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, March 15, 2012 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman James DeRentis; Vice Chairwoman Denise Barge; Paul McGreevy, Director of Department of Business Regulation; Joseph Pratt designee for General Treasurer Gina Raimondo; Paul Dimeo and Jose Monteiro and Steven Costantino.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Susan Bodington, Deputy Director; Kara Lachapelle, Director of Finance and Technology; Amy Rainone, Director of Intergovernmental Relations; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing, Carlos Hernandez, Director of Resident Services, and Michael V. Milito, Corporation Counsel.

Edward Pare, 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 DeRentis called the meeting to order at approximately 8:30 a.m.

Chairman's Report

Chairman DeRentis announced that he attended the Senate Oversight Committee Hearing on March 5, 2012 with Mr. Godfrey, Susan Bodington, and other members of Rhode Island Housing's senior staff. The Chairman was impressed with the thoroughness of Mr. Godfrey's presentation and commended him and staff.

Committee Reports

Chairman DeRentis noted that a meeting of the Human Resources was held on January 19, 2012 at 8:30 a.m., gave a brief overview of the deliberations of the Human Resources Committee and then called for a motion to approve the Human Resources committee minutes.

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

VOTED: That the Minutes of the Human Resources Committee Meeting held on January 19, 2012 are approved.

Executive Director's Report

Mr. Godfrey referred the Commissioners to his written report which included numerous attachments and briefly commented on several topics of interest.

Convening of the Section 8 Committee

Upon a motion made by Commissioner Barge and seconded by Commissioner Monteiro, the Board unanimously adopted a motion to convene a meeting of the Section 8 Committee of the Board of Commissioners to consider approval of the Annual PHA Plan. The Section 8 Committee Meeting was convened at 8:50 am.

Chairman DeRentis introduced and welcomed Sister Helen Provost, a resident participant of the certificate and voucher program administered by Rhode Island Housing in its role as a Public Housing Authority as the Resident Member of the Section 8 Committee.

Approval of Annual PHA Plan

Mr. Godfrey presented this request.

Rhode Island Housing acts as a Public Housing Authority (PHA) with respect to its administration of the Section 8 tenant-based subsidy program. In accordance with section 511 of the Quality Housing and Work Responsibility Act of 1998, Rhode Island Housing must adopt an annual PHA Plan for the Section 8 Tenant-based program which establishes goals and objectives to meet the jurisdiction's housing needs. The Agency Plan includes Rhode Island Housing's strategies to achieve objectives in the areas of expanding the supply of assisted housing, promoting family self-sufficiency and ensuring equal opportunity in housing.

In order to comply with the requirements for the Quality Housing and Work responsibility Act, program participants were randomly selected to review the plan, a public hearing was held and a forty-five day public comment period was scheduled. A review was done by staff to ensure consistency with the State's Consolidated Plan. The PHA Annual Plan must be approved by the Board of Commissioners, and be forwarded to the Department of Housing and Urban Development.

Upon a motion made by Commissioner McGreevy and seconded by Commissioner Pratt the following resolution was unanimously approved:

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

WHEREAS, Rhode Island Housing, in its capacity as a Public Housing Authority is required to adopt the PHA Annual Plan for the Section 8 Tenant-Based program to comply with section 511 of the Quality Housing and Work responsibility Act of 1998.

RESOLVED, Rhode Island Housing, in its capacity as a Public Housing Authority, be and hereby is authorized to adopt the PHA Annual Plan for the Section 8 Tenant – Based Program substantially in the form as presented to comply with the requirements of the Quality Housing and Work Responsibility Act of 1998.

Upon a motion by Commissioner Pratt and seconded by Commissioner Barge, the Section 8 Committee adjourned at 9:55 a.m. and Chairman DeRentis reconvened the full Board in open session.

Approval of an Increase in the Revolving Construction Loan to Rejuvenation LLC

Mr. Godfrey gave an overview of this request.

In January 2011, the Board approved a demonstration revolving construction loan for Rejuvenation LLC, an Armory Revival Company ("Armory") affiliated company for the acquisition and rehabilitation of vacant and/or foreclosed properties in the Elmwood, Armory and surrounding neighborhoods of Providence. The original Request for Action ("RFA") proposed by staff requested a $1.5 million Revolving Construction Loan ("RCL") to finance construction of up to 5 active properties. The Board limited the approval to no more than two unsold properties at one time since the market was untested. This RFA is to amend the RCL to allow for up to 5 active properties at one time and to extend the term of the RCL. The total maximum loan commitment will be unchanged at a $1.5 million outstanding at any time.

Rejuvenation is a subsidiary of the Armory Revival Company. Armory, established in 1986, is owned and operated by three principals: Robert Dupre, Jr., Mark Van Noppen and H. Lebaron Preston. Armory's mission is to build and rebuild neighborhoods in order to enhance the quality of life for those who live there. Armory traditionally purchased and renovated historic properties, residential and commercial, for sale and to hold as long term rentals. They typically select properties that have become problems as a result of foreclosure, abandonment, fire or drug activity. The properties are rehabilitated and occupied by homeowners and/or new tenants, which helps to restore the integrity of the neighborhood. Armory has affiliated management construction companies.

