

DRAFT
VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE ANNUAL MEETING OF THE COMMISSIONERS
HELD ON AUGUST 2 AND 3, 2011

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the annual meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") were held on August 2 and 3, 2011 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Charles McConnell, Chairman
Yvonne T. Allmond, Vice Chairman
Gerald W. Hopkins
Nancy K. O'Brien
Marjorie N. Leon
Jacqueline T. Black
Manju Ganeriwala
Kermit E. Hale
William C. Shelton
Timothy M. Chapman

COMMISSIONER ABSENT

John P. McCann

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
Arthur N. Bowen, Managing Director of Finance and Administration
Barbara Blankenship, Managing Director of Human Resources
Janet Wiglesworth, Managing Director of Information Technology Services
Russ E. Wyatt, General Auditor
Tammy Neale, Chief Learning Officer
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
J. Judson McKellar, Jr., General Counsel
Michele G. Watson, Director of Homeownership Programs
John F. Hastings, Director of Multi-Family Development Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Paul M. Brennan, Deputy General Counsel
Patrick J. Carey, Finance Director
Melody S. Barackman, Controller
J. Michael Hawkins, Director of Community Housing
Michael Stoneman, Multi-Family Owned Property Portfolio Manager
Neal Rogers, Manager of Asset Management
Llewellyn C. Anderson, Strategic Planner

Ronald A. Reger, Strategic Planner
Scott Heiry, Business Intelligence Manager
Kathy Natale, Assistant Director of Business Systems
Robert Halloran, Marketing Director
Sheila Phillips, Assistant Director of Project Management
Sherry Long, Project Manager
Monique Johnson, Community Housing Officer
Shelley Mallory, Multi-Family Servicing Specialist
Jeffrey Howard, Assistant Director of Network Operations
Dale Wittie, Senior Tax Credit Allocation Officer
Cara Wallo, Senior Tax Credit Allocation Officer
Jaynell Pittman-Shaw, Tax Credit Allocation Officer
Rebecca Rowe, Tax Credit Allocation Coordinator
Brian Matt, Public Relations Manager
George Peterson, Support Services Director
Heather Weidner, Manager of Testing and Product Assurance
Alena Henderson, Business Analyst

Chairman McConnell called the meeting of the Committee of the Whole to order at 2:10 p.m. on August 2, 2011. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners Ganeriwala and Leon who joined the meeting in progress as noted below and thereafter remained present during the meeting of the Committee and except Commissioners Black and Hopkins who were not present at the meeting of the Committee.

Mr. Hill, Ms. Phillips, Ms. Long, Ms. Johnson, Mr. Wittie, Mr. Rogers, and Ms. Mallory reported on the ProLink system, a new multi-family development system that was implemented into production by the Authority on July 27, 2011. During these reports, Commissioners Ganeriwala and Leon joined the meeting. In presenting these reports, the staff discussed with the Commissioners the following: the current status of the ProLink project; the legacy systems that were retired as a result of the ProLink project; the functionality of ProLink; and the impact of ProLink on the business areas in Multi-Family Development, Tax Credit Allocation, Asset Management, Multi-Family Servicing and Finance. Following these reports, Ms. Henderson presented a demonstration of the ProLink system. Mr. Howard presented a report on cloud computing in which he explained how cloud computing works, discussed the three types of cloud computing- private, public and personal, reviewed the cloud services currently in use at the Authority, discussed the benefits and risks of cloud computing, and presented a possible future scenario of cloud usage. Following this report, Mr. Halloran presented a demonstration of the new pages on the Authority's website for the Authority's owned single family homes and for housing related news clips.

Ms. Dewey reported on recent activities and accomplishments of the Governor's Housing Policy Initiative and noted that a track session would be held on this Initiative at the Governor's Housing Conference in November.

