

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE
AND THE REGULAR MEETING OF THE COMMISSIONERS
HELD ON DECEMBER 7 AND 8, 2010

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the regular meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") were held on December 7 and 8, 2010 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Yvonne T. Allmond, Vice Chairman
Gerald W. Hopkins
John P. McCann
Nancy K. O'Brien
Jacqueline T. Black
Manju Ganeriwala
William C. Shelton
Kermit E. Hale
Marjorie N. Leon

COMMISSIONERS ABSENT:

Charles McConnell, Chairman
Jay Fisette

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
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
Melody S. Barackman, Controller
J. Michael Hawkins, Director of Community Housing
Barry Merchant, Policy Analyst
Patrick J. Carey, Finance Director
Llewellyn C. Anderson, Strategic Planner
Ronald A. Reger, Strategic Planner
Kathy Natale, Assistant Director of Business Systems
J. D. Bondurant, Research Analyst
Joseph K. Feaser, Business Performance Analyst

Melody Smith, Senior Program Compliance Officer
Neal Barber, Community Futures
Theodore Koebel, Virginia Tech

Vice Chairman Allmond called the meeting of the Committee of the Whole to order at 2:13 p.m. on December 7, 2010. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners Ganeriwala, McCann and Black who joined the meeting in progress as noted below and thereafter remained present during the meeting of the Committee.

Mr. Barber gave a presentation on the Sourcebook that has been developed by Housing Virginia on its website, in conjunction with Virginia Tech and the Virginia Association of Realtors, and that provides current and historical data on housing affordability throughout Virginia. Following this presentation, Ms. Dewey advised the Commissioners that the 5-year funding provided to Housing Virginia by the Authority through its subsidiary, Housing for Virginians, Inc., will expire in 2011 and that the Authority expects to continue funding on a declining basis over five years thereafter with matching contributions, commencing in 2012 with a \$80,000 contribution by Housing for Virginians, Inc. During this report, Commissioner Ganeriwala joined the meeting.

Mr. McKellar presented a report on the Authority's bond issuance documentation and procedures, including a summary of the terms of the resolutions, a description of the chronology for bond issuance, and a review of the contents of the official statement. During this report, Commissioner McCann joined the meeting.

Ms. Dewey, Ms. Watson, Mr. McKellar, Mr. Bowen and Ms. Blankenship reported on recent increased compliance responsibilities of the Authority and the impact of those responsibilities on the Authority's staff. In this report, the staff and Commissioners discussed the following: changes in legislative and regulatory requirements that have affected or will affect the Authority's single family program; changes that have recently been made to the Authority's single family program because of new compliance requirements; future federal programs that the Authority may fund or administer; recent reporting requirements that have been imposed on the Authority; additional bond disclosure that may be required or necessary; new written procedures that will be developed by the Authority to comply with federal reports and requirements; and the impact of the additional compliance responsibilities on the Authority's staffing, including the anticipated hiring of an attorney. During this report, Commissioner Black joined the meeting.

Mr. Hawkins reported on the mortgage loans made by the Authority to finance rental housing properties that are owned by microboards and occupied by persons with disabilities. In this report, Mr. Hawkins discussed with the Commissioners the organization and membership of microboards, the sources of funding for the properties, the types and locations of the properties, and the potential uses or dispositions of the properties upon termination of occupancy by the intended occupant.

Ms. Dewey discussed with the Commissioners the interim report of the Virginia Housing Policy Framework Initiative, including the recommendations and actions included in the report.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 6:15 p.m. on December 7, 2010.

Vice Chairman Allmond called the regular meeting of the Board of Commissioners to order at approximately 11:04 a.m. on December 8, 2010. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioners O'Brien and Shelton who were not present during the 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 October 12 and 13, 2010 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 in Recognition and Appreciation of the 45th Anniversary of the Lynchburg Community Action Group" dated December 8, 2010, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

The resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Melody Smith" dated December 8, 2010, was read by Mr. Reger and, on motion duly made and seconded, was approved in the form attached hereto by the affirmative vote of each of the Commissioners then present at the meeting.

