

**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, August 15, 2013 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Vice Chair Paul Dimeo; Jenna Algee designee for Paul McGreevy, Director of Department of Business Regulation; Joseph Pratt designee for General Treasurer Gina Raimondo; Steven Costantino, designee for Richard Licht, Director of Administration; Jose Monteiro and Andrew L. Cortés. Chairman Jim DeRentis was absent.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Gayle Corrigan, Deputy Director; Kara Lachapelle, Director of Finance and Technology; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership; Leslie McKnight, Director of Servicing; Carlos Hernandez, Director of Resident Services, and Peter Walsh, Director of Administration, Customer Service and Community Relations.

Andrew Prescott, 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.

Acting Chair Paul Dimeo called the meeting to order at approximately 8:34 a.m.

**Approval of Minutes of Board Meeting Held on June 27, 2013**

Upon a motion made by Commissioner Costantino and seconded by Commissioner Cortés the following was adopted:

VOTED: That the Minutes of the Board Meeting held on June 27, 2013 hereby are approved.

**Chairman's Report**

Vice Chair Paul Dimeo welcomed everyone to the meeting and introduced and extended a warm welcome to Gayle Corrigan the newly appointed Deputy Director of Rhode Island Housing.

**Committee Reports**

There were no committee meetings held in July.

**Executive Director's Review of Recent Activities and Trends**

Mr. Godfrey deferred his report until after the action items.

### **Firm Approval of Bond Financing for Grace Church Apartments**

Mr. Godfrey presented this request.

This Request for Action is for Firm Approval of short-term tax exempt financing for Grace Preservation Associates, LP (“Grace Church Apartments” or the “Development”) an existing development located on Washington Street in Providence.

Grace Church Apartments is a senior housing development with 101 apartments, of which 95 are one-bedroom and 6 are two-bedroom. The property was developed in 1978 as a HUD 202 development. The owner, an affiliate of Grace Episcopal Church, refinanced the development several years ago. In 2011, the church decided to sell the property and in 2012 selected Preservation of Affordable Housing (“POAH”) as the purchaser. POAH will also serve as the Developer. POAH has requested that Rhode Island Housing issue tax exempt bonds to finance the acquisition and construction at the site. This financing mechanism will generate 4% Housing Tax Credits (“HTCs”) and will be subject to a 30-year HTC affordability restriction agreement and a 40-year regulatory agreement. The tax-exempt loan will be repaid with the proceeds of the permanent loan from HUD. This financing arrangement received the Board’s Preliminary Commitment in December 2012.

POAH proposes a HUD 221(d)(4) loan for the permanent financing. The HUD loan would be issued through the Multifamily Accelerated Program (“MAP”), which uses third party lenders to underwrite and service the HUD loan. Rhode Island Housing does not currently have access to this pool of funds and will therefore not provide the permanent loan for this development. POAH originally anticipated using the 223(f) LIHTC Pilot Program (“Pilot Program”) for the permanent financing, however, POAH later determined that the Development did not meet the parameters of that program. As a result of this change in loan programs, it took more than 9 months to submit to HUD the application for the permanent loan.

Red Mortgage Capital (“RMC”) will serve as the MAP lender. The 221(d)(4) loan is being underwritten at an interest rate of 4.83% plus 45 basis points for credit enhancement. The all-in rate is 5.28%. The final loan rate is somewhat value constrained based on the HUD underwriting criteria; therefore, POAH will be seeking a 5-year \$267,950 subordinate loan from Massachusetts Housing Investment Corporation (“MHIC”), their syndicator.

POAH, a non-profit developer, will acquire the property from the existing owner. POAH has requested and received approval for (i) a Mark-up-to-Market rent increase under HUD’s non-profit transfer program, and (ii) a twenty-year HAP Contract subject to federal appropriations. The new rents will be effective as of the closing.

As part of the proposed transaction the new entity will complete approximately \$4 million in improvements. Renovations will include new windows, handicap accessibility modifications, upgrades to elevators and fire and life safety systems, common area upgrades including a new ventilation system, kitchen and bath upgrades and improved community space. The design

team is currently undertaking a detailed review of each apartment to determine apartment-specific repairs. In addition to the residential apartments, the development also includes a hobby room, library and fitness room that are available to all residents at no cost. POAH will establish new reserve accounts to cover the costs of necessary upgrades and improvements forecasted in future years.

POAH will pay for the full cost of issuance for the bonds including all of Rhode Island Housing's legal fees associated with the transaction. Rhode Island Housing will charge an issuer fee and will add a 25 basis point servicing fee to the bond rate. The bonds will be secured by the cash proceeds of the MAP loan which will close and fund simultaneously with the Rhode Island Housing short-term tax-exempt bond offering.