Ms. Dewey presented a report on the Authority's organizational performance for fiscal year 2011 in which she reviewed the accomplishments by the Authority in achieving the following goals and outcomes in the Authority's fiscal year 2011 strategic plan: single family and multi-family loan production and strategic lending; single family minority lending; single family lender participation; deep subsidy underwriting risks; development of a REACH allocation plan for fiscal year 2012; update of the housing needs assessment; maintenance of the bond ratings; development of capital acquisition strategies; implementation of single family loss mitigation strategies; multi-family portfolio risk management; regulatory compliance; implementation of the Lawson Enterprise Resource Planning System; modifications to the business model; and human resources utilization.

Mr. Ritenour, Mr. Chandler, Ms. Wallo, Mr. Wittie, Ms. Shaw-Pittman and Ms. Rowe presented an overview of the federal low-income housing tax credit program, including a video summarizing how the program works and a discussion with the Commissioners of the following: a flowchart of the credits and funds; the incomes of tenants served by the program; an example calculating the tax credits and equity for a 100-unit development; the factors affecting the amount of equity contributed by the investors; the financial benefits under the program for the investors and the development; an example of the partnership structure of an owner; the yield and price trends for tax credits from 1999 to 2011; the calculation of the amount of credits allocated to Virginia for 2011; the credit pools in the Authority's Qualified Allocation Plan; the responsibilities of the housing credit agencies; the preference and selection criteria required by the Internal Revenue Code to be included in the Qualified Allocation Plan; the categories of selection criteria in the Authority's Qualified Allocation Plan; the uses, components, Authority and industry guidelines, and requirements of the Internal Revenue Code for market studies; the allocation cycle for 2011 credits; the submission of applications for credits; the alignment of the program with the Authority's strategic goals and the state housing policy and the production results in support of such goals and policy; the relationship of the tax credit program with the Authority's multi-family loan program; a summary of the number of developments and units assisted under the program in Virginia; the distinctive features of the Authority's administration of the program; and the future of the program.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 5:55 p.m. on August 2, 2011.

Chairman McConnell called the annual meeting of the Board of Commissioners to order at approximately 11:30 a.m. on August 3, 2011. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Chapman who was not present during the annual meeting.

No members of the public requested an opportunity to make any comments during the public comment period of the meeting.

The minutes of the meeting of the Committee of the Whole and the regular meeting of the Commissioners held on June 8, 2011 were approved by the affirmative vote of each of the Commissioners then present at the meeting.

On motion duly made and seconded, the resolution entitled “Resolution Establishing Meeting Dates of the Board of Commissioners from January 1, 2012 through June 30, 2012” dated August 3, 2011, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

On motion duly made and seconded, the resolutions entitled “Resolution in Recognition and Appreciation of the 40th Anniversary of Housing Opportunities Made Equal” dated August 3, 2011 in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

On motion duly made and seconded, the resolution entitled “Resolution of Recognition and Appreciation of John P. McCann” dated August 3, 2011, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Chairman McConnell, on behalf of the Committee of the Whole, summarized the reports received and discussed by the Committee on the Authority’s new technology systems, the federal low-income housing tax credit program, the status of the Governor’s Housing Policy Initiative, and the Authority’s organizational performance for fiscal year 2011.

Commissioner O’Brien, on behalf of the Programs Committee, reported that the Committee had reviewed, and had recommended approval of, a resolution to approve and ratify the reservations of the federal low-income housing tax credits. Commissioner O’Brien moved approval of the resolution entitled “Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits” dated August 3, 2011, in the form attached hereto. This motion was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner O’Brien summarized the staff reports that had been received and discussed by the Committee on increases in the single family income limits, homeownership and multi-family loan delinquencies, and the status of federal administrative and subsidy funding in the Housing Choice Voucher Program. Commissioner O’Brien reported that the Committee had received and discussed a report on the annual Section 8 Management Assessment Program Certification for the Section 8 Housing Choice Voucher Program for 2011 and recommended approval of the resolution approving and authorizing the execution of such Certification. Commissioner O’Brien moved approval of the resolution entitled “Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification” dated August 3, 2011 in the form attached hereto. This motion was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner O’Brien summarized the staff reports that had been received and considered by the Committee on the following matters: delinquencies in the Authority’s Ginnie Mae portfolio; volume of calls to the Authority’s contact center; single family loan production; enrollment in homeownership education courses; multi-family loan production; the status of the

disposition of multi-family developments owned by the Authority; the status of the Authority's emerging markets outreach efforts; and the Authority's marketing activities.