The resolution entitled "Resolution in Recognition and Appreciation of Thirty Years of Service by Russ E. Wyatt" dated December 8, 2010, was read by Mr. Reger and, on motion duly made and seconded, was approved in the form attached hereto 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 July 1, 2011 through December 31, 2011" dated December 8, 2010, in the form attached hereto was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Commissioner Leon, on behalf of the Programs Committee, reported that the Committee had reviewed a staff report and recommendations on the reallocation of federal low-income housing tax credits, exchange funds and TCAP funds, and recommended approval of a resolution to authorize the staff to make the reallocations of the federal low-income housing tax credits, exchange funds and TCAP funds as described in the memorandum from Mr. Ritenour dated November 30, 2010 attached hereto and such other reallocations as may be necessary to maximize utilization of the federal low-income housing tax credits, exchange funds and TCAP funds. Commissioner Leon

moved approval of this resolution and this motion was approved by the affirmative vote of each of the Commissioners then present at the meeting.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the Board and Committee meeting on February 1 and 2, 2011; the Board retreat on April 3-5, 2011 in Staunton; the Board and Committee meeting on June 7 and 8, 2011; the presentation to the House Finance Committee of the General Assembly on January 17, 2011; proposed legislation by the Virginia Bankers Association to authorize the Authority to service mortgage loans for community banks, including mortgage loans for properties located outside Virginia and for persons who are not low and moderate income; the proposed legislation to facilitate the purchase by the Authority of single family mortgage loans; the contributions by the staff of approximately \$102,000 to the CVC campaign; and the receipt by Mr. Bowen of the Unsung Hero award from the Wilder School at Virginia Commonwealth University.

There being no further business, the meeting was adjourned at approximately 11:34 a.m.

Charles McConnell, Chairman

J. Judson McKellar, Jr.
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE
HELD ON DECEMBER 8, 2010

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 October 13, 2010 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Marjorie N. Leon
William C. Shelton
Jacqueline T. Black

COMMITTEE MEMBERS ABSENT

Nancy K. O'Brien, Chairman
Charles McConnell

OTHER COMMISSIONERS PRESENT

Yvonne T. Allmond
John P. McCann
Manju Ganeriwala
Kermit E. Hale
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
Arthur N. Bowen, III, Director of Finance & Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Director of Human Resources
Tammy Neale, Chief Learning Officer
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
Ronald A. Reger, Strategic Business Planner
Mike Stoneman, Multi-Family Owned Property Portfolio Manager
Robert Halloran, Marketing Director
Melody Barackman, Controller
Llewellyn Anderson, Strategic Business Planner

The meeting of the Programs Committee was called to order by Commissioner Leon 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 Shelton who left the meeting in progress 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 October 13, 2010 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Watson reported to the Committee that the federal government had created the Emergency Homeowners Loan Program which is designed to assist eligible homeowners with payments of loan arrearages, including taxes and insurance, up to \$50,000. Ms. Watson noted that the Authority does not meet the program eligibility requirement of having an existing program that is substantially similar; however, Ms. Watson commented that Virginia borrowers will have access to the program and funds through the NeighborWorks organization.

Mr. Chandler presented a report and recommendations for a transfer of Tax Credit Assistance Program (TCAP) funds from Forest Hills at Belview to London Oaks, a transfer of federal low-income housing tax credits from London Oaks to Forest Hills at Belview, and an allocation of additional credits to Forest Hills at Belview. Mr. Chandler explained that these actions were necessary to avoid losing the allocation of TCAP funds to Forest Hills at Belview. After a discussion, Commissioner Shelton moved that the Committee recommend approval of a resolution authorizing staff to make the reallocations of low income housing tax credits, exchange funds and TCAP funds as described in the memo dated November 30, 2010 and such other reallocations as may be necessary to maximize utilization of federal low income housing tax credits, exchange funds and TCAP funds. This motion was seconded by Commissioner Black and was approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

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 as of November the overall delinquency rates, including foreclosures and bankruptcies, for the single-family and multi-family loan portfolios were 12.99% and 2.29%, respectively.

Mr. Dolce reported that delinquency ratios continue to be below Ginnie Mae thresholds and that the total unpaid principal balance of the Ginnie Mae portfolio is \$313 million representing 2,333 loans. Mr. Dolce next reported that the number of phone calls received by the Authority's Contact Center had decreased to 3,569 and that the majority of the contacts came from Richmond followed by Northern Virginia and Hampton Roads. Mr. Dolce also reported that the lease-up rate in the Housing Choice Voucher Program is 95%. At the conclusion of this report, Commissioner Shelton left the meeting.

Ms. Watson presented a report comparing homeownership loan reservations for the period of July 1, 2009 through November 15, 2009 with the period of July 1, 2010

through November 15, 2010. In this report, Ms. Watson noted that FHA loan production is an estimated 3% higher in 2010. Ms. Watson also noted that the Authority is currently on tract to reserve \$618 million or approximately 4,500 loans for FY2011 and that the average Authority loan amount is \$141,000 compared to a high of \$165,000.

Ms. Watson presented a report on the Homeownership Education Program noting that attendance is down approximately 40% from the same time last year.

Mr. Hastings presented a report on multi-family loan production for the period October 5, 2010 to November 30, 2010. In this report, Mr. Hastings advised the Committee that nine developments consisting of 779 units had been approved for mortgage loans in the total principal amount of approximately \$33.9 million. Mr. Hastings also noted that 89% 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 currently consists of ten developments that are not sold or under contract.