The primary source of financing for the transaction will be (i) a two year tax exempt construction loan from Rhode Island Housing, (ii) a permanent first mortgage from HUD, (iii) 4% HTC proceeds, (iv) a short term subordinate loan from MHIC, (v) existing project reserves, and (vi) a deferred developer fee. Following completion of the construction, Rhode Island Housing will not hold any debt on the property; however, Rhode Island Housing will require a 40-year affordability restriction \ and a Declaration of Land Use Restrictive Covenants related to the housing tax credits.

The Request for Action is for firm approval of short term tax-exempt bond financing in the amount of \$7,550,000 for Grace Church Apartments.

Upon a motion made by Commissioner Costantino and seconded by Commissioner Pratt 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 two (2) 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:** Rhode Island Housing is authorized to issue bridge financing at an economically acceptable rate to promote the acquisition, rehabilitation or preservation of affordable housing;

**Whereas:** The applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting mortgage financing to acquire and rehabilitate the development as set forth below (the “Development”):

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Mortgage</u>
Grace Church Apartments	POAH, Inc	\$7,550,000

**Whereas:** Staff has reviewed the submission and determined that the Development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved:** That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm commitment approval for tax-exempt mortgage financing to a limited partnership to be formed by POAH, Inc., in an amount not to exceed \$7,550,000 for rental housing located in Providence, Rhode Island known as Grace Church Apartments. The project will be financed, in part, by tax-exempt bonds;

**Resolved:** That Rhode Island Housing hereby declares that the firm commitment approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance a loan in an amount not to exceed \$7,550,000 plus the required bond reserve funds and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder;

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

- HUD approval and closing of the permanent 221(d)(4) loan such that the HUD loan is available as collateral for the bond issuance.
- Evidence of the availability of a twenty year HAP Contract for Grace Church Apartments at rent levels, in the judgment of Rhode Island Housing, sufficient to ensure project feasibility.
- Approval by Rhode Island Housing of all members of the development team.
- Syndication equity from the sale of low income housing tax credits in an amount sufficient to insure development feasibility.
- Approval by Rhode Island Housing of construction plans and specifications

and construction documentation including an acceptable reserve analysis for the rehabilitation items not immediately undertaken following acquisition.

- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- Recordation of a Rhode Island Housing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to Rhode Island Housing.
- Completion of all items required for closing in accordance with normal.

**Resolved:** That the Executive Director, any 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.

### **Approval of Increase in Tax Exempt Financing for Veterans for Tomorrow for Douglas Avenue, Providence**

Mr. Godfrey provided information on this request with additional comments provided by Ms. Ventura.

This Request for Action (“RFA”) is for a Firm Approval of an increase in tax-exempt construction financing for Veterans for Tomorrow (“the Development”), a twenty (20) apartment adaptive reuse rental development located at 1115 Douglas Avenue in Providence. The developer is The Arc of Blackstone Valley (“BVArc” or the “Developer”).

Veterans for Tomorrow involves the adaptive reuse of a 14,125 square foot, three-story historic mill, with the resulting twenty (20) rental apartments comprised of one (1) efficiency and nineteen (19) one bedroom apartments. The proposal is for total rehabilitation of the structure, resulting in all new mechanical systems, new finishes, windows, roof, an outdoor patio area, resident lounge areas, a laundry room, parking, and an employment training classroom. Each apartment will have a kitchen and a bathroom ensuring that each resident has their own home. When the plans and specifications were originally put out to bid, all of the bids were above the budgeted construction amount. BVArc worked with Behan Brothers, the low bidder, to value engineer the project. The Development received Firm Approval at the December 2012 Board meeting for \$2,200,000 in tax-exempt construction financing, of which \$552,000 was to remain as a permanent first mortgage, and a Deferred Payment Loan in the amount of \$256,000. BVArc seeks an increase in the tax-exempt construction loan to an amount not to exceed \$2,800,000 of which \$350,000 will remain as a permanent first mortgage.

The Development has entered into a Housing Assistance Payment (“HAP”) contract for twenty (20) Veterans Affairs Supportive Housing (“VASH”) vouchers from the U.S. Department of Housing and Urban Development (“HUD”) and the Veterans Administration (“VA”). The Providence Housing Authority will be the contract administrator. The VASH vouchers provide rent subsidies allowing BVArc to provide housing to persons at or below 50% of the Area Median Income. Additionally, the VASH vouchers ensure that a full range of support services will be available to residents via the VA Hospital.

