

MEETING OF THE STATE BOARD OF ADMINISTRATION

**GOVERNOR SCOTT AS CHAIRMAN
CHIEF FINANCIAL OFFICER ATWATER AS TREASURER
ATTORNEY GENERAL BONDI AS SECRETARY**

OCTOBER 18, 2011

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AGENDA

ITEM 1. Request approval of the minutes of the August 16, 2011, meeting.

(See Attachment 1)

ACTION REQUIRED

ITEM 2. Request approval of a fiscal determination \$12,950,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Lincoln Fields Apartments).

(See Attachment 2)

ACTION REQUIRED

ITEM 3. Request approval of a fiscal determination \$9,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Hainlin Mills Apartments).

(See Attachment 3)

ACTION REQUIRED

ITEM 4. Request approval of a fiscal determination \$7,300,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Hilltop Village Apartments).

(See Attachment 4)

ACTION REQUIRED

ITEM 5. Request approval of, and authority to file, a Notice of Proposed Rule for Rule 19-8.010, F.A.C., Reimbursement Contract, and to file this rule, along with the incorporated forms, for adoption if no member of the public timely requests a rule hearing.

See Jack Nicholson's Memo Detailing FHCF Item 5
(See Attachments 5 - 5-I)

ACTION REQUIRED

ITEM 1. Request approval of the minutes of the August 16, 2011, meeting

T H E C A B I N E T
S T A T E O F F L O R I D A

Representing:

STATE BOARD OF ADMINISTRATION

DIVISION OF BOND FINANCE

AGENCY FOR ENTERPRISE INFORMATION TECHNOLOGY

FINANCIAL SERVICES COMMISSION, OFFICE OF
INSURANCE REGULATION

DEPARTMENT OF REVENUE

DEPARTMENT OF LAW ENFORCEMENT

ADMINISTRATION COMMISSION

FLORIDA LAND & WATER ADJUDICATORY COMMISSION

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Scott
presiding, in the Cabinet Meeting Room, LL-03,
The Capitol, Tallahassee, Florida, on Tuesday,
August 16, 2011, commencing at 9:05 a.m.

Reported by:

JO LANGSTON

Registered Professional Reporter

Notary Public

ACCURATE STENOGRAPHY REPORTERS, INC.

2894 REMINGTON GREEN LANE

TALLAHASSEE, FLORIDA 32308

(850) 878-2221

APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT
Governor

ADAM H. PUTNAM
Commissioner of Agriculture

PAM BONDI
Attorney General

JEFF ATWATER
Chief Financial Officer

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CERTIFICATE OF REPORTER 119

1 P R O C E E D I N G S

2 (Agenda items commenced at 9:30 a.m.)

3 GOVERNOR SCOTT: And now we go to -- the first
4 agenda is the State Board of Administration
5 presented by Ash Williams. Good morning.

6 MR. WILLIAMS: Good morning, Governor,
7 Trustees. Before we get going on our agenda this
8 morning, I'd like to offer a little update, if I
9 may. As of last night's close, the Florida
10 Retirement System Trust Fund stood at a balance of
11 \$121.7 billion. That is up .45 percent calendar
12 year to date and 129 basis points ahead of target.

13 It's ironic, given what went on in the markets
14 in the past week, that to be here today, we've
15 essentially done a round trip. Sort of like when
16 somebody comes back from a trip, they look just like
17 they looked when they went out the door, but you
18 have no idea what they went through while they were
19 gone.

20 Suffice it to say, our investment policy served
21 us very well. It did exactly what it is supposed to
22 do, which is to protect and grow value of the
23 retirement system over time and to provide guidance
24 and discipline to our investment activities when
25 confusion and fear are in fact dominating the

1 headlines and most human thinking. Discipline takes
2 the place of emotion, and that's how you want to
3 manage money over time.

4 We did, during the upheaval of last week, put
5 in an extraordinary amount of time making sure that
6 our obligations in terms of liquidity could be met,
7 that our risks had not shifted to unacceptable
8 levels, particularly in the area of counterparty
9 risk.

10 We were also careful to make sure we provided
11 information to beneficiaries. We saw a tremendous
12 spike in contacts coming in through our website and
13 calls to Ernst & Young. And the counsel we were
14 offering beneficiaries was don't do anything hasty,
15 step back, think about your options, talk to our
16 advisers that are made available to beneficiaries
17 and don't do anything in the throes of fear and
18 emotion that could be a long-term mistake.

19 Broadly, I would say, while there continue to
20 be ample things that have weighed on the minds of
21 the markets around the world, the lingering results
22 of the earthquake and tsunami in Japan, upheaval in
23 the Middle East, the European sovereign debt issues
24 and, of course, most recently the U.S. credit issues
25 here at home, there are also a lot of good things

1 going on.

2 Jobless claims are trending down. And, in
3 fact, they've hit their lowest levels in recent
4 months. Earnings are continuing to hold up among
5 major American businesses. Interestingly, I think
6 one of the best indicators of where the economy is
7 is what's known as insider purchasing. This doesn't
8 mean insider trading in the unlawful sense. In this
9 context, what I'm talking about is lawful and
10 disclosed purchases of executives of publicly traded
11 companies.

12 Something very interesting was going on during
13 the panic of the last couple of weeks. So-called
14 corporate insiders, people who know their companies
15 better than anybody, were on a buying spree while
16 the rest of the world was on a selling spree. That
17 tells me that people who know businesses, who know
18 companies and know their own earnings better than
19 anybody else are willing to put their own money in
20 the shares of their companies, which is I think a
21 positive sign.

22 Also, the leading economic indicators have been
23 in positive territory since March of '09. While
24 there has been some slowing in those forward
25 indicators, they're still positive, which again is a

1 good thing. So unless there are any questions, I'll
2 be happy to go ahead and move into our agenda.

3 GOVERNOR SCOTT: I don't have any questions.
4 All I can say is that I've been traveling the last
5 two weeks. People are worried. Whether it's the
6 discussion of the debt ceiling, the downgrade by
7 S&P, but just traveling the state the last couple of
8 weeks, I think people are cutting back and they're
9 getting way more cautious about hiring. I don't
10 have anything else. We'll go to the agenda.

11 MR. WILLIAMS: Thank you. Item 1, request
12 approval of a fiscal sufficiency in an amount not to
13 exceed \$235 million, State of Florida, Full Faith
14 and Credit, State Board of Education Public
15 Education Capital Outlay Refunding Bonds.

16 GOVERNOR SCOTT: Is there a motion to approve
17 Item 1?

18 ATTORNEY GENERAL BONDI: Move to approve.

19 GOVERNOR SCOTT: Is there a second?

20 CFO ATWATER: Second.

21 GOVERNOR SCOTT: Moved and seconded, approved
22 without objection.

23 MR. WILLIAMS: Item 2, we request deferral to
24 our September 20 meeting of an item related to the
25 Florida Housing Finance Corporation.

1 GOVERNOR SCOTT: Is there a motion to defer
2 Item 2?

3 CFO ATWATER: So moved.

4 GOVERNOR SCOTT: Is there a second?

5 ATTORNEY GENERAL BONDI: Second.

6 GOVERNOR SCOTT: Moved and seconded. Item 2 is
7 deferred without objection.

8 MR. WILLIAMS: Thank you. Item 3, request
9 approval of a draft letter to the Joint Legislative
10 Auditing Committee affirming that the SBA Trustees
11 have reviewed and approved the monthly Florida PRIME
12 summary reports and actions taken, if any, to
13 address material impacts. There are no material
14 impacts, and the letters are in your background
15 materials.

16 GOVERNOR SCOTT: Is there a motion to approve
17 Item 3?

18 ATTORNEY GENERAL BONDI: Move to approve.

19 GOVERNOR SCOTT: Is there a second?

20 CFO ATWATER: Second.

21 GOVERNOR SCOTT: Moved and seconded. Item 3 is
22 approved without objection.

23 MR. WILLIAMS: Thank you.

24 GOVERNOR SCOTT: Thank you very much. Have a
25 great day.

ITEM 2. Request approval of a fiscal determination \$12,950,000
Florida Housing Finance Corporation Multifamily Mortgage
Revenue Bonds, (Series to be Designated) (Lincoln Fields
Apartments)

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: October 5, 2011



**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$12,950,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (LINCOLN FIELDS APARTMENTS)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$12,950,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the acquisition and rehabilitation of a multifamily rental development located in Miami-Dade County, Florida (Lincoln Fields Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$12,950,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (LINCOLN FIELDS APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$12,950,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose financing the acquisition and rehabilitation of a multifamily rental development located in Miami-Dade County, Florida (Lincoln Fields Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Lincoln Fields Apartments), in an amount not exceeding \$12,950,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED October 18, 2011

September 30, 2011

VIA HAND DELIVERY

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Bonds (U.S. Treasury/Government-Sponsored Enterprises), not to exceed \$12,950,000 Tax-Exempt Bonds, Lincoln Fields Apartments

Dear Mr. Williams:

On behalf of the Florida Housing Finance Corporation, I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the Bond Underwriter, RBC Capital Markets Corporation. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue is recommended to be a negotiated sale. We request that this item be placed on the agenda for approval at the State Board of Administration's October 18, 2011 Cabinet meeting due to financing and closing schedules. The Final Authorizing Resolutions are enclosed.

Should you or your staff have any questions or concerns referencing this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,



Wayne Conner
Director of Multifamily Bonds

WC/dkw

Enclosures

Rick Scott, Governor

Board of Directors: Leonard Tylka, Chairman • William "Billy" Buzzett, Secretary, Florida Department of Community Affairs
Marilyn L. Carl • Mary L. Demetree • Lynn Hanfman • Clifford Hardy • Natacha Munilla • Jose "Joe" Sanchez • Bernard "Barney" Smith

Executive Director: Stephen P. Auger

\$12,950,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Bonds
(U.S. Treasury / Government-Sponsored Enterprises)
New Issue Bond Program - Lincoln Fields Apartments

Key Terms:	
Interest Only Term	-
Bond Term	33.0
Amortization Period	33.0

Projected Operations

	% of EGI	Per Unit / Stabilized	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Income										
Gross Potential Rental Revenue	104.6%	\$ 10,777	\$ 2,295,552	\$ 2,341,463	\$ 2,388,292	\$ 2,436,058	\$ 2,484,779	\$ 2,534,475	\$ 2,585,164	\$ 2,636,868
Other Income										
Miscellaneous Income	0.7%	68	\$ 14,500	\$ 14,790	\$ 15,086	\$ 15,388	\$ 15,695	\$ 16,009	\$ 16,329	\$ 16,656
Water/Sewer Collections	0.0%	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Potential Income	105.3%	\$ 10,845	\$ 2,310,052	\$ 2,356,253	\$ 2,403,378	\$ 2,451,446	\$ 2,500,475	\$ 2,550,484	\$ 2,601,494	\$ 2,653,524
Less:										
Vacancy Loss 4%	-4.2%	(433.81)	\$ (92,402)	\$ (94,250)	\$ (96,135)	\$ (98,058)	\$ (100,019)	\$ (102,019)	\$ (104,060)	\$ (106,141)
Collection Loss 1%	-1.1%	(108)	\$ (23,101)	\$ (23,563)	\$ (24,034)	\$ (24,514)	\$ (25,005)	\$ (25,505)	\$ (26,015)	\$ (26,535)
Total Effective Gross Income (EGI)	100.0%	\$ 10,303	\$ 2,194,549	\$ 2,238,440	\$ 2,283,209	\$ 2,328,873	\$ 2,375,451	\$ 2,422,960	\$ 2,471,419	\$ 2,520,847
Expenses										
Fixed:										
Taxes	8.1%	835	\$ 177,759	\$ 183,092	\$ 188,585	\$ 194,242	\$ 200,069	\$ 206,071	\$ 212,254	\$ 218,621
Insurance	6.8%	703	\$ 149,800	\$ 154,294	\$ 158,923	\$ 163,691	\$ 168,601	\$ 173,659	\$ 178,869	\$ 184,235
Variable:										
Management Fees 5%	5.00%	515	\$ 109,727	\$ 111,922	\$ 114,160	\$ 116,444	\$ 118,773	\$ 121,148	\$ 123,571	\$ 126,042
General and Administrative	4.4%	452	\$ 96,300	\$ 99,189	\$ 102,165	\$ 105,230	\$ 108,386	\$ 111,638	\$ 114,987	\$ 118,437
Payroll Expenses	13.1%	1,350	\$ 287,600	\$ 296,228	\$ 305,115	\$ 314,268	\$ 323,696	\$ 333,407	\$ 343,409	\$ 353,712
Utilities	4.9%	505	\$ 107,621	\$ 110,850	\$ 114,175	\$ 117,600	\$ 121,128	\$ 124,762	\$ 128,505	\$ 132,360
Maintenance and Repairs	4.9%	502	\$ 107,000	\$ 110,210	\$ 113,516	\$ 116,922	\$ 120,429	\$ 124,042	\$ 127,764	\$ 131,597
Grounds Maintenance and Landscaping	1.0%	100	\$ 21,400	\$ 22,042	\$ 22,703	\$ 23,384	\$ 24,086	\$ 24,808	\$ 25,553	\$ 26,319
Security	4.1%	420	\$ 89,407	\$ 92,089	\$ 94,852	\$ 97,697	\$ 100,628	\$ 103,647	\$ 106,757	\$ 109,959
Replacement Reserves	2.9%	300	\$ 63,900	\$ 63,900	\$ 63,900	\$ 63,900	\$ 63,900	\$ 63,900	\$ 65,817	\$ 67,792
Total Expenses	56.0%	\$ 5,683	\$ 1,210,514	\$ 1,243,816	\$ 1,278,094	\$ 1,313,378	\$ 1,349,698	\$ 1,387,084	\$ 1,427,485	\$ 1,469,074
Net Operating Income			\$ 984,035	\$ 994,625	\$ 1,005,115	\$ 1,015,495	\$ 1,025,753	\$ 1,035,876	\$ 1,043,934	\$ 1,051,773
Debt Service Payments:										
First Mortgage Bond Debt Service (1)			\$ 842,105	\$ 843,282	\$ 833,940	\$ 844,598	\$ 834,218	\$ 843,838	\$ 832,420	\$ 841,002
First Mortgage Bond - Maturing Principal (1)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HUD Loan (2)			\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000
Total Debt Service Payments			\$ 915,105	\$ 916,282	\$ 906,940	\$ 917,598	\$ 907,218	\$ 916,838	\$ 905,420	\$ 914,002
Operating Income After Debt Service - Before Tax Cash Flow			\$ 68,930	\$ 78,343	\$ 98,175	\$ 97,897	\$ 118,535	\$ 119,038	\$ 138,514	\$ 137,771
Debt Service Coverage Ratios										
DSC - First Only (and Negative Arbitrage)			1.17	1.18	1.21	1.20	1.23	1.23	1.25	1.25
DSC - First and Second Mortgage Loans			1.08	1.09	1.11	1.11	1.13	1.13	1.15	1.15
DSC - All Mortgages			1.08	1.09	1.11	1.11	1.13	1.13	1.15	1.15
DSC - All Mortgages & Fees			1.08	1.09	1.11	1.11	1.13	1.13	1.15	1.15
Financial Ratios										
Operating Expense Ratio			55%	56%	56%	56%	57%	57%	58%	58%
Break-even Ratio			92%	92%	91%	91%	90%	90%	90%	90%

Growth Rates	
Rents	2.0%
Other Income	2.0%
Expenses	3.0%

Assumed Bond Rate (3)	
All - In (Tax-exempt)	5.190%

Bond Size	
\$	12,950,000

Units	
	213

- (1) The debt service is calculated on a par amount of \$12,950,000 over a 33 year period and is fully amortized at maturity.
- (2) The HUD Loan is a non-amortizing, bearing 2% interest contingent upon 75% of the available cash flow. The Loan matures on June 1, 2035, if not extended or waived by HUD. The terms of the loan allow for a waiver for repayment upon refinancing or sale of the property.
- (3) The assumed All-In bond rate is comprised of the following: the NIBP Bond Interest Rate of 3.57% (locked via the US Treasury Rate Re-lock provision on 12/2/10), the Issuer Administrative Fee of 0.37%, and the Freddie Mac Credit Enhancement-Liquidity and Servicing Fee of 1.25%, for an All-In rate of 5.19%.

Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
\$ 2,889,605	\$ 2,743,397	\$ 2,798,265	\$ 2,854,230	\$ 2,911,315	\$ 2,969,541	\$ 3,028,932	\$ 3,089,511	\$ 3,151,301	\$ 3,214,327	\$ 3,278,614
\$ 16,989	\$ 17,329	\$ 17,675	\$ 18,029	\$ 18,390	\$ 18,757	\$ 19,132	\$ 19,515	\$ 19,905	\$ 20,304	\$ 20,710
\$ 2,706,534	\$ 2,760,726	\$ 2,815,940	\$ 2,872,259	\$ 2,929,704	\$ 2,988,299	\$ 3,046,065	\$ 3,109,026	\$ 3,171,206	\$ 3,234,630	\$ 3,299,323
\$ (108,264)	\$ (110,429)	\$ (112,638)	\$ (114,890)	\$ (117,188)	\$ (119,532)	\$ (121,923)	\$ (124,361)	\$ (126,848)	\$ (129,385)	\$ (131,973)
\$ (27,066)	\$ (27,607)	\$ (28,159)	\$ (28,723)	\$ (29,297)	\$ (29,883)	\$ (30,481)	\$ (31,090)	\$ (31,712)	\$ (32,346)	\$ (32,993)
\$ 2,571,264	\$ 2,622,690	\$ 2,675,143	\$ 2,728,646	\$ 2,783,219	\$ 2,838,884	\$ 2,895,661	\$ 2,953,575	\$ 3,012,646	\$ 3,072,899	\$ 3,134,357
\$ 225,180	\$ 231,935	\$ 238,893	\$ 246,060	\$ 253,442	\$ 261,045	\$ 268,876	\$ 276,943	\$ 285,251	\$ 293,809	\$ 302,623
\$ 189,762	\$ 195,455	\$ 201,319	\$ 207,358	\$ 213,579	\$ 219,986	\$ 226,586	\$ 233,384	\$ 240,385	\$ 247,597	\$ 255,024
\$ 128,563	\$ 131,134	\$ 133,757	\$ 136,432	\$ 139,161	\$ 141,944	\$ 144,783	\$ 147,679	\$ 150,632	\$ 153,645	\$ 156,718
\$ 121,990	\$ 125,650	\$ 129,419	\$ 133,302	\$ 137,301	\$ 141,420	\$ 145,662	\$ 150,032	\$ 154,533	\$ 159,169	\$ 163,944
\$ 364,323	\$ 375,253	\$ 386,510	\$ 398,106	\$ 410,049	\$ 422,350	\$ 435,021	\$ 448,071	\$ 461,514	\$ 475,359	\$ 489,620
\$ 136,331	\$ 140,421	\$ 144,634	\$ 148,973	\$ 153,442	\$ 158,045	\$ 162,786	\$ 167,670	\$ 172,700	\$ 177,881	\$ 183,218
\$ 135,544	\$ 139,611	\$ 143,799	\$ 148,113	\$ 152,556	\$ 157,133	\$ 161,847	\$ 166,703	\$ 171,704	\$ 176,855	\$ 182,160
\$ 27,109	\$ 27,922	\$ 28,760	\$ 29,623	\$ 30,511	\$ 31,427	\$ 32,369	\$ 33,341	\$ 34,341	\$ 35,371	\$ 36,432
\$ 113,258	\$ 116,656	\$ 120,156	\$ 123,760	\$ 127,473	\$ 131,297	\$ 135,236	\$ 139,293	\$ 143,472	\$ 147,776	\$ 152,209
\$ 69,825	\$ 71,920	\$ 74,078	\$ 76,300	\$ 78,589	\$ 80,947	\$ 83,375	\$ 85,876	\$ 88,453	\$ 91,106	\$ 93,839
\$ 1,511,886	\$ 1,555,957	\$ 1,601,324	\$ 1,648,026	\$ 1,696,103	\$ 1,745,594	\$ 1,796,543	\$ 1,848,991	\$ 1,902,984	\$ 1,958,567	\$ 2,015,788
\$ 1,059,378	\$ 1,066,733	\$ 1,073,819	\$ 1,080,620	\$ 1,087,116	\$ 1,093,289	\$ 1,099,119	\$ 1,104,583	\$ 1,109,662	\$ 1,114,332	\$ 1,118,569
\$ 828,546	\$ 836,090	\$ 832,596	\$ 828,583	\$ 824,051	\$ 828,481	\$ 822,392	\$ 825,784	\$ 828,138	\$ 819,454	\$ 820,251
\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000
\$ 901,546	\$ 909,090	\$ 905,596	\$ 901,583	\$ 907,051	\$ 901,481	\$ 895,392	\$ 898,784	\$ 901,138	\$ 892,454	\$ 893,251
\$ 157,832	\$ 157,643	\$ 168,223	\$ 179,037	\$ 180,065	\$ 191,808	\$ 203,727	\$ 205,799	\$ 208,524	\$ 221,878	\$ 225,318
1.28	1.28	1.29	1.30	1.30	1.32	1.34	1.34	1.34	1.36	1.36
1.18	1.17	1.19	1.20	1.20	1.21	1.23	1.23	1.23	1.25	1.25
1.18	1.17	1.19	1.20	1.20	1.21	1.23	1.23	1.23	1.25	1.25
1.18	1.17	1.19	1.20	1.20	1.21	1.23	1.23	1.23	1.25	1.25
59%	59%	60%	60%	61%	61%	62%	63%	63%	64%	64%
89%	89%	89%	89%	89%	89%	88%	88%	88%	88%	88%

Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Year 31	Year 32	Year 33
\$ 3,344,186	\$ 3,411,070	\$ 3,475,291	\$ 3,548,877	\$ 3,619,854	\$ 3,692,251	\$ 3,766,096	\$ 3,841,418	\$ 3,918,247	\$ 3,996,612	\$ 4,076,544	\$ 4,158,075	\$ 4,241,236	\$ 4,326,061
\$ 21,124	\$ 21,546	\$ 21,977	\$ 22,417	\$ 22,865	\$ 23,322	\$ 23,789	\$ 24,265	\$ 24,750	\$ 25,245	\$ 25,750	\$ 26,265	\$ 26,790	\$ 27,326
\$ 3,365,310	\$ 3,432,616	\$ 3,501,268	\$ 3,571,293	\$ 3,642,719	\$ 3,715,574	\$ 3,789,885	\$ 3,865,683	\$ 3,942,997	\$ 4,021,856	\$ 4,102,294	\$ 4,184,339	\$ 4,268,026	\$ 4,353,387
\$ (134,612)	\$ (137,305)	\$ (140,051)	\$ (142,852)	\$ (145,709)	\$ (148,623)	\$ (151,595)	\$ (154,627)	\$ (157,720)	\$ (160,874)	\$ (164,092)	\$ (167,374)	\$ (170,721)	\$ (174,135)
\$ (33,653)	\$ (34,326)	\$ (35,013)	\$ (35,713)	\$ (36,427)	\$ (37,156)	\$ (37,899)	\$ (38,657)	\$ (39,430)	\$ (40,219)	\$ (41,023)	\$ (41,843)	\$ (42,680)	\$ (43,534)
\$ 3,197,044	\$ 3,260,985	\$ 3,328,205	\$ 3,392,729	\$ 3,460,583	\$ 3,529,795	\$ 3,600,391	\$ 3,672,399	\$ 3,746,847	\$ 3,820,764	\$ 3,897,179	\$ 3,975,122	\$ 4,054,625	\$ 4,135,717
\$ 311,701	\$ 321,053	\$ 330,684	\$ 340,605	\$ 350,823	\$ 361,347	\$ 372,188	\$ 383,354	\$ 394,854	\$ 406,700	\$ 418,901	\$ 431,468	\$ 444,412	\$ 457,744
\$ 262,675	\$ 270,555	\$ 278,672	\$ 287,032	\$ 295,643	\$ 304,513	\$ 313,648	\$ 323,057	\$ 332,749	\$ 342,732	\$ 353,014	\$ 363,604	\$ 374,512	\$ 385,747
\$ 159,852	\$ 163,049	\$ 166,310	\$ 169,636	\$ 173,029	\$ 176,490	\$ 180,020	\$ 183,620	\$ 187,292	\$ 191,038	\$ 194,859	\$ 198,756	\$ 202,731	\$ 206,786
\$ 504,308	\$ 519,438	\$ 535,021	\$ 551,071	\$ 567,603	\$ 584,632	\$ 602,171	\$ 620,236	\$ 638,843	\$ 658,008	\$ 677,748	\$ 698,081	\$ 719,023	\$ 740,594
\$ 187,625	\$ 193,254	\$ 199,052	\$ 205,023	\$ 211,174	\$ 217,509	\$ 224,034	\$ 230,755	\$ 237,678	\$ 244,808	\$ 252,153	\$ 259,717	\$ 267,509	\$ 275,534
\$ 37,325	\$ 38,651	\$ 39,810	\$ 41,005	\$ 42,235	\$ 43,502	\$ 44,807	\$ 46,151	\$ 47,536	\$ 48,962	\$ 50,431	\$ 51,943	\$ 53,502	\$ 55,107
\$ 186,776	\$ 161,479	\$ 166,323	\$ 171,313	\$ 176,452	\$ 181,746	\$ 187,198	\$ 192,814	\$ 198,599	\$ 204,557	\$ 210,693	\$ 217,014	\$ 223,525	\$ 230,230
\$ 96,654	\$ 99,554	\$ 102,541	\$ 105,617	\$ 108,785	\$ 112,049	\$ 115,411	\$ 118,873	\$ 122,439	\$ 126,112	\$ 129,896	\$ 133,792	\$ 137,806	\$ 141,940
\$ 2,074,694	\$ 2,135,337	\$ 2,197,766	\$ 2,262,036	\$ 2,328,201	\$ 2,396,317	\$ 2,466,441	\$ 2,538,634	\$ 2,612,957	\$ 2,689,473	\$ 2,768,247	\$ 2,849,345	\$ 2,932,838	\$ 3,018,796
\$ 1,122,350	\$ 1,125,648	\$ 1,128,438	\$ 1,130,693	\$ 1,132,382	\$ 1,133,478	\$ 1,133,950	\$ 1,133,765	\$ 1,132,890	\$ 1,131,291	\$ 1,128,832	\$ 1,125,777	\$ 1,121,787	\$ 1,116,921
\$ 820,010	\$ 818,731	\$ 816,414	\$ 813,059	\$ 808,666	\$ 813,235	\$ 806,247	\$ 808,221	\$ 798,638	\$ 808,017	\$ 795,320	\$ 801,585	\$ 785,774	\$ 788,925
\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ 73,000
\$ 893,010	\$ 891,731	\$ 889,414	\$ 886,059	\$ 881,666	\$ 886,235	\$ 879,247	\$ 881,221	\$ 871,638	\$ 881,017	\$ 868,320	\$ 874,565	\$ 856,774	\$ 861,925
\$ 229,340	\$ 233,917	\$ 239,024	\$ 244,634	\$ 250,716	\$ 247,243	\$ 254,703	\$ 252,544	\$ 261,252	\$ 250,274	\$ 260,612	\$ 251,192	\$ 263,013	\$ 254,996
1.37	1.37	1.38	1.39	1.40	1.39	1.41	1.40	1.42	1.40	1.42	1.40	1.43	1.42
1.26	1.26	1.27	1.28	1.28	1.28	1.29	1.29	1.30	1.28	1.30	1.29	1.31	1.30
1.26	1.26	1.27	1.28	1.28	1.28	1.29	1.29	1.30	1.28	1.30	1.29	1.31	1.30
65%	65%	66%	67%	67%	68%	69%	69%	70%	70%	71%	72%	73%	73%
88%	88%	86%	85%	88%	88%	88%	88%	88%	89%	89%	89%	89%	89%

\$12,950,000
 Florida Housing Finance Corporation
 Multifamily Mortgage Revenue Bonds
 (U.S. Treasury / Government-Sponsored Enterprises)
 New Issue Bond Program - Lincoln Fields Apartments

Combined Debt Coverage Table

	Revenue Net Operating Income (1)	Bond Payments		Bond Fees		Total Bond Debt Service	HUD Ln Subord Debt Service (4)	Debt Service		Surplus Revenues	Debt Service Coverage		Bond Balance (5)
		Principal Bonds (2)	Interest Bonds (3)	Issuer Fee 0.37%	Servicing & Guarantee Fee 1.25%			Total Bond & Subord DS w/ Fees	Total Bond & Subord w/out Fees		Bond Debt Service DCR	Total Bond & Subord DCR	
YR 1	\$ 984,035	170,000	462,315	\$ 47,915	\$ 161,875	\$ 842,105	\$ 73,000	\$ 915,105	\$ 705,315	\$ 68,930	1.17	1.08	\$ 12,950,000
YR 2	994,625	180,000	456,246	47,286	159,750	843,282	73,000	916,282	709,246	78,343	1.18	1.09	\$ 12,780,000
YR 3	1,005,115	180,000	449,820	46,620	157,500	833,940	73,000	906,940	702,820	98,175	1.21	1.11	\$ 12,600,000
YR 4	1,015,495	200,000	443,394	45,954	155,250	844,598	73,000	917,598	716,394	97,897	1.20	1.11	\$ 12,420,000
YR 5	1,025,753	200,000	436,254	45,214	152,750	834,218	73,000	907,218	709,254	118,535	1.23	1.13	\$ 12,220,000
YR 6	1,035,876	220,000	429,114	44,474	150,250	843,838	73,000	916,838	722,114	119,038	1.23	1.13	\$ 12,020,000
YR 7	1,043,934	220,000	421,260	43,660	147,500	832,420	73,000	905,420	714,260	138,514	1.25	1.15	\$ 11,800,000
YR 8	1,051,773	240,000	413,406	42,846	144,750	841,002	73,000	914,002	726,406	137,771	1.25	1.15	\$ 11,580,000
YR 9	1,059,378	240,000	404,838	41,958	141,750	828,546	73,000	901,546	717,838	157,832	1.28	1.18	\$ 11,340,000
YR 10	1,066,733	260,000	396,270	41,070	138,750	836,090	73,000	909,090	729,270	157,643	1.28	1.17	\$ 11,100,000
YR 11	1,073,819	270,000	386,988	40,108	135,500	832,596	73,000	905,596	729,988	168,223	1.29	1.19	\$ 10,840,000
YR 12	1,080,620	280,000	377,349	39,109	132,125	828,583	73,000	901,583	730,349	179,037	1.30	1.20	\$ 10,570,000
YR 13	1,087,116	300,000	367,353	38,073	128,625	834,051	73,000	907,051	740,353	180,065	1.30	1.20	\$ 10,290,000
YR 14	1,093,289	310,000	356,643	36,963	124,875	828,481	73,000	901,481	739,643	191,808	1.32	1.21	\$ 9,990,000
YR 15	1,099,119	320,000	345,576	35,816	121,000	825,784	73,000	895,392	738,576	203,727	1.34	1.23	\$ 9,680,000
YR 16	1,104,583	340,000	334,152	34,632	117,000	822,392	73,000	898,784	747,152	205,799	1.34	1.23	\$ 9,360,000
YR 17	1,109,662	360,000	322,014	33,374	112,750	819,454	73,000	892,454	755,014	208,524	1.34	1.23	\$ 9,020,000
YR 18	1,114,332	370,000	309,162	32,042	108,250	820,251	73,000	893,251	758,953	221,878	1.36	1.25	\$ 8,660,000
YR 19	1,118,569	390,000	295,953	30,673	103,625	820,010	73,000	893,010	765,030	225,318	1.36	1.25	\$ 8,290,000
YR 20	1,122,350	410,000	282,030	29,230	98,750	820,010	73,000	891,731	770,393	229,340	1.37	1.26	\$ 7,900,000
YR 21	1,125,648	430,000	267,393	27,713	93,625	818,731	73,000	889,414	775,042	233,917	1.37	1.26	\$ 7,490,000
YR 22	1,128,438	450,000	252,042	26,122	88,250	816,414	73,000	886,059	778,977	239,024	1.38	1.26	\$ 7,060,000
YR 23	1,130,693	470,000	235,977	24,457	82,625	813,059	73,000	881,666	782,198	244,634	1.39	1.28	\$ 6,610,000
YR 24	1,132,382	490,000	219,198	22,718	76,750	808,666	73,000	886,235	794,705	250,716	1.40	1.28	\$ 6,140,000
YR 25	1,133,478	520,000	201,705	20,905	70,625	813,235	73,000	879,247	796,141	254,703	1.41	1.28	\$ 5,650,000
YR 26	1,133,950	540,000	183,141	18,981	64,125	806,247	73,000	881,221	796,141	252,544	1.41	1.29	\$ 5,130,000
YR 27	1,133,765	570,000	163,863	16,983	57,375	808,221	73,000	871,638	806,514	261,252	1.42	1.30	\$ 4,590,000
YR 28	1,132,890	590,000	143,514	14,874	50,250	798,638	73,000	868,320	825,451	260,612	1.42	1.30	\$ 4,020,000
YR 29	1,131,291	630,000	122,451	12,691	42,875	808,017	73,000	881,017	832,960	251,192	1.40	1.28	\$ 3,430,000
YR 30	1,128,932	650,000	99,960	10,360	35,000	795,320	73,000	874,585	829,755	260,612	1.40	1.28	\$ 2,800,000
YR 31	1,125,777	690,000	76,755	7,955	26,875	801,585	73,000	858,774	835,122	263,013	1.43	1.29	\$ 2,150,000
YR 32	1,121,787	710,000	52,122	5,402	18,250	785,774	73,000	861,925	849,775	254,996	1.42	1.30	\$ 1,460,000
YR 33	\$1,116,921	\$ 750,000	\$ 26,775	\$ 2,775	\$ 9,375	\$ 788,925	\$ 73,000	\$ 861,925	\$ 849,775	\$ -	1.42	1.30	\$ 750,000

(1) NOI based on 'Projected Operating Revenue' Schedule.

(2) Based on estimated bond sinking fund schedule

(3) Bond Interest Rate is based on the NIBP Bond rate locked by FHFC on December 2, 2010 of 3.57%.

(4) HUD Loan debt service based on non-amortizing, interest only at a rate of 2%, contingent on 75% of available cash flow. The Loan repayment may be waived by HUD at maturity, refinancing sale of the property.

(5) The Bonds are Credit Enhanced by a Freddie Mac Credit Facility for a term of 33 years and fully amortizing.

ITEM 3. Request approval of a fiscal determination \$9,250,000
Florida Housing Finance Corporation Multifamily Mortgage
Revenue Bonds, (Series to be Designated) (Hainlin Mills
Apartments)

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: October 5, 2011



**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$9,250,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (HAINLIN MILLS APARTMENTS)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$9,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the acquisition and rehabilitation of a multifamily rental development located in Miami-Dade County, Florida (Hainlin Mills Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$9,250,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (HAINLIN MILLS APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$9,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose financing the acquisition and rehabilitation of a multifamily rental development located in Miami-Dade County, Florida (Hainlin Mills Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Hainlin Mills Apartments), in an amount not exceeding \$9,250,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED October 18, 2011

September 30, 2011

VIA HAND DELIVERY

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Bonds (U.S. Treasury/Government-Sponsored Enterprises), not to exceed \$9,250,000 Tax-Exempt Bonds, Hainlin Mills Apartments

Dear Mr. Williams:

On behalf of the Florida Housing Finance Corporation, I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the Bond Underwriter, RBC Capital Markets Corporation. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue is recommended to be a negotiated sale. We request that this item be placed on the agenda for approval at the State Board of Administration's October 18, 2011 Cabinet meeting due to financing and closing schedules. The Final Authorizing Resolutions are enclosed.

Should you or your staff have any questions or concerns referencing this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,



Wayne Conner
Director of Multifamily Bonds

WC/dkw

Enclosures

Rick Scott, Governor

Board of Directors: Leonard Tylka, Chairman • William "Billy" Buzzett, Secretary, Florida Department of Community Affairs
Marilyn L. Carl • Mary L. Demetree • Lynn Hanfman • Clifford Hardy • Natacha Munilla • Jose "Joe" Sanchez • Bernard "Barney" Smith

Executive Director: Stephen P. Auger

\$9,250,000

Florida Housing Finance Corporation
Multifamily Mortgage Revenue Bonds
(U.S. Treasury / Government-Sponsored Enterprises)
New Issue Bond Program - Hainlin Mills Apartments

Key Terms:	
Interest Only Term	1yr
Bond Term	30.0
Amortization Period	35.0

Projected Operations

	% of EGI	Per Unit / Stabilized	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Income										
Gross Potential Rental Revenue	100.2%	\$ 9,932	\$ 1,430,160	\$ 1,458,763	\$ 1,487,938	\$ 1,517,697	\$ 1,548,051	\$ 1,579,012	\$ 1,610,592	\$ 1,642,804
Other Income										
Cable Television Income	0.2%	23	\$ 3,312	\$ 3,378	\$ 3,446	\$ 3,515	\$ 3,585	\$ 3,657	\$ 3,730	\$ 3,804
Miscellaneous Income	3.0%	295	\$ 42,540	\$ 43,391	\$ 44,259	\$ 45,144	\$ 46,047	\$ 46,968	\$ 47,907	\$ 48,865
Water/Sewer Collections	1.8%	179	\$ 25,800	\$ 26,316	\$ 26,842	\$ 27,379	\$ 27,927	\$ 28,485	\$ 29,055	\$ 29,636
Gross Potential Income	105.3%	\$ 10,429	\$ 1,501,812	\$ 1,531,848	\$ 1,562,485	\$ 1,593,735	\$ 1,625,610	\$ 1,658,122	\$ 1,691,284	\$ 1,725,110
Less:										
Vacancy Loss 4%	-4.2%	(417.17)	\$ (60,072)	\$ (61,274)	\$ (62,499)	\$ (63,749)	\$ (65,024)	\$ (66,325)	\$ (67,651)	\$ (69,004)
Collection Loss 1%	-1.1%	(104)	\$ (15,018)	\$ (15,318)	\$ (15,625)	\$ (15,937)	\$ (16,256)	\$ (16,581)	\$ (16,913)	\$ (17,251)
Total Effective Gross Income (EGI)	100.0%	\$ 9,908	\$ 1,426,721	\$ 1,455,256	\$ 1,484,361	\$ 1,514,048	\$ 1,544,329	\$ 1,575,216	\$ 1,606,720	\$ 1,638,854
Expenses										
Fixed:										
Taxes	7.9%	778	\$ 112,000	\$ 115,360	\$ 118,821	\$ 122,385	\$ 126,057	\$ 129,839	\$ 133,734	\$ 137,746
Insurance	5.4%	532	\$ 76,630	\$ 78,929	\$ 81,297	\$ 83,736	\$ 86,248	\$ 88,835	\$ 91,500	\$ 94,245
Variable:										
Management Fees 4%	4.21%	417	\$ 60,000	\$ 58,210	\$ 59,374	\$ 60,562	\$ 61,773	\$ 63,009	\$ 64,269	\$ 65,554
General and Administrative	5.6%	556	\$ 80,000	\$ 82,400	\$ 84,872	\$ 87,418	\$ 90,041	\$ 92,742	\$ 95,524	\$ 98,390
Payroll Expenses	10.3%	1,020	\$ 146,900	\$ 151,307	\$ 155,846	\$ 160,522	\$ 165,337	\$ 170,297	\$ 175,406	\$ 180,668
Utilities	6.0%	592	\$ 85,248	\$ 87,805	\$ 90,440	\$ 93,153	\$ 95,947	\$ 98,826	\$ 101,791	\$ 104,844
Marketing and Advertising	0.5%	50	\$ 7,200	\$ 7,416	\$ 7,638	\$ 7,868	\$ 8,104	\$ 8,347	\$ 8,597	\$ 8,855
Maintenance and Repairs	3.3%	325	\$ 46,800	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558
Grounds Maintenance and Landscaping	4.4%	437	\$ 62,928	\$ 64,816	\$ 66,760	\$ 68,763	\$ 70,826	\$ 72,951	\$ 75,139	\$ 77,384
Replacement Reserves	3.0%	300	\$ 43,200	\$ 43,200	\$ 43,200	\$ 43,200	\$ 43,200	\$ 43,200	\$ 44,496	\$ 45,831
Total Expenses	51.1%	\$ 5,006	\$ 720,906	\$ 737,647	\$ 757,899	\$ 778,746	\$ 800,207	\$ 822,299	\$ 846,338	\$ 871,086
Net Operating Income			\$ 705,815	\$ 717,608	\$ 726,462	\$ 735,302	\$ 744,122	\$ 752,917	\$ 760,382	\$ 767,769
Draw on Credit Facility, Refinance, or Sale of the Property										
Debt Service Payments:										
First Mortgage Bond Debt Service (1)			\$ 548,975	\$ 564,919	\$ 559,849	\$ 554,779	\$ 569,709	\$ 563,625	\$ 557,541	\$ 571,457
First Mortgage Bond - Maturing Principal (1)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FHFC SAIL Loan (2)			\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413
FHFC HOME Loan Maturing Principal (4)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service Payments			\$ 603,388	\$ 619,332	\$ 614,262	\$ 609,192	\$ 624,122	\$ 618,038	\$ 611,954	\$ 625,870
Operating Income After Debt Service - Before Tax Cash Flow			\$ 102,427	\$ 98,276	\$ 112,200	\$ 126,110	\$ 120,000	\$ 134,879	\$ 148,428	\$ 141,899
Debt Service Coverage Ratios (3)										
DSC - First Only (and Negative Arbitrage)			1.29	1.27	1.30	1.33	1.31	1.34	1.36	1.34
DSC - First and Second Mortgage Loans			1.17	1.16	1.18	1.21	1.19	1.22	1.24	1.23
DSC - All Mortgages			1.17	1.16	1.18	1.21	1.19	1.22	1.24	1.23
DSC - All Mortgages & Fees			1.17	1.16	1.18	1.21	1.19	1.22	1.24	1.23
Financial Ratios										
Operating Expense Ratio			51%	51%	51%	51%	52%	52%	53%	53%
Break-even Ratio			88%	89%	88%	87%	88%	87%	86%	87%

Growth Rates	
Rents	2.0%
Other Income	2.0%
Expenses	3.0%

Assumed Bond Rate (4)	
All - In (Tax-exempt)	5.070%

Bond Size	
\$	9,250,000

Units	
	144

(1) The debt service is calculated on a par amount of \$9,250,000. The anticipated balance in the amount of \$3,300,000 in year 29 will be funded from the remarketing, refinancing, replacement of or draw upon the credit enhancement that secures the bonds for the entire remaining balance. Although the stated bond maturity may extend out beyond the credit enhancement period, the NIBP structure with the US Treasury as the significant bondholder will terminate with the credit enhancement period. At this point the Bonds would need to be retired or refunded under a new structure which prescribes that the project would be required to re-engage the FHFC credit underwriting and approval process to include submission of a new Fiscal Determination report.

(2) FHFC SAIL Loan debt service is interest only based on an interest rate of 3.48%, contingent on available cash flow, over a 30 year term. Balance is due upon maturity.

(3) The DSC coverage calculation does not take into account any balloon feature in the first mortgage financing (i.e. the Fannie Mae Credit Enhancement term is 30 years, which parallels the mortgage term, and is amortized over 35 years). It is industry standard for Fannie Mae, Freddie Mac and Bank enhanced bond issues and conventional mortgage loans to contain balloons or a shorter credit enhancement term than the mortgage. The expectation is for the developer to either refinance the loan/bonds, replace or extend the credit enhancement instrument, or sell the property at the time any balloon loan comes due or the Credit Enhancement terminates. In the subject transaction, if the borrower did not sell or refinance the project on the final maturity date, Fannie Mae would advance funds to repay the bondholders. There is a reimbursement agreement in place whereby the borrower would be required to repay Fannie Mae for funds advanced. Therefore, the balloon feature is "secured" by the credit enhancement agreement from Fannie Mae.

(4) The assumed All-In bond rate is comprised of the following: the NIBP Bond Interest Rate of 3.57% (locked via the US Treasury Rate Re-lock provision on 12/2/10), the Issuer Administrative Fee of 0.40%, and the Freddie Mac Credit Enhancement-Liquidity and Servicing Fee of 1.10%, for an All-In rate of 5.07%.

Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
\$ 1,675,660	\$ 1,709,174	\$ 1,743,357	\$ 1,778,224	\$ 1,813,789	\$ 1,850,064	\$ 1,887,066	\$ 1,924,807	\$ 1,963,303	\$ 2,002,569
\$ 3,881	\$ 3,958	\$ 4,037	\$ 4,118	\$ 4,200	\$ 4,284	\$ 4,370	\$ 4,458	\$ 4,547	\$ 4,638
\$ 49,842	\$ 50,839	\$ 51,856	\$ 52,893	\$ 53,951	\$ 55,030	\$ 56,131	\$ 57,253	\$ 58,398	\$ 59,566
\$ 30,229	\$ 30,833	\$ 31,450	\$ 32,079	\$ 32,721	\$ 33,375	\$ 34,043	\$ 34,723	\$ 35,418	\$ 36,126
\$ 1,759,612	\$ 1,794,804	\$ 1,830,700	\$ 1,867,314	\$ 1,904,661	\$ 1,942,754	\$ 1,981,609	\$ 2,021,241	\$ 2,061,666	\$ 2,102,659
\$ (70,384)	\$ (71,792)	\$ (73,228)	\$ (74,693)	\$ (76,186)	\$ (77,710)	\$ (79,264)	\$ (80,850)	\$ (82,467)	\$ (84,116)
\$ (17,356)	\$ (17,946)	\$ (18,573)	\$ (19,237)	\$ (19,947)	\$ (20,693)	\$ (21,476)	\$ (22,297)	\$ (23,155)	\$ (24,050)
\$ 1,671,632	\$ 1,705,064	\$ 1,739,165	\$ 1,773,949	\$ 1,809,428	\$ 1,845,616	\$ 1,882,529	\$ 1,920,179	\$ 1,958,583	\$ 1,997,754
\$ 141,878	\$ 146,135	\$ 150,519	\$ 155,034	\$ 159,685	\$ 164,476	\$ 169,410	\$ 174,492	\$ 179,727	\$ 185,119
\$ 97,073	\$ 99,985	\$ 102,984	\$ 106,074	\$ 109,256	\$ 112,534	\$ 115,910	\$ 119,387	\$ 122,969	\$ 126,658
\$ 66,865	\$ 68,203	\$ 69,567	\$ 70,958	\$ 72,377	\$ 73,825	\$ 75,301	\$ 76,807	\$ 78,343	\$ 79,910
\$ 101,342	\$ 104,362	\$ 107,513	\$ 110,739	\$ 114,061	\$ 117,483	\$ 121,007	\$ 124,637	\$ 128,377	\$ 132,228
\$ 186,089	\$ 191,671	\$ 197,421	\$ 203,344	\$ 209,444	\$ 215,728	\$ 222,199	\$ 228,865	\$ 235,731	\$ 242,803
\$ 107,990	\$ 111,229	\$ 114,566	\$ 118,003	\$ 121,543	\$ 125,190	\$ 128,945	\$ 132,814	\$ 136,798	\$ 140,902
\$ 9,121	\$ 9,394	\$ 9,676	\$ 9,958	\$ 10,240	\$ 10,523	\$ 10,807	\$ 11,091	\$ 11,375	\$ 11,659
\$ 59,285	\$ 61,063	\$ 62,889	\$ 64,762	\$ 66,676	\$ 68,627	\$ 70,619	\$ 72,651	\$ 74,723	\$ 76,835
\$ 79,715	\$ 82,107	\$ 84,570	\$ 87,107	\$ 89,720	\$ 92,412	\$ 95,184	\$ 98,040	\$ 100,981	\$ 104,010
\$ 47,206	\$ 48,622	\$ 50,081	\$ 51,583	\$ 53,131	\$ 54,724	\$ 56,366	\$ 58,057	\$ 59,799	\$ 61,593
\$ 896,563	\$ 922,791	\$ 949,792	\$ 977,591	\$ 1,006,209	\$ 1,035,671	\$ 1,066,003	\$ 1,097,230	\$ 1,129,379	\$ 1,162,477
\$ 775,069	\$ 782,273	\$ 789,373	\$ 796,358	\$ 803,219	\$ 809,945	\$ 816,525	\$ 822,949	\$ 829,204	\$ 835,277
\$ 564,359	\$ 557,261	\$ 570,163	\$ 582,051	\$ 593,939	\$ 605,820	\$ 617,694	\$ 629,561	\$ 641,421	\$ 653,274
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 618,772	\$ 611,674	\$ 624,576	\$ 637,478	\$ 650,379	\$ 663,279	\$ 676,178	\$ 689,076	\$ 701,973	\$ 714,869
\$ 156,297	\$ 170,599	\$ 164,797	\$ 179,894	\$ 184,867	\$ 190,212	\$ 195,918	\$ 201,975	\$ 208,370	\$ 215,090
1.37	1.40	1.38	1.42	1.42	1.43	1.44	1.45	1.46	1.48
1.26	1.28	1.26	1.29	1.30	1.31	1.32	1.33	1.34	1.35
1.25	1.28	1.26	1.29	1.30	1.31	1.32	1.33	1.34	1.35
54%	54%	55%	55%	56%	56%	57%	57%	58%	58%
86%	85%	86%	85%	85%	85%	85%	85%	85%	85%

Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29
\$ 2,042,621	\$ 2,083,473	\$ 2,125,143	\$ 2,167,645	\$ 2,210,958	\$ 2,255,218	\$ 2,300,323	\$ 2,346,329	\$ 2,393,256	\$ 2,441,121	\$ 2,489,943
\$ 4,790	\$ 4,825	\$ 4,921	\$ 5,020	\$ 5,120	\$ 5,223	\$ 5,327	\$ 5,434	\$ 5,542	\$ 5,653	\$ 5,766
\$ 60,758	\$ 61,973	\$ 63,212	\$ 64,476	\$ 65,766	\$ 67,081	\$ 68,423	\$ 69,781	\$ 71,187	\$ 72,611	\$ 74,063
\$ 36,849	\$ 37,586	\$ 38,337	\$ 39,104	\$ 39,889	\$ 40,684	\$ 41,486	\$ 42,298	\$ 43,124	\$ 44,038	\$ 44,918
\$ 2,144,957	\$ 2,187,857	\$ 2,231,614	\$ 2,276,246	\$ 2,321,771	\$ 2,368,206	\$ 2,415,559	\$ 2,463,882	\$ 2,513,159	\$ 2,563,423	\$ 2,614,691
\$ (85,798)	\$ (87,514)	\$ (89,265)	\$ (91,050)	\$ (92,871)	\$ (94,728)	\$ (96,623)	\$ (98,555)	\$ (100,526)	\$ (102,537)	\$ (104,588)
\$ (21,450)	\$ (21,879)	\$ (22,316)	\$ (22,762)	\$ (23,218)	\$ (23,682)	\$ (24,156)	\$ (24,639)	\$ (25,132)	\$ (25,634)	\$ (26,147)
\$ 2,037,709	\$ 2,078,464	\$ 2,120,033	\$ 2,162,434	\$ 2,205,662	\$ 2,249,796	\$ 2,294,792	\$ 2,340,688	\$ 2,387,501	\$ 2,435,251	\$ 2,483,956
\$ 190,673	\$ 196,383	\$ 202,284	\$ 208,353	\$ 214,604	\$ 221,042	\$ 227,673	\$ 234,503	\$ 241,538	\$ 248,784	\$ 256,248
\$ 130,457	\$ 134,371	\$ 138,402	\$ 142,554	\$ 146,831	\$ 151,236	\$ 155,773	\$ 160,446	\$ 165,260	\$ 170,217	\$ 175,324
\$ 81,508	\$ 83,139	\$ 84,801	\$ 86,497	\$ 88,227	\$ 89,992	\$ 91,792	\$ 93,628	\$ 95,500	\$ 97,410	\$ 99,358
\$ 136,195	\$ 140,280	\$ 144,489	\$ 148,824	\$ 153,288	\$ 157,887	\$ 162,624	\$ 167,502	\$ 172,527	\$ 177,703	\$ 183,034
\$ 260,087	\$ 257,590	\$ 265,318	\$ 273,277	\$ 281,476	\$ 289,920	\$ 298,617	\$ 307,576	\$ 316,803	\$ 326,307	\$ 336,087
\$ 145,129	\$ 149,483	\$ 153,967	\$ 158,586	\$ 163,344	\$ 168,244	\$ 173,292	\$ 178,490	\$ 183,845	\$ 189,360	\$ 195,041
\$ 12,256	\$ 12,625	\$ 13,004	\$ 13,384	\$ 13,766	\$ 14,150	\$ 14,536	\$ 14,924	\$ 15,315	\$ 15,709	\$ 16,105
\$ 75,674	\$ 82,064	\$ 84,520	\$ 87,062	\$ 89,694	\$ 92,384	\$ 95,132	\$ 97,959	\$ 100,928	\$ 103,956	\$ 107,075
\$ 107,131	\$ 110,345	\$ 113,655	\$ 117,065	\$ 120,577	\$ 124,194	\$ 127,920	\$ 131,757	\$ 135,710	\$ 139,781	\$ 143,975
\$ 63,441	\$ 65,344	\$ 67,304	\$ 69,323	\$ 71,403	\$ 73,545	\$ 75,751	\$ 78,024	\$ 80,365	\$ 82,776	\$ 85,259
\$ 1,196,552	\$ 1,231,634	\$ 1,267,751	\$ 1,304,936	\$ 1,343,219	\$ 1,382,633	\$ 1,423,212	\$ 1,464,991	\$ 1,508,004	\$ 1,552,289	\$ 1,597,884
\$ 841,157	\$ 846,830	\$ 852,282	\$ 857,498	\$ 862,463	\$ 867,163	\$ 871,580	\$ 875,697	\$ 879,487	\$ 882,962	\$ 886,073
\$ 564,620	\$ 562,959	\$ 570,791	\$ 567,609	\$ 563,920	\$ 569,724	\$ 564,514	\$ 568,797	\$ 562,066	\$ 564,828	\$ 400,000
\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413	\$ 54,413
\$ 619,033	\$ 617,372	\$ 625,204	\$ 622,022	\$ 618,333	\$ 624,137	\$ 618,927	\$ 623,210	\$ 616,479	\$ 619,241	\$ 5,318,413
\$ 222,124	\$ 229,458	\$ 227,078	\$ 235,476	\$ 244,130	\$ 243,026	\$ 252,653	\$ 252,487	\$ 263,018	\$ 263,721	\$ 431,660
1.49	1.50	1.49	1.51	1.53	1.52	1.54	1.54	1.56	1.56	2.22
1.36	1.37	1.36	1.38	1.39	1.39	1.41	1.41	1.43	1.43	1.95
1.36	1.37	1.36	1.38	1.39	1.39	1.41	1.41	1.43	1.43	1.08
1.36	1.37	1.36	1.38	1.39	1.39	1.41	1.41	1.43	1.43	1.08
59%	59%	60%	60%	61%	61%	62%	63%	63%	64%	64%
85%	85%	85%	85%	84%	85%	85%	85%	85%	85%	92%

\$9,250,000

Florida Housing Finance Corporation
Multifamily Mortgage Revenue Bonds
(U.S. Treasury / Government-Sponsored Enterprises)
New Issue Bond Program - Hainlin Mills Apartments

Combined Debt Coverage Table

	Revenue		Bond Payments		Bond Fees		Total Bond Debt Service	SAIL Ln Subord Debt Service (4)	Debt Service		Surplus Revenues	Debt Service Coverage		Bond Balance (5)
	Net Operating Income (1)		Principal Bonds (2)	Interest Bonds (3) 3.57%	Issuer Fee 0.40%	Servicing & Guarantee Fee 1.10%			Total Bond & Subord DS w/ Fees	Total Bond & Subord DS w/out Fees		Bond Debt Service DCR	Total Bond & Subord DCR	
YR 1	\$ 705,815		80,000.00	330,225	\$ 37,000	\$ 101,750	\$ 548,975	\$ 54,413	\$ 603,388	\$ 464,638	\$ 102,427	1.29	1.17	\$ 9,250,000
YR 2	717,608		100,000.00	327,369	36,680	100,870	564,919	54,413	619,332	481,782	98,276	1.27	1.16	9,170,000
YR 3	726,462		100,000.00	323,799	36,280	99,770	559,849	54,413	614,262	478,212	112,200	1.30	1.18	8,970,000
YR 4	735,302		100,000.00	320,229	35,880	98,670	554,779	54,413	609,192	474,642	126,110	1.33	1.21	8,870,000
YR 5	744,122		120,000.00	316,659	35,480	97,570	569,709	54,413	624,122	491,072	120,000	1.31	1.19	8,750,000
YR 6	752,917		120,000.00	312,375	35,000	96,250	563,625	54,413	618,038	486,788	134,879	1.34	1.22	8,630,000
YR 7	760,382		120,000.00	308,091	34,520	94,930	557,541	54,413	611,954	482,504	148,428	1.36	1.24	8,510,000
YR 8	767,769		140,000.00	303,807	34,040	93,610	571,457	54,413	625,870	498,220	141,899	1.34	1.23	8,370,000
YR 9	775,069		140,000.00	298,809	33,480	92,070	564,359	54,413	618,772	493,222	156,297	1.37	1.25	8,230,000
YR 10	782,273		140,000.00	293,811	32,920	90,530	557,261	54,413	611,674	488,224	170,599	1.40	1.28	8,090,000
YR 11	789,373		160,000.00	288,813	32,360	88,990	570,163	54,413	624,576	503,226	164,797	1.38	1.26	7,930,000
YR 12	796,358		160,000.00	283,101	31,720	87,230	562,051	54,413	616,464	497,514	179,894	1.42	1.29	7,770,000
YR 13	803,219		170,000.00	277,389	31,080	85,470	563,939	54,413	618,352	501,802	184,867	1.42	1.30	7,600,000
YR 14	809,945		180,000.00	271,320	30,400	83,600	565,320	54,413	619,733	505,733	190,212	1.43	1.31	7,420,000
YR 15	816,525		190,000.00	264,894	29,680	81,620	566,194	54,413	620,607	509,307	195,918	1.44	1.32	7,230,000
YR 16	822,949		200,000.00	258,111	28,920	79,530	566,561	54,413	620,974	512,524	201,975	1.45	1.33	7,030,000
YR 17	829,204		210,000.00	250,971	28,120	77,330	566,421	54,413	620,834	515,384	208,370	1.46	1.34	6,820,000
YR 18	835,277		220,000.00	243,474	27,280	75,020	565,774	54,413	620,187	517,887	215,090	1.48	1.35	6,600,000
YR 19	841,157		230,000.00	235,620	26,400	72,600	564,620	54,413	619,033	520,033	222,124	1.49	1.36	6,370,000
YR 20	846,830		240,000.00	227,409	25,480	70,070	562,959	54,413	617,372	521,822	229,458	1.50	1.37	6,130,000
YR 21	852,282		260,000.00	218,841	24,520	67,430	570,791	54,413	625,204	533,254	227,078	1.49	1.36	5,870,000
YR 22	857,498		270,000.00	209,559	23,480	64,570	567,609	54,413	622,022	533,972	235,476	1.51	1.38	5,600,000
YR 23	862,463		280,000.00	199,920	22,400	61,600	563,920	54,413	618,333	534,333	244,130	1.53	1.39	5,320,000
YR 24	867,163		300,000.00	189,924	21,280	58,520	569,724	54,413	624,137	544,337	243,026	1.52	1.39	5,020,000
YR 25	871,580		310,000.00	179,214	20,080	55,220	564,514	54,413	618,927	543,627	252,653	1.54	1.41	4,710,000
YR 26	875,697		330,000.00	168,147	18,840	51,810	568,797	54,413	623,210	552,560	252,487	1.54	1.41	4,380,000
YR 27	879,497		340,000.00	156,366	17,520	48,180	562,066	54,413	616,479	550,779	263,018	1.56	1.43	4,040,000
YR 28	882,962		360,000.00	144,228	16,160	44,440	564,828	54,413	619,241	558,641	263,721	1.56	1.43	3,680,000
YR 29	4,186,073		3,680,000.00	131,376	14,720	40,480	3,866,576	54,413	3,920,989	3,865,789	265,084	1.08	1.07	(5)

(1) NOI based on 'Projected Operating Revenue' Schedule as well as draw on the credit facility, refinance, or sale of the property in the final year.

(2) Based on estimated bond sinking fund schedule

(3) Bond Interest Rate is based on the NIBP Bond rate locked by FHFC on December 2, 2010, of 3.57%

(4) FHFC SAIL Loan debt service is interest only based on an interest rate of 3.48%, contingent on available cash flow, over a 30 year term. Balance is due upon maturity
The Bonds are Credit Enhanced by a Fannie Mae Credit Facility for a term of 30 years (1yr interest only followed by 29 years of Principal and Interest) Payments made by the Credit Facility Provider pursuant to the Credit Facility are Pledged Revenues. Termination of the Credit Facility without refinancing or extinguishment of the Bonds through a sale of the property will result in a mandatory redemption of the Bonds, which can be funded via a draw on the Credit Facility. As such, the ending Bond balance in year 30 is anticipated to be retired through either a) draw on the Credit Facility, b) refinance, or c) sale of the property

ITEM 4. Request approval of a fiscal determination \$7,300,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Hilltop Village Apartments).

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: October 5, 2011



**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$7,300,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (HILLTOP VILLAGE APARTMENTS)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$7,300,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the acquisition and rehabilitation of a multifamily rental development located in Duval County, Florida (Hilltop Village Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$7,300,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (HILLTOP VILLAGE APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$7,300,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose financing the acquisition and rehabilitation of a multifamily rental development located in Duval County, Florida (Hilltop Village Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Hilltop Village Apartments), in an amount not exceeding \$7,300,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED October 18, 2011

September 30, 2011

VIA HAND DELIVERY

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Bonds (U.S. Treasury/Government-Sponsored Enterprises), not to exceed \$7,300,000 Tax-Exempt Bonds, Hilltop Village Apartments

Dear Mr. Williams:

On behalf of the Florida Housing Finance Corporation, I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the Bond Underwriter, RBC Capital Markets Corporation. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue is recommended to be a negotiated sale. We request that this item be placed on the agenda for approval at the State Board of Administration's October 18, 2011 Cabinet meeting due to financing and closing schedules. The Final Authorizing Resolutions are enclosed.

Should you or your staff have any questions or concerns referencing this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,



Wayne Conner
Director of Multifamily Bonds

WC/dkw

Enclosures

Rick Scott, Governor

Board of Directors: Leonard Tylka, Chairman • William "Billy" Buzzett, Secretary, Florida Department of Community Affairs
Marilyn L. Carl • Mary L. Demetree • Lynn Hanfman • Clifford Hardy • Natacha Munilla • Jose "Joe" Sanchez • Bernard "Barney" Smith

Executive Director: Stephen P. Auger

\$7,300,000 through Construction; \$6,800,000 Permanent
 Florida Housing Finance Corporation
 Multifamily Mortgage Revenue Bonds
 (U.S. Treasury / Government-Sponsored Enterprises)
 New Issue Bond Program - Hilltop Village Apartments

Key Terms:	
Interest Only Term	-
Bond Term	30.0
Amortization Period	35.0

Projected Operations

	(200)	Per Unit / Stabilized	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Income	% of EGI									
Gross Potential Rental Revenue	104.3%	\$ 8,138	\$ 1,627,680	\$ 1,660,234	\$ 1,693,438	\$ 1,727,307	\$ 1,761,853	\$ 1,797,090	\$ 1,833,032	\$ 1,869,693
Other Income										
Miscellaneous Income	1.0%	75	\$ 15,000	\$ 15,300	\$ 15,606	\$ 15,918	\$ 16,236	\$ 16,561	\$ 16,892	\$ 17,230
Gross Potential Income	105.3%	\$ 8,213	\$ 1,642,680	\$ 1,675,534	\$ 1,709,044	\$ 1,743,225	\$ 1,778,090	\$ 1,813,651	\$ 1,849,924	\$ 1,886,923
Less:										
Vacancy Loss 4%	-4.2%	(328.54)	\$ (65,707)	\$ (67,021)	\$ (68,362)	\$ (69,729)	\$ (71,124)	\$ (72,546)	\$ (73,997)	\$ (75,477)
Collection Loss 1%	-1.1%	(82)	\$ (16,427)	\$ (16,755)	\$ (17,090)	\$ (17,432)	\$ (17,781)	\$ (18,137)	\$ (18,499)	\$ (18,869)
Total Effective Gross Income (EGI)	100.0%	\$ 7,803	\$ 1,560,546	\$ 1,591,757	\$ 1,623,592	\$ 1,656,064	\$ 1,689,185	\$ 1,722,969	\$ 1,757,428	\$ 1,792,577
Expenses										
Fixed:										
Taxes	5.1%	401	\$ 80,200	\$ 82,606	\$ 85,084	\$ 87,637	\$ 90,266	\$ 92,974	\$ 95,763	\$ 98,636
Insurance	5.1%	395	\$ 79,000	\$ 81,370	\$ 83,811	\$ 86,325	\$ 88,915	\$ 91,583	\$ 94,330	\$ 97,160
Variable:										
Management Fees 5%	5.00%	390	\$ 78,027	\$ 79,588	\$ 81,180	\$ 82,803	\$ 84,459	\$ 86,148	\$ 87,871	\$ 89,629
General and Administrative	4.5%	350	\$ 70,000	\$ 72,100	\$ 74,263	\$ 76,491	\$ 78,786	\$ 81,149	\$ 83,584	\$ 86,091
Payroll Expenses	14.2%	1,108	\$ 221,600	\$ 228,248	\$ 235,095	\$ 242,148	\$ 249,413	\$ 256,895	\$ 264,602	\$ 272,540
Utilities	13.0%	1,016	\$ 203,177	\$ 209,272	\$ 215,550	\$ 222,017	\$ 228,678	\$ 235,538	\$ 242,604	\$ 249,882
Maintenance and Repairs	8.0%	625	\$ 125,000	\$ 128,750	\$ 132,613	\$ 136,591	\$ 140,689	\$ 144,909	\$ 149,257	\$ 153,734
Security	4.1%	319	\$ 63,875	\$ 65,791	\$ 67,765	\$ 69,798	\$ 71,892	\$ 74,049	\$ 76,270	\$ 78,558
Replacement Reserves	1.9%	150	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Total Expenses	63.8%	\$ 4,754	\$ 950,879	\$ 977,725	\$ 1,035,361	\$ 1,063,810	\$ 1,093,097	\$ 1,123,245	\$ 1,156,081	\$ 1,189,884
Net Operating Income			\$ 609,667	\$ 614,032	\$ 588,231	\$ 592,254	\$ 596,089	\$ 599,724	\$ 601,347	\$ 602,692
Draw on Credit Facility, Refinance, or Sale of the Property										
Debt Service Payments:										
First Mortgage Bond Debt Service (1)		\$	\$ 407,000	\$ 434,375	\$ 430,175	\$ 425,975	\$ 421,775	\$ 417,575	\$ 433,375	\$ 428,125
First Mortgage Bond - Maturing Principal (1)		\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FHFC SAIL Loan (2)		\$	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885
Total Debt Service Payments		\$	\$ 487,885	\$ 515,260	\$ 511,060	\$ 506,860	\$ 502,660	\$ 498,460	\$ 514,260	\$ 509,010
Operating Income After Debt Service - Before Tax Cash Flow		\$	\$ 121,782	\$ 98,772	\$ 77,171	\$ 85,394	\$ 93,429	\$ 101,264	\$ 87,087	\$ 93,682
Debt Service Coverage Ratios (3)										
DSC - First Only (and Negative Arbitrage)			1.50	1.41	1.37	1.39	1.41	1.44	1.39	1.41
DSC - First and Second Mortgage Loans			1.25	1.19	1.15	1.17	1.19	1.20	1.17	1.18
DSC - All Mortgages			1.25	1.19	1.15	1.17	1.19	1.20	1.17	1.18
DSC - All Mortgages & Fees			1.25	1.19	1.15	1.17	1.19	1.20	1.17	1.18
Financial Ratios										
Operating Expense Ratio			61%	61%	64%	64%	65%	65%	66%	66%
Break-even Ratio			88%	89%	90%	90%	90%	89%	90%	90%

Growth Rates	
Rents	2.0%
Other Income	2.0%
Expenses	3.0%

Assumed Bond Rate (4)	
All - In (Tax-exempt)	5.250%

Bond Size	
\$	6,800,000

Units	
	200

(1) The debt service is calculated on a par amount of \$6,800,000, which is the Permanent Bond following \$500,000 pay down at the end of construction from Housing Credit Equity. The anticipated balance in the amount of \$2,070,000 in year 30 will be funded from the remarketing, refinancing, replacement of or draw upon the credit enhancement that secures the bonds for the entire remaining balance. Although the stated bond maturity may extend out beyond the credit enhancement period, the NIBP structure with the US Treasury as the significant bondholder will terminate with the credit enhancement period. At this point the Bonds would need to be retired or refunded under a new structure which prescribes that the project would be required to re-engage the FHFC credit underwriting and approval process to include submission of a new Fiscal Determination report.

(2) The FHFC SAIL Loan is fully amortizing, bearing 3% interest over a 30.5 year term.

(3) The DS coverage calculation does not take into account any balloon feature in the first mortgage financing (i.e. the Freddie Mac Credit Enhancement term is 30 years, which parallels the mortgage term, and is amortized over 35 years). It is industry standard for Fannie Mae, Freddie Mac and Bank enhanced bond issues and conventional mortgage loans to contain balloons or a shorter credit enhancement term than the mortgage. The expectation is for the developer to either refinance the loan/bonds, replace or extend the credit enhancement instrument, or sell the property at the time any balloon loan comes due or the Credit Enhancement terminates. In the subject transaction, if the borrower did not sell or refinance the project on the final maturity date, Freddie Mac would advance funds to repay the bondholders. There is a reimbursement agreement in place whereby the borrower would be required to repay Freddie Mac for funds advanced. Therefore, the balloon feature is "secured" by the credit enhancement agreement from Freddie Mac.

(4) The assumed All-In bond rate is comprised of the following: the NIBP Bond Interest Rate of 3.57% (locked via the US Treasury Rate Re-lock provision on 12/2/10), the Issuer Administrative Fee of 0.40%, and the Freddie Mac Credit Enhancement-Liquidity and Servicing Fee of 1.28%, for an All-In rate of 5.25%.

Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
\$ 1,507,087	\$ 1,945,228	\$ 1,984,133	\$ 2,023,815	\$ 2,064,292	\$ 2,105,578	\$ 2,147,869	\$ 2,190,643	\$ 2,234,456	\$ 2,279,145
\$ 17,575	\$ 17,926	\$ 18,265	\$ 18,651	\$ 19,024	\$ 19,404	\$ 19,792	\$ 20,168	\$ 20,592	\$ 21,004
\$ 1,524,661	\$ 1,963,155	\$ 2,002,418	\$ 2,042,466	\$ 2,083,315	\$ 2,124,982	\$ 2,167,481	\$ 2,210,831	\$ 2,255,048	\$ 2,300,149
\$ (76,986)	\$ (78,526)	\$ (80,067)	\$ (81,699)	\$ (83,333)	\$ (84,999)	\$ (86,699)	\$ (88,433)	\$ (90,202)	\$ (92,006)
\$ (19,247)	\$ (19,632)	\$ (20,024)	\$ (20,425)	\$ (20,833)	\$ (21,250)	\$ (21,675)	\$ (22,108)	\$ (22,550)	\$ (23,001)
\$ 1,828,428	\$ 1,864,997	\$ 1,902,297	\$ 1,940,343	\$ 1,979,150	\$ 2,018,733	\$ 2,059,107	\$ 2,100,289	\$ 2,142,295	\$ 2,185,141
\$ 101,595	\$ 104,643	\$ 107,782	\$ 111,016	\$ 114,346	\$ 117,776	\$ 121,310	\$ 124,949	\$ 128,697	\$ 132,558
\$ 100,075	\$ 103,077	\$ 106,169	\$ 109,354	\$ 112,635	\$ 116,014	\$ 119,495	\$ 123,079	\$ 126,772	\$ 130,575
\$ 91,421	\$ 93,250	\$ 95,115	\$ 97,017	\$ 98,957	\$ 100,937	\$ 102,955	\$ 105,014	\$ 107,115	\$ 109,257
\$ 88,674	\$ 91,334	\$ 94,074	\$ 96,896	\$ 99,803	\$ 102,797	\$ 105,881	\$ 108,958	\$ 112,029	\$ 115,099
\$ 280,716	\$ 289,138	\$ 297,812	\$ 306,746	\$ 315,949	\$ 325,427	\$ 335,190	\$ 345,246	\$ 355,603	\$ 366,271
\$ 257,379	\$ 265,100	\$ 273,053	\$ 281,244	\$ 289,682	\$ 298,372	\$ 307,323	\$ 316,543	\$ 326,039	\$ 335,821
\$ 158,346	\$ 163,097	\$ 167,990	\$ 173,029	\$ 178,220	\$ 183,567	\$ 189,074	\$ 194,746	\$ 200,588	\$ 206,606
\$ 80,915	\$ 83,342	\$ 85,843	\$ 88,418	\$ 91,070	\$ 93,803	\$ 96,617	\$ 99,515	\$ 102,501	\$ 105,576
\$ 69,564	\$ 71,631	\$ 73,752	\$ 75,923	\$ 78,144	\$ 80,416	\$ 82,739	\$ 85,112	\$ 87,535	\$ 89,998
\$ 1,224,685	\$ 1,260,511	\$ 1,297,394	\$ 1,335,365	\$ 1,374,455	\$ 1,414,659	\$ 1,455,131	\$ 1,496,785	\$ 1,542,659	\$ 1,587,968
\$ 603,744	\$ 604,486	\$ 604,903	\$ 604,978	\$ 604,694	\$ 604,033	\$ 602,976	\$ 601,504	\$ 599,596	\$ 597,233
\$ 422,875	\$ 417,625	\$ 432,375	\$ 426,075	\$ 419,775	\$ 433,475	\$ 426,125	\$ 418,775	\$ 431,425	\$ 423,025
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885	\$ 80,885
\$ 503,760	\$ 498,510	\$ 513,260	\$ 506,950	\$ 500,660	\$ 514,360	\$ 507,010	\$ 499,660	\$ 512,310	\$ 503,910
\$ 98,984	\$ 105,976	\$ 91,643	\$ 98,018	\$ 104,034	\$ 89,673	\$ 95,966	\$ 101,844	\$ 87,286	\$ 93,323
1.43	1.45	1.40	1.42	1.44	1.39	1.42	1.44	1.39	1.41
1.20	1.21	1.18	1.19	1.21	1.17	1.19	1.20	1.17	1.19
1.20	1.21	1.18	1.19	1.21	1.17	1.19	1.20	1.17	1.19
67%	68%	68%	69%	69%	70%	71%	71%	72%	73%
90%	90%	90%	90%	90%	91%	91%	90%	91%	91%

Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
\$ 2,324,728 \$	\$ 2,371,222 \$	\$ 2,418,647 \$	\$ 2,467,020 \$	\$ 2,516,360 \$	\$ 2,566,687 \$	\$ 2,618,021 \$	\$ 2,670,382 \$	\$ 2,723,789 \$	\$ 2,776,265 \$	\$ 2,833,830 \$	\$ 2,890,507 \$
\$ 21,424 \$	\$ 21,852 \$	\$ 22,289 \$	\$ 22,735 \$	\$ 23,190 \$	\$ 23,653 \$	\$ 24,127 \$	\$ 24,609 \$	\$ 25,101 \$	\$ 25,603 \$	\$ 26,115 \$	\$ 26,638 \$
\$ 2,346,152 \$	\$ 2,393,075 \$	\$ 2,440,936 \$	\$ 2,489,755 \$	\$ 2,539,550 \$	\$ 2,590,341 \$	\$ 2,642,148 \$	\$ 2,694,991 \$	\$ 2,748,890 \$	\$ 2,803,868 \$	\$ 2,859,946 \$	\$ 2,917,745 \$
\$ (93,846) \$	\$ (95,723) \$	\$ (97,637) \$	\$ (99,590) \$	\$ (101,582) \$	\$ (103,614) \$	\$ (105,686) \$	\$ (107,800) \$	\$ (109,956) \$	\$ (112,155) \$	\$ (114,398) \$	\$ (116,686) \$
\$ (23,462) \$	\$ (23,331) \$	\$ (24,409) \$	\$ (24,898) \$	\$ (25,395) \$	\$ (25,903) \$	\$ (26,421) \$	\$ (26,950) \$	\$ (27,489) \$	\$ (28,039) \$	\$ (28,599) \$	\$ (29,171) \$
\$ 2,228,844 \$	\$ 2,273,421 \$	\$ 2,318,889 \$	\$ 2,365,267 \$	\$ 2,412,572 \$	\$ 2,460,824 \$	\$ 2,510,040 \$	\$ 2,560,241 \$	\$ 2,611,446 \$	\$ 2,663,675 \$	\$ 2,716,948 \$	\$ 2,771,287 \$
\$ 136,535 \$	\$ 140,631 \$	\$ 144,850 \$	\$ 149,196 \$	\$ 153,671 \$	\$ 158,282 \$	\$ 163,030 \$	\$ 167,921 \$	\$ 172,959 \$	\$ 178,147 \$	\$ 183,492 \$	\$ 188,997 \$
\$ 134,492 \$	\$ 138,527 \$	\$ 142,683 \$	\$ 146,963 \$	\$ 151,372 \$	\$ 155,913 \$	\$ 160,591 \$	\$ 165,408 \$	\$ 170,371 \$	\$ 175,482 \$	\$ 180,746 \$	\$ 186,169 \$
\$ 111,442 \$	\$ 113,671 \$	\$ 115,944 \$	\$ 118,263 \$	\$ 120,629 \$	\$ 123,041 \$	\$ 125,502 \$	\$ 128,012 \$	\$ 130,572 \$	\$ 133,184 \$	\$ 135,847 \$	\$ 138,564 \$
\$ 119,170 \$	\$ 122,745 \$	\$ 126,428 \$	\$ 130,221 \$	\$ 134,127 \$	\$ 138,151 \$	\$ 142,296 \$	\$ 146,564 \$	\$ 150,961 \$	\$ 155,490 \$	\$ 160,155 \$	\$ 164,960 \$
\$ 377,259 \$	\$ 388,577 \$	\$ 400,234 \$	\$ 412,241 \$	\$ 424,609 \$	\$ 437,347 \$	\$ 450,467 \$	\$ 463,981 \$	\$ 477,901 \$	\$ 492,238 \$	\$ 507,005 \$	\$ 522,215 \$
\$ 345,895 \$	\$ 356,272 \$	\$ 366,960 \$	\$ 377,969 \$	\$ 389,308 \$	\$ 400,987 \$	\$ 413,017 \$	\$ 425,408 \$	\$ 438,170 \$	\$ 451,315 \$	\$ 464,854 \$	\$ 478,800 \$
\$ 212,804 \$	\$ 219,188 \$	\$ 225,764 \$	\$ 232,537 \$	\$ 239,513 \$	\$ 246,686 \$	\$ 254,099 \$	\$ 261,722 \$	\$ 269,574 \$	\$ 277,661 \$	\$ 285,991 \$	\$ 294,571 \$
\$ 108,743 \$	\$ 112,005 \$	\$ 115,365 \$	\$ 118,826 \$	\$ 122,391 \$	\$ 126,063 \$	\$ 129,845 \$	\$ 133,740 \$	\$ 137,752 \$	\$ 141,885 \$	\$ 146,141 \$	\$ 150,526 \$
\$ 89,112 \$	\$ 90,755 \$	\$ 93,478 \$	\$ 96,282 \$	\$ 99,171 \$	\$ 102,146 \$	\$ 105,210 \$	\$ 108,367 \$	\$ 111,618 \$	\$ 114,966 \$	\$ 118,415 \$	\$ 121,968 \$
\$ 1,534,453 \$	\$ 1,582,373 \$	\$ 1,731,707 \$	\$ 1,782,459 \$	\$ 1,834,791 \$	\$ 1,888,629 \$	\$ 1,944,057 \$	\$ 2,001,124 \$	\$ 2,059,877 \$	\$ 2,120,388 \$	\$ 2,182,647 \$	\$ 2,246,763 \$
\$ 594,391 \$	\$ 591,048 \$	\$ 587,182 \$	\$ 582,768 \$	\$ 577,781 \$	\$ 572,195 \$	\$ 565,983 \$	\$ 559,117 \$	\$ 551,569 \$	\$ 543,307 \$	\$ 534,301 \$	\$ 524,519 \$
\$ 424,625 \$	\$ 425,700 \$	\$ 426,250 \$	\$ 426,275 \$	\$ 425,775 \$	\$ 424,750 \$	\$ 433,200 \$	\$ 420,600 \$	\$ 428,000 \$	\$ 434,350 \$	\$ 429,650 \$	\$ 424,425 \$
\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$
\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$	\$ 80,885 \$
\$ 505,510 \$	\$ 506,585 \$	\$ 507,135 \$	\$ 507,160 \$	\$ 506,660 \$	\$ 505,635 \$	\$ 514,085 \$	\$ 501,485 \$	\$ 508,885 \$	\$ 515,235 \$	\$ 510,535 \$	\$ 505,510 \$
\$ 88,881 \$	\$ 84,463 \$	\$ 80,047 \$	\$ 75,608 \$	\$ 71,121 \$	\$ 66,560 \$	\$ 61,998 \$	\$ 57,632 \$	\$ 53,684 \$	\$ 49,762 \$	\$ 45,866 \$	\$ 42,000 \$
1.40	1.39	1.38	1.37	1.36	1.35	1.31	1.33	1.29	1.25	1.24	1.04
1.18	1.17	1.16	1.15	1.14	1.13	1.10	1.11	1.08	1.05	1.05	1.04
1.18	1.17	1.16	1.15	1.14	1.13	1.10	1.11	1.08	1.05	1.05	1.01
73%	74%	75%	75%	76%	77%	77%	78%	79%	80%	80%	81%
91%	91%	92%	92%	92%	92%	93%	93%	93%	94%	94%	165%

\$7,300,000 through Construction; \$6,800,000 Permanent
 Florida Housing Finance Corporation
 Multifamily Mortgage Revenue Bonds
 (U.S. Treasury / Government-Sponsored Enterprises)
 New Issue Bond Program - Hilltop Village Apartments

Combined Debt Coverage Table

	Revenue		Bond Payments		Bond Fees		Total Bond Debt Service	Debt Service		Surplus Revenues	Debt Service Coverage		Bond Balance (\$)
	Net Operating Income (1)		Principal Bonds (2)	Interest Bonds (3)	Issuer Fee 0.40%	Servicing & Guarantee Fee 1.28%		Total Bond & Subord DS w/ Fees	Total Bond & Subord DS w/out Fees		Bond Debt Service DCR	Total Bond & Subord DCR	
YR 1	\$ 609,667		50,000	242,760	\$ 27,200	\$ 87,040	\$ 407,000	\$ 487,885	\$ 373,645	\$ 121,782	1.50	1.25	\$ 6,800,000
YR 2	614,032		80,000	240,975	27,000	86,400	434,375	515,260	401,860	98,772	1.41	1.19	\$ 6,750,000
YR 3	588,231		80,000	238,119	26,680	85,376	430,175	511,060	399,004	77,171	1.37	1.15	6,590,000
YR 4	592,254		80,000	235,263	26,360	84,352	425,975	506,860	396,148	85,394	1.39	1.17	6,510,000
YR 5	596,089		80,000	232,407	26,040	83,328	421,775	502,660	393,292	93,429	1.41	1.19	6,430,000
YR 6	599,724		80,000	229,551	25,720	82,304	417,575	498,460	390,436	101,264	1.44	1.20	6,350,000
YR 7	601,347		100,000	226,695	25,400	81,280	433,375	514,260	407,580	87,087	1.39	1.17	6,250,000
YR 8	602,692		100,000	223,125	25,000	80,000	428,125	509,010	404,010	93,682	1.41	1.18	6,150,000
YR 9	603,744		100,000	219,555	24,600	78,720	422,875	503,760	400,440	99,984	1.43	1.20	6,050,000
YR 10	604,486		100,000	215,985	24,200	77,440	417,625	498,510	396,870	105,976	1.45	1.21	5,950,000
YR 11	604,903		120,000	212,415	23,800	76,160	432,375	513,260	413,300	91,643	1.40	1.18	5,830,000
YR 12	604,978		120,000	208,131	23,320	74,624	426,075	506,960	409,016	98,018	1.42	1.19	5,710,000
YR 13	604,694		120,000	203,847	22,840	73,088	419,775	500,660	404,732	104,034	1.44	1.21	5,590,000
YR 14	604,033		140,000	199,563	22,360	71,552	433,475	514,360	420,448	89,673	1.39	1.17	5,450,000
YR 15	602,976		140,000	194,565	21,800	69,760	426,125	507,010	415,450	95,966	1.42	1.19	5,310,000
YR 16	601,504		140,000	189,567	21,240	67,968	418,775	499,660	410,452	101,844	1.44	1.20	5,170,000
YR 17	599,596		160,000	184,569	20,680	66,176	431,425	512,310	425,454	87,286	1.39	1.17	5,010,000
YR 18	597,233		160,000	178,857	20,040	62,080	423,025	503,910	419,742	93,323	1.41	1.19	4,850,000
YR 19	594,391		170,000	173,145	19,400	62,080	424,625	505,510	424,030	88,881	1.40	1.18	4,680,000
YR 20	591,048		180,000	167,076	18,720	59,904	425,700	506,585	427,961	84,463	1.39	1.17	4,500,000
YR 21	587,182		190,000	160,650	18,000	57,600	426,250	507,135	431,535	80,047	1.38	1.16	4,310,000
YR 22	582,768		200,000	153,867	17,240	55,168	426,275	507,160	434,752	75,608	1.37	1.15	4,110,000
YR 23	577,781		210,000	146,727	16,440	52,608	425,775	506,660	437,612	71,121	1.36	1.14	3,900,000
YR 24	572,195		220,000	139,230	15,600	49,920	424,750	505,635	440,115	66,560	1.35	1.13	3,680,000
YR 25	565,983		240,000	131,376	14,720	47,104	433,200	514,085	452,261	51,898	1.31	1.10	3,440,000
YR 26	559,117		240,000	122,808	13,760	44,032	420,600	501,485	443,693	57,632	1.33	1.11	3,200,000
YR 27	551,569		260,000	114,240	12,800	40,960	428,000	508,885	455,125	42,684	1.29	1.08	2,940,000
YR 28	543,307		280,000	104,958	11,760	37,632	434,350	515,235	465,843	28,072	1.25	1.05	2,660,000
YR 29	534,301		290,000	94,962	10,640	34,048	429,650	510,535	465,847	23,766	1.24	1.05	2,370,000
YR 30	2,594,519		2,370,000	84,609	9,480	30,336	2,494,425	2,575,310	2,535,494	19,209	1.04	1.01	(5) \$ -

- (1) NOI based on 'Projected Operating Revenue' Schedule Year 30 includes revenues from either: draw on credit facility, refinance, or sale of property pursuant to note #5 below.
 (2) Based on estimated bond sinking fund schedule
 (3) Bond Interest Rate is based on the NIBP Bond rate locked by FHFC on December 2, 2010, of 3.57%.
 (4) FHFC SAIL Loan debt service based on fully amortizing, interest rate of 3% over a 30.5 year term.
 (5) The Bonds are Credit Enhanced by a Freddie Mac Credit Facility for a term of 30 years. Payments made by the Credit Facility Provider pursuant to the Credit Facility are Pledged Revenues. Termination of the Credit Facility without refinancing or extinguishment of the Bonds through a sale of the property will result in a mandatory redemption of the Bonds, which can be funded via a draw on the Credit Facility. As such, the ending Bond balance in year 30 is anticipated to be retired through either a) draw on the Credit Facility, b) refinance, or c) sale of the property.

ITEM 5. Request approval of, and authority to file, a Notice of Proposed Rule for Rule 19-8.010, F.A.C., Reimbursement Contract, and to file this rule, along with the incorporated forms, for adoption if no member of the public timely requests a rule hearing.

Memo

TO: Ashbel C. Williams, Executive Director & CIO

THRU: Jack E. Nicholson, Chief Operating Officer, FHCF

FROM: Tracy Allen, Senior Attorney, FHCF

DATE: October 6, 2011

SUBJECT: Cabinet Meeting for October 18, 2011
Notice of Proposed Rule for Rule 19-8.010, F.A.C., Reimbursement Contract
Request approval to file this rule for Notice of Proposed Rule and request
approval to file this rule for adoption if no member of the public requests a rule
hearing.

ITEM 5. SUMMARY AND REASONS FOR RULE CHANGES:

Reimbursement Contract (Rule 19-8.010, F.A.C.)

This rule is being amended to adopt the 2012 Reimbursement Contract.

SUMMARY OF INCORPORATED FORM CHANGES: Attached hereto.

EXTERNAL INTEREST: A rule development workshop was held on September 29, 2011. Representatives of the FHCF attended and presented the rule and incorporated forms and engaged in discussion with members of the public who attended. The rulemaking notice was published in the *Florida Administrative Weekly* on September 9, 2011, Vol. 37, No. 36. Also, the rule and forms were presented, discussed, and approved by the FHCF Advisory Council at a public meeting on September 29, 2011.

SIGNIFICANT POLICY ISSUES: None.

CONTROVERSIAL ISSUES: None.

ACTION REQUESTED: It is requested that this proposed rule amendment be presented to the Cabinet Aides on October 12, 2011, and to the State Board of Administration Trustees ("Board") on October 18, 2011, with a request to approve the filing of this rule for Notice of Proposed Rule and to approve filing for adoption with the Department of State if no member of the public

timely requests a rule hearing. A notice of the meeting of the Board will be published in the *Florida Administrative Weekly* on October 7, 2011, Vol. 37, No. 40.

ATTACHMENTS TO BE INCLUDED WITH THE SBA AGENDA ITEM 5:

- Rule Changes Summary
- Notice of Proposed Rule
- Rule 19-8.010, F.A.C., Reimbursement Contract
- Notice of Meeting of Board as filed in the *Florida Administrative Weekly* and the Notice of Correction filed to change location.
- 2012 Incorporated Forms – **19-8.010, F.A.C., Reimbursement Contract**
Incorporated Forms: FHCF-2012K – “Reimbursement Contract,” Addenda 1 (TICL), rev. 12/11, and 2/w Appendix A (Citizens), rev. 12/11, and Optional Amendment to Change Prior Elections Made in the Reimbursement Contract or the Addenda to the Reimbursement Contract, rev. 12/11.

The rule and all forms show the proposed amendments in “track changes” format.

2012 Rule 19-8.010, F.A.C., and Incorporated Forms Summary of Changes

Rule

19-8.010, Reimbursement Contract

New: Subsection (18) has been added to incorporate the 2012/2013 Contract Year Reimbursement Contract, and former subsection (18) has been renumbered (19).

Incorporated Forms

Rule 19-8.010, F.A.C., Incorporated Forms:

FHCF-2012K, Reimbursement Contract:

Throughout: Last year's references to 2011/2012 are replaced by references to 2012/2013.

Article I – New language added for clarification.

The terms of this Contract shall determine the rights and obligations of the parties. This Contract provides reimbursement to the Company under certain circumstances, as described herein, and does not provide or extend insurance or reinsurance coverage to any person, firm, corporation or other entity. The SBA shall reimburse the Company for its Ultimate Net Loss on Covered Policies, which were in force and in effect at the time of the Covered Event causing the Covered Event causing the loss, in excess of the Company's Retention as a result of each Loss Occurrence commencing during the Contract Year, to the extent funds are available, all as hereinafter defined.

Article IV(4) – The reference to the Section 215.555(4)(b)4., F.S., optional coverage is removed as it is no longer available. Per Section 215.555(4)(b)4., F.S., last sentence, this coverage expires on May 31, 2012; so it was available for the 2011/2012 Contract Year but not the 2012/2013 Contract Year.

Article V(7) – The reference to Citizens Property Insurance Corporation's "High Risk" account has been changed to reflect this account's new name which is the "Coastal Account." (See CS/CS/CS/SB 408; 2011-39, L.O.F).

Article VI(3) – Language added to exclusions for clarification.

(3) Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking, as determined by the FHCF, as determined by the FHCF.

Article VIII(1) – The word "any" replaces the word "previous" thus allowing the SBA to offset amounts owed to the SBA by the insurer for any Contract Years rather than just owed for previous Contract Years.

Article X(3)(a) –

1. The reference to Citizens Property Insurance Corporation’s “High Risk” account has been changed to reflect this account’s new name which is the “Coastal Account.” (See CS/CS/CS/SB 408; 2011-39, L.O.F).
2. The word “reimbursements” is replaced with the words “any payments” to ensure that the SBA can withhold, under the appropriate circumstances, “any payments” owed the insurer rather than being limited to withholding only loss reimbursements.

Article X(3)(d)2.c. – Non-substantive clean up in c.i through iii. A change in c.iv. prohibits exparte communications between one party and any or all of the actuaries on the panel of three once the party’s case has been submitted to the panel for decision.

Article XIII(3)(c) – Amendments to conform language to actual practice.

“At the conclusion of the examiner’s work and the management review of the examiner’s report, findings, recommendations, and work papers, the FHCF will forward ~~a preliminary draft of the~~ an examination report to the Company and require a response from the Company by a date certain as to the examination findings and recommendations.”

Article XIII(3)(f) – Amendments to conform language to actual practice.

Article XIII(3)(g) – Amendments to conform language to actual practice.

Addendum No. 1, TICL Option:

Pursuant to the changes made by *CS/CS/CS/HB 1495* during the 2009 Legislative session, the TICL options have been reduced and the premium increased. Other than these coverage changes, the only other changes are dates that have been updated.

Addendum No. 2 (and Appendix A), Citizens (liquidating insurers):

No substantive changes, date changes only.

Optional Amendment to Change Prior Selections Made in the Reimbursement Contract or the Addenda to the Reimbursement Contract:

TICL options have been reduced, additional \$10 million option has been removed as it will not be available in the 2012/2013 Contract Year. The only other changes are dates that have been updated.

Notice of Meeting/Workshop Hearing
NOTICE OF CORRECTION

STATE BOARD OF ADMINISTRATION

The Florida Hurricane Catastrophe Fund previously noticed in the October 7, 2011, edition of the Florida Administrative Weekly, a public meeting to which all persons are invited. The location of that meeting has changed. The new location for the October 18, 2011, meeting of the Trustees of the State Board of Administration is at the Kennedy Space Center, SR 405, Cape Canaveral, Florida 32899.

Notice of Meeting/Workshop Hearing

STATE BOARD OF ADMINISTRATION

The Florida Hurricane Catastrophe Fund announces a public meeting to which all persons are invited.

DATE AND TIME: October 18, 2011, 9:00 a.m. (ET).

PLACE: Cabinet Meeting Room, Lower Level, The Capitol, Tallahassee, Florida.