Armory's ability to borrow from commercial banks was negatively impacted by the economic downturn. Many commercial banks are no longer providing construction loans for residential development, which makes it nearly impossible for developers to undertake new projects. In addition, Armory is the developer or partner of several condominium projects which were slow to sellout because of the economy; and they were a partner of Struever Brothers, an entity that defaulted on several high profile projects. As a result, Armory has not been able to borrow money through conventional outlets which was the impetus for applying for the original RCL.

Armory established Rejuvenation as a new endeavor in an effort to address the effects the foreclosure crisis has had on the neighborhoods in Providence. Rejuvenation is acquiring and rehabbing distressed, abandoned and foreclosed properties in selected neighborhoods in Providence. They have retained the services of Armory to manage the acquisition, rehabilitation

and sale of these properties as workforce housing for buyers with incomes of less than 120% of AMI. In addition, Armory was been selected by the City of Providence as a recipient of Neighborhood Stabilization Program ("NSP") funds which helps defer the costs of rehabilitating some of the most blighted properties. The rental units for these NSP properties are subsequently restricted to tenants with incomes at less than 80% of AMI. The RCL, originally intended to respond to the lack of lending available to for-profit developers who are seeking to help rebuild neighborhoods devastated by the recent economic downturn, has been successful. It has helped to address some of the blight affecting the city as well as maintain and create jobs. In addition, Armory has been able to identify new homebuyers effectively so that finished properties are not sitting idle for extended periods of time. (Armory does have an identity of interest real estate company to market the properties). For this reason, we are recommending that the RCL be expanded to permit Rejuvenation to redevelop more properties.

Under the 2011 approval, the RCL is structured as follows:

- Rhode Island Housing will fund the development of two properties initially;
- Upon successful completion and sale of a property, and payoff of the Loan on that property, Rhode Island Housing will fund development of an additional property;
- At no time will Rhode Island Housing permit more than two Loans to be outstanding.

Since March 2011 when the first loans under the RCL closed, three properties have been funded and staff is reviewing a 4th loan request. One property has sold, one is under contract, and the third is scheduled for completion in April. Both the property that was sold and the one under contract were sold to first-time homebuyers at the expected sales prices.

Concurrently, Rejuvenation has been working on 5 additional properties using funding that they have cobbled together from several private lenders at very high interest rates. Of these five, two have been sold, one is under contract and two are under construction.

The current RCL expires on March 28, 2013; however no new loans may be made after September 28, 2012 (18 months from initial close). Rejuvenation has asked that the RCL be modified to allow for construction financing of up to 5 properties at any one time as long as the total outstanding loan amount does not exceed $1.5 million as set forth in the original approval, and to extend the term of the RCL for an additional 36 months, with no new loans after 30 months from the date the amendments are executed. The revised RCL will expire April 2015 with no new loans after October 2014. All other terms will remain the same, including the requirement for personal guarantees from the principals of Armory.

Rejuvenation believes it can continue to ramp up production with the proposed revisions to the RCL. Rejuvenation is unsure as to how long their private funders will continue to provide financing. In addition, with the recent actions to settle foreclosure procedures suits, Rejuvenation believes that additional foreclosed properties will be available for acquisition in their targeted area.

The proposed terms are outlined on the attached Term Sheet. The RCL will continue to have a tiered system for funding that will allow multiple homes to be under construction simultaneously, with more funds outstanding depending on the success and sale of previous homes.

The Request for Action is for approval to (i) increase the number of homes Rejuvenation, LLC may acquire and rehabilitate from two to five properties at any one time, and (ii) extend the loan term for an additional 36 months with no new loans after 30 months.

Chairman DeRentis recused from the discussion, consideration and vote on this matters to avoid the appearance of a conflict due to his realty business and property management services.

Upon a motion made by Commissioner Costantino and seconded by Commissioner Pratt the following resolution was approved with 6 votes in favor, none opposed, and one recusal by Chairman DeRentis. Chairman DeRentis did not participate in the discussion, consideration or vote on this resolution.

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 as 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 may from time to time establish Demonstration Programs to determine the viability of new loan programs;

Whereas, Rejuvenation, LLC, a for-profit developer, has presented an application to the Rhode Island Housing requesting an increase in an existing Revolving Construction Loan to acquire and rehabilitate vacant, abandoned and/or foreclosed properties as set forth in this Request for Action;

Whereas, Rejuvenation, LLC, consistent with the mission of Rhode Island Housing, proposes to revitalize Providence neighborhoods in which Rhode Island Housing has investments and in which we are working to return foreclosed and abandoned properties to marketable properties; 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 the Corporation's enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That Rhode Island Housing be and hereby is authorized to amend the existing revolving construction loan to Rejuvenation, LLC to increase the number of homes Rejuvenation, LLC may acquire and rehabilitate from two to five properties at any one time, and to extend the term to 36 months. The loan will be structured generally in accordance with the Term Sheet presented at the meeting, with such changes as the Executive Director, Deputy Director or the Director of Development may, in their sole discretion determine to be necessary or advisable;.