The mill is listed on the Federal Register of Historic Places, and with the recent resurrection of the State Historic Tax Credit program the Developer is electing to pursue the credits. While the project can be made to work under the previously approved financing scenario, State Historic Tax Credits would strengthen the project both in terms of financing and long-term operations. As a result, the Developer is seeking additional tax-exempt funds to bridge the State Historic Tax Credit equity through construction should they be successful in securing the credits.

Since the December 2012 firm approval, several changes have incentivized the developer to seek the state historic credits. First, the payment standards for the Project Based Vouchers provided through the VASH voucher have decreased, resulting in a lower supportable first mortgage. Second, the additional credit equity will allow the developer to reintroduce some repairs that had been eliminated due to budget constraints. Third, there are some additional soft costs related to architecture and legal. Finally, if the developer is successful in receiving the state historic credit allocation, they must pay a fee to the state equal to 3% of the allocation. The fee is approximately \$100,000.

Should the application for State Historic credits be unsuccessful, the Developer intends to proceed under the existing financing scenario. However, in order to mitigate some of the reduction in the supportable mortgage, the developer will increase the HAP rents by \$15 which will require that residents pay slightly more than 30% of their income toward rent. This increase is allowable under the HUD voucher program.

Other sources include syndication equity from 4% low income housing tax credits (“HTCs”), federal historic tax credits, state historic tax credits, a Deferred Payment loan from Rhode Island Housing, City of Providence and Rhode Island Housing HOME funds, a Thresholds grant, a deferred developer fee and developer equity. The permanent mortgage is being underwritten based on the lower of HAP or market rents determined by a Rhode Island Housing commissioned appraisal to comply with HUD FHA Risk Share requirements.

The Request for Action is for Firm Commitment of an increase in the tax-exempt bond financing to an amount not to exceed \$2,800,000, of which \$350,000 will be permanent long term debt.

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

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

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

**Whereas:** Rhode Island Housing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

**Whereas:** said bonds shall have a term not to exceed thirty (30) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

**Whereas:** The applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting a mortgage financing to acquire and rehabilitate the development as set forth below (the “Development”):

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Mortgage</u>
Veterans for Tomorrow	The Arc of Blackstone Valley	\$2,800,000

**Whereas:** Staff has reviewed the submission and determined that the Development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved:** That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax-exempt mortgage financing to a limited partnership to be formed by The Arc of Blackstone Valley, in an amount not to exceed \$2,800,000 for rental housing known as Veterans for Tomorrow located in Providence, Rhode Island to be financed, in part, by tax-exempt bonds;

**Resolved:** That Rhode Island Housing hereby declares that the firm approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to a \$2,800,000 loan plus the required bond reserve funds and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder;

**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 the property.
- Receipt of State Historic Tax Credits.
- Syndication equity from the sale of Housing Tax Credits, Federal Historic Tax Credits, and State Historic Tax Credits in amounts sufficient to insure development feasibility.
- Approval by Rhode Island Housing of construction plans and specifications

and construction documentation.

- Approval of the operating budget.
- Approval of a supportive service plan.
- FHA Risk-Sharing approval for 50% of the permanent First Mortgage.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

**Resolved:** That in the event that Developer receives State Historic Tax Credits, this Resolution substitutes for and replaces in its entirety the Resolution regarding the Development previously approved by the Board of Commissioners on December 6, 2012.

**Resolved:** That the Executive Director, any 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.

### **Approval of Selection of Homeownership Residential Mortgage Post Closing Vendor Services**

Mr. Godfrey provided this presentation.

As part of our new mortgage financing system, substantially all residential mortgage loans, whether originated through our retail business channel or funded through our lender network, must receive a post-closing compliance review within 5 days of closing to meet the delivery requirements of the secondary market. Based on the secondary market's stringent documentation requirements and the compressed time period in which such reviews must occur, Rhode Island Housing must either increase loan review staffing levels or outsource this review function. Outsourcing the post-closing compliance review function will allow us to reduce our costs and accommodate anticipated increases in our loan production. Moreover, outsourcing this function will enable us to focus on loan production strategies and evolving market opportunities.

Prior to funding loans (i.e., purchasing a closed loan or table funding a loan) originated through our residential lender channel, Rhode Island Housing, like all other loan aggregators, currently performs an extensive review of the loan application file and closing documents. This process requires experienced personnel and the customary end-of-month closing workload can lead to significant operating inefficiencies. Since the post-closing review focuses on the same documents as the pre-purchase review, the incremental cost of also outsourcing the pre-purchase review process is small.