GENERAL SUBJECT MATTER TO BE CONSIDERED: This is a meeting of the Trustees of the State Board of Administration to authorize the Florida Hurricane Catastrophe Fund (the Fund) to file a Notice of Proposed Rule for Rule 19-8.010, F.A.C., Reimbursement Contract, and to file this rule for adoption if no member of the public timely requests a rule hearing. The rule and incorporated form reflecting the proposed amendments are available on the Fund's website: www.sbafla.com/fhcf. In addition, the Trustees are meeting to appoint person(s) to serve on the Florida Hurricane Catastrophe Fund Advisory Council pursuant to Section 215.555(8), F.S. The Trustees may also address other general business.

A copy of the agenda may be obtained by contacting: Not available.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Tracy Allen, (850) 413-1341, tracy.allen@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

Notice of Proposed Rule

STATE BOARD OF ADMINISTRATION

RULE NO.: RULE TITLE:

19-8.010: Reimbursement Contract

PURPOSE AND EFFECT: The State Board of Administration of Florida, Florida Hurricane Catastrophe Fund, seeks to amend the rule listed above to implement Section 215.555, F.S.

SUMMARY: The rule is being amended to adopt the 2012/2013 Reimbursement Contract, including Addenda and Optional Amendment. .

OTHER RULES INCORPORATING THIS RULE: None.

EFFECT ON THOSE OTHER RULES: Not Applicable.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE

RATIFICATION STATEMENT: No Statement of Estimated Regulatory Cost was prepared. A Reimbursement Contract, meeting the requirements set forth in Section 215.555, F.S., must be adopted annually pursuant to Section 215.555(4) and (18)(b), F.S. Upon review of the proposed changes to the upcoming Contract Year's Reimbursement Contract, which is incorporated into Rule 19-8.010, Reimbursement Contract, F.A.C., the State Board of Administration of Florida has determined that the preparation of a Statement of Estimated Regulatory Costs is not necessary nor does this rule meet the statutory threshold for ratification by the legislature. The changes to this rule do not have an adverse impact on small business and does not directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate within 1 year of implementation. The changes to this rule also do not directly or indirectly have an adverse impact on economic growth, private sector job creation or employment, or private sector investment, business competitiveness or innovation or increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 215.555(3), F.S.

LAW IMPLEMENTED: 215.555(2), (3), (4), (5), (6), (7), (10), (17), (18), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Tracy Allen, 1801 Hermitage Blvd., Tallahassee, FL 32308, 850-413-1341 or tracy.allen@sbafla.com.

THE FULL TEXT OF THE PROPOSED RULE IS:

19-8.010 Reimbursement Contract.

Paragraphs (1) through (17), No Changes.

(18) The reimbursement contract for the 2012-2013 contract year,

<http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXXX>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2012K-“Reimbursement Contract” or “Contract” between

(name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/11 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2012 through May 31, 2013.

(19) ~~(48)~~ No Changes other than renumbering this paragraph.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History–New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09, 3-29-10, 8-8-10, 12-12-10, 9-11-11-XX-11.

NAME OF PERSON ORIGINATING PROPOSED RULE: Jack E. Nicholson, FHCF Chief Operating Officer, State Board of Administration.

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: The Trustees of the State Board of Administration of Florida.

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: October 18, 2011

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: September 9, 2011.

19-8.010 Reimbursement Contract.

(1) The reimbursement contract for the 1995-1996 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1995K – “Reimbursement Agreement (“Agreement”) between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 07/95, is hereby adopted and incorporated by reference into this rule.

(2) The reimbursement contract for the 1996-1997 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1996K – “Reimbursement Agreement (“Agreement”) between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/96, is hereby adopted and incorporated by reference into this rule.

(3) The reimbursement contract for the 1997-1998 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1997K – “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/97, is hereby adopted and incorporated by reference into this rule.

(4) The reimbursement contract for the 1998-1999 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1998K – “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/98, is hereby adopted and incorporated by reference into this rule.

(5) The reimbursement contract for the 1999-2000 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1999K – “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC#() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/99, is hereby adopted and incorporated by reference into this rule. Addendum No. 1 to the 1999-2000 reimbursement contract, which is called Form FHCF-1999K-1 – “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 08/99, is hereby adopted and incorporated by reference into this rule.

(6) The reimbursement contract for the 2000-2001 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2000K – “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/00, is hereby adopted and incorporated by reference into this rule.

(7) The reimbursement contract for the 2001-2002 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2001K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/01, is hereby adopted and incorporated by reference into this rule.

(8) The amended reimbursement contract for the 2002-2003 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2002K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/02, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2002 through May 31, 2003.

(9) The reimbursement contract for the 2003-2004 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2003K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/03, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2003 through May 31, 2004.

(10) The amended reimbursement contract for the 2004-2005 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2004K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/04, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2004 through May 31, 2005.

(11) The reimbursement contract for the 2005-2006 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2005K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # () and the State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/05, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2005 through May 31, 2006. Addendum No. 1 to the 2005-2006 Reimbursement Contract, which is called Form FHCF-2005K-1 “Reimbursement Contract (Contract) between (name of insurer) (the Company)/NAIC # () and the State Board of Administration of the State of Florida (SBA) which administers the Florida Hurricane Catastrophe Fund (FHCF)”, rev. 06/05, is hereby adopted and incorporated by reference into this rule.

(12) The reimbursement contract for the 2006-2007 contract year, as amended by Addendums 1., 2., and 3., required by Section 215.555(4), F.S., which is called Form FHCF-2006K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # () and the State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/06, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2006 through May 31, 2007.

(13) The reimbursement contract for the 2007-2008 contract year, including Addendum required by Section 215.555(4), F.S., which is called Form FHCF-2007K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # () and the State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/07, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2007 through May 31, 2008.

(14) The reimbursement contract for the 2008-2009 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2008K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/08, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2008 through May 31, 2009.

(15) The reimbursement contract for the 2009-2010 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2009K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/09, as amended, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2009 through May 31, 2010.

(16) The reimbursement contract for the 2010-2011 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2010K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/10, as amended, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2010 through May 31, 2011.

(17) The reimbursement contract for the 2011-2012 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-005189>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2011K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 06/11, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2011 through May 31, 2012.

(18) The reimbursement contract for the 2012-2013 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2012K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # () and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/11 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2012 through May 31, 2013.

~~(19)~~ (48) Copies of the reimbursement contract may be obtained from the FHCF website, www.sbafla.com/fhcf or by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308 and the telephone number is (850) 413-1341.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History—New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09, 3-29-10, 8-8-10, 12-12-10, 9-11-11, [12-XX-11](#).

REIMBURSEMENT CONTRACT

Effective: June 1, ~~2011~~2012
(Contract)

between

«**Legal_Name**»
(Company)

NAIC # «NAIC_»

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

PREAMBLE

The Legislature of the State of Florida has enacted Section 215.555, Florida Statutes “Statute”, which directs the SBA to administer the FHCF. This Contract, consisting of the principal document entitled Reimbursement Contract, addressing the mandatory FHCF coverage, and Addenda, is subject to the Statute and to any administrative rule adopted pursuant thereto, and is not intended to be in conflict therewith. All provisions in the principle document are equally applicable to each Addenda unless specifically superseded by one of the Addenda.

In consideration of the promises set forth in this Contract, the parties agree as follows:

ARTICLE I - SCOPE OF AGREEMENT

As a condition precedent to the SBA’s obligations under this Contract, the Company, an Authorized Insurer or an entity writing Covered Policies under Section 627.351, Florida Statutes, in the State of Florida, shall report to the SBA in a specified format the business it writes which is described in this Contract as Covered Policies.

The terms of this Contract shall determine the rights and obligations of the parties. This Contract provides reimbursement to the Company under certain circumstances, as described herein, and does not provide or extend insurance or reinsurance coverage to any person, firm, corporation or other entity. The SBA shall reimburse the Company for its Ultimate Net Loss on Covered Policies, which were in force and in effect at the time of the Covered Event causing the loss, in excess of the Company’s Retention as a

result of each Loss Occurrence commencing during the Contract Year, to the extent funds are available, all as hereinafter defined.

ARTICLE II - PARTIES TO THE CONTRACT

This Contract is solely between the Company and the SBA which administers the FHCF. In no instance shall any insured of the Company or any claimant against an insured of the Company, or any other third party, have any rights under this Contract, except as provided in Article XIV. The SBA will only disburse funds to the Company, except as provided for in Article XIV of this Contract. The Company shall not, without the prior approval of the Office of Insurance Regulation, sell, assign, or transfer to any third party, in return for a fee or other consideration any sums the FHCF pays under this Contract or the right to receive such sums.

ARTICLE III - TERM

This Contract shall apply to Loss Occurrences which commence during the period from 12:00:01 a.m., Eastern Time, June 1, ~~2011~~2012, to 12:00 midnight, Eastern Time, May 31, ~~2012~~2013 (Contract Year).

The Company must designate a coverage level, make the required selections, and return this fully executed Contract (two originals) to the FHCF Administrator so that the Contract is received by the FHCF Administrator no later than 5 p.m., Central Time, March 1, ~~2011~~2012. Failure to do so may result in a referral to the Office of Insurance Regulation within the Department of Financial Services for administrative action. Furthermore, the Company's coverage level under this Contract will be deemed as follows:

- (1) For Companies that are a member of a National Association of Insurance Commissioners (NAIC) group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed. If executed Contracts for none of the members of an NAIC group have been received by the FHCF Administrator, the coverage level from the prior Contract Year shall be deemed.
- (2) For Companies that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the coverage level from the prior Contract Year shall be deemed.
- (3) For New Participants, as that term is defined in Article V(21), that are a member of an NAIC group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed.
- (4) For New Participants that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the 45%, 75% or 90% coverage levels may be selected providing that the FHCF Administrator receives executed Contracts within 30 calendar days of the effective date of the first Covered Policy, otherwise, the 45% coverage level shall be deemed.

Pursuant to the terms of this Contract, the SBA shall not be liable for Loss Occurrences which commence after the effective time and date of expiration or termination. Should this Contract expire or terminate while a Loss Occurrence covered hereunder is in progress, the SBA shall be responsible for such Loss Occurrence in progress in the same manner and to the same extent it would have been responsible had the Contract expired the day following the conclusion of the Loss Occurrence in progress.

ARTICLE IV - LIABILITY OF THE FHCF

- (1) The SBA shall reimburse the Company, with respect to each Loss Occurrence commencing during the Contract Year for the "Reimbursement Percentage" elected, this percentage times the amount of Ultimate Net Loss paid by the Company in excess of the Company's Retention, as adjusted pursuant to Article V(28), plus 5% of the reimbursed losses for Loss Adjustment Expense Reimbursement.
- (2) The Reimbursement Percentage will be 45% or 75% or 90%, at the Company's option as elected under Article XVIII.

- (3) The aggregate liability of the FHCF with respect to all Reimbursement Contracts covering this Contract Year shall not exceed the limit set forth under Section 215.555(4)(c)1., Florida Statutes. For specifics regarding loss reimbursement calculations, see section (3)(c) of Article X herein.
- (4) Upon the occurrence of a Covered Event, the SBA shall evaluate the potential losses to the FHCF and the FHCF's capacity at the time of the event. The initial Projected Payout Multiple used to reimburse the Company for its losses shall not exceed the Projected Payout Multiple as calculated based on the capacity needed to provide the FHCF's mandatory coverage ~~and the Additional Coverage Option (up to \$10 million) pursuant to Section 215.555(4)(b)4., Florida Statutes, as provided under Addendum No. 1. to this Contract.~~ The SBA shall make adjustments to the Projected Payout Multiple in order to reimburse the optional Temporary Increase in Coverage Limit (TICL) Options coverage based on the SBA's ongoing evaluation of potential losses and capacity. If it appears that the Estimated Claims-Paying Capacity may be exceeded, the SBA shall reduce the projected payout factors or multiples for determining each participating insurer's projected payout uniformly among all insurers to reflect the Estimated Claims-Paying Capacity.
- (5) Reimbursement amounts shall not be reduced by reinsurance paid or payable to the Company from other sources.
- (6) After the end of the calendar year, the SBA shall notify insurers of the estimated Borrowing Capacity and the Balance of the Fund as of December 31. In May and October of each year, the SBA shall publish in the *Florida Administrative Weekly* a statement of the FHCF's estimated Borrowing Capacity, Estimated Claims-Paying Capacity, and the projected Balance of the Fund as of December 31.
- (7) The obligation of the SBA with respect to all Contracts covering a particular Contract Year shall not exceed the Balance of the Fund as of December 31 of that Contract Year, together with the maximum amount the SBA is able to raise through the issuance of revenue bonds or through other means available to the SBA under Section 215.555, Florida Statutes, up to the limit in accordance with Section 215.555(4)(c)1., Florida Statutes. The obligations and the liability of the SBA are more fully described in Rule 19-8.013, Florida Administrative Code (F.A.C.).

ARTICLE V - DEFINITIONS

- (1) **Actual Claims-Paying Capacity of the FHCF**
This term means the sum of the Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the amount the SBA is able to raise through the issuance of revenue bonds, or through other means available by law to the SBA, up to the limit in accordance with Section 215.555(4)(c)1. and (6), Florida Statutes.
- (2) **Actuarially Indicated**
This term means, with respect to Premiums paid by Companies for reimbursement provided by the FHCF, an amount determined in accordance with the definition provided in Section 215.555(2)(a), Florida Statutes.
- (3) **Additional Living Expense (ALE)**
ALE losses covered by the FHCF are not to exceed 40 percent of the insured value of a Residential Structure or its contents based on the coverage provided in the policy. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.
- (4) **Administrator**
This term means the entity with which the SBA contracts to perform administrative tasks associated with the operations of the FHCF. The Administrator is Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437. The telephone number is (800) 689-3863, and the facsimile number is (800) 264-0492.
- (5) **Authorized Insurer**
This term is defined in Section 624.09(1), Florida Statutes.

(6) **Borrowing Capacity**

This term means the amount of funds which are able to be raised by the issuance of revenue bonds or through other financing mechanisms, less bond issuance expenses and reserves.

(7) **Citizens Property Insurance Corporation (Citizens)**

This term means the entity formed under Section 627.351(6), Florida Statutes, and refers to both Citizens Property Insurance Corporation ~~High Risk~~ Coastal Account and Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts.

(8) **Contract**

This term means this Reimbursement Contract for the current Contract Year.

(9) **Covered Event**

This term means any one storm declared to be a hurricane by the National Hurricane Center which causes insured losses in Florida. A Covered Event begins when a hurricane causes damage in Florida while it is a hurricane and continues throughout any subsequent downgrades in storm status by the National Hurricane Center regardless of whether the hurricane makes landfall. Any storm, including a tropical storm, which does not become a hurricane is not a Covered Event.

(10) **Covered Policy or Covered Policies**

(a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure, as defined in definition (27) herein, or the contents of a Residential Structure, located in the State of Florida.

(b) Due to the specialized nature of the definition of Covered Policies, Covered Policies are not limited to only one line of business in the Company's annual statement required to be filed by Section 624.424, Florida Statutes. Instead, Covered Policies are found in several lines of business on the Company's annual statement. Covered Policies will at a minimum be reported in the Company's statutory annual statement as:

1. Fire
2. Allied Lines
3. Farmowners Multiple Peril
4. Homeowners Multiple Peril
5. Commercial Multiple Peril (non liability portion, covering condominiums and apartments)
6. Inland Marine

Note that where particular insurance exposures, e.g., mobile homes, are reported on an annual statement is not dispositive of whether or not the exposure is a Covered Policy.

(c) This definition applies only to the first-party property section of a policy pertaining strictly to the structure, its contents, appurtenant structures, or ALE coverage.

(d) Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the required data, as specified in the Premium Formula adopted in Section 215.555(5), Florida Statutes, is available.

(e) See Article VI of this Contract for specific exclusions.

(11) **Deductible Buy-Back Policies**

This term means a specific policy that provides coverage to a policyholder for some portion of the policyholder's deductible under a policy issued by another insurer.

- (12) **Estimated Claims-Paying Capacity of the FHCF**
This term means the sum of the projected Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the most recent estimate of the Borrowing Capacity of the FHCF, determined pursuant to Section 215.555(4)(c), Florida Statutes.
- (13) **Excess Policies**
This term, for the purposes of this Contract, means a policy that provides insurance protection for large commercial property risks that provides a layer of coverage above a primary layer (which is insured by a different insurer) that acts much the same as a very large deductible.
- (14) **Florida Department of Financial Services (Department)**
This term means the Florida regulatory agency, created pursuant to Section 20.121, Florida Statutes, which is charged with regulating the Florida insurance market and administering the Florida Insurance Code.
- (15) **Florida Insurance Code**
This term means those chapters identified in Section 624.01, Florida Statutes, which are designated as the Florida Insurance Code.
- (16) **Formula or the Premium Formula**
This term means the Formula approved by the SBA for the purpose of determining the Actuarially Indicated Premium to be paid to the FHCF. The Premium Formula is defined as an approach or methodology which leads to the creation of premium rates. The resulting rates are therefore incorporated as part of the Premium Formula. The Formula, shall, pursuant to Section 215.555(5)(b), Florida Statutes, include a cash build-up factor in the amount specified therein.
- (17) **Fund Balance or Balance of the Fund as of December 31**
These terms mean the amount of assets available to pay claims, not including any bonding proceeds, resulting from Covered Events which occurred during the Contract Year.
- (18) **Insurer Group**
For purposes of the coverage option election in Section 215.555(4)(b), Florida Statutes, Insurer Group means the group designation assigned by the National Association of Insurance Commissioners (NAIC) for purposes of filing consolidated financial statements. A Company is a member of a group as designated by the NAIC until such Company is assigned another group designation or is no longer a member of a group recognized by the NAIC.
- (19) **Loss Occurrence**
This term means the sum of individual insured Losses incurred under Covered Policies resulting from the same Covered Event. "Losses" means all incurred losses under Covered Policies, including Additional Living Expenses not to exceed 40 percent of the insured value of a Residential Structure or its contents and amounts paid as fees on behalf of or inuring to the benefit of a policyholder, and excludes allocated or unallocated Loss Adjustment Expenses.
- (20) **Loss Adjustment Expense Reimbursement**
(a) Loss Adjustment Expense Reimbursement shall be 5% of the reimbursed losses under this Contract as provided in Article IV, pursuant to Section 215.555(4)(b)1., Florida Statutes.
(b) To the extent that loss reimbursements are limited to the Payout Multiple applied to each Company, the 5% Loss Adjustment Expense is included in the total Payout Multiple applied to each Company.
- (21) **New Participant(s)**
This term means all Companies which begin writing Covered Policies on or after the beginning of the Contract Year. A Company that removes exposure from either Citizens entity, as that term is defined in (7) above, pursuant to an assumption agreement effective on or after June 1 and had written no other Covered Policies before June 1 is also considered a New Participant.
- (22) **Office of Insurance Regulation**
This term means that office within the Department of Financial Services and which was created in Section 20.121(3), Florida Statutes.

(23) **Payout Multiple**

This term means the multiple as calculated in accordance with Section 215.555(4)(c), Florida Statutes, which is derived by dividing the single season Claims-Paying Capacity of the FHCF by the total aggregate industry Reimbursement Premium for the FHCF for the Contract Year billed as of December 31 of the Contract Year. The final Payout Multiple is determined once Reimbursement Premiums have been billed as of December 31 and the amount of bond proceeds has been determined.

(24) **Premium**

This term means the same as Reimbursement Premium.

(25) **Projected Payout Multiple**

The Projected Payout Multiple is used to calculate a Company's projected payout pursuant to Section 215.555(4)(d)2., Florida Statutes. The Projected Payout Multiple is derived by dividing the estimated single season Claims-Paying Capacity of the FHCF by the estimated total aggregate industry Reimbursement Premium for the FHCF for the Contract Year. The Company's Reimbursement Premium as paid to the SBA for the Contract Year is multiplied by the Projected Payout Multiple to estimate the Company's coverage from the FHCF for the Contract Year.

(26) **Reimbursement Premium**

This term means the Premium determined by multiplying each \$1,000 of insured value reported by the Company in accordance with Section 215.555(5)(b), Florida Statutes, by the rate as derived from the Premium Formula, as described in Rule 19-8.028, F.A.C.

(27) **Residential Structures**

This term means dwelling units, including the primary structure and appurtenant structures insured under the same policy and any other structures covered under endorsements associated with a policy covering a residential structure. ***Covered Residential Structures do not include*** any structures listed under Article VI herein or structures used solely for non-residential purposes.

(28) **Retention**

The Company's Retention means the amount of hurricane losses under Covered Policies which must be incurred by the Company before it is eligible for reimbursement from the FHCF.

(a) When the Company experiences covered losses from one or two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the Covered Events.

(b) When the Company experiences covered losses from more than two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the two Covered Events causing the largest covered losses for the Company. For each other Covered Event resulting in covered losses, the Company's Retention shall be reduced to one-third of its full Retention and applied to all other Covered Events.

1. All reimbursement of covered losses for each Covered Event shall be based on the Company's full Retention until December 31 of the Contract Year. Adjustments to reflect a reduction to one-third of the full Retention shall be made on or after December 31 of the Contract Year provided the Company reports its losses as specified in this Contract.

2. Adjustments to the Company's Retention shall be based upon its paid and outstanding losses as reported on the Company's Proof of Loss Reports but shall not include incurred but not reported losses. The Company's Proof of Loss Reports shall be used to determine which Covered Events constitute the Company's two largest Covered Events, and the reduction to one-third of the full Retention shall be applied to all other Covered Events for the Contract Year. After this initial determination, any subsequent adjustments shall be made by the SBA only if the quarterly loss reports reveal that loss development patterns have resulted in a change in the order of Covered Events entitled to the reduction to one-third of the full Retention.

(c) The Company's full Retention is established in accordance with the provisions of Section 215.555(2)(e), Florida Statutes, and shall be determined by multiplying the Retention Multiple by the Company's Reimbursement Premium for the Contract Year.

- (d) Once the Company's limit of coverage has been exhausted, the Company will not be entitled to further reimbursements.

(29) Retention Multiple

- (a) The Retention Multiple is applied to the Company's Reimbursement Premium to determine the Company's Retention. The Retention Multiple for the ~~2011/2012~~ 2012/2013 Contract Year shall be equal to \$4.5 billion, adjusted based upon the reported exposure for the ~~2009/2010~~ 2010/2011 Contract Year to reflect the percentage growth in exposure to the FHCF since 2004, divided by the estimated total industry Reimbursement Premium at the 90% reimbursement percentage level for the Contract Year as determined by the SBA.
- (b) The Retention Multiple as determined under (29)(a) above shall be adjusted to reflect the reimbursement percentage elected by the Company under this Contract as follows:
 - 1. If the Company elects a 90% reimbursement percentage, the adjusted Retention Multiple is 100% of the amount determined under (29)(a) above;
 - 2. If the Company elects a 75% reimbursement percentage, the adjusted Retention Multiple is 120% of the amount determined under (29)(a) above; or
 - 3. If the Company elects a 45% reimbursement percentage, the adjusted Retention Multiple is 200% of the amount determined under (29)(a) above.

(30) Ultimate Net Loss

- (a) This term means all Losses of the Company under Covered Policies in force at the time of a Covered Event, as defined under (9) above, prior to the application of the Company's FHCF Retention, as defined under (28) above, and reimbursement percentage, and excluding loss adjustment expense and any exclusions under Article VI herein, arising from each Loss Occurrence during the Contract Year, provided, however, that the Company's Ultimate Net Loss shall be determined in accordance with the deductible level written under the policy sustaining the loss.
- (b) Salvages and all other recoveries, excluding reinsurance recoveries, shall be first deducted from such loss to arrive at the amount of liability attaching hereunder.
- (c) All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Contract shall be applied as if recovered or received prior to the aforesaid settlement and all necessary adjustments shall be made by the parties hereto.
- (d) Nothing in this clause shall be construed to mean that losses under this Contract are not recoverable until the Company's Ultimate Net Loss has been ascertained.
- (e) The SBA shall be subrogated to the rights of the Company to the extent of its reimbursement of the Company. The Company agrees to assist and cooperate with the SBA in all respects as regards such subrogation. The Company further agrees to undertake such actions as may be necessary to enforce its rights of salvage and subrogation, and its rights, if any, against other insurers as respects any claim, loss, or payment arising out of a Covered Event.