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

- Execution of an amended Master Loan Agreement by Rejuvenation, LLC, Inc. satisfactory to Rhode Island Housing.
- Submission of all construction contracts, plans and specifications, marketing plans, construction budgets, lien releases, and other documentation necessary for loan funding and construction loan approval.
- Execution of amended Construction Loan Guarantees from Armory Revival and its principals.
- Satisfactory review of financials and credit analysis of Rejuvenation, LLC, Armory Revival Company and its principals.
- Underwriting and approval of each site prior to funding of individual loans including appraisal(s) by independent appraiser(s) demonstrating that the loan will not exceed 80% of the as-improved value of the propert(ies).

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

Approval of Preliminary Commitment to Brook Village

Mr. Godfrey presented this request.

This Request for Action (RFA) is for preliminary commitment of financing for Brook Village Apartments, an existing elderly development originally financed by Rhode Island Housing and located in North Providence. Brook Village (the "Development") was originally developed in 1977 and consists of 101 units in one eleven-story residential building. The current owner, Winn Development (the "Seller") has entered into a Purchase and Sales ("P&S") agreement for an arms-length transaction with a purchaser who will create a single asset entity to own and operate the property.

In 2007, the Seller undertook approximately $1,500,000 in capital improvements which were completed in 2009. The work encompassed re-decking of the units, common area improvements, building envelope upgrades and new windows, mechanical system upgrades

including an upgrade of the life safety systems, and site improvements. The recently completed rehabilitation was based on a Capital Needs Assessment and extended the useful life of the major systems for the long term. Based on current inspection and REAC reports, no additional rehabilitation is anticipated for the Development as a part of this transaction.

Brook Village is situated on the United States Environmental Protection Agency's (the "EPA") Centredale Manor Restoration Superfund Site, which has previously been the subject of an interim cleanup plan. In October of 2011 the EPA issued a Proposed Plan for the long-term cleanup of the site. The public comment period on the proposed cleanup plan closed on January 12, 2012 and the EPA is working on final plans for the long-term cleanup. Neither Seller nor CCIG will be responsible for any costs associated with the cleanup as a result of an earlier settlement with the EPA releasing the current ownership as a Potentially Responsible Party for environmental hazards identified at the site. That settlement, finalized and entered on April 27, 2007 was agreed upon by counsel for all concerned parties, and represents the collaborative efforts of Brook Village and Centerdale Manor (the adjacent development), Rhode Island Housing, EPA, the United States Department of Justice, the Governor and Attorney General of Rhode Island and the Rhode Island Congressional Delegation.

The purchaser is California Commercial Investment Group ("CCIG"), a national property development and management firm based in Westlake Village, California. CCIG owns over 4,100 units in 42 properties across the nation. Their east coast holdings are presently located in Pennsylvania and New York, and the acquisition of Brook Village represents their entry into the Rhode Island market. Under the terms of the P&S, Brook Village will continue to receive Section 8 rental assistance through the existing Housing Assistance Payment ("HAP") contract, subject to HUD's approval of the transfer of the HAP to the new owner and subject to annual appropriation in the federal budget. CCIG will also serve as manager of the property. The transaction will extend the Development's affordability restrictions for an additional 40 years.

In addition to the revenue from the rental apartments, Brook Village also receives revenue from cell antennae leases associated with the building. The antenna has been on the building since 1993. In 2007, a new 20 year Antenna Site Lease Agreement (the Antenna Lease") was executed and it contains two additional 5 year extensions. The Antenna Lease compensates the owner of Brook Village at a rate which is 65% of the total revenue collected by the owner of the antenna. Currently there are seven active leases which results in net income to the property of approximately $134,000 per year. While the Antenna Lease extends as far out as 2037, Rhode Island Housing will require that CCIG guarantee the income from the Antennae Lease used to support the mortgage as additional insurance against changes in the leases.

The primary source of financing for the transaction will be a 35-year taxable mortgage from Rhode Island Housing supported by the lower of HAP or market rents along with the cell tower income, equity from the purchaser and existing project reserves.

The Request for Action is for Preliminary Commitment of a taxable mortgage up to $6,900,000.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Pratt the following resolution was unanimously approved:

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

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

Whereas, The applicant ("Applicant") listed below has presented an application to Rhode Island Housing requesting a first mortgage to finance the acquisition of buildings as set forth below:

Development	Applicant	Taxable Financing
Brook Village	**California Commercial Investment Group**	**$6,900,000**

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 grants preliminary commitment for taxable mortgage loans to California Commercial Investment Group or an affiliated entity (the "Borrower") in an amount not to exceed $6,900,000 for rental housing located at Brook Village, 2072 Smith Street in North Providence, Rhode Island.