On July 2, 2013 we issued a Request for Proposals ("RFP") from qualified firms to provide the residential mortgage services necessary to achieve our regulatory compliance and salability requirements. We received two responses to the RFP which were reviewed and evaluated by an

internal committee. Based on its analysis, staff concluded that Titan Lenders Corp. scored highest on the technical aspects of the review and was the lowest cost.

Titan Lenders Corp. (“Titan”) was founded in 2007 to meet the mortgage industry’s appetite for a variable cost solution to managing closing, post-closing, mortgage compliance and mortgage fulfillment processes without maintaining personnel or an investment in technology infrastructure. Its strengths include supporting strategic channel growth for lenders, servicers and investors evolving their business in an increasingly complex regulatory environment. It differentiates itself from its competitors through its consistent focus on loan salability and compliance.

Titan has broad industry experience and perspective as well as significant experience with the HFA business model. Since 2010, Titan has provided whole loan purchase review and post-closing compliance review services for MassHousing. MassHousing currently depends on Titan’s services for substantially all of its more than \$1 billion of annual single-family loan volume.

We have not yet decided on the final scope of the services that Titan will provide for our loan operations. However, based on Titan’s proposed terms and pricing, the cost of the full suite of whole loan purchase review, post-closing compliance and trailing document assembly services would be approximately \$200.00 per loan. At current levels of production, it is projected that using Titan would cost half as much than performing the services internally (\$ 210,000 versus \$453,000).

The attached resolution authorizing the negotiation and execution of a contract with Titan Lenders Corp. for residential mortgage post-closing services is recommended for approval.

Upon a motion made by Commissioner Costantino and seconded by Commissioner Pratt 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 and Mortgage Finance Corporation enter into contract with Titan Lenders Corp. not to exceed three years, pursuant to which Titan shall provide any or all of the following residential mortgage services: 1) whole loan purchase review; 2) post-closing compliance review; and 3) trailing document assembly and delivery.

**Resolved:** That the Executive Director, any Deputy Director or Director of Finance, acting singly, is authorized to negotiate and execute any and all contracts, agreements and other documents deemed necessary to effect the engagement described herein.

## **Approval of Transfer of General Partner Interest in University Heights**

Mr. Godfrey gave this presentation.

University Heights (the “Development”) is a mixed income family housing development with 349 apartments located on the east side of Providence. The Development was originally constructed in the 1960’s. In 2006, the Development was sold to an entity controlled by Fairfield Residential, LLC (“Fairfield”). Fairfield utilized tax exempt financing and the Housing Tax Credit (“HTC”) program from Rhode Island Housing. Rhode Island Housing also provided a second mortgage for the Development. The current general partner of the development is an affiliate of Fairfield. Fairfield has requested Rhode Island Housing’s approval (as the subordinate lender) of the transfer of the general partner interest to a new Fairfield related entity.

The owner of the Development is Fairfield University Heights LP. The current general partner is FF University Heights LLC, (the “Original GP”) a Delaware limited liability company that holds a .099% interest in the partnership. The current investor limited partner in the Development is AMTAX Holdings 731, LLC, which holds a 99.9% limited partner interest. The remaining 0.001% interest is owned by TCH II Pledge Pool, LLC, a special limited partner. Fairfield is requesting that the Original GP be replaced by FFI University Heights LLC, a Delaware limited liability company (“FFI GP”). In addition to Rhode Island Housing’s consent to the transfer, the limited partner and current first mortgage lender must also consent. No change in the limited partner interest is contemplated.

The requested transfer of GP interest is a result of the reorganization of Fairfield which declared bankruptcy in December 2009 under Chapter 11. Prior to 2009, Fairfield and its investment partners were developing large new construction projects and Fairfield was providing recourse guaranties to lenders and limited partners. The majority of these projects were being brought to market just as the economy collapsed and the market was upside down. Capitalization rates were high so that values were too low for conversion at amounts initially underwritten. The banks and limited partners in these deals were calling the guarantees that Fairfield provided. The number of guarantees being called exceeded Fairfield’s cash on hand.

Fairfield underwent a structured reorganization. Fairfield Residential, LLC was dissolved and was replaced by Fairfield Investment Company LLC (“Fairfield Investment”) which was recapitalized by three entities: Brookfield Asset Management a publicly owned company which took a 65% stake, CALSTERS, which bought a 25% stake, and Fairfield management which now owns 10% of the new entity. The company emerged from bankruptcy in August 2010. Fairfield Investment is now well capitalized and has few contingent liabilities as it no longer provides any recourse guarantees. According to its balance sheet, Fairfield Investment Company LLC has a net worth of \$384 million and more than \$11 million in liquidity.