ARTICLE VI – EXCLUSIONS

This Contract does not provide reimbursement for:

- (1) Any losses not defined as being within the scope of a Covered Policy.
- (2) Any policy which excludes wind or hurricane coverage.
- (3) Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking, as determined by the FHCF.
- (4) Any policy for Residential Structures, as defined in Article V(27) herein, that provides a layer of coverage underneath an Excess Policy, as defined in Article V(13) herein, issued by a different insurer.
- (5) Any liability of the Company attributable to losses for fair rental value, loss of rent or rental income, or business interruption.

- (6) Any collateral protection policy that does not meet the definition of Covered Policy as defined in Article V(10)(d) herein.
- (7) Any reinsurance assumed by the Company.
- (8) Any exposure for hotels, motels, timeshares, shelters, camps, retreats, and any other rental property used solely for commercial purposes.
- (9) Any exposure for homeowner associations if no habitational structures are insured under the policy.
- (10) Any exposure for homes and condominium structures or units that are non-owner occupied and rented for six (6) or more rental periods by different parties during the course of a twelve (12) month period.
- (11) Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting primarily of habitational structures that are not nursing homes will not be subject to this exclusion.
- (12) Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g., a policy covering only the pool of an apartment complex).
- (13) Personal contents in a commercial storage facility (including jewelry in an off-premises vault) covered under a policy that covers only those personal contents.
- (14) Policies covering only Additional Living Expense.
- (15) Any exposure for barns or barns with apartments.
- (16) Any exposure for builders risk coverage or new Residential Structures still under construction.
- (17) Any exposure for recreational vehicles, golf carts, or boats (including boat related equipment) requiring licensing and written on a separate policy or endorsement.
- (18) Any liability of the Company for extra contractual obligations or liabilities in excess of original policy limits. This exclusion includes, but is not limited to, amounts paid as bad faith awards, punitive damages awards, or other court-imposed fines, sanctions, or penalties; or other amounts in excess of the coverage limits under the Covered Policy.
- (19) Any losses paid in excess of a policy's hurricane limit in force at the time of each Covered Event, including individual coverage limits (i.e., building, appurtenant structures, contents, and additional living expense), or other amounts paid as the result of a voluntary expansion of coverage by the insurer, including, but not limited to, a waiver of an applicable deductible. This exclusion includes overpayments of a specific individual coverage limit even if total payments under the policy are within the aggregate policy limit.
- (20) Any losses paid under a policy for Additional Living Expense, written as a time element coverage, in excess of the Additional Living Expense exposure reported for that policy under the Data Call for the applicable Contract Year (unless policy limits have changed effective after June 30 of the Contract Year).
- (21) Any losses for which the Company's claims files do not adequately support. Claim file support shall be deemed adequate if in compliance with the Records Retention Requirements outlined on the Form FHCF-L1B (Proof of Loss Report) applicable to the Contract Year.
- (22) Amounts paid to reimburse a policyholder for condominium association loss assessments or under similar coverages for contractual liabilities.
- (23) Losses in excess of the sum of the Balance of the Fund as of December 31 of the Contract Year and the amount the SBA is able to raise through the issuance of revenue bonds or by the use of other financing mechanisms, up to the limit pursuant to Section 215.555(4)(c), Florida Statutes.
- (24) Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Authorized Insurer and Citizens are covered by this Contract.
- (25) All liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payment

or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

- (26) Property losses that are proximately caused by any peril other than a Covered Event, including, but not limited to, fire, theft, flood or rising water, or windstorm that does not constitute a Covered Event, or any liability of the Company for loss or damage caused by or resulting from nuclear reaction, nuclear radiation, or radioactive contamination from any cause, whether direct or indirect, proximate or remote, and regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
- (27) The FHCF does not provide coverage for water damage which is generally excluded under property insurance contracts and has been defined to mean flood, surface water, waves, tidal water, overflow of a body of water, storm surge, or spray from any of these, whether or not driven by wind.
- (28) Specialized Fine Arts Risks as defined in Rule 19-8.028(4)(d), F.A.C.
- (29) Any losses under liability coverages.

ARTICLE VII - MANAGEMENT OF CLAIMS AND LOSSES

The Company shall investigate and settle or defend all claims and losses. All payments of claims or losses by the Company within the terms and limits of the appropriate coverage parts of Covered Policies shall be binding on the SBA, subject to the terms of this Contract, including the provisions in Article XIII relating to inspection of records and examinations.

ARTICLE VIII – LOSS REIMBURSEMENT ADJUSTMENTS

(1) Offsets

The SBA reserves the right to offset amounts payable to the SBA from the Company, including amounts payable under ~~previous~~ any Contract Years and the Company's full Premium for the current Contract Year (regardless of installment due dates), against any reimbursement or advance amounts, or amounts agreed to in a commutation agreement, which are due and payable to the Company from the SBA as a result of the liability of the SBA.

(2) Reimbursement Adjustments

Section 215.555(4)(d) and (e), Florida Statutes, provides the SBA with the right to seek the return of excess loss reimbursements which have been paid to the Company along with interest thereon. Excess loss reimbursements are those payments made to the Company by the SBA that are in excess of the Company's coverage under the Contract Year. Excess loss reimbursements may result from adjustments to the Projected Payout Multiple or the Payout Multiple, incorrect exposure (Data Call) submissions or resubmissions, incorrect calculations of Reimbursement Premiums or Retentions, incorrect Proof of Loss Reports, incorrect calculation of reinsurance recoveries, or subsequent readjustment of policyholder claims, including subrogation and salvage, or any combination of the foregoing. The Company will be sent an invoice showing the due date for adjustments along with the interest due thereon through the due date. The applicable interest rate for interest credits, and for interest charges for adjustments beyond the Company's control, will be the average rate earned by the SBA for the FHCF for the first four months of the Contract Year. The applicable interest rate for interest charges on excess loss reimbursements due to adjustments resulting from incorrect exposure submissions or Proof of Loss Reports will accrue at this rate plus 5%. All interest will continue to accrue if not paid by the due date.

ARTICLE IX - REIMBURSEMENT PREMIUM

- (1) The Company shall, in a timely manner, pay the SBA its Reimbursement Premium for the Contract Year. The Reimbursement Premium for the Contract Year shall be calculated in accordance with Section 215.555, Florida Statutes, with any rules promulgated thereunder, and with Article X(2).
- (2) Since the calculation of the Actuarially Indicated Premium assumes that the Companies will pay their Reimbursement Premiums timely, interest charges will accrue under the following circumstances. A Company may choose to estimate its own Premium installments. However, if the Company's estimation is less than the provisional Premium billed, an interest charge will accrue on the difference between the estimated Premium and the final Premium. If a Company estimates its first installment, the Administrator shall bill that estimated Premium as the second installment as well, which will be considered as an estimate by the Company. No interest will accrue regarding any provisional Premium if paid as billed by the FHCF's Administrator, except in the case of an estimated second installment as set forth in this Article. Also, if a Company makes an estimation that is higher than the provisional Premium billed but is less than the final Premium, interest will not accrue. If the Premium payment is not received from a Company when it is due, an interest charge will accrue on a daily basis until the payment is received. Interest will also accrue on Premiums resulting from submissions or resubmissions finalized after December 1 of the Contract Year. An interest credit will be applied for any Premium which is overpaid as either an estimate or as a provisional Premium. Interest shall not be credited past December 1 of the Contract Year. The applicable interest rate for interest credits will be the average rate earned by the SBA for the FHCF for the first four months of the Contract Year. The applicable interest rate for interest charges will accrue at this rate plus 5%.

ARTICLE X - REPORTS AND REMITTANCES

(1) Exposures

- (a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall report to the SBA, unless otherwise provided in Rule 19-8.029, F.A.C., no later than the statutorily required date of September 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of June 30 of the Contract Year as outlined in the annual reporting of insured values form, FHCF-D1A (Data Call) adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.
- (b) If the Company first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year, the Company shall report to the SBA, no later than March 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of December 31 of the Contract Year as outlined in the Supplemental Instructions for New Participants section of the Data Call adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.
- (c) If the Company first begins writing Covered Policies on December 1 through and including May 31 of the Contract Year, the Company shall not report its exposure data for the Contract Year to the SBA.
- (d) The requirement that a report is due on a certain date means that the report shall be in the physical possession of the FHCF's Administrator in Minneapolis no later than 5 p.m. Central Time on the due date. If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. For purposes of the timeliness of the submission, neither the United States Postal Service postmark nor a postage meter date is in any way determinative. Reports sent to the SBA in Tallahassee, Florida, will be returned to the sender. Reports not in the physical possession of the FHCF's Administrator by 5 p.m., Central Time, on the applicable due date are late.

- (e) Pursuant to the provisions of Section 215.557, Florida Statutes, the reports of insured values under Covered Policies by ZIP Code submitted to the SBA pursuant to Section 215.555, Florida Statutes, are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution.
- (2) **Reimbursement Premium**
- (a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall pay the FHCF its Reimbursement Premium in installments due on or before August 1, October 1, and December 1 of the Contract Year in amounts to be determined by the FHCF. However, if the Company's Reimbursement Premium for the prior Contract Year was less than \$5,000, the Company's full provisional Reimbursement Premium, in an amount equal to the Reimbursement Premium paid in the prior year, shall be due in full on or before August 1 of the Contract Year. The Company will be invoiced for amounts due, if any, beyond the provisional Reimbursement Premium payment, on or before December 1 of the Contract Year. In addition, if control of the Company has been transferred through any legal or regulatory proceeding to a state regulator or court appointed receiver or rehabilitator (referred to in the aggregate as "State action"), the full annual provisional Reimbursement Premium as billed and any outstanding balances will be due and payable on August 1, or the date that such State action occurs after August 1 of the Contract Year. Such acceleration will not apply when the receiver or rehabilitator provides a letter of assurance to the FHCF that the Company will have the resources to pay the premium in installments in accordance with the contractual provisions.
- (b) A New Participant that first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year shall pay the FHCF a provisional Reimbursement Premium of \$1,000 upon execution of this Contract. The Administrator shall calculate the Company's actual Reimbursement Premium for the period based on its actual exposure as of December 31 of the Contract Year, as reported on or before March 1 of the Contract Year. To recognize that New Participants have limited exposure during this period, the actual Premium as determined by processing the Company's exposure data shall then be divided in half, the provisional Premium shall be credited, and the resulting amount shall be the total Premium due for the Company for the remainder of the Contract Year. However, if that amount is less than \$1,000, then the Company shall pay \$1,000. The Premium payment is due no later than May 1 of the Contract Year. The Company's Retention and coverage will be determined based on the total Premium due as calculated above.
- (c) A New Participant that first begins writing Covered Policies on or after December 1 through and including May 31 of the Contract Year shall pay the FHCF a Reimbursement Premium of \$1,000 upon execution of this Contract.
- (d) The requirement that the Reimbursement Premium is due on a certain date means that the Premium shall be in the physical possession of the FHCF no later than 2 p.m., Eastern Time, on the due date applicable to the particular installment. If remitted by check to the FHCF's Post Office Box, the check shall be physically in the Post Office Box 100822, Atlanta, GA 30384-0822, as set out on the invoice sent to the Company. If remitted by check by hand delivery, the check shall be physically on the premises of the FHCF's bank in College Park, Georgia, as set out on the invoice sent to the Company. If remitted electronically, the wire transfer shall have been completed to the FHCF's account at its bank in Atlanta, Georgia, as set out on the invoice sent to the Company. If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. For purposes of the timeliness of the remittance, neither the United States Postal Service postmark nor a postage meter date is in any way determinative. Premium checks sent to the SBA in Tallahassee, Florida, or to the FHCF's Administrator in Minneapolis, Minnesota, will be returned to the sender. Reimbursement Premiums not in the physical possession of the FHCF by 2 p.m., Eastern Time, on the applicable due date are late.

- (e) Except as required by Section 215.555(7)(c), Florida Statutes, or as described in the following sentence, Reimbursement Premiums, together with earnings thereon, received in a given Contract Year will be used only to pay for losses attributable to Covered Events occurring in that Contract Year or for losses attributable to Covered Events in subsequent Contract Years and will not be used to pay for past losses or for debt service on revenue bonds. Pursuant to Section 215.555(6)(a)1., Florida Statutes, Reimbursement Premiums and earnings thereon may be used for payments relating to revenue bonds in the event emergency assessments are insufficient. If Reimbursement Premiums or earnings thereon are used for debt service on revenue bonds, then the amount of the Reimbursement Premiums or earnings thereon so used shall be returned, without interest, to the Fund when emergency assessments or other legally available funds remain available after making payment relating to the revenue bonds and any other purposes for which emergency assessments were levied.
- (3) **Claims and Losses**
- (a) **In General**
1. Claims and losses resulting from Loss Occurrences commencing during the Contract Year shall be reported by the Company and reimbursed by the FHCF as provided herein and in accordance with the Statute, this Contract, and any rules adopted pursuant to the Statute. For a Company participating in a quota share primary insurance agreement(s) with Citizens Property Insurance Corporation—~~High Risk~~ Coastal Account, Citizens and the Company shall report only their respective portion of losses under the quota share primary insurance agreement(s). Pursuant to Section 215.555(4)(c), Florida Statutes, the SBA is obligated to pay for losses not to exceed the Actual Claims-Paying Capacity of the FHCF, up to the limit in accordance with Section 215.555(4)(c)1., Florida Statutes, for any one Contract Year.
 2. If the Company is in non-compliance with Section 215.555, Florida Statutes for any Contract Year, including deadlines for sending in Contracts, addenda or attachments to Contracts, Data Call submissions or resubmissions, loss reports, or in responding to SBA exam requirements, the SBA reserves the right to withhold ~~reimbursements~~ any payments or advances until such time the Company becomes compliant.
- (b) **Loss Reports**
1. At the direction of the SBA, the Company shall report its projected Ultimate Net Loss from each Loss Occurrence to provide information to the SBA in determining any potential liability for possible reimbursable losses under the Contract on the Interim Loss Report, Form FHCF-L1A, adopted for the Contract Year under Rule 19-8.029, F.A.C. Interim Loss Reports (including subsequent Interim Loss Reports if required by the SBA) will be due in no less than fourteen days from the date of the notice from the SBA that such a report is required.
 2. FHCF loss reimbursements will be issued based on Ultimate Net Loss information reported by the Company on the Proof of Loss Report, Form FHCF-L1B, adopted for the Contract Year under Rule 19-8.029, F.A.C.
 - a. To qualify for reimbursement, the Proof of Loss Report must have the original signatures of two executive officers authorized by the Company to sign the report.
 - b. The Company must also submit a detailed claims listing (as outlined on the Proof of Loss Report) at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event, and should be prepared to supply a detailed claims listing for any subsequent Proof of Loss Report upon request.
 - c. While a Company may submit a Proof of Loss Report requesting reimbursement at any time following a Loss Occurrence, all Companies shall submit a mandatory Proof of Loss Report for each Loss Occurrence no earlier than December 1 and no later than December 31 of the Contract Year during which the Covered Event(s) occurs using the most current data available, regardless of the amount of Ultimate Net Loss or the

amount of loss reimbursements or advances already received. Reports may be faxed only if the Company does not qualify for a reimbursement.

- d. For the Proof of Loss Reports due by December 31 of the Contract Year, and the required subsequent quarterly and annual reports required under subparagraphs 3. and 4. below, the Company shall submit its Proof of Loss Reports by each quarter-end or year-end using the most current data available. However, the date of such data shall not be more than sixty days prior to the applicable quarter-end or year-end date.
3. Updated Proof of Loss Reports for each Loss Occurrence are due quarterly thereafter until all claims and losses resulting from a Loss Occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries, or the Company has received its full coverage under the Contract Year in which the Loss Occurrence(s) occurred. Guidelines follow:
 - a. Quarterly Proof of Loss Reports are due by March 31 from an insurer whose losses exceed, or are expected to exceed, 50% of its FHCF Retention for a specific Loss Occurrence(s).
 - b. Quarterly Proof of Loss Reports are due by June 30 from an insurer whose losses exceed, or are expected to exceed, 75% of its FHCF Retention for a specific Loss Occurrence(s).
 - c. Quarterly Proof of Loss Reports are due by September 30 and quarterly thereafter from an insurer whose losses exceed, or are expected to exceed, its FHCF Retention for a specific Loss Occurrence(s).

If the Company's Retention must be recalculated as the result of an exposure resubmission, and if the recalculated Retention changes the FHCF's reimbursement obligations, then the Company shall submit additional Proof of Loss Reports for recalculation of the FHCF's obligations.

4. Annually after December 31 of the Contract Year, all Companies shall submit a mandatory year-end Proof of Loss Report for each Loss Occurrence, as applicable, using the most current data available. This Proof of Loss Report shall be filed no earlier than December 1 and no later than December 31 of each year and shall continue until the earlier of the commutation process described in (3)(d) below or until all claims and losses resulting from the Loss Occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries.
5. The SBA, except as noted below, will determine and pay, within 30 days or as soon as practicable after receiving Proof of Loss Reports, the reimbursement amount due based on losses paid by the Company to date and adjustments to this amount based on subsequent quarterly information. The adjustments to reimbursement amounts shall require the SBA to pay, or the Company to return, amounts reflecting the most recent determination of losses.
 - a. The SBA shall have the right to consult with all relevant regulatory agencies to seek all relevant information, and shall consider any other factors deemed relevant, prior to the issuance of reimbursements.
 - b. The SBA shall require commercial self-insurance funds established under Section 624.462, Florida Statutes, to submit contractor receipts to support paid losses reported on a Proof of Loss Report, and the SBA may hire an independent consultant to confirm losses, prior to the issuance of reimbursements.
 - c. The SBA shall have the right to conduct a claims examination prior to the issuance of any advances or reimbursements submitted by Companies that have been placed under regulatory supervision by a State or where control has been transferred through any legal or regulatory proceeding to a state regulator or court appointed receiver or rehabilitator.
6. All Proof of Loss Reports received will be compared with the FHCF's exposure data to establish the facial reasonableness of the reports. The SBA may also review the results of

current and prior Contract Year exposure and loss examinations to determine the reasonableness of the reported losses. Except as noted in paragraph 4. above, Companies meeting these tests for reasonableness will be scheduled for reimbursement. Companies not meeting these tests for reasonableness will be handled on a case-by-case basis and will be contacted to provide specific information regarding their individual book of business. The discovery of errors in a Company's reported exposure under the Data Call may require a resubmission of the current Contract Year Data Call which, as the Data Call impacts the Company's Premium, Retention, and coverage for the Contract Year, will be required before the Company's request for reimbursement or an advance will be fully processed by the Administrator.

(c) Loss Reimbursement Calculations

1. In general, the Company's paid Ultimate Net Losses must exceed its full FHCF Retention for a specific Covered Event before any reimbursement is payable from the FHCF for that Covered Event. As described in Article V(28)(b), Retention adjustments will be made on or after December 31 of the Contract Year. No interest is payable on additional payments to the Company due to this type of Retention adjustment. Each Company sustaining reimbursable losses will receive the amount of reimbursement due under the Contract up to the amount of the Company's payout. If more than one Covered Event occurs in any one Contract Year, any reimbursements due from the FHCF shall take into account the Company's Retention for each Covered Event. However, the Company's reimbursements from the FHCF for all Covered Events occurring during the Contract Year shall not exceed, in aggregate, the Projected Payout Multiple or Payout Multiple, as applicable, times the individual Company's Reimbursement Premium for the Contract Year.
2. In determining reimbursements under this Contract, the SBA shall reimburse each of the Companies, including entities created pursuant to Section 627.351(6), Florida Statutes, for the amount (if any) of reimbursement due under the individual Company's Contract, but not to exceed for all Loss Occurrences, an amount equal to the Projected Payout Multiple or the Payout Multiple, as applicable, times the individual Company's Reimbursement Premium for the Contract Year.
3. Reserve established. When a Covered Event occurs in a subsequent Contract Year when reimbursable losses are still being paid for a Covered Event in a previous Contract Year, the SBA will establish a reserve for the outstanding reimbursable losses for the previous Contract Year, based on the length of time the losses have been outstanding, the amount of losses already paid, the percentage of incurred losses still unpaid, and any other factors specific to the loss development of the Covered Events involved.

(d) Commutation

1. Not less than 36 months or more than 60 months after the end of the Contract Year, the Company shall file a final Proof of Loss Report(s), with the exception of Companies having no reportable losses as described in paragraph (3)(d)1.a. below. Otherwise, the final Proof of Loss Report(s) is required as specified in paragraph (3)(d)1.b. below. The Company and SBA may mutually agree to initiate commutation after 36 months and prior to 60 months after the end of the Contract Year. The commutation negotiations shall begin at the later of 60 months after the end of the Contract Year or upon completion of the FHCF loss examination for the Company and the resolution of all outstanding examination issues.
 - a. If the Company's most recently submitted Proof of Loss Report(s) indicate that it has no losses resulting from a Loss Occurrence(s) during the Contract Year, the SBA shall after 36 months request that the Company execute a final commutation agreement. The final commutation agreement shall constitute a complete and final release of all obligations of the SBA with respect to all claims and losses. If the Company chooses not to execute a final commutation agreement, the SBA shall be released from all obligations 60 months following the end of the Contract Year if no Proof of Loss Report(s) indicating

reimbursable losses have been filed and the commutation shall be deemed concluded. However during this time, if the Company determines that it does have losses to report for FHCF reimbursement, the Company must submit an updated Proof of Loss Report(s) prior to the end of 60 months after the Contract Year and the Company shall be required to follow the commutation provisions and time frames otherwise specified in this section.

- b. If the Company has submitted a Proof of Loss Report(s) indicating that it does have losses resulting from a Loss Occurrence(s) during the Contract Year, the SBA may require the Company to submit within 30 days an updated, current Proof of Loss Report(s) for each Loss Occurrence during the Contract Year. The Proof of Loss Report(s) must include all paid losses as well as all outstanding losses and incurred but not reported losses, which are not finally settled and which may be reimbursable losses under this Contract, and must be accompanied by supporting documentation (at a minimum an adjuster's summary report or equivalent details) and a copy of a written opinion on the present value of the outstanding losses and incurred but not reported losses by the Company's certifying actuary. Failure of the Company to provide an updated current Proof of Loss Report(s), supporting documentation, and an opinion by the date requested by the SBA may result in referral to the Office of Insurance Regulation for a violation of the Contract. Increases in reported paid, outstanding, or incurred but not reported losses on original or corrected Proof of Loss Report filings received later than 60 months after the end of the Contract Year shall not be eligible for reimbursement or commutation.
2. Determining the present value of outstanding claims and losses.
 - a. If the Company exceeds or expects to exceed its Retention, the Company and the SBA or their respective representatives shall attempt, by mutual agreement, to agree upon the present value of all outstanding claims and losses, both reported and incurred but not reported, resulting from Loss Occurrences during the Contract Year. Payment by the SBA of its portion of any amount or amounts so mutually agreed and certified by the Company's certifying actuary shall constitute a complete and final release of the SBA in respect of all claims and losses, both reported and unreported, under this Contract.
 - b. If agreement on present value cannot be reached within 90 days of the FHCF's receipt of the final Proof of Loss Report(s) and supporting documentation, the Company and the SBA may mutually appoint an actuary, adjuster, or appraiser to investigate and determine such claims or losses. If both parties then agree, the SBA shall pay its portion of the amount so determined to be the present value of such claims or losses.
 - c. If the parties fail to agree, then any difference shall be settled by a panel of three actuaries, as provided in this paragraph.
 - i. ~~one to~~ One actuary shall be chosen by each party, and the third ~~by the two so chosen actuary shall be chosen by those two actuaries.~~ If either party does not appoint an actuary within 30 days, the other party may appoint two actuaries. If the two actuaries fail to agree on the selection of an independent third actuary within 30 days of their appointment, each of them shall name two, of whom the other shall decline one and the decision shall be made by drawing lots.
 - ii. All of the actuaries shall be regularly engaged in the valuation of property claims and losses and shall be members of the Casualty Actuarial Society and of the American Academy of Actuaries.
 - iii. None of the actuaries shall be under the control of either party to this Contract.
 - iv. Each party shall submit its case to ~~its actuary within 30 days of the panel in writing on the 30th day after~~ the appointment of the third actuary. Following the submission of the case to the panel, the parties are prohibited from providing any further information or other communication except at the request of the panel. Such

responses to requests from the panel must be in writing and simultaneously provided to the other party and all members of the panel, except that the panel may require the response to be provided in a meeting or teleconference attended by both parties and all members of the panel.

v. The decision in writing of any two actuaries, when filed with the parties hereto, shall be final and binding on both parties.

d. The reasonable and customary expense of the actuaries and of the commutation (as a result of b. and c. above) shall be equally divided between the two parties. Said commutation shall take place in Tallahassee, Florida, unless some other place is mutually agreed upon by the Company and the SBA.