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-is value of the property.
- Approval by Rhode Island Housing of all members of the development team.
- Evidence from the Town of North Providence of continued eligibility of the property under the new ownership for real estate tax liability at 8% of gross scheduled rental income under RIGL Chapter 44-5-13.11 under the new ownership entity
- If required, evidence of flood insurance on the property.
- Approval of a new operating budget.

- FHA Risk-Sharing approval for a minimum of 50% of the first mortgage.

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

Approval of Designation of Developer and Preliminary Commitment of Bond Financing for Glenark Landing and Ashley Court

Mr. Godfrey gave this presentation.

This Request for Action is for approval to designate a developer for the acquisition and re-development of Glenark Landing ("Glenark") and Ashley Court ("Ashley"), (collectively the "Developments") and for preliminary approval of tax exempt financing for the re-development of the properties.

Glenark is an existing affordable housing development located at 104 Sayles Street in Woonsocket containing 67 apartments in the following configuration, 21 one-bedroom apartments, 34 two-bedroom apartments and 12 three-bedroom apartments

The property was built in 1865 as a manufacturing mill and rehabilitated in 1990 when it was redeveloped as residential housing using Housing Tax Credits and financing from Rhode Island Housing. The initial tax credit compliance period ended in 2005. The property is listed on the Historic Registry as an historic structure. In 2000, with delinquency in mortgage payments and the development in financial/operational jeopardy, the Rhode Island Housing Board of Commissioners authorized staff to negotiate a an agreement with the owner entity to obtain control of the property. Rhode Island Housing Development Corporation, a subsidiary of Rhode Island Housing was designated to take over as the general partner and the limited partner which occurred in 2000 and 2001 respectively. Rhode Island Housing has been operating Glenark ever since.

When originally financed in 1990, Glenark was awarded a twenty-year State Rental Assistance Program ("RAP") contract that provides rental assistance for all 67 apartments. The RAP contract for Glenark expired in July 2010. Currently the majority of the units are still receiving RAP subsidy. However, as units turn over, units are being rented without RAP subsidy. Currently there are six units that are transferring from RAP to non-RAP units. A key component of the redevelopment of the site is the successful transition from RAP to non-RAP units in a manner that ensures a financially successful transaction for the developer, residents and Rhode Island Housing while simultaneously lifting the financial burden of the RAP subsidy from Rhode Island Housing.

At the present time, capital investments are necessary to address deferred maintenance issues as well as needed improvements to the apartments and common areas in order to ensure the ongoing marketability and viability of the development as a non rent subsidized site. In addition, security has been a concern at Glenark. The Woonsocket Police Department currently

provides a security detail for the site. The cost for this security has been paid directly by Rhode Island Housing.

Ashley Court is an existing affordable housing development for families located at 78 Oak Street in Woonsocket containing 22 apartments in two buildings. There are 6 two-bedroom and 16 three-bedroom apartments. The apartments are spacious and well laid out.

Developed in 1989 using housing tax credits and financing from Rhode Island Housing, Ashley is currently controlled by the RIH Equity Corporation, a subsidiary of Rhode Island Housing and the general partner of the Rhode Island Housing Equity Pool, LP ("RIH Equity Pool"). The RIH Equity Pool served as the original limited partner in the Ashley Estates Limited Partnership ("AELP"), the owner entity of Ashley. In 1997, due to AELP's default under the financing documents, the RIH Equity Pool exercised its right to remove the original general partner of AELP (Ashley Realty Associates, Inc.) and designated RIH Equity Corporation to act as the general partner of the limited partnership and has remained in that capacity to this date. Like Glenark, Ashley suffers from deferred maintenance. No major capital improvements have been undertaken in the past five years; however, Rhode Island Housing has recently completed some routine health and safety-related repairs as well as some minor roof repairs. As a result of deferred maintenance, the exterior of the buildings may need to be re-sided. In addition, common areas and unit interiors require some renovation. Site improvements could greatly enhance the curb appeal of the property

In November of 2011, Rhode Island Housing issued a Request for Proposals ("RFP") seeking proposals from qualified firms to purchase, renovate and operate as affordable rental housing one or both of Glenark and Ashley. The RFP set out the following criteria for evaluating proposals:

- The applicant's experience (including roles and outcomes) in transactions that included the redevelopment of under-performing properties;
- Past experience owning and/or developing Tax Credit deals on-time and within budget;
- The development experience and financial capacity of the applicant, equity investor and development team members;
- The applicant's prior effective working relationship with Rhode Island Housing and other community lenders;
- Evidence of the availability of debt and equity sources to fund acquisition and rehabilitation of the property and the ability to obtain subsidies and resources other than those offered by Rhode Island Housing;
- Sales proceeds to Rhode Island Housing;
- The quality of the management plan and affirmative fair housing marketing plan to reach out to a diverse community, attract qualified and eligible residents and maintain a high percentage of occupancy;
- The quality of a building and site security plan for Glenark; and

- The applicant's ability and commitment to establish and maintain strong community relations and to create a high quality housing environment for the residents of the site(s), surrounding property owners, and community partners.