The new proposed general partner, FFI GP, is a subsidiary of Fairfield Investment Company LLC.

Staff has reviewed the request under the Rules and Regulations Governing Proposed Prepayments or Transfers and has determined that the proposed transaction complies with these requirements. Rhode Island Housing is not the first mortgage lender on the transaction so our loan servicing is limited to the subordinate financing. Asset management involvement is limited to administration of the Section 8 contract and the expired State Rental Assistance Program contract. The Development is making its required payments under the second mortgage. The management team for the property will remain unchanged.

The attached resolution approving the transfer of the general partner interest, subject to the conditions contained therein, is recommended for approval.

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

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

RESOLVED: That the transfer of the general partner interest in Fairfield University Heights LP from FF University Heights LLC to FFI University Heights LLC, be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the Corporation of all application materials required for Phases 2 and 3 of the Procedures for Approval set forth in the Rhode Island Housing and Mortgage Finance Corporation Regulations Governing Proposed Prepayments and Transfers, with the exception of such requirements as may be waived or modified by the Executive Director, consistent with the nature of the transaction and the best interests of the Corporation.
2. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to University Heights.
3. Satisfaction of any required HUD approvals as related to the Section 8 Contract.

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

**Approval of General Partner Interest in Sutterfield Apartments**

Mr. Godfrey outlined this request.

Sutterfield (the “Development”) is a 100% affordable family housing development with 144 apartments located in Providence. In 2006, the Development was sold to an entity controlled by Fairfield Residential, LLC (“Fairfield”). Fairfield utilized tax exempt financing and the Housing Tax Credit (“HTC”) program from Rhode Island Housing. Rhode Island Housing also provided two subordinate mortgages for the Development. The current general partner of the development is an affiliate of Fairfield. Fairfield has requested Rhode Island Housing’s approval (as the subordinate lender) of the transfer of the general partner interest to a new Fairfield related entity.

The owner of the Development is Fairfield Sutterfield LP. The current general partner is FF Sutterfield LLC (the “Original GP”), a Delaware limited liability company, that holds a .099% interest in the partnership. The current investor limited partner in the Development is AMTAX Holdings 731, LLC, which holds a 99.9% limited partner interest. The remaining 0.001% interest is owned by TCH II Pledge Pool, LLC, a special limited partner. Fairfield is requesting that the Original GP be replaced by FFI Sutterfield LLC, a Delaware limited liability company (“FFI GP”). In addition to Rhode Island Housing’s consent to the transfer, the limited partner and current first mortgage lender must also consent. No change in the limited partner interest is contemplated.

The requested transfer of GP interest is a result of the reorganization of Fairfield which declared bankruptcy in December 2009 under Chapter 11. Prior to 2009, Fairfield and its investment partners were developing large new construction projects and Fairfield was providing recourse guaranties to lenders and limited partners. The majority of these projects were being brought to market just as the economy collapsed and the market was upside down. Capitalization rates were high so that values were too low for conversion at amounts initially underwritten. The banks and limited partners in these deals were calling the guarantees that Fairfield provided. The number of guarantees being called exceeded Fairfield’s cash on hand.

Fairfield underwent a structured reorganization. Fairfield Residential, LLC was dissolved and was replaced by Fairfield Investment Company LLC (“Fairfield Investment”) which was recapitalized by three entities: Brookfield Asset Management a publicly owned company which took a 65% stake, CALSTERS which bought a 25% stake and Fairfield management which now owns 10% of the new entity. The company emerged from bankruptcy in August 2010. Fairfield Investment is now well capitalized and has few contingent liabilities as it no longer provides any recourse guarantees. According to its balance sheet, Fairfield Investment Company LLC has a net worth of \$384 million and more than \$11 million in liquidity.

The new proposed general partner, FFI GP, is a subsidiary of Fairfield Investment Company LLC.

Staff has reviewed the request under the Rules and Regulations Governing Proposed Prepayments or Transfers and has determined that the proposed transaction complies with these requirements. Rhode Island Housing is not the first mortgage lender on the transaction so our loan servicing is limited to the subordinate financing. The Development is making its required payments under the second mortgage. The management team for the property will remain unchanged.

The attached resolution approving the transfer of the general partner interest, subject to the conditions contained therein, is recommended for approval.