(4) **Advances**

(a) In accordance with Section 215.555(4)(e), Florida Statutes, the SBA may make advances for loss reimbursements as defined herein, at market interest rates, to the Company in accordance with Section 215.555(4)(e), Florida Statutes. An advance is an early reimbursement which allows the Company to continue to pay claims in a timely manner. Advances will be made based on the Company's paid and reported outstanding losses for Covered Policies (excluding all incurred but not reported [IBNR] losses) as reported on a Proof of Loss Report, and shall include Loss Adjustment Expense Reimbursement as calculated by the FHCF. In order to be eligible for an advance, the Company must submit its exposure data for the Contract Year as required under paragraph (1) of this Article. Except as noted below, advances, if approved, will be made as soon as practicable after the SBA receives a written request, signed by two officers of the Company, for an advance of a specific amount and any other information required for the specific type of advance under subparagraphs (c) and (e) below. All reimbursements due to a Company shall be offset against any amount of outstanding advances plus the interest due thereon.

(b) For advances or excess advances, which are advances that are in excess of the amount to which the Company is entitled, the market interest rate shall be the prime rate as published in the Wall Street Journal on the first business day of the Contract Year. This rate will be adjusted annually on the first business day of each subsequent Contract Year, regardless of whether the Company executes subsequent Contracts. In addition to the prime rate, an additional 5% interest charge will apply on excess advances. All interest charged will commence on the date the SBA issues a check for an advance and will cease on the date upon which the FHCF has received the Company's Proof of Loss Report(s) for the Covered Event(s) for which the Company qualifies for reimbursement(s). If such reimbursement(s) are less than the amount of outstanding advance(s) issued to the Company, interest will continue to accrue on the outstanding balance of the advance(s) until subsequent Proof of Loss Reports qualify the Company for reimbursement under any Covered Event equal to or exceeding the amount of any outstanding advance(s). Interest shall be billed on a periodic basis. If it is determined that the Company received funds in excess of those to which it was entitled, the interest as to those sums will not cease on the date of the receipt of the Proof of Loss Report but will continue until the Company reimburses the FHCF for the overpayment.

(c) If the Company has an outstanding advance balance as of December 31 of this or any other Contract Year, the Company is required to have an actuary certify outstanding and incurred but not reported losses as reported on the applicable December Proof of Loss Report.

(d) The specific type of advances enumerated in Section 215.555, Florida Statutes, follow.

1. Advances to Companies to prevent insolvency, as defined under Article XIV of this Contract.

a. Section 215.555(4)(e)1., Florida Statutes, provides that the SBA shall advance to the Company amounts necessary to maintain the solvency of the Company, up to 50 percent of the SBA's estimate of the reimbursement due to the Company.

- b. In addition to the requirements outlined in subparagraph (4)(a) above, the requirements for an advance to a Company to prevent insolvency are that the Company demonstrates it is likely to qualify for reimbursement and that the immediate receipt of moneys from the SBA is likely to prevent the Company from becoming insolvent, and the Company provides the following information:
 - i. Current assets;
 - ii. Current liabilities other than liabilities due to the Covered Event;
 - iii. Current surplus as to policyholders;
 - iv. Estimate of other expected liabilities not due to the Covered Event; and
Amount of reinsurance available to pay claims for the Covered Event under other reinsurance treaties.
 - c. The SBA's final decision regarding an application for an advance to prevent insolvency shall be based on whether or not, considering the totality of the circumstances, including the SBA's obligations to provide reimbursement for all Covered Events occurring during the Contract Year, granting an advance is essential to allowing the entity to continue to pay additional claims for a Covered Event in a timely manner.
 - 2. Advances to entities created pursuant to Section 627.351(6), Florida Statutes.
 - a. Section 215.555(4)(e)2., Florida Statutes, provides that the SBA may advance to an entity created pursuant to Section 627.351(6), Florida Statutes, up to 90% of the lesser of the SBA's estimate of the reimbursement due or the entity's share of the actual aggregate Reimbursement Premium for that Contract Year, multiplied by the current available liquid assets of the FHCF.
 - b. In addition to the requirements outlined in subparagraph (4)(a) above, the requirements for an advance to entities created pursuant to Section 627.351(6), Florida Statutes, are that the entity must demonstrate to the SBA that the advance is essential to allow the entity to pay claims for a Covered Event.
 - 3. Advances to limited apportionment companies.
Section 215.555(4)(e)3., Florida Statutes, provides that the SBA may advance the amount of estimated reimbursement payable to limited apportionment companies.
 - (e) In determining whether or not to grant an advance and the amount of an advance, the SBA:
 - 1. Shall determine whether its assets available for the payment of obligations are sufficient and sufficiently liquid to fulfill its obligations to other Companies prior to granting an advance;
 - 2. Shall review and consider all the information submitted by such Companies;
 - 3. Shall review such Companies' compliance with all requirements of Section 215.555, Florida Statutes;
 - 4. Shall consult with all relevant regulatory agencies to seek all relevant information;
 - 5. Shall review the damage caused by the Covered Event and when that Covered Event occurred;
 - 6. Shall consider whether the Company has substantially exhausted amounts previously advanced;
 - 7. Shall consider any other factors deemed relevant; and
 - 8. Shall require commercial self-insurance funds established under section 624.462, Florida Statutes, to submit a copy of written estimates of expenses in support of the amount of advance requested.
 - (f) Any amount advanced by the SBA shall be used by the Company only to pay claims of its policyholders for the Covered Event or Covered Events which have precipitated the immediate need to continue to pay additional claims as they become due.
- (5) **Delinquent Payments**

Failure to submit a payment when due is a violation of the terms of this Contract and Section 215.555, Florida Statutes. Interest on late payments shall be due as set forth in Article VIII(2) and Article IX(2) of this Contract.

(6) Inadequate Data Submissions

If exposure data or other information required to be reported by the Company under the terms of this Contract is not received by the FHCF in the format specified by the FHCF or is inadequate to the extent that the FHCF requires resubmission of data, the Company will be required to pay the FHCF a resubmission fee of \$1,000 for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be \$2,000. If the Company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000. A resubmission of exposure data may delay the processing of the Company's request for reimbursement or an advance.

(7) Delinquent Submissions

Failure to submit an exposure submission, resubmission, loss report, or commutation documentation when due is a violation of the terms of this Contract and Section 215.555, Florida Statutes.

ARTICLE XI - TAXES

In consideration of the terms under which this Contract is issued, the Company agrees to make no deduction in respect of the Premium herein when making premium tax returns to the appropriate authorities. Should any taxes be levied on the Company in respect of the Premium herein, the Company agrees to make no claim upon the SBA for reimbursement in respect of such taxes.

ARTICLE XII - ERRORS AND OMISSIONS

Any inadvertent delay, omission, or error on the part of the SBA shall not be held to relieve the Company from any liability which would attach to it hereunder if such delay, omission, or error had not been made.

ARTICLE XIII - INSPECTION OF RECORDS

The Company shall allow the SBA to inspect, examine, and verify, at reasonable times, all records of the Company relating to the Covered Policies under this Contract, including Company files concerning claims, losses, or legal proceedings regarding subrogation or claims recoveries which involve this Contract, including premium, loss records and reports involving exposure data or losses under Covered Policies. This right by the SBA to inspect, examine, and verify shall survive the completion and closure of an exposure examination or loss examination file and the termination of the Contract. The Company shall have no right to re-open an exposure or loss reimbursement examination once closed and the findings have been accepted by the Company; any re-opening shall be at the sole discretion of the SBA. If the FHCF Finance Corporation has issued revenue bonds and relied upon the exposure and loss data submitted and certified by the Company as accurate to determine the amount of bonding needed, the SBA may choose not to require, or accept, a resubmission if the resubmission will result in additional reimbursements to the Company. The SBA may require any discovered errors, inadvertent omissions, and typographical errors associated with the data reporting of insured values, discovered prior to the closing of the file and acceptance of the examination findings by the Company, to be corrected to reflect the proper values. The Company shall retain its records in accordance with the requirements for records retention regarding exposure reports and claims reports outlined herein, and in any administrative rules adopted pursuant to Section 215.555, Florida Statutes. Companies writing covered collateral protection policies, as defined in definition (10)(d) of Article V herein, must be able to provide documentation that the policy covers personal residences, protects both the borrower's and lender's interest, and that the coverage is in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy.

(1) **Examination Requirements for Exposure Verification**

The Company shall retain complete and accurate records, in policy level detail, of all exposure data submitted to the SBA in any Contract Year until the SBA has completed its examination of the Company's exposure submissions. The Company shall also retain complete and accurate records of any completed exposure examination for any Contract Year in which the Company incurred losses until the completion of the loss reimbursement examination for that Contract Year. The records to be retained shall include the exam file which supports the exposure reported to the SBA and any other information which would allow for a complete examination of the Company's reported exposure data. The exam file shall be prepared according to the SBA Exam File Specifications outlined in the Data Call. The Company must also have available, at the time of the examination, a copy of its underwriting manual, a copy of its rating manual, and staff to respond to the questions of the SBA or its agents. The Company is also required to retain declarations pages and policy applications to support reported exposure. To meet the requirement that the application must be retained, the Company may retain either the actual application or may retain the actual application in an electronic format. A complete list of records to be retained is set forth in Form FHCF-EAP1, adopted for the Contract Year under Rule 19-8.030, F.A.C.

(2) **Examination Requirements for Loss Reports**

The Company shall retain complete and accurate records of all reported losses and/or advances submitted to the SBA until the SBA has completed its examination of the Company's reimbursable losses and commutation for the Contract Year (if applicable) has been concluded. The records to be retained are set forth as part of the Proof of Loss Report, Form FHCF-L1B, adopted for the Contract Year under Rule 19-8.029, F.A.C., and Form FHCF-LAP1, adopted for the Contract Year under Rule 19-8.030, F.A.C. The Company must also retain the required exposure exam file for the Contract Year in which the loss occurred, and must have available any other information which would allow for a complete examination of the Company's losses.

(3) **Examination Procedures**

- (a) The FHCF will send an examination notice to the Company providing the commencement date of the examination, the site of the examination, any accommodation requirements of the examiner, and the reports and data which must be assembled by the Company and forwarded to the FHCF upon request. The Company shall be prepared to choose one location in which to be examined, unless otherwise specified by the SBA.
- (b) The reports and data are required to be forwarded to the FHCF as set forth in an examination notice letter. The information is then forwarded to the examiner. If the FHCF receives accurate and complete records as requested, the examiner will contact the Company to inform the Company as to what policies or other documentation will be required once the examiner is on site. Any records not required to be provided to the examiner in advance shall be made available at the time the examiner arrives on site. Any records to support reported losses which are provided after the examiner has left the work-site will, at the SBA's discretion, result in an additional examination of exposure and/or loss records or an extension or expansion of the examination already in progress. All costs associated with such additional examination or with the extension or expansion of the original examination shall be borne by the Company.
- (c) At the conclusion of the examiner's work and the management review of the examiner's report, findings, recommendations, and work papers, the FHCF will forward ~~a preliminary draft of the~~ [an](#) examination report to the Company and require a response from the Company by a date certain as to the examination findings and recommendations.
- (d) If the Company accepts the examination findings and recommendations, and there is no recommendation for additional information, the examination report will be finalized and the exam file closed.
- (e) If the Company disputes the examiner's findings, the areas in dispute will be resolved by a meeting or a conference call between the Company and FHCF management.

- (f) 1. If the recommendation of the examiner is to resubmit the Company's exposure data for the Contract Year in question, then the FHCF will send the Company a letter outlining the process for resubmission and including a deadline to resubmit. The resubmission will include a data file to be submitted to the FHCF's Administrator and an exam file to be submitted to the offices of the SBA. The resubmission is also required to be accompanied by a detailed written description of the specific changes made to the resubmitted data. Once the resubmission is received by the FHCF's Administrator, the FHCF's Administrator calculates a revised Reimbursement Premium for the Contract Year which has been examined. The SBA shall then review the resubmission with respect to the examiner's findings, and accept the resubmission or contact the Company with any questions regarding the resubmission. Once the SBA has accepted the resubmission as a sufficient response to the examiner's findings, ~~the FHCF's Administrator will send the Company an invoice for any Reimbursement Premium and interest due or to refund Reimbursement Premium, as the case may be. Once the resubmission has been approved,~~ the exam-file is closed.
2. If the recommendation of the examiner is either to resubmit the Company's exposure data for the Contract Year in question or giving the option to pay the estimated Premium difference, then the FHCF will send the Company a letter outlining the process for resubmission or for paying the estimated Premium difference and including a deadline for the resubmission or the payment to be received by the FHCF's Administrator. If the Company chooses to resubmit, the same procedures outlined in Article XIII(3)(f)1. apply.
- (g) If the recommendation of the examiner is to update the Company's Proof of Loss Report(s) for the Contract Year under review, the FHCF will send the Company a letter outlining the process for submitting the Proof of Loss Report(s) and including a deadline to file. The updated Proof of Loss Report(s) will be submitted to the FHCF's Administrator with a copy of the Proof of Loss Report(s) and a supporting detailed claims listing to be submitted to the offices of the SBA. The report is required to be accompanied by a detailed written description of the specific changes made. Once the Proof of Loss Report(s) is received by the FHCF Administrator, the FHCF's Administrator will calculate a revised reimbursement. The SBA shall then review the submitted Proof of Loss Report(s) with respect to the examiner's findings, and accept the Proof of Loss Report(s) as filed or contact the Company with any questions. Once the SBA has accepted the corrected Proof of Loss Report(s) as a sufficient response to the examiner's findings, ~~the FHCF's Administrator will send the Company an invoice for any overpayments and interest due. Once the Proof of Loss Report(s) is approved,~~ the exam-file is closed.
- (h) If the Company continues to dispute the examiner's findings and/or recommendations and no resolution of the disputed matters is obtained through discussions between the Company and FHCF management, then the process within the SBA is at an end and further administrative remedies may be pursued under Chapter 120, Florida Statutes.
- (i) The examiner's list of errors is made available in the examination report sent to the Company. Given that the examination was based on a sample of the Company's policies or claims rather than the whole universe of the Company's Covered Policies or reported claims, the error list is not intended to provide a complete list of errors but is intended to indicate what information needs to be reviewed and corrected throughout the Company's book of Covered Policy business or claims information to ensure more complete and accurate reporting to the FHCF.
- (4) **Costs of the Examinations**
The costs of the examinations shall be borne by the SBA. However, in order to remove any incentive for a Company to delay preparations for an examination, the SBA shall be reimbursed by the Company for any examination expenses incurred in addition to the usual and customary costs, which additional expenses were incurred as a result of the Company's failure, despite proper notice, to be prepared for the examination or as a result of a Company's failure to provide requested

information. All requested information must be complete and accurate. The Company shall be notified of any administrative remedies which may be obtained under Chapter 120, Florida Statutes.

ARTICLE XIV - INSOLVENCY OF THE COMPANY

Company shall notify the FHCF immediately upon becoming insolvent. Except as otherwise provided below, no covered loss reimbursements will be made until the FHCF has completed and closed its examination of the insolvent Company's losses, unless an agreement is entered into by the court appointed receiver specifying that all data and computer systems required for FHCF exposure and loss examinations will be maintained until completion of the Company's exposure and loss examinations. Except as otherwise provided below, in order to account for potential erroneous reporting, the SBA shall hold back 25% of requested loss reimbursements until the exposure and loss examinations for the Company are completed. Only those losses supported by the examination will be reimbursed. Pursuant to Section 215.555(4)(g), Florida Statutes, the FHCF is required to pay the "net amount of all reimbursement moneys" due an insolvent insurer to the Florida Insurance Guaranty Association (FIGA) for the benefit of Florida policyholders. For the purpose of this Contract, a Company is insolvent when an order of liquidation with a finding of insolvency has been entered by a court of competent jurisdiction. In light of the need for an immediate infusion of funds to enable policyholders of insolvent companies to be paid for their claims, the SBA may enter into agreements with FIGA allowing exposure and loss examinations to take place immediately without the usual notice and response time limitations and allowing the FHCF to make loss reimbursements (net of any amounts payable to the SBA from the Company or FIGA) to FIGA before the examinations are completed and before the response time expires for claims filing by reinsurers and financial institutions, which have a priority interest in those funds pursuant to Section 215.555(4)(g), Florida Statutes. Such agreements must ensure the availability of the necessary records and adequate security must be provided so that if the FHCF determines that it overpaid FIGA on behalf of the Company, or if claims are filed by reinsurers or financial institutions having a priority interest in these funds, that the funds will be repaid to the FHCF by FIGA within a reasonable time.

ARTICLE XV - TERMINATION

The FHCF and the obligations of both parties under this Contract can be terminated only as may be provided by law or applicable rules.

ARTICLE XVI - VIOLATIONS

Pursuant to the provisions of Section 215.555(10), Florida Statutes, any violation of the terms of this Contract by the Company constitutes a violation of the Insurance Code of the State of Florida. Pursuant to the provisions of Section 215.555(11), Florida Statutes, the SBA is authorized to take any action necessary to enforce any administrative rules adopted pursuant to Section 215.555, Florida Statutes, and the provisions and requirements of this Contract.

ARTICLE XVII - APPLICABLE LAW

- (1) **Applicable Law:** This Contract shall be governed by and construed according to the laws of the State of Florida in respect of any matter relating to or arising out of this Contract.
- (2) **Notice of Rights:** Pursuant to Chapter 120, Florida Statutes, and the Uniform Rules of Procedure, codified as Chapters 28-101 through 28-111, F.A.C., a person whose substantial interests are affected by a decision of the SBA regarding the FHCF may request a hearing within 21 days shall have waived his or her right to a hearing. The hearing may be a formal hearing or an informal hearing pursuant to the provisions of Sections 120.569 and 120.57, Florida Statutes. The petition must be filed (received) in the office of the Agency Clerk, General Counsel's Office, State Board of

Administration of Florida, P.O. Box 13300, Tallahassee, FL 32317-3300 or 1801 Hermitage Blvd., Suite 100, Tallahassee, FL 32308, within the 21 day period.

ARTICLE XVIII – REIMBURSEMENT CONTRACT ELECTIONS

Reimbursement Percentage

For purposes of determining reimbursement (if any) due the Company under this Contract and in accordance with the Statute, the Company has the option to elect a 45% or 75% or 90% reimbursement percentage under this Contract. If the Company is a member of an NAIC group, all members must elect the same reimbursement percentage, and the individual executing this Contract on behalf of the Company, by placing his or her initials in the box under (a) below, affirms that the Company has elected the same reimbursement percentage as all members of its NAIC group. If the Company is an entity created pursuant to Section 627.351, Florida Statutes, the Company must elect the 90% reimbursement percentage. The Company shall not be permitted to change its reimbursement percentage during the Contract Year. The Company shall be permitted to change its reimbursement percentage at the beginning of a new Contract Year, but may not reduce its reimbursement percentage if a Covered Event required the issuance of revenue bonds, until the bonds have been fully repaid.

IMPORTANT NOTE: The FHCF has issued revenue bonds as a result of its liabilities for Covered Events under the Contract Year effective June 1, 2005. As those bonds have not been fully repaid, the Company may not select a Reimbursement Percentage that is less than its selection under the prior Contract Year effective June 1, ~~2010~~2011.

The Reimbursement Percentage elected by the Company for the prior Contract Year effective June 1, ~~2010~~2011 was as follows: «Legal_Name» - «M_~~2010~~2011_Coverage_Option»

(a) **NAIC Group Affirmation:** Initial the following box if the Company is part of an NAIC Group:

☐

(b) **Reimbursement Percentage Election:** The Company hereby elects the following Reimbursement Percentage for the Contract Year from 12:00:01 a.m., Eastern Time, June 1, ~~2011~~2012, to 12:00 a.m., Eastern Time, May 31, ~~2012~~2013, (the individual executing this Contract on behalf of the Company shall place his or her initials in the box to the left of the percentage elected for the Company):

☐

45%

OR

☐

75%

OR

☐

90%

Reporting Exposure for a Single Structure, with a Mix of Commercial Habitational and Commercial Non-Habitational Exposure, Written on a Commercial Policy

This section is applicable to all Companies which either have exposure for single structures with a mix of commercial habitational and commercial non-habitational exposure written under a Commercial Policy, or have the authority to write such policies. If the Company does not have the authority to write this type of exposure, this section **does not** apply; initial the N/A box on the next page, which completes this ARTICLE. If the Company **does** write, or has the authority to write, this type of exposure, please read and complete the remainder of this ARTICLE.

Commercial-Residential Class Code

If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial-residential class code (based on a classification plan on file with and reviewed by the Administrator), the entire exposure for the structure should be reported to the FHCF under the Data Call, and the FHCF will reimburse losses for the entire structure as well.

Commercial Non-Residential/Business Class Code

If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial non-residential or business class code (based on a classification plan on file with and reviewed by the Administrator), the habitational portion of that structure should be identified and reported to the FHCF under the Data Call.

However, in recognition of the unusual nature of commercial structures with incidental habitational exposure and the hardship some companies may face in having to carve out such incidental habitational exposure, as well as the losses to such structures, the FHCF will accommodate these companies by allowing them to exclude the entire exposure for the single structure from their Data Call submission, providing the following two conditions are met:

- (1) The decision to not carve out and report the incidental habitational exposure shall apply to all such structures insured by the Company; and
- (2) If the incidental habitational exposure is not reported to the FHCF, the Company agrees it shall not report losses to the structure and the FHCF shall not reimburse any losses to the structure.

Initial the **CARVING** box below if the Company is able to carve out and report its incidental habitational exposure, **OR**, if this requirement presents a hardship, the Company must communicate its decision to not carve out and to not report the incidental exposure by having the individual executing this Contract on behalf of the Company placing his or her initials in the **NOT CARVING** box below. If the Company does not currently write such policies, but has the authority to write such policies after the start date of this Contract, the decision to carve or not carve out the incidental habitational exposure must be indicated below.

	OR		OR	
CARVING		NOT CARVING		NA

By initialing the **CARVING** or **NOT CARVING** box above, the Company is making an irrevocable decision for the corresponding Contract Year Data Call submission and any subsequent resubmissions.

Important Note: Since this election will impact your Data Call submission, please share this decision with the individual(s) responsible for compiling your Data Call submission.

Additional Living Expense (ALE) Written as Time Element Coverage

If your Company writes Covered Policies that provide ALE coverage on a time element basis (i.e., coverage is based on a specific period of time as opposed to a stated dollar limit), you must initial the 'Yes – Time Element ALE' box below. If your Company does not write time element ALE coverage, initial 'No – Time Element ALE' box below.