Commissioner Hale, on behalf of the Audit Committee, reported that the Committee had received a report from KPMG on the status of its audit of the Authority's financial statements for fiscal year 2011. Commissioner Hale summarized the reports received and considered by the Committee on the Authority's monthly financials and budget comparisons for the period ended June 30, 2011 and on the status of the internal audit schedule, reports and recommendations. Commissioner Hale noted that Mr. Wyatt reported that the managers had completed their annual risk self-assessments and had certified that the controls effectively mitigated identified risks and are functioning as designed.

Commissioner Hale, on behalf of the Operations Committee, reported that the Committee had received and discussed a report on the salient features of the Authority's proposed Rental Housing Bonds, 2011 Series C-Non-AMT. Commissioner Hale reported that the Committee had reviewed, and had recommended approval of, a resolution to designate authorized officers of the Authority for financial transactions with Fannie Mae. Commissioner Hale moved approval of the resolution entitled "Resolution- Authorized Officers Responsible for Financial Transactions with Fannie Mae" dated August 3, 2011 in the form attached hereto. This motion was approved by the affirmative vote of each of the Commissioners then present at the meeting. Commissioner Hale summarized the staff reports that had been received and considered by the Committee on recent activities sponsored by the Organizational, Development and Learning Division and on the status of Authority programs and projects.

Chairman McConnell, on behalf of the Executive Committee, reported that the Committee had adopted recommendations on the nominations of the Chairman and Vice Chairman and on the compensation of the Executive Director that would be considered later in the meeting.

Commissioner Shelton reported that the proposal submitted the Department of Housing and Community Development, in conjunction with the Authority, to perform the Section 8 Performance Based Contract Administration in the Commonwealth of Virginia had been selected by the U.S. Department of Housing and Urban Development but that two of the other parties submitting proposals had submitted challenges to the selection. Commissioner Shelton also reported that the Neighborhood Stabilization Program being administered by the Department of Housing and Community Development was fourth in the country in generating program funds by selling foreclosed properties and that recent changes to the state building code had been adopted by the Board of Housing and Community Development to provide remediation standards and protocol for defective drywall. Commissioners Shelton and O'Brien distributed the annual report of Virginia Community Capital and discussed its functions and recent activities and accomplishments.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the NCSHA Annual Conference in San Diego on October 1-4, 2011; the Board and Committee meetings on October 11 and 12, 2011;

the Governor's Housing Conference in Hampton on November 16-18, 2011; the Board and Committee meetings on December 6 and 7, 2011; the Board retreat at the Berry Hill Resort and Conference Center in South Boston on March 25-27, 2011; the Single Family Advisory Board meeting held in July; the inclusion in Authority sponsored events in 2012 of recognition of the 40th anniversary of the Authority; and the results of recent surveys of the Authority's associates. Mr. McKellar reviewed changes to the Authority's Business Model and advised the Commissioners that the Authority would be requesting legislation to permit conversion of its allocation of the federal tax exempt bond ceiling to mortgage credit certificates but would not be requesting changes to the provisions in the Authority's act that authorize the creation of a mortgage insurance fund or corporation to insure its own loans. Ms. Dewey noted that Housing Leadership Awards had been given to Mr. Chandler and Mr. Hawkins by the Virginia Housing Coalition and cited a recent article on the 25th anniversary of the Charlottesville downtown mall that had been initiated during the mayoral term of Commissioner O'Brien.]