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

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

RESOLVED: That the transfer of the general partner interest in Fairfield Sutterfield LP from FF Sutterfield LLC to FFI Sutterfield LLC, be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the Corporation of all application materials required for Phases 2 and 3 of the Procedures for Approval set forth in the Rhode Island Housing and Mortgage Finance Corporation Regulations Governing Proposed Prepayments and Transfers, with the exception of such requirements as may be waived or modified by the Executive Director, consistent with the nature of the transaction and the best interests of the Corporation.
2. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to Sutterfield.
3. Satisfaction of any required HUD approvals as related to the Section 8 Contract.

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

**Authorization to Participate in the Ginnie Mae Multi-Family Mortgage-Backed Securities Program**

Mr. Godfrey delivered this presentation.

This Request for Action (“RFA”) is for revised approval to participate in the Government National Mortgage Association (“Ginnie Mae”) Multi-Family Mortgage-Backed Securities (“MBS”) Program as an approved issuer/servicer and specifically identify employees who are eligible to act on behalf of Rhode Island Housing or Ginnie Mae matters. Access to this program will enable Rhode Island Housing to utilize a wider range of funding options for our multi-family financing activity.

Rhode Island Housing has been an approved Ginnie Mae single-family MBS issuer/servicer since April 2009. Under both this single-family and the proposed multi-family MBS Programs, Ginnie Mae agrees to exchange GNMA MBS for mortgages originated by Rhode Island Housing. Rhode Island Housing may then sell the GNMA MBS or use these GNMA MBS as collateral for pass-through or traditional mortgage revenue bonds. The Ginnie Mae guaranty carries the full faith and credit of the US and ensures that security holders receive timely payments of principal and interest as provided in the transaction documents.

As a result of current economic forces, the traditional relationship between tax-exempt and mortgage rates offered by conventional and FHA approved lenders continues to be transposed by approximately 200 basis points. As a result, Rhode Island Housing is less able to issue bonds at rates that maximize amortizing debt and minimize the need for soft loans on multi-family transactions. Therefore, Rhode Island Housing has been exploring alternative funding arrangements to fund new multi-family loans.

Rhode Island Housing is currently an approved lender under the HUD Risk Share Program and is applying to expand our lending options as a HUD Multifamily Accelerated Processing (MAP) lender. Ginnie Mae does not accept FHA Risk Share program loans for securitization. The HUD MAP process results in a fully FHA guaranteed loan which Ginnie Mae will accept in exchange for its MBS. In order to access US Federal government guaranteed funding (which by definition is the lowest cost mortgage capital available) Rhode Island Housing staff have determined that it is necessary to become an approved Ginnie Mae multi-family issuer/servicer.

As part of the issuer/servicer application process Ginnie Mae requires that the Rhode Island Housing board authorize specifically identified members of staff to act on behalf of Rhode Island Housing regarding MBS Programs. The Ginnie Mae requirement calls for authorization of identified individuals rather than the designation of authorized officers by position. As a result of this requirement, from time to time, staff may seek authorization for other specifically identified employees due to staff turnover or reorganization of functions. This RFA revises the list of employees authorized to act on Rhode Island Housing's behalf in regards to the Multi-family GNMA portfolio.

Staff recommends approval of the attached resolution which designates employees and officers as authorized to act on behalf of Rhode Island Housing with respect to its Ginnie Mae multi-family issuer/servicer activities.

Upon a motion made by Commissioner Costantino and seconded by Commissioner Monteiro the resolution attached as Exhibit A to these minutes was unanimously approved.

### **Approval of Designee of Trustee for the Affordable Housing Trust**

Mr. Godfrey extended background information on this request.

Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") was Grantor of the Affordable Housing Trust Fund (the "Trust") pursuant to that certain Trust Agreement dated July 1, 1988 (the "Agreement"), which Agreement was restated and amended

by a Third Amendment to and Restatement of the Affordable Housing Trust Fund, effective as of January 16, 1997, and authorizes the Grantor to appoint successor Trustees and fill vacancies among the Trustees as such may occur. The attached Resolution approves and appoints Gayle Corrigan, Deputy Director for Programs as a trustee of Trust to succeed a former trustee who is no longer affiliated with the agency.

The attached Resolution relating to the appointment of Gayle Corrigan as successor Trustee for the Affordable Housing Trust Fund is recommended for approval.

