligations with the real estate to the new developer once one is selected and approved.

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

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

WHEREAS, the Department of Housing and Urban Development ("HUD") has noticed its intent to exercise its right of foreclosure for Medina Village Apartments ("Medina Village"), located in Providence, Rhode Island; and

WHEREAS, HUD has accepted an acquisition and redevelopment plan by Rhode Island Housing for Medina Village; and

WHEREAS, HUD intends to immediately transfer ownership of Medina Village to Rhode Island Housing upon foreclosure; and

WHEREAS, Rhode Island Housing intends to transfer ownership of the real estate and obligations under a HOME grant and outstanding pre-development loan for Medina Village to Rhode Island Housing Development Corporation, a statutory subsidiary of Rhode Island Housing.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That Rhode Island Housing be authorized to acquire Medina Village from HUD upon foreclosure on such terms and conditions consistent with the HUD-approved acquisition and redevelop plan for Medina Village; and

Resolved, That Rhode Island Housing be authorized to transfer ownership of the real estate and obligations under a HOME grant and outstanding pre-development loan for

Medina Village to Rhode Island Housing Development Corporation, a statutory subsidiary of Rhode Island Housing; and

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

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

Firm Approval of Energy Auditor Firms for the Multifamily Weatherization Program
Mr. Godfrey presented this request.

The American Recovery and Reinvestment Act ("ARRA") has provided approximately $6 million for energy retrofits for existing affordable multifamily developments in Rhode Island. Rhode Island Housing, in partnership with the Rhode Island Office of Energy Resources, will administer the ARRA Weatherization Funds. We anticipate that these funds will finance energy improvements for approximately 900 affordable apartments statewide.

To evaluate the energy needs of the developments to be retrofitted, Rhode Island Housing issued a Request for Proposals ("RFP") on March 23, 2010 seeking qualified firms to conduct residential and multifamily energy audits. The RFP was posted on the Rhode Island Housing website and was provided to energy audit firms in the region.

Eight firms submitted proposals. Staff evaluated all of the proposals and determined that six of the firms were qualified to conduct the necessary assessments. These firms are:

- Rhode Island Saving Energy (RISE), Rhode Island
- Energy Efficient Investments, Vermont
- Greener Resources, Massachusetts
- J4 Consulting, Rhode Island
- Retrofit Insulation, Massachusetts
- Green Stamp, Massachusetts

Staff evaluated the proposals for cost and proposed that the following pricing would apply for all firms willing to provide auditing services:

For residential properties of 1 to 4 units:

1 unit building:	$265.00
2 unit building:	$325.00
3 unit building:	$360.00
4 unit building:	$390.00

For multifamily properties of 5 or more units:
$.15 per square foot including all heated and/or cooled spaces within a building.

A fixed hourly rate of $65.00 for services provided that are not included within the scope of work and protocols established for the audits.

Staff recommends that the following firms be engaged to provide energy audit services for both residential and multifamily properties: Green Stamp, RISE, J4 Consulting, Retrofit Insulation, Greener Resources, and Energy Efficient Investments for multifamily properties only.

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

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

RESOLVED: That Rhode Island Housing be, and it hereby is authorized, to enter into contracts for energy audit services with Green Stamp, RISE, J4 Consulting, Retrofit Insulation, Greener Resources and Energy Efficient Investments, on such terms and conditions as staff determines to be in the best interests of Rhode Island Housing.

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 Identity Theft Policy

Mr. Godfrey gave this presentation.

This Request for Action is for approval of an Identity Theft Prevention Program for Rhode Island Housing.

Identity theft and related fraud has become a national concern to individual consumer and the financial services industry. In response to this concern, Congress enacted the Fair and Accurate Credit Transaction Act of 2003 (the "FACT Act"). The FACT Act amends the Fair Credit Reporting Act of 1970 and requires each financial institution or creditor to develop and implement a written Identity Theft Prevention Program (the "Program") to detect, prevent and mitigate identity theft in connection with the opening or servicing of certain accounts. The FACT Act provides new guidance regarding reasonable policies and procedures that a user of consumer credit reports must employ when a consumer credit reporting agency sends the user a notice of address discrepancy.

The federal agencies responsible for implementation of the FACT Act have jointly issued rules and guidelines implementing the FACT Act. These regulations require that entities like Rhode Island Housing establish a Program that complies with the FACT Act and its implementing

regulations.

Rhode Island Housing falls within the definition of creditor and maintains a limited variety of covered accounts, consisting primarily of first- and second-mortgage loans, and associated escrow accounts; home equity loans; home-repair loans; reverse mortgage loans; lead abatement loans; septic system repair loans, and the like. Therefore, Rhode Island Housing must adopt a Program that complies with the FACT Act and its implementing regulations.