Commissioner O'Brien, on behalf of the Executive Committee, reported that the Committee recommended the nomination of Commissioner McConnell for Chairman and Commissioner Allmond for Vice Chairman. Chairman McConnell then relinquished the chair to Ms. Dewey for the purpose of electing the Chairman of the Board. Ms. Dewey declared the floor open for nominations for Chairman. Commissioner O'Brien nominated Commissioner McConnell, and Commissioner Hopkins seconded the nomination. There being no further nominations, the floor was closed. Commissioner McConnell was elected Chairman by the affirmative vote of each of the Commissioners then present at the meeting. Chairman McConnell then assumed the chair and declared the floor open for nominations for Vice Chairman. Commissioner O'Brien nominated Commissioner Allmond, and Commissioner Hopkins seconded the nomination. There being no further nominations, the floor was closed. Commissioner Allmond was elected Vice Chairman by the affirmative vote of each of the Commissioners then present at the meeting.

On motion duly made and seconded, a resolution was approved by the affirmative vote of each of the Commissioners then present at the meeting that the Board of Commissioners convene in closed session to discuss and consider the performance and salary of Ms. Dewey in accordance with Section 2.2-3711.A.1 of the Code of Virginia and that Ms. Dewey and Ms. Blankenship, who were deemed necessary to be present or would reasonably aid the Commissioners in their consideration of the aforesaid topic, be present during the closed session. At the conclusion of the closed meeting, the Commissioners reconvened in an open meeting. Each Commissioner certified, by roll call vote, that to the best of his or her knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting by the Commissioners. Following this action, Commissioner Hopkins moved that Ms. Dewey's total compensation for fiscal year 2012 be approved, as recommended by the Executive Committee. This motion was seconded by Commissioner O'Brien and was approved by the affirmative vote of each of the Commissioners then present at the meeting.

There being no further business, the meeting was adjourned at approximately 12:52 p.m.

Charles McConnell, Chairman

J. Judson McKellar, Jr.
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE
HELD ON AUGUST 3, 2011

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Programs Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on August 3, 2011 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Nancy K. O'Brien, Chairman
Charles McConnell
William C. Shelton
Timothy M. Chapman
Jacqueline T. Black

OTHER COMMISSIONERS PRESENT:

Yvonne T. Allmond
Kermit E. Hale
Marjorie N. Leon
Manju Ganeriwala
Gerald W. Hopkins

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
J. Judson McKellar, Jr., General Counsel
Michele G. Watson, Director of Homeownership Programs
John F. Hastings, Director of Multi-Family Development Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
J. Michael Hawkins, Director of Community Housing
Llewellyn Anderson, Strategic Business Planner
Barry Merchant, Senior Policy Analyst
Arthur N. Bowen, Managing Director of Finance and Administration
Russ E. Wyatt, General Auditor
Paul Brennan, Deputy General Counsel
Dale Wittie, Senior Tax Credit Allocation Officer
Ron Reger, Strategic Business Planner
Mike Stoneman, Multi-Family Owned Property Portfolio Manager
Robert Halloran, Marketing Director
Tammy Neale, Chief Learning Officer
Ann Bolen, Senior Development Officer
Barbara Blankenship, Director of Human Resources
J.D. Bondurant, Research Analyst

The meeting of the Programs Committee was called to order by Chairman O'Brien at approximately 9:00 a.m. All of the members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Black who joined the meeting in progress as noted below and thereafter remained present during the meeting of the Committee and Commissioner Chapman who left the meeting as noted below and did not rejoin the meeting.

On motion duly made and seconded, the minutes of the meeting of the Committee held on June 7, 2011 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

No members of the public requested an opportunity to make any comments during the public comment period of the meeting.

Mr. Chandler presented a report on thirteen proposed changes to the Authority's Qualified Allocation Plan for the federal low-income housing tax credits and five proposed program changes that would not require revisions to the Qualified Allocation Plan. Following a discussion of the proposed changes and the schedule and process for adoption of the proposed changes, the members of the Committee concurred that the staff proceed with the public notice and hearing to obtain public comment on the proposed changes.

Mr. Ritenour and Ms. Watson presented an update on the Emergency Home Loan Program. Ms. Watson reported that 734 borrowers had been pre-screened for the Authority's 294 allocations to be selected by lottery and that the commitments for assistance under the Program must be completed by September 30, 2011. During this discussion, Commissioner Ganeriwala joined the meeting and Commissioner Chapman left the meeting.