Upon a motion made by Commissioner Costantino and seconded by Commissioner Pratt 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 Grantor of the Affordable Housing Trust Fund (the “Trust”) pursuant to that certain Trust Agreement dated July 1, 1988 (as amended and restated, the “Agreement”); and

WHEREAS, The Agreement authorizes Rhode Island Housing to appoint successor Trustees and fill vacancies among Trustees as such may arise; and

WHEREAS, Pursuant to the terms of the Agreement, one vacancy currently exists; and

WHEREAS, Rhode Island Housing wishes to appoint Gayle Corrigan, in her capacity as Deputy Director for Programs of Rhode Island Housing, to serve as Trustee of the Trust;

NOW, THEREFORE, BE IT:

RESOLVED: That Gayle Corrigan be appointed a Trustee of the Trust created by the Agreement, to serve until her death, resignation, or removal, or until her successor is duly appointed, whichever first shall occur.

**Executive Director’s Review of Recent Activities and Trends**

Mr. Godfrey introduced Gayle Corrigan to the Board and stated that in the short time that she has served as Deputy Director, Ms. Corrigan has already been instrumental in outlining the 2014 Budget and is an asset to the Agency. Mr. Godfrey then referred the Commissioners to his written report, which had been previously distributed and briefly commented on several topics of interest.

Mr. Godfrey referred the Commissioners to the Dashboard Report and in comparing the period June 30, 2012 to June 30, 2013, Mr. Godfrey noted that overall delinquency has declined by \$17.6 million dollars. More than half of the decline, \$9.9 million, occurred in the seriously

delinquent loan category. Loss mitigation efforts coupled with Hardest Hit Fund assistance is the primary reason for this improvement.

Mr. Godfrey also stated that foreclosures dropped significantly from the levels staff was reporting at the peak of the crisis in 2009. Last year Rhode Island saw less than half the number of foreclosure initiations than three years earlier. Foreclosure initiations through the first half of this year are down 20% compared to the same time frame last year. Over the past 18 months Rhode Island has seen minor ups and downs in delinquency and foreclosure numbers but no major new trend. Although Rhode Island's number of seriously delinquent loans and loans in foreclosure is higher than the national average, the State is actually doing better in this regard than Maine and Connecticut.

The Executive Director referenced President Obama's housing finance reform goals and principles in a speech last week in Phoenix, Arizona. In the speech, as well as in a fact sheet the White House released the same day, the President called on Congress to take additional steps to help homeowners and communities impacted by the housing crisis. President Obama also expressed support for policies designed to preserve and build new affordable rental housing, including the Low Income Housing Tax Credit. Following the speech, NCSHA and representatives from other affordable housing groups participated in a conference call with White House staff to discuss the President's plans in more detail.

Mr. Godfrey announced that he was notified this week by HUD of their intent to enter into an Annual Contributions Contract (ACC) with Rhode Island Housing for administration of the Section 8 Housing Assistance Payments program beginning January 1, 2014. This new two-year contract will coincide with the end of the latest 3-month contract extension. While litigation remains from parties challenging HUD's process, staff is pleased and relieved by HUD's decision.

#### **2014 Budget Presentation (Not for Action)**

Mr. Godfrey thanked Ms. Corrigan, Kara Lachapelle and Nicole Turner for their industrious efforts in compiling such a challenging budget and distributed to the Commissioners a draft of the proposed 2014 budget. The Management and Budget Committee is scheduled to review and discuss the proposed budget and make a recommendation regarding the proposed budget for consideration at the September 19, 2013 board meeting.

Mr. Godfrey then delivered a concise presentation of the budget highlighting a few areas of significance. Of particular note is that the proposed FY 2014 Budget reflects a downsizing in programs and increases in losses related to defaulted single family loans. A 15% reduction in workforce is also exhibited in the budget.

A brief discussion followed the presentation. Commissioner Costantino requested that a budget narrative be provided to give context about what is included in the various line items of the budget. Mr. Godfrey assured Commissioner Costantino that staff would provide the requested information to the Board.

There being no further business to discuss, a motion was duly made by Commissioner Pratt and seconded by Commissioner Monteiro to adjourn the open meeting at approximately at 9:16 a.m.

Respectfully submitted,

Richard Godfrey  
Secretary and Executive Director

**EXHIBIT A**

**Resolution of Board of Directors  
and Certificate of Authorized  
Signatures**

(Please type all entries)

U.S. Department of Housing  
and Urban Development  
Government National Mortgage Association

OMB Approval No. 2503-0033 (Exp. 03/31/2015)

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a current OMB control number.

Ginnie Mae is authorized to collect the information on this form as required by Section 306(g) of the National Housing Act and/or the Ginnie Mae Handbook, 5500.3, Rev. 1. Ginnie Mae maintains this information to ensure that the persons identified below perform in accordance with acceptable business standards. The information collected will not be disclosed outside the Department except as required by law.