Rhode Island Housing received three proposals regarding both Glenark and Ashley from the following entities: Women's Development Corporation; Trinity Financial, Inc. ("Trinity"); and Arch Street Development. Two proposals were submitted with regard to Ashley only by Omni Development Corporation and Promac, Incorporated (a related entity to the current management agent, Flagship Management Services, Inc.).

Staff analyzed the developer responses against the evaluation criteria and presented the proposals to a recommendation committee. The proposals were competitively ranked on each evaluation factor. Based on the competitive rankings in each category, the committee determined that the best proposal was from Trinity.

The Trinity proposal demonstrated a strong track record for turning around troubled properties and solid examples of community engagement and resident involvement. A major factor that differentiated the Trinity proposal from the other submissions was its detailed approach to safety and security for Glenark Landing. Trinity specifically proposed a comprehensive safety and security survey which will be utilized to identify strategic locations for a state-of-the-art surveillance system along with roving security personnel on a temporary or as-needed basis to exhibit a "No Tolerance" policy for mischief, vandalism or intentional malice on the Glenark property. In addition, Trinity has proposed the formation of a Resident Security Council to engage residents with Management in monitoring the effectiveness of Glenark's safety and security program. Finally, Trinity proposes outreach to local law enforcement, public officials, community groups, local businesses and schools to discuss ways in which the community can help to make Glenark's neighborhood a safer place for all to enjoy.

Trinity also proposed other operational adjustments and diligent marketing to reduce vacancy loss as the property transitions to non-RAP subsidized units. It is Trinity's stated goal to fully reposition the properties with management changes and by increasing curb appeal to insure that the properties generate sufficient revenue to meet operational needs and debt service obligations. Additionally, Trinity has strong existing relationships with equity providers and their proposal should result in the most sales proceeds of the three proposals.

Both sites currently meet the basic needs of their target population for accessible and convenient housing, but the properties suffer from deferred maintenance. The proposed transaction would enable Trinity to implement significant capital improvements to the buildings and to bring in a new management team to operate the development.

Trinity proposes to extensively rehabilitate both properties in order to significantly improve the living conditions for the residents through interior and exterior upgrades as well as improved safety and security at each development. The target population will remain family households with incomes below 60% of median income. The current population at Glenark consists primarily of low income families with incomes below 50% of area median income utilizing rental

subsidies under the previous State RAP contract which is no longer in effect. As units turn over, they will be rented to tax credit eligible tenants who have the ability to pay the tax credit rents without the benefit of the RAP subsidy. Trinity is aware that Rhode Island Housing will not provide future rental subsidies at unit turnover. Consequently, over time, the expectation is that all RAP subsidy payments will cease at Glenark. There are no RAP units at Ashley where rents have been low because of the poor condition of the units. The expectation is that rents at the site can be increased to the 55% tax credit rent once the buildings are renovated.

Trinity's proposal assumes over $4 million in rehabilitation or $45,000 per unit. Rehabilitation plans call for exterior renovation of the buildings including roof replacement, masonry repair, siding replacement, new windows, doors and site work improvements. Interior plans will include mechanical and electric upgrades, kitchen and bathroom renovations and elevator upgrades. Trinity will make improvements to the security systems to address chronic security problems, particularly at Glenark. Trinity has commissioned a capital needs assessment which will be used to develop the final scope of the rehabilitation as well as appropriately size reserves to meet future capital needs.

While Trinity's proposal did include a financing proposal, Trinity and Rhode Island Housing are reviewing the proposal assumptions and various options for ensuring the most successful financing plan moving forward. As such, it is expected that the project will be financed with a tax exempt first mortgage, equity from the sale of 4% housing tax credits and federal historic tax credits, a Deferred Payment Loan from Rhode Island Housing, a deferred developer fee, existing project reserves, and a Purchase Money Mortgage Note to Rhode Island Housing to be repaid from net cash flow. The owners will sign a 40-year use agreement ensuring long term affordability. The total development cost will be approximately $14 million.