Mr. Dolce provided a report on new Federal Housing Administration changes pertaining to forbearance on delinquent single family loans. Mr. Dolce noted that the changes remove the requirement for the borrowers to have a good payment record and stable employment and extend the term of the forbearance from four months to 12 months. Mr. Dolce advised the members of the Committee that these changes may have the effect of increasing single family delinquencies of more than 90 days and requiring additional advance payments to Ginnie Mae on the loans financed by Ginnie Mae securities. Mr. Dolce stated that these changes are expected to expire in August 2013.

Mr. McKellar presented an overview of the requirements in the federal regulations governing the Mortgage Credit Certificate Program and informed the Commissioners that the staff will be developing a Mortgage Credit Certificate Program to be implemented in 2012. Mr. McKellar advised the members of the Committee that the staff will be seeking a legislative amendment in the 2012 session of the General Assembly to allow the Authority to convert its tax exempt bond allocation to mortgage credit certificates. Following this presentation, Commissioners Allmond, Ganeriwala, Leon and Hale left the meeting.

Mr. Chandler presented a resolution to approve and ratify the reservations of the 2011 federal low-income housing tax credits. Commissioner Hopkins moved that the Committee recommend approval of the resolution entitled “Resolution Approving and Ratifying Reservation of Federal Low-Income Housing Tax Credits” dated August 3, 2011. This motion was seconded by Commissioner Shelton and was approved by the affirmative vote of each of the members of the Committee then present at the meeting. At this point, Commissioner Black joined the meeting.

Ms. Watson discussed with the Committee the increases in the income limits established by the Internal Revenue Service for the financing of single family loans in high cost areas with proceeds of tax exempt bonds, as described in a memorandum that was sent to the Commissioners on July 12, 2011. Ms. Watson advised the members of the Committee that no objection had been received from the Commissioners and that, therefore, the higher income limits had been implemented on July 29, 2011.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multi-family loan portfolios. Mr. Dolce advised the Committee that since the last report to the Committee the overall delinquency rate for the single-family loan portfolio had increased to 11.96% as of June 30, 2011 and that the overall delinquency rate for the multi-family loan portfolio had decreased to 1.43% as of June 30, 2011. Mr. Dolce reported that the administrative fee rate on the Housing Choice Voucher program had been reduced by 8% retroactive to January 2011 and that the lease-up rate as of June 30, 2011 was 96%. Mr. Dolce reported on the annual Section 8 Management Assessment Program Certification for the Section 8 Housing Choice Voucher Program for 2011 and presented a resolution to approve and authorize the execution of the Certification. Commissioner McConnell moved that the Committee recommend approval of the resolution entitled “Resolution Approving Housing Choice Voucher Section 8 Management Assessment Program Certification” dated August 3, 2011. This motion was seconded by Commissioner Black and was approved by the affirmative vote of each of the members of the Committee then present at the meeting. Mr. Dolce reported that delinquency rates continue to be below Ginnie Mae thresholds and that the total unpaid principal balance of the Ginnie Mae portfolio is \$332 million representing 2,524 loans. Mr. Dolce reported that the number of phone calls received by the Authority’s Contact Center for May and June was 3,215 and that the majority of the contacts came from Richmond followed by Northern Virginia and Hampton Roads.

Ms. Watson reported that single family loan production for fiscal year 2011 was 2,640 loans in the total principal amount of \$394 million. Ms. Watson noted that during fiscal year 2011 the Authority had converted the single family loan program to a mortgage purchase program, which resulted in a delay in including loans in production for approximately 30 days after the loans closed, and that approximately 160 loans which closed in June 2011 were not included in the total loan production. Ms. Watson also reported that the average loan amount was an estimated \$138,000 which is the lowest average loan amount in several years.

Ms. Watson presented a report on the Homeownership Education Program noting that for fiscal year 2011 3,460 in-class participants and 6,008 online class participants had completed the course. Ms. Watson also reported that VHDA conducted 87 Homebuyer Clubs with over 1,090 participants.