Name of Issuer <b>Rhode Island Housing and Mortgage Finance Corporation</b>	Issuer ID Number
<b>Resolved First, that</b>	
<b>Richard E. Godfrey, Jr, Executive Director</b>	
Name and Title of Officer	Signature
<b>Gayle Corrigan, Deputy Director</b>	
Name and Title of Officer	Signature
<b>Richard Hartley, Treasurer</b>	
Name and Title of Officer	Signature
<b>Kara Lachapelle, Director of Finance &amp; Technology</b>	
Name and Title of Officer	Signature
<b>Leslie McKnight, Director of Loan Servicing</b>	
Name and Title of Officer	Signature
<b>Carol Ventura, Director of Development</b>	
Name and Title of Officer	Signature
<b>Anne Berman, Asst Director of Development</b>	
Name and Title of Officer	Signature
<b>Michael Diciaro, Asst Director of Loan Servicing</b>	
Name and Title of Officer	Signature

of this corporation, or any one or more of them, be and each of them is hereby authorized and empowered in the name of and on behalf of this corporation and under its corporate seal, from time to time while these resolutions are in effect, to execute and deliver to the Government National Mortgage Association, in the form prescribed by said Association, with respect to the issue(s) by this corporation, under Section 306(g) of the National Housing Act and the Regulations pertaining thereto, of mortgage-backed securities to be guaranteed by the Association, any documents required to: (a) make applications to Ginnie Mae in the name of and on behalf of this corporation for approval to become an issuer and for Ginnie Mae commitments to guarantee such mortgage-backed securities issued by this corporation; (b) enter into contracts with Ginnie Mae for the latter's guaranty of mortgage-backed securities issued in accordance with the terms and conditions of commitments to guarantee, issued by the Association to this corporation; (c) merge mortgage notes, deeds of trust and bonds now owned or hereafter acquired by this corporation into pools or loan packages, against which this corporation may issue mortgage-backed securities; (d) enter into any agreements, execute any documents or papers, and furnish any information required or deemed necessary or proper by the Association in connection with any of the foregoing; and (e) abide by all the terms and conditions set forth in the Ginnie Mae Mortgage-Backed Securities Guide.

**Resolved Second**, that the above named officers, be and they are hereby authorized and empowered in their discretion and as occasion may arise to receive and endorse the name of this corporation on any checks or drafts representing the proceeds from collections made by servicers of mortgages pertaining to pools or loan packages, and to issue and sign any checks or drafts issued to pay to the security holders their pro rata shares in these proceeds, and to do and perform any and all acts and to execute any and all additional instruments or agreements, from time to time, in the name of and on behalf of this corporation under its corporate seal or otherwise, deemed necessary or proper by the Association in connection with the formation of mortgage pools or loan packages, the issuance of mortgage-backed securities, the guaranty of mortgage-backed securities by the Association and the discharge of the duties and obligations of this corporation, as issuer, until the proceeds of the last maturing mortgage in any pool or loan package is remitted to registered security holders.

**Resolved Third**, that any contracts or agreements heretofore made with said Association on behalf of this corporation, and all acts of officers or agents of this corporation in connection with any contracts to be entered into for the guaranty by the Association of mortgage-backed securities to be issued by this corporation are hereby ratified and confirmed.

**Resolved Fourth**, that Ginnie Mae is authorized to rely upon the aforesaid resolution until receipt by it of written notice thirty days in advance of any proposed change therein.

Certification.

I **Hereby Certify** that the foregoing is a true and correct copy of a resolution presented to and adopted by the Board of Directors of  
**Rhode Island Housing Mortgage Finance Corporation**

at a meeting duly called and held at 44 Washington Street, Providence, RI 02903

on the 15th day of August, 2013, at which a quorum was present and voted, and that such resolution is duly recorded in the minute book of this corporation; that the officers named in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective offices set after their respective names. I also certify that the signatures set opposite the officers' names are true and genuine specimens of the officers' respective signatures.

**In Witness Whereof**, I have hereunto signed my name and affixed the seal of this corporation.

(Seal)

\_\_\_\_\_  
Secretary

I,

\_\_\_\_\_  
Name of officer

\_\_\_\_\_  
Title of officer

of

\_\_\_\_\_  
Name of institution

\_\_\_\_\_, located

in

\_\_\_\_\_  
Location of institution

\_\_\_\_\_, hereby certify that

\_\_\_\_\_  
Name of secretary

\_\_\_\_\_ is the duly qualified and acting secretary

of

\_\_\_\_\_  
Name of institution

and that the signature appearing above is his/her genuine signature.

**In Witness Whereof**, I have hereunto signed my name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Officer Signature