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

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") issued a Request for Proposals ("RFP") seeking a developer to undertake the re-development of Glenark Landing and Ashley Court; and

WHEREAS, Rhode Island Housing received three proposals to redevelop Glenark Landing and Ashley Court and two proposals to redevelop Ashley Court alone; and

WHEREAS, the staff has completed a thorough evaluation of the five proposals submitted for the re-development of Glenark Landing and/or Ashley Court; and

WHEREAS, staff has determined that Trinity Financial, Inc., ("Trinity") submitted the highest ranking proposal that best meets the criteria established in the Request for Proposals for the selection of a developer; and

WHEREAS, Trinity will seek the approval of the Rhode Island Housing Development Corporation and the RIH Equity Corporation to purchase Glenark Landing and Ashley Court.; 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, Rhode Island Housing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state; and

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; and

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 Financing**
Glenark Landing Ashley Court	Trinity Financial, Inc.	Up to $7,000,000 (a portion to remain as permanent loan)

WHERAS, 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 Rhode Island Housing does hereby approve Trinity Financial, Inc., or its assignee as the designated development entity for the re-development of Glenark Landing and Ashley Court.

RESOLVED, That Rhode Island Housing retains the authority to select another developer if it determines, in its sole and absolute discretion, that Trinity Financial, Inc., is unable to meet the conditions set forth herein.

RESOLVED, That, subject to the special conditions listed below, Rhode Island Housing hereby preliminarily approves a first mortgage loan to be financed by tax-exempt bonds in an amount up to $7,000,000 to Trinity Financial, Inc., or an

affiliated partnership (the "Borrower") for rental housing to be located on Sayles and Oak Streets in Woonsocket, Rhode Island.

RESOLVED, Rhode Island Housing hereby declares that the preliminary 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 $7,000,000 first 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:

- The developer's satisfaction, in the sole judgment of Rhode Island Housing, of all terms and conditions set forth in the RFP;
- The developer must include a Resident Security Council in the implementation and operational phases of the re- development of Glenark Landing;
- Acceptable final appraisal by independent appraiser that demonstrates that the new first mortgage does not exceed 90% of the as-stabilized value of the property.
- Provision of acceptable letter of commitment from an equity provider for the transaction demonstrating syndication proceeds from 4% Housing Tax Credits and federal Historic Tax Credits in amounts sufficient to assure development feasibility.
- Approval by Rhode Island Housing of all members of the development team.
- Approval of the operating budget.
- Receipt of satisfactory Capital Needs Assessment or other assessment of property condition acceptable to Rhode Island Housing.
- Approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- FHA Risk-Sharing approval for a minimum of 50% of the permanent first mortgage.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

RESOLVED, That the Executive Director, Deputy Director and the Director of Development be, and each hereby is, authorized to take any and all actions, including specifically the authority to execute a development agreement, as well as any and all documents, instruments and other agreements and to take

such further actions as he or she deems necessary to carry out the above resolutions.

RESOLVED, That all actions and deeds heretofore done by the Executive Director or 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.

Authorization to Enter into Mortgage Financing Agreement with Fannie Mae

Mr. Godfrey made this presentation.

This Request for Action is for approval to participate in the Fannie Mae Housing Finance Agency Mortgage Program (the "HFA Program") in order to expand the range of mortgage products available to our low- and moderate income customers.

For many years, Rhode Island Housing exclusively funded its single-family lending activities with issuance of tax-exempt bonds under the federal Mortgage Revenue Bond ("MRB") program. Since bondholders do not pay taxes on the interest earned they are willing to accept a lower rate than is available in the taxable bond market, which reduces Rhode Island Housing's cost of borrowing. The main benefit of the MRB program to homebuyers is a lower mortgage rate than that available in the standard mortgage market; on the other hand, the MRB program is primarily available to first-time homeowners, and is subject to a variety of federal rules, such as income and purchase price limitations, potential tax consequences upon sale, and limitations on refinancing. On balance, the MRB Program is an attractive option to qualified homeowners when conventional interest rates are high.

In 2009, due to upheaval in the financial and bond market, the traditional relationship between tax-exempt and conventional mortgage rates reversed, such that HFAs were unable to issue bonds under the MRB Program at rates that were significantly below conventional lenders. At the same time, traditional mortgage insurers began to experience financial difficulty. However, customers continue to be attracted to Rhode Island Housing because of our 100% financing, extra assistance, special benefit loans and our trusted reputation. In response, Rhode Island Housing began exploring alternative capital sources to fund new loans.

In February 2009, the Board approved a resolution authorizing Rhode Island Housing to participate in the Ginnie Mae Mortgage Backed Security ("MBS") Programs as an additional source of capital to fund new loans that are insured by FHA. Under the MBS Programs, Ginnie Mae guarantees securities issued by Rhode Island Housing, which are backed by pools of our FHA-insured mortgages. The Ginnie Mae guaranty ensures that security holders receive timely payment of principal and interest as provided in the transaction documents. While FHA insurance is a very beneficial program to many homebuyers, it can be a difficult process and the mortgage insurance premiums can be very costly to the homeowner.