Mr. Hastings presented a report on multi-family loan production for the period May 31- July 26, 2011. In this report, Mr. Hastings advised the Committee that 14 multi-family developments consisting of 1,216 units had been approved for mortgage loans in the total principal amount of approximately \$71.8 million. Mr. Hastings also noted that 93% of the developments were supported with REACH funding.

Mr. Stoneman presented a report on the status of the disposition of the multi-family developments owned by the Authority. Mr. Stoneman reported that the portfolio consisted of 13 developments that were not sold or under contract and that no new acquisitions had occurred since the last report.

Mr. Hawkins presented reports on the Authority's outreach to the African American and Hispanic markets between June 2011 and July 2011. In this report, Mr. Hawkins stated that REACH Team members and other VHDA associates participated in the first Northern Virginia Housing Opportunities Expo which drew 600 attendees. Mr. Hawkins also reported that REACH Team members made presentations at sessions at the Annual Conference of the Virginia Chapter of the American Planning Association and the conference of the Virginia Association of Planning District Commissions.

Mr. Hill and Mr. Halloran presented an update on the Authority's marketing activities. In this report, Mr. Halloran noted that the Authority's Homeownership Education campaign had increased traffic to the website by 73% and that the Virginia Housing Search advertising campaign had increased the number of rental units by 10%.

There being no further business, the meeting was adjourned at 11:19 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON AUGUST 3, 2011

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on August 3, 2011 at the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman
Marjorie N. Leon
Yvonne T. Allmond
Manju Ganeriwala

OTHERS PRESENT:

Arthur N. Bowen, III, Managing Director of Finance & Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Melody Barackman, Controller
Du'Neika Easley, KPMG
Maria Barrow, Office Manager

The meeting of the Audit Committee was called to order by Committee Chairman Hale at approximately 10:28 a.m. All of the members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting.

Ms. Easley gave a status update on the 2011 audit. Ms. Easley reported the following interim fieldwork accomplishments: prepared and presented audit plan to the Audit Committee on June 7, 2011, began interim fieldwork on June 13, 2011 to include: updated their understanding of significant risks and set the audit strategy; coordinated test work with Internal Audit; performed test controls over entity level controls/significant accounts; performed test work over IT general controls and SAS 70s; performed A-133 planning and interim test work (total of six programs were determined for testing); and reviewed VHDA's methodology used in estimating mortgage loan allowance for loan losses. Ms. Easley also reported that the next steps would be the year end audit fieldwork scheduled for August 8 – September 9, 2011 with completion of substantive audit work over significant audit areas and review of Internal Audit's GNMA test work and work papers. Ms. Easley reported that she would work with Melody Barackman to send an electronic draft of the year-end audited financials and A-133 report to the Audit Committee in September for their review. She reported that if they received no comments from the Audit Committee, they would return on October 11 for a special meeting of the Audit Committee to give a final report on the year-end audited financials. She also reported that they would deliver the REAC filing prior to December 31, 2011.

On motion duly made and seconded, the minutes of the meeting of the Committee held on June 7, 2011 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Ms. Barackman reviewed the highlights of the Authority's preliminary year-end financial results. She reported that these results will be audited by KPMG over the next two months and could be subject to further adjustments. In this report, Ms. Barackman noted the following: FY11 excess revenues before GASB adjustments were just shy of \$84 million, reaching 98.3% of plan and exceeding last year's performance by more than 38%; Net interest margin of \$190 million was within 1% of plan target; loan loss reserves added for the year totaled \$15 million for the single-family portfolio and almost \$6 million for multi-family, enabling the allowance for loan losses to grow to \$65 million for single-family and \$62 million for multi-family. She also reported that losses incurred from single family foreclosures, short sales and declining values of REO inventory totaled \$31 million, whereas impairments to owned multi-family property values totaled \$10 million. She reported that while this category exceeded budget by \$8.5 million, HCV net income and ancillary fee income together performed \$7.1 million better than plan. She reported that as a result of the above, total programmatic expenses of \$55.2 million exceeded budget by only \$1.8 million. She also reported that administrative expenses totaling \$48 million for the year remained \$1.2 million better than budget through effective management of the major discretionary cost categories. She also reported that total assets decreased slightly by \$17 million to \$9.64 billion, Mortgage loan receivables decreased by more than \$150 million, reflecting a rate of pay-downs and pay-offs that surpassed new loan production this year. She also reported that net assets, on the other hand, increased by \$96 million for the year, taking into account both operating income and GASB 31 mark-to-market gains in investment holdings. She reported that resulting excess capital of \$2.3 billion accounted for 24% of total assets, which remains well in excess of tolerances expected by the rating agencies to meet hypothetical stress levels of loan loss.