Mr. Hawkins presented reports on the Authority's outreach to the African American and Hispanic markets between October 2010 and November 2010. In this report, Mr. Hawkins stated that the REACH Team continues to be actively engaged in developing the capacity of faith-based organizations to sponsor affordable housing opportunities and support local neighborhood revitalization efforts. In addition, Mr. Hawkins reported that the Authority participated in several Hispanic outreach events which celebrated National Hispanic Heritage Month.

Mr. Hill presented an update on the Authority's marketing activities. In this report, Mr. Hill noted that the Authority's "How to Buy a Home" TV show has been completed and is being distributed to public TV stations across the state and will begin airing in October on Fairfax Public Access TV in both English and Spanish.

There being no further business, the meeting was adjourned at 10:15 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON DECEMBER 8, 2010

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 December 8, 2010 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman
John P. McCann
Manju Ganeriwala
Yvonne T. Allmond

OTHER COMMISSIONERS PRESENT

Marjorie N. Leon
Gerald W. Hopkins
Jacqueline T. Black

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
Arthur N. Bowen, III, Director of Finance & Administration
Russ E. Wyatt, General Auditor
Barbara Blankenship, Director of Human Resources
Tammy Neale, Chief Learning Officer
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
Paul Brennan, Deputy General Counsel
Ronald A. Reger, Strategic Business Planner
Mike Stoneman, Multi-Family Owned Property Portfolio Manager
Robert Halloran, Marketing Director
Melody Barackman, Controller
Sheila Phillips, Assistant Director of Project Management
Llewellyn Anderson, Strategic Business Planner

The meeting of the Audit Committee was called to order by Committee Chairman Hale at approximately 10:15 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 motion duly made and seconded, the minutes of the meeting of the Committee held on October 13, 2010 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Ms. Barackman reviewed highlights of the Authority's monthly financials and budget comparisons for the period ending October 31, 2010. In this report, Ms. Barackman noted the following: excess revenues before GASB adjustments totaled \$10.1 million; mortgage loan interest income was slightly behind plan by \$1.7 million; administrative expenses have performed slightly better than budget by nearly \$300,000; and programmatic expenses were under budget by \$200,000.

Mr. Wyatt reported on the status of the Audit Schedule and indicated that the Audit Division is on track to complete the 5-year schedule as planned. Mr. Wyatt also reported that no reports have been issued since the Committee last met and that there were no control concerns that were previously reported to the Audit Committee that have not been addressed by management.

There being no further business, the meeting was adjourned at 10:27 a.m.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE OPERATIONS COMMITTEE
HELD ON DECEMBER 8, 2010

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 December 8, 2010 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Kermit E. Hale, Chairman
John P. McCann
Manju Ganeriwala
Yvonne T. Allmond

OTHER COMMISSIONERS PRESENT

Marjorie N. Leon
Gerald W. Hopkins
Jacqueline T. Black

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
Arthur N. Bowen, III, Director of Finance & Administration
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Barbara Blankenship, Director of Human Resources
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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
Paul Brennan, Deputy General Counsel
Ronald A. Reger, Strategic Business Planner
Mike Stoneman, Multi-Family Owned Property Portfolio Manager
Robert Halloran, Marketing Director
Melody Barackman, Controller
Sheila Phillips, Assistant Director of Project Management
Llewellyn Anderson, Strategic Business Planner

The meeting of the Operations 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.

On motion duly made and seconded, the minutes of the meeting of the Committee held on October 13, 2010 were approved by the affirmative vote of each of the members of the Committee noted above as present at the meeting.

Mr. Bowen reviewed the salient features of an upcoming tax-exempt Rental Housing Bond issue, scheduled for February or March 2011 for approximately \$40 million. Mr. Bowen also commented that the exact timing and size of the issue will depend upon the readiness of the multifamily projects to be financed.

Mr. Bowen reported that the \$100 million revolving credit facility with Bank of America, scheduled to expire this month, has been extended through December 1, 2011 under the existing terms and conditions. Mr. Bowen commented that VHDA currently has \$40 million outstanding under the facility.

Ms. Blankenship provided a brief update on staff resources noting that 302 associates were eligible for performance management for FY2010.

Ms. Phillips provided an update on the progress of projects or programs managed by the Authority's Project Management Office. Ms. Phillips reported that 12 programs are in progress and that 92% have achieved a "green" or satisfactory status.

Ms. Neale provided a report on internal activities and events. Ms. Neale commented that the Commonwealth of Virginia Campaign, which is the Authority's charitable giving campaign, was very successful with contributions totaling over \$100,000.

There being no further business, the meeting was adjourned at 10:42 a.m.