Although Fannie Mae's long term role in the housing finance system is uncertain, it continues to have Congressionally mandated affordable housing goals. They have worked with our national

organization, NCSHA, to develop a home loan program specifically tailored to serving the low- and moderate-income borrowers financed by HFAs. Staff has reviewed the HFA Program and believes that our participation in the HFA Program will be of great benefit to Rhode Islanders. It will enable us to increase the number and variety of loan options we can offer directly, and through our lender partners, and will deliver significant monthly savings to our borrowers.

The HFA Program has several unique aspects that provide significant benefits to both Rhode Island Housing and its customers. As to Rhode Island Housing, the HFA Program gives us the flexibility to deliver loans to Fannie Mae either as a Mortgage Backed Security ("MBS") option, or as a whole loan purchase option. When we have available bonding authority and the market is favorable for bond issuance, Rhode Island Housing can choose to fund loans using tax-exempt bond proceeds under the MRB program and package the mortgage as an MBS pool, with Fannie Mae providing its guaranty to support the MBS pool. Alternatively, during periods when bond authority is less available or tax-exempt bond rates are too high, we can originate mortgages for sale to Fannie Mae in a whole-loan sales transaction. We have the option of choosing the delivery method that best meets our financial needs. Under either delivery method we would be able to service these loans on behalf of Fannie Mae.

Homeowners also benefit from the HFA Program. Under either delivery model they benefit from access to fully-amortizing mortgage financing with a minimum 3% down-payment requirement. Subordinate financing provided by Rhode Island Housing is permitted to provide a 100% financing package and to cover closing costs associated with the loan.

In addition, by sharing in some of the risk associated with early payment default, Rhode Island Housing can choose to offer a product that does not require the homeowner to purchase mortgage insurance coverage, which results in significant reduction in the homeowner's monthly payment. Under this option, Fannie Mae will accept loans without mortgage insurance contingent on Rhode Island Housing's agreement to repurchase loans that become four months delinquent during the first six months following origination. Rhode Island Housing will be required to post $250,000 in order to secure this repurchase obligation.

We estimate that the Fannie Mae program will save a typical homeowner about $120/month, over the FHA/Ginnie Mae option even after taking into account a slightly higher interest rate. Those homeowners with a 20% down payment sufficient to eliminate the need for mortgage insurance will be eligible for an even lower interest rate. Fact sheets outlining each of these options are included as Attachment A.

Finally, since the whole loan sale option described above is not funded with tax-exempt bonds, the IRS restrictions would not apply. Rhode Islanders would gain to access a low-cost, high LTV refinance product as will borrowers who are not first-time homebuyers Existing homeowners who have seen their home's equity diminish over the past few years will now be able to take advantage of lower interest rates and low property values. These products put more money into the pockets of homeowners and stimulate home sales. MassHousing, our sister agency, has seen its loan applications increase by a factor of four since it introduced the program in January. A matrix describing the full array of products that Rhode Island Housing will be able

to offer, including the MRB and Ginnie Mae products, and listing the profile of the typical borrower that would likely benefit from each product is included as Attachment B.

This new low cost program is only available through Rhode Island Housing and its lender partners. Without Rhode Island Housing's participation in the HFA Program, low and moderate income Rhode Islanders will not have access to these lower cost products.

Specimen copies of the various transaction documents associated with the HFA Program were available for inspection at the meeting.

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

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

WHEREAS, weaknesses in the state and national economy and housing market in Rhode Island and the United States, coupled with limited availability of mortgage financing programs, have prevented many low- and moderate income families from obtaining financing to purchase a home; and

WHEREAS, changes to the equity requirements to qualify for a conventional refinance of existing loans has prevented many low- and moderate-income homeowners from refinancing their current mortgage to benefit from the current historically low interest rates; and

WHEREAS, in response to these conditions, Fannie Mae worked with the National Council of State Housing Agencies ("NCSHA") to develop a mortgage program specifically tailored to the needs of low- and moderate-income homeowners and homebuyers (the "HFA Program") served by housing finance agencies ("HFA"); and

WHEREAS, the HFA Program is not available to all Fannie Mae approved lenders but can only be offered by HFAs which are members of NCSHA, and their lender partners; and

WHEREAS, the HFA Program will permit Rhode Island Housing and its lender partners to offer a mortgage product at favorable terms to borrowers who previously owned a home; and

WHEREAS, the HFA Program will permit Rhode Island Housing and its lender partners to refinance existing mortgages under more favorable terms than is otherwise available in the mortgage market; and

WHEREAS, the HFA Program will reduce the monthly mortgage expenses of low- and moderate income borrowers by eliminating the mortgage insurance

requirement, with estimated monthly savings to the typical borrower of about $120; and

WHEREAS, the HFA Program will provide Rhode Island Housing alternative sources of capital funding for new mortgages and will conserve tax-exempt bonding authority; and

WHEREAS, low- and moderate income borrowers in Rhode Island, and Rhode Island Housing's lender partners, will only be able to benefit from the HFA Program if Rhode Island Housing agrees to participate in the HFA Program with Fannie Mae; and

WHEREAS, Rhode Island Housing has determined that mortgage loans under reasonably equivalent terms and conditions to those provided under the HFA Program are not otherwise available, wholly or in part, from private lenders in Rhode Island.