Mr. Wyatt reported on the status of the Audit Schedule and reports issued since the last Committee meeting, that there were no adverse reports issued since the last Committee meeting and that the Audit Division is on track to complete the 5-year schedule as planned. Mr. Wyatt also reported that there are no control concerns that were previously reported to the Audit Committee that have not been successfully addressed by management. Mr. Wyatt also reported that VHDA's line managers have completed their annual self assessment of their operational risks and controls and have certified to their division directors that controls within their respective areas effectively mitigate identified risks and are functioning as designed. He reported that division directors have in turn certified the same to VHDA's executive director.

There being no further business, the meeting was adjourned at 10:53 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE OPERATIONS COMMITTEE
HELD ON AUGUST 3, 2011

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on August 3, 2011 at the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman
Marjorie N. Leon
Yvonne T. Allmond
Manju Ganeriwala

OTHERS PRESENT:

Arthur N. Bowen, III, Managing Director of Finance & Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Managing Director of Human Resources
Tammy Neale, Chief Learning Officer
Janet Wigglesworth, Managing Director of Information Technology Services
Shelia Phillips, Assistant Director of Project Management
Melody Barackman, Controller
Maria Barrow, Office Manager

The meeting of the Operations Committee was called to order by Committee Chairman Hale at approximately 10:53 a.m. All of the members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting.

On a motion duly made and seconded, the minutes of the meeting of the Committee held on June 7, 2011 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Bowen presented the Salient Features of an upcoming \$30 million tax-exempt Rental Housing Bonds transaction.

Mr. Bowen reported that the Authority staff has been engaged in discussions with Fannie Mae about participating in mortgage loan transactions with Fannie Mae that will provide funding for the Authority's single family program. Mr. Bowen also reported that Fannie Mae requires that, in order for the Authority to engage in these mortgage loan transactions, officers of the Authority must be designated by resolution of the Board to take certain actions in connection with those transactions. On a motion duly made and seconded, the Committee recommended approval of the resolution entitled "Resolution-Authorized Officers Responsible for Financial Transactions with Fannie Mae" by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Neale reviewed professional development and associate activities since the June meeting, highlighting the VHDA Leadership Development Program.

Ms. Phillips provided a high-level update on the current Project Management Office (PMO) Portfolio and the current status of the Multi-Family Development Project, Virginia Housing Center Expansion and Headquarters Transitions Project, ERP Program - Phase II and the Single Family Solution Suite Program.

There being no further business, the meeting was adjourned at 11:15 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE
HELD ON AUGUST 3, 2011

Pursuant to the call of the Chairman and notice duly given, the meeting of the Executive Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on August 3, 2011 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMITTEE MEMBERS PRESENT:

Charles McConnell, Chairman
Yvonne T. Allmond
Nancy K. O'Brien
Kermit E. Hale

COMMITTEE MEMBER ABSENT

Gerald W. Hopkins

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Barbara Blankenship, Managing Director of Human Resources

Chairman McConnell called the meeting of the Committee to order at approximately 6:15 p.m. All of the members of the Committee listed above as present at the meeting were present at that time and remained present throughout the meeting.

Ms. Dewey discussed with the members of the Committee the process for nominations of the Chairman and Vice Chairman of the Board of Commissioners. It was the consensus of the Committee to recommend the nomination of Commissioner McConnell as Chairman and Commissioner Allmond as Vice Chairman. Following this discussion, Ms. Dewey left the meeting.