Staff has developed and recommends adoption of the attached Identity Theft Protection Program in order to comply with the FACT Act. The proposed Program essentially codifies current Rhode Island Housing policies regarding verification of applicant identity and access to customer accounts, and sets forth these policies in a way that is consistent with the requirements of the FACT Act. The proposed Program gives responsibility for implementation of the Program to a group of Program Administrators, consisting of the Execute Director, the Director of Servicing, the Director of Homeownership and the Deputy Director for Law and Human Resources.

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

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

WHEREAS, Identity theft and related fraud has become a national concern to the financial services industry; and

WHEREAS, Identity theft has the potential to cause personal and financial harm to borrowers and others we do business with, while at the same time damaging Rhode Island Housing's reputation, and placing it at financial risk; and

WHEREAS, Congress enacted the Fair and Accurate Credit Transaction Act of 2003 (the "FACT Act"), which amends the Fair Credit Reporting Act of 1970 and requires each financial institution or creditor to develop and implement a written Identity Theft Prevention Program to detect, prevent and mitigate identity theft in connection with the opening or servicing of certain accounts; and

WHEREAS, Rhode Island Housing falls within the definition of creditor and maintains a limited variety of covered accounts subject to the requirements of the FACT Act.

NOW, THEREOFE, IT IS HEREBY

RESOLVED: That Rhode Island Housing hereby adopts the Identify Theft Prevention Program substantially in the form as presented as at this meeting.

RESOLVED: The Executive Director and any Deputy Director, each acting singly, are hereby authorized to take whatever actions they deem necessary and appropriate to carry out this Resolution.

Convening of the Rhode Island Housing Development Corporation

Chairman Noble recessed the open meeting at 9:35 a.m. at which point a meeting of the Rhode Island Housing Development Corporation was convened.

Commissioner Flynn had a scheduling conflict and left the meeting at this time.

At approximately 9:41 a.m. the meeting of the Rhode Island Housing Development Corporation was adjourned and the Rhode Island Housing Board meeting was reconvened.

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 announced that Secretary of the U.S. Department of Housing and Urban Development, Shaun Donovan hosted a roundtable discussion on April 26th at Rhode Island Housing along with co-hosts, U.S. Senator Jack Reed, who was responsible for bringing Donovan to Rhode Island, and Rhode Island Housing Deputy Director, Susan Bodington. Donovan arrived at Rhode Island Housing after touring flood-damaged areas throughout the state with Reed. Together with our housing partners Rhode Island Housing briefed the Secretary on how stimulus funds have been utilized in Rhode Island and what more can be done.

Senators Jack Reed and Sheldon Whitehouse also paid a visit to a Broad Street Revitalization (BSR) construction site in Providence on April 30th to experience, first hand, federal stimulus dollars at work in Rhode Island. The Senators were joined by Mr. Godfrey for a tour of the neighborhood, which received nearly $14 million in federal stimulus funds. With strong advocacy from Rhode Island's congressional delegation, Rhode Island has received $48.8 million in Tax Credit Exchange Program (TCEP) and Tax Credit Assistance Program (TCAP) funds from the American Recovery and Reinvestment Act (ARRA).

Mr. Godfrey gave an update on Rhode Island Housing legislative priorities and referred the Commissioners to the Legislative report that was provided with the board materials. Staff will continue to update the Board on those and other bills as they move through the House and Senate. The updated report also included federal priority updates at the end of the document.

Since March 2008 Rhode Island Housing's HelpCenter has been funded in large part by federal funds made available through the NeighborWorks America National Foreclosure Mitigation Counseling (NFMC) Grant. Mr. Godfrey noted that the Round 4 award will continue the success of the Round 1 and Round 2 grants, both of which were completed on schedule with goals met. Rhode Island Housing is currently on target to meet all goals for the Round 3 grant, which ends June 30, 2010. In Round 4, staff sought $514,350 in funding to counsel 900 households for the second half of 2010, but received only $178,308 to counsel 300 households.

Funds available for Rounds 3 and 4 were a third of what was available for Round 2. Since March 2008, $1.66 million has been received through NFMC which provided counseling to over 3,000 Rhode Island households.

Mr. Godfrey reported that statewide foreclosure initiations in March totaled 961, a dramatic 44.7% increase over February, and the largest monthly increase in the last 12 months. During the past three months the number of foreclosure initiations in the state had shown a declining trend. While it is too soon to know if this increase will continue, it is consistent with increases reported for Massachusetts where foreclosure initiations rose 22% from February to March 2010 according to the Warren Group. The state's NSP communities, continue to be hardest hit by foreclosures, comprising the majority of the state's foreclosure initiations with 790 initiations in these cities in March.

On a more positive note, Mr. Godfrey announced that on Wednesday, May 19, 2010 Rhode Island Housing partnered with the Board of REALTORS to offer an educational workshop for realtors on today's housing market and the many opportunities for buyers in today's market. Staff also provided the Board of REALTORS with an update on the $43 million Rhode Island will receive for foreclosure prevention through the Treasury's Hardest Hit Fund program.

There being no further business to discuss, a motion was duly made by Commissioner Barge and seconded by Commissioner Solomon to adjourn the open meeting at approximately at 9:50 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director