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that Rhode Island Housing is authorized to participate in the HFA Program generally under the terms and conditions as presented at this meeting.

RESOLVED, that Rhode Island Housing is authorized to make mortgage loans under the HFA Program to homebuyers who had previously owned a home.

RESOLVED, that Rhode Island Housing is authorized to make loans under the HFA Program to homeowners seeking to refinance an existing mortgage.

RESOLVED, that all loan products available under the HFA Program shall be available for origination by approved lender partners of Rhode Island Housing.

RESOLVED, that the Chair of the Board of Commissioners, the Executive Director, the Deputy Director and the Director of Homeownership be and each of them is hereby authorized and directed to execute and deliver to Fannie Mae, on behalf of Rhode Island Housing, any agreements, documents or instruments necessary for Rhode Island Housing to participate in the HFA Program, including without limitation, the Master Agreement between Rhode Island Housing and Fannie Mae, the Fixed-Rate Mortgage Pool Contracts, the Pledge and Security Agreement, the Preferred Risk Share Repurchasing Agreement and such further agreements, documents, or instruments as may be necessary for Rhode Island Housing to participate in the HFA Program.

RESOLVED, that the Chair of the Board of Commissioners, the Executive Director, the Deputy Director and the Director of Homeownership be and each of them is hereby authorized and directed to execute and deliver to Fannie Mae, on behalf of Rhode Island Housing, any amendments to any agreements, documents or

instruments regarding Rhode Island Housing's participation in the HFA Program which they deem to be in the best interests of Rhode Island Housing.

RESOLVED, that all actions previously taken by the Chair of the Board of Commissioners, the Executive Director, the Deputy Director and the Director of Homeownership regarding Rhode Island Housing's participation in the HFA Program be and are ratified.

Approval of Updated Corporate Delegation for Federal Home Loan Bank of Boston

Mr. Godfrey presented this request.

This Request for Action (RFA) is for authorization of certain designated officers and employees to execute and deliver to the Federal Home Loan Bank of Boston (FHLBB) on behalf of Rhode Island Housing any instruments as may be necessary for Rhode Island Housing to initiate or partake in any of the programs available to correspondent members of the FHLBB.

Rhode Island Housing is a long time correspondent member of the FHLBB, and as such is permitted to participate in various Correspondent Services programs, such as advances or documents or agreements contracts, mortgages, deeds or instruments which may be entered into by Rhode Island Housing.

Periodically, the FHLBB requests that Rhode Island Housing update its designation of employees or officers authorized to execute and deliver to the FHLBB instruments necessary to participate in the FHLBB programs and services. The attached resolution authorizes the Chair, Executive Director, Deputy Director and the Director of Finance and Technology to execute and deliver such instruments, and to designate other staff with authority to carry out actions incidental to such programs and services in which Rhode Island Housing participates.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner McGreevy the following resolution was unanimously approved:

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

WHEREAS, Rhode Island Housing wishes to utilize one or more of the correspondent services ("Correspondent Services") of the Federal Home Loan Bank of Boston described in its current standard Correspondent Services Agreement (the "Correspondent Services Agreement");

RESOLVED, That the Chair of the Board of Commissioners, the Executive Director, any Deputy Director and the Director of Finance and Technology of Rhode Island Housing be and each of them is hereby authorized and directed to:

(i) execute and deliver to the Federal Home Loan Bank of Boston, on behalf of Rhode Island Housing, an agreement substantially in the

form of the Correspondent Services Agreement and such further agreements, documents, or instruments as may be necessary for Rhode Island Housing to initiate or partake in any of the Correspondent Services; and

(ii) designate in writing the officers or employees of Rhode Island Housing authorized on its behalf to execute documents, take actions, and give oral and written instructions (including by electronic or facsimile means) pertaining to the Correspondent Services in which Rhode Island Housing partakes.

Presentation on Rhode Island Code of Ethics

Mr. Godfrey introduced Jason Gramitt, Education and Coordinator Staff Attorney of the Rhode Island Ethics Commission who gave a presentation on the rules governing the code of conduct of the Board of Commissioners and staff of Rhode Island Housing.

Mr. Gramitt provided detailed description and numerous examples on issues pertaining to the proper methods of recusing, abstaining, and how to distinguish which condition applied to the individual's circumstances.

Approval of Minutes of Board Meeting Held on January 19, 2012

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

VOTED: That the Minutes of the Board Meeting held on January 19, 2012 are approved.

There being no further business to discuss, a motion was duly made by Commissioner Monteiro and seconded by Commissioner McGreevy to adjourn the open meeting at approximately at 10:00 a.m.

Respectfully submitted,

Richard Godfrey
Secretary and Executive Director