The members of the Committee reviewed information provided by Ms. Blankenship on the Executive Director's performance for fiscal year 2011. The members of the Committee discussed the options for merit and bonus and decided on a total compensation package that they would recommend to the Board of Commissioners.

There being no further business, the meeting was adjourned at approximately 7:30 p.m.

HOUSING FOR VIRGINIA, INC.

**MINUTES OF THE
ANNUAL MEETING OF SHAREHOLDERS**

August 3, 2011

The 2011 annual meeting of the shareholders of HOUSING FOR VIRGINIA, INC. was called to order at the principal office of the Company, 601 South Belvidere Street, Richmond, Virginia, on August 3, 2011, at approximately 3:20 p.m. (Richmond Time), by Thomas A. Dolce, President of the Company. Mr. Dolce announced that he would act as Chairman and Secretary of the meeting.

The Chairman announced that the stated purposes of the 2011 annual meeting of shareholders were: (1) to elect the full board of five directors for the ensuing year; and (2) to transact such other business as may properly come before the meeting.

The Chairman noted the attendance of the sole shareholder of the Company. He then declared that the 2011 annual meeting of shareholders had been duly convened and that a quorum of the shareholders was present at the meeting for the transaction of all business to come before the meeting.

The Chairman stated that it was in order to proceed to the election of directors. The Chairman then asked the sole shareholder of the Company to vote its choices in the election of directors.

Susan F. Dewey then identified herself as the Executive Director of the Virginia Housing Development Authority, the sole shareholder of the Company, and that as such she was authorized to vote all shares of common stock of the Company held by the Virginia Housing Development Authority. She then proceeded to vote all shares of the common stock of the Company held by the Virginia Housing Development Authority

for the nomination and election of each of the following persons as a director of the Company to serve until the next regular annual meeting of the shareholders of the Company or until his or her successor is elected and qualified: Susan F. Dewey, Donald L. Ritenour, Thomas A. Dolce, J. Judson McKellar, Jr., and Arthur N. Bowen, III.

The Chairman then declared that each of the director nominees was elected as a director of the Company to serve until the next regular annual meeting of the shareholders of the Company or until his or her successor is elected and qualified.

There being no further business to be conducted, the meeting was adjourned upon the vote of the holder of all the issued and outstanding common stock of the Company.

Thomas A. Dolce
Chairman and Secretary of the Meeting

HOUSING FOR VIRGINIA, INC.

**MINUTES OF THE
ANNUAL MEETING OF THE BOARD OF DIRECTORS**

August 3, 2011

The 2011 annual meeting of the Board of Directors of HOUSING FOR VIRGINIA, INC. (the “Company”) was called to order at the principal office of the Company, 601 South Belvidere Street, Richmond, Virginia, on August 3, 2011, at approximately 3:25 p.m. (Richmond Time), by Thomas A. Dolce, President of the Company. Mr. Dolce announced that he would act as Chairman and Secretary of the meeting.

The Chairman noted that three of the five members of the Board of Directors, Susan F. Dewey, J. Judson McKellar, Jr., and himself, were present at the meeting. He then declared that the 2011 annual meeting of Board of Directors had been duly convened and that a quorum of the directors was present at the meeting for the transaction of all business to come before the meeting.

The Chairman then stated that it was in order to proceed to the election of officers. On motion made, seconded and by the unanimous votes of Ms. Dewey, Mr. Dolce and Mr. McKellar, the following persons were elected as officers, each of whom shall serve until the next annual meeting of the Board of Directors or until his successor is and qualified:

Thomas A. Dolce	.	-	President
Arthur N. Bowen, III		-	Vice President and Treasurer
J. Judson McKellar, Jr.		-	Vice President and Secretary

There being no further business to be conducted, upon a motion duly made, seconded and unanimously carried, the meeting was adjourned.

Thomas A. Dolce
Chairman and Secretary of the Meeting