	OR	
Yes – Time Element ALE		No – Time Element ALE

ARTICLE XIX – SIGNATURES

Approved by:

Florida Hurricane Catastrophe Fund

By: State Board of Administration of the State of Florida

By: _____
Ashbel C. Williams
Executive Director & CIO
Date _____

Approved as to legality:

By: _____
Gary A. Moreland
Assistant General Counsel
FL Bar ID#0702765
Date _____

«Legal_Name»

Typed/Printed Name and Title

By: _____
Signature
Date _____

**ATTENTION: THIS ADDENDUM MUST BE COMPLETED, SIGNED, AND
RETURNED BY ALL COMPANIES EXECUTING A
REIMBURSEMENT CONTRACT REGARDLESS OF CHOICE TO
ACCEPT OR REJECT THIS OPTIONAL COVERAGE**

ADDENDUM NO. ~~2~~1
to
REIMBURSEMENT CONTRACT
Effective: June 1, ~~2011~~2012
(Contract)

between

«Legal_Name»
(Company)

NAIC #

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

It is Hereby Agreed, effective at 12:00:01 a.m., Eastern Time, June 1, ~~2011~~2012, that this Contract shall be amended as follows:

**TEMPORARY INCREASE IN COVERAGE LIMIT OPTIONS FOR ADDITIONAL
COVERAGE PURSUANT TO SECTION 215.555(17), FLORIDA STATUTES.**

Pursuant to Section 215.555(17), Florida Statutes, the Temporary Increase in Coverage Limit (TICL) Options provision allows the Company to select additional FHCF reimbursement coverage above its mandatory FHCF coverage layer under the Reimbursement Contract. The optional coverage selections provided in this Addendum No. ~~2~~1 expires on May 31, ~~2012~~2013. Coverage provided under TICL shall otherwise be consistent with terms and conditions as relates to the Reimbursement Contract including, but not limited to, definitions, coverage for Covered Policies as defined, exclusions, loss reporting, and examination procedures.

To be eligible for this optional coverage, the Company must return a fully executed Addendum No. ~~2-1~~ (two originals) no later than 5 p.m., Central Time, March 1, ~~2011~~2012. New Participants, as defined in Article V of the Contract, must return a fully executed Addendum No. ~~2-1~~ (two originals) within thirty days of writing its first Covered Policy and prior to a Loss Occurrence, as both terms are defined in Article V of the Contract, under which the Company would be eligible for reimbursements under the Contract.

Any Company failing to meet the applicable deadline shall not be eligible for optional coverage under Addendum No. ~~2-1~~.

I. TICL Coverage

The Company may purchase one of six optional coverages above its mandatory FHCF coverage provided for in the FHCF Reimbursement Contract. The TICL options allow the Company to purchase its mandatory FHCF premium share of one of the ~~six~~ four optional layers of coverage. The optional layers of coverage above the mandatory FHCF coverage are ~~\$6 billion, \$5 billion,~~ \$4 billion, \$3 billion, \$2 billion, or \$1 billion.

The purchase of a TICL option increases the Company's coverage under the Reimbursement Contract as calculated pursuant to Section 215.555(4)(d)2., Florida Statutes. The Company's increased coverage shall be the FHCF reimbursement premium multiplied by the TICL multiple. Each TICL coverage multiple shall be calculated by dividing ~~\$6 billion, \$5 billion,~~ \$4 billion, \$3 billion, \$2 billion, or \$1 billion by the aggregate mandatory FHCF premium under the Reimbursement Contract paid by all Companies.

In order to determine the Company's total limit of coverage, the Company's TICL coverage multiple is added to its regular Payout Multiple under the Reimbursement Contract. The total of these two multiples shall represent a number that, when multiplied by an Company's mandatory FHCF reimbursement premium under the Reimbursement Contract, defines the Company's total limit of FHCF reimbursement coverage for the Contract Year under the Reimbursement Contract and Addendum No. ~~2-1~~. The SBA shall reimburse the Company for 45 percent, 75 percent, or 90 percent of its losses from each Covered Event in excess of the Company's FHCF Retention under the Reimbursement Contract, plus 5 percent of the reimbursed losses to cover loss adjustment expense, not to exceed the Company's total limit of coverage as defined above. The percentage shall be the same as the coverage level selected by the Company under its Reimbursement Contract.

II. TICL Premium

The Company's TICL premium shall be determined as specified in Sections 215.555(5) and (17), Florida Statutes, and shall be due and payable in three installments on August 1, ~~2011~~2012, October 1, ~~2011~~2012, and December 1, ~~2011~~2012.

III. Liability of the FHCF

Pursuant to Section 215.555(17)(g), Florida Statutes, the liability of the FHCF with respect to all TICL addenda shall not exceed \$~~6~~4 billion and shall depend on the number of insurers that select the TICL optional coverage and the TICL coverage options selected. In no circumstance shall the liability of the FHCF exceed its actual claims-paying capacity as defined in Section 215.555(2)(m), Florida Statutes.

The additional TICL capacity shall apply only to the additional coverage provided under the TICL options and shall not otherwise affect any insurer's reimbursement from the FHCF if the insurer chooses not to select a TICL option to increase its limit of FHCF coverage.

IV. Coordination of Coverage

Reimbursement amounts under TICL shall not be reduced by reinsurance paid or payable to the Company from sources other than the FHCF.

The TICL coverage shall be in addition to all other coverage provided by the FHCF under the Company's Reimbursement Contract or other Addenda to the Reimbursement Contract, and shall be in addition to the claims-paying capacity of the FHCF as defined in Section 215.555(4)(c)1., Florida Statutes, but only with respect to those insurers that select the TICL coverage.

The TICL coverage selected is irrevocable and shall not overlap or duplicate coverage otherwise provided for in the Reimbursement Contract, or any Addenda to the Reimbursement Contract, or offset any co-payments or retention amounts.

V. Addendum No. ~~2~~1 TICL Coverage Election

ALL COMPANIES EXECUTING A REIMBURSEMENT CONTRACT MUST INDICATE BELOW THE LEVEL OF OPTIONAL TICL COVERAGE SELECTED, IF ANY. IF THE COMPANY FAILS TO MEET THE MARCH 1, ~~2011~~2012 DEADLINE OR MEETS THIS DEADLINE BUT FAILS TO SELECT AN OPTIONAL COVERAGE UNDER THIS ADDENDUM, IT SHALL BE DEEMED BY THE STATE BOARD OF ADMINISTRATION TO BE A CHOICE TO REJECT TICL COVERAGE.

If your Company does not want to purchase any TICL coverage, print "No Coverage" on the line below and initial the box.

_____ ☐

By selecting an option below (initial the applicable box), the Company is selecting its proportionate share based on its mandatory FHCF reimbursement premium to the total mandatory FHCF reimbursement premiums paid by all Companies of the layer of optional coverage.

	OR		OR		OR	
Company selects \$1 billion TICL Coverage Option		Company selects \$2 billion TICL Coverage Option		Company selects \$3 billion TICL Coverage Option		Company selects \$4 billion TICL Coverage Option

	OR	
Company selects \$5 billion TICL Coverage Option		Company selects \$6 billion TICL Coverage Option

VI. Signatures

«Legal_Name»

By: _____
Typed/Printed Name and Title
Date

Approved by:

Florida Hurricane Catastrophe Fund
 By: State Board of Administration of the State of Florida

By: _____
Ashbel C. Williams
Date
Executive Director & CIO

Approved as to legality:

By: _____
~~Gary A. Moreland~~
Date
~~Assistant General Counsel, FL Bar ID#0702765~~

ADDENDUM NO. ~~3~~2
to
REIMBURSEMENT CONTRACT
Effective: June 1, ~~2011~~2012
(Contract)

Between

Citizens Property Insurance Corporation
(Citizens or Company)

NAIC #

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

It is Hereby Agreed, effective at 12:00:01 a.m., Eastern Time, June 1, ~~2011~~2012, that this Contract shall be amended as follows:

CITIZENS COVERAGE OF POLICIES OF LIQUIDATED INSURERS PURSUANT TO SECTION 215.555(5)(e), FLORIDA STATUTES.

If an insurer is placed in liquidation under Chapter 631, pursuant to Section 627.351(6), Florida Statutes, and Citizens Property Insurance Corporation ("Citizens") provides coverage for Covered Policies of such liquidated insurer, Section 215.555(5)(e), Florida Statutes, provides that Citizens may, subject to provisions below, obtain coverage for such policies under its Reimbursement Contract with the FHCF or accept an assignment of the liquidated insurer's Reimbursement Contract with the FHCF. Prior to the date that Citizens takes a transfer of policies from a liquidated insurer, Citizens shall select one of these options using Appendix A of Addendum No. ~~3~~2 and submit to the FHCF as instructed.

PROVIDING COVERAGE FOR A LIQUIDATED INSURER'S POLICIES UNDER CITIZENS' FHCF REIMBURSEMENT CONTRACT

- (1) If a Covered Event has occurred prior to the transfer of policies from a liquidated insurer to Citizens, Citizens must accept an assignment of such liquidated insurer's FHCF Reimbursement Contract and cannot cover such policies under Citizens' Reimbursement Contract. Only in those situations where a Covered Event has not occurred shall Citizens be

able to obtain coverage under its own FHCF Reimbursement Contract for those policies transferred to Citizens as a result of a liquidation.

(2) Responsibilities relating to the transfer of the liquidated insurer's Covered Policies to Citizens:

(a) Citizens shall accurately report the exposure and loss data related to Covered Policies transferred from a liquidated insurer to Citizens.

1. For a transfer of a liquidated insurer's Covered Policies that occurs on or before June 30, ~~2011~~2012, Citizens shall report the exposure in effect for such policies as of June 30, ~~2011~~2012. If any such policies renewed with Citizens on or before June 30, ~~2011~~2012, Citizens shall include the exposure for those policies as part of its Form FHCF-D1A (Data Call) submission due September 1, ~~2011~~2012.
2. For transfers of Covered Policies from a liquidated insurer to Citizens after June 30, ~~2011~~2012, Citizens shall report exposure in effect for such policies as of the date of the transfer and the FHCF shall treat all such policies as if they were in effect as of June 30, ~~2011~~2012.
3. For purposes of reporting losses to the FHCF, Citizens shall report all losses including those associated with Covered Policies transferred from liquidated insurers on Forms FHCF-L1A and FHCF-L1B as required under the Reimbursement Contract. Citizens shall retain separate data files for examination purposes for losses on Covered Policies transferred from each liquidated insurer.

(b) Citizens shall report the exposure associated with Covered Policies from each liquidated insurer on a separate Data Call, which must be completed in full and must identify the liquidated insurer from whom the policies were transferred and to which the Data Call relates. The Data Call for each liquidated insurer where Covered Policies are transferred to Citizens is due on September 1, ~~2011~~2012, or a maximum of 60 days from the date of transfer, whichever is later.

(c) The FHCF Reimbursement Premium for all Covered Policies transferred from a liquidated insurer to Citizens shall be due on December 1, ~~2011~~2012, or within 15 days of being invoiced by the FHCF, whichever is later. The FHCF Reimbursement Premium associated with the transferred Covered Policies shall be itemized by Citizens for each liquidated insurer, but the total Reimbursement Premium resulting from the reporting of exposure on Citizens Covered Policies and the Reimbursement Premium associated with Covered Policies transferred to Citizens from liquidated insurers shall be combined to determine Citizens' retention and its share of the FHCF's capacity.

(d) An administrative fee of \$1,000 shall apply to each resubmission of exposure data for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be \$2,000. If the first examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000. Resubmission fees shall be invoiced along with the Reimbursement Premium billing discussed in (c) above.

(e) Citizens shall ensure that the books and records related to the Covered Policies transferred from a liquidated insurer are preserved and accessible to the FHCF for its exposure and loss examinations. Citizens shall retain data related to the FHCF examinations as required

in Forms FHCF-D1A, FHCF-EAP1, and FHCF-LAP1 for the exposure transferred from each liquidated insurer.

- (3) The Covered Policies of a liquidated insurer transferred to Citizens on the date of such transfer shall be treated as if they were on Citizens' books and records as of June 30, ~~2011~~2012. Citizens' ~~2011-2012~~ FHCF Reimbursement Premium shall be the aggregate premium based on its direct business and all business associated with Covered Policies of a liquidated insurer transferred to Citizens. Citizens' FHCF retention and limit of coverage shall be based on this aggregate Reimbursement Premium.

CITIZENS' ACCEPTANCE OF AN ASSIGNMENT OF A LIQUIDATED INSURER'S FHCF REIMBURSEMENT CONTRACT

(1) Responsibilities relating to Assigned Reimbursement Contracts:

- (a) Citizens, pursuant to Section 215.555(5)(e), Florida Statutes, has the rights and duties of the liquidated insurer beginning on the date it first provides coverage for such transferred Covered Policies.
- (b) Citizens is responsible for the Reimbursement Premiums due under the assigned Reimbursement Contract(s). Should any Reimbursement Premium be owed at the time paid losses for Covered Policies under the assigned Reimbursement Contract exceed the retention under the assigned Reimbursement Contract, all Reimbursement Premiums (as well as any applicable fees and interest) shall be offset before the issuance of any reimbursement payment.
- (c) Citizens has the responsibility to report all exposure and loss information for Covered Policies under the assigned Reimbursement Contracts separately for each assigned Reimbursement Contract pursuant to the reporting requirements specified in the Reimbursement Contract. If the liquidated insurer has already submitted the required Data Call, Citizens has the responsibility of filing any resubmissions as necessary.
- (d) Citizens has the responsibility to ensure that the books and records related to the assigned Reimbursement Contract are preserved and accessible to the FHCF for its exposure and loss examinations. Citizens ~~is responsible~~ has the responsibility to retain data related to FHCF examinations as required in FHCF-D1A, FHCF-EAP1, and FHCF-LAP1 for each assigned Reimbursement Contract.

- (2) Citizens will not be reimbursed by the FHCF for any losses occurring prior to the date it first provides coverage for such transferred policies. Reimbursements for those losses shall be made to the insurer, the receiver, or the Florida Insurance Guaranty Association (FIGA), as provided by statute.

Approved by:

Florida Hurricane Catastrophe Fund

By: State Board of Administration of the State of Florida

By: _____
Ashbel C. Williams
Executive Director & CIO
Date

Approved as to legality:

By: _____
Gary A. Moreland
Assistant General Counsel, FL Bar ID#0702765
Date

Company

By: _____
Typed/Printed Name and Title
Date

Draft 9-12-2011

APPENDIX A TO ADDENDUM NO. ~~31~~32
to
REIMBURSEMENT CONTRACT
Effective: June 1, ~~2011~~2012
(Contract)

between

Citizens Property Insurance Corporation
(Citizens or Company)

NAIC #

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

Pursuant to Section 215.555(5) (e), Florida Statutes

With reference to

(Name of Liquidated Insurer "Liquidated Insurer")

We, the undersigned, being executive officers of Citizens Property Insurance Corporation ("Citizens"), acting within our authority, hereby make the following election with reference to the Liquidated Insurer named above:

(Check appropriate box and provide date of transfer below):

☐

Citizens elects to obtain FHCF coverage for the Liquidated Insurer's Covered Policies by including such covered policies under Citizens' ~~2011~~2012 FHCF Reimbursement Contract.

Date policies transferred to Citizens: _____

☐

Citizens elects to obtain FHCF coverage for the Liquidated Insurer's Covered Policies by accepting an assignment of the Liquidated Insurer's ~~2011~~2012 FHCF Reimbursement Contract.

Date policies transferred to Citizens: _____

By: _____

By: _____

Typed Name: _____

Typed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

RETURN COMPLETED FORM TO:

Paragon Strategic Solutions Inc.
8200 Tower, 5600 West 83rd Street, Suite 1100
Minneapolis, MN 55437

Draft 9-12-2011

**OPTIONAL AMENDMENT TO CHANGE PRIOR ELECTIONS MADE IN THE
REIMBURSEMENT CONTRACT OR THE ADDENDA TO
THE REIMBURSEMENT CONTRACT**

Effective: June 1, ~~2011~~2012
(Contract)

between

«Legal_Name»
(Company)

NAIC #

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

WHEREAS, pursuant to Section 215.555, F.S., ~~as amended by CS/SB 1460 (Chapter 2010-10, Laws of Florida)~~, the FHCF Reimbursement Contract, including any Addenda, was required to be executed by March 1, ~~2011~~2012, and,

WHEREAS, in the FHCF Reimbursement Contract, including Addenda, certain options were required to be made by the Company, and,

WHEREAS, there is some benefit to the Company to have the option to change some or all of the Contract elections made in the FHCF ~~2011/2012~~ 2012/2013 Reimbursement Contract, including any Addenda, if such changes are made prior to the commencement of hurricane season on June 1, ~~2011~~2012, and,

WHEREAS, the Board, finds that the operation and administration of the FHCF will not be harmed by allowing changes to these options prior to June 1, ~~2011~~2012, and,

NOW THEREFORE, in consideration of mutual promises hereinafter set forth, the parties agree as follows:

1. This Optional Amendment To Change Prior Elections Made In The Reimbursement Contract Or The Addenda To The Reimbursement Contract ("Optional Amendment") shall not take effect if the Company fails to complete all of the elections herein. If the Company makes a change to any option elected in the ~~2011/2012~~ 2012/2013 Reimbursement Contract or Addenda thereto, then all the options in the Contract and all Addenda must be reselected in this Optional Amendment. The Company is not required to make changes to the options as originally selected, but if the Company chooses to enter into this Optional Amendment to change any option, all options must be redesignated. Failure to re-select any option in this Optional Amendment shall result in the Company being deemed to have chosen the same selections as it chose in the Reimbursement

FHCF-2012K-O
Rule 19-8.010 F.A.C.

Contract or, if the Company failed to make an option selection in the Reimbursement Contract, the option which the Company was deemed to have selected in the Reimbursement Contract.

2. This Optional Amendment shall not take effect if the Company fails to fully execute this Optional Amendment or fails to ensure receipt of this Optional Amendment by the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437, on or before June 1, ~~2011~~2012;
3. If the requirements of paragraphs 1. and 2. above are met, this Optional Amendment shall take effect at 12:00:01 a.m., Eastern Time, June 1, ~~2011~~2012 and terminate on 12:00 midnight Eastern Time, May 31, ~~2012~~2013.
4. Option Selection: **All of the options below must be addressed:**

A. *Reimbursement Percentage*

For purposes of determining reimbursement (if any) due the Company under this Contract and in accordance with the Statute, the Company has the option to elect a 45% or 75% or 90% reimbursement percentage under this Contract. If the Company is a member of an NAIC group, all members must elect the same reimbursement percentage, and the individual executing this Contract on behalf of the Company, by placing his or her initials in the box under (a) below, affirms that the Company has elected the same reimbursement percentage as all members of its NAIC group. If the Company is an entity created pursuant to Section 627.351, Florida Statutes, the Company must elect the 90% reimbursement percentage. The Company shall not be permitted to change its reimbursement percentage during the Contract Year. The Company shall be permitted to change its reimbursement percentage at the beginning of a new Contract Year, but may not reduce its reimbursement percentage if a Covered Event required the issuance of revenue bonds, until the bonds have been fully repaid.

IMPORTANT NOTE: The FHCF has issued revenue bonds as a result of its liabilities for Covered Events under the Contract Year effective June 1, 2005. As those bonds have not been fully repaid, the Company may not select a Reimbursement Percentage that is less than its selection under the prior Contract Year effective June 1, ~~2010~~2011.

The Reimbursement Percentage elected by the Company for the prior Contract Year effective June 1, ~~2010~~2011 was as follows: «Legal_Name» - «M_~~2010~~2011_Coverage_Option»

(a) **NAIC Group Affirmation:** Initial the following box if the Company is part of an NAIC Group:

(b) **Reimbursement Percentage Election:** The Company hereby elects the following Reimbursement Percentage for the Contract Year from 12:00:01 a.m., Eastern Time, June 1, ~~2011~~2012, to 12:00 a.m., Eastern Time, May 31, ~~2012~~2013, (the individual executing this Contract on behalf of the Company shall place his or her initials in the box to the left of the percentage elected for the Company):

45% OR 75% OR 90%

B. Commercial Non-Residential/Business Class Code

If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial non-residential or business class code (based on a classification plan on file with and reviewed by the Administrator), the habitational portion of that structure should be identified and reported to the FHCF under the Data Call.

However, in recognition of the unusual nature of commercial structures with incidental habitational exposure and the hardship some companies may face in having to carve out such incidental habitational exposure, as well as the losses to such structures, the FHCF will accommodate these companies by allowing them to exclude the entire exposure for the single structure from their Data Call submission, providing the following two conditions are met:

- (1) The decision to not carve out and report the incidental habitational exposure shall apply to all such structures insured by the Company; and
- (2) If the incidental habitational exposure is not reported to the FHCF, the Company agrees it shall not report losses to the structure and the FHCF shall not reimburse any losses to the structure.

Initial the **CARVING** box below if the Company is able to carve out and report its incidental habitational exposure, **OR**, if this requirement presents a hardship, the Company must communicate its decision to not carve out and to not report the incidental exposure by having the individual executing this Contract on behalf of the Company placing his or her initials in the **NOT CARVING** box below. If the Company does not currently write such policies, but has the authority to write such policies after the start date of this Contract, the decision to carve or not carve out the incidental habitational exposure must be indicated below.

 OR OR
CARVING **NOT CARVING** **NA**

By initialing the **CARVING or NOT CARVING** box above, the Company is making an irrevocable decision for the corresponding Contract Year Data Call submission and any subsequent resubmissions.

Important Note: Since this election will impact your Data Call submission, please share this decision with the individual(s) responsible for compiling your Data Call submission.

C. Additional Living Expense (ALE) Written as Time Element Coverage

If your Company writes Covered Policies that provide ALE coverage on a time element basis (i.e., coverage is based on a specific period of time as opposed to a stated dollar limit), you must initial the 'Yes – Time Element ALE' box below. If your Company does not write time element ALE coverage, initial 'No – Time Element ALE' box below.

☐

Yes – Time Element ALE

OR

☐

No – Time Element ALE

~~**D. ADDITIONAL COVERAGE OPTION (up to \$10 million) PURSUANT TO SECTION 215.555(4)(b)4, FLORIDA STATUTES.**~~

~~If your Company is eligible but does not wish to purchase the additional coverage under this Optional Amendment, print "No Coverage" on the line below and initial the box.~~

~~_____~~

☐

~~If your Company is eligible for the coverage under this Optional Amendment and elects to purchase this coverage, indicate the amount of additional coverage up to \$10 million (there is no additional coverage available in excess of \$10 million) on the line below:~~

~~\$ _____~~

~~IF THIS OPTIONAL AMENDMENT IS RETURNED WITHOUT THE BLANK SPACE IMMEDIATELY ABOVE FILLED IN WITH A DOLLAR AMOUNT, IT SHALL BE DEEMED BY THE STATE BOARD OF ADMINISTRATION TO BE A CHOICE TO REJECT THE ADDITIONAL COVERAGE.~~

E.D. TEMPORARY INCREASE IN COVERAGE (TICL) LIMIT OPTIONS FOR ADDITIONAL COVERAGE PURSUANT TO SECTION 215.555(17), FLORIDA STATUTES.

If your Company does not want to purchase any TICL coverage, print "No Coverage" on the line below and initial the box.

☐

By selecting an option below (initial the applicable box), the Company is selecting its proportionate

share based on its mandatory FHCF Reimbursement Premium to the total mandatory FHCF Reimbursement Premiums paid by all Companies of the layer of optional coverage.

	OR		OR		OR	
Company selects \$1 billion TICL Coverage Option		Company selects \$2 billion TICL Coverage Option		Company selects \$3 billion TICL Coverage Option		Company selects \$4 billion TICL Coverage Option

	OR	
Company selects \$5 billion TICL Coverage Option		Company selects \$6 billion TICL Coverage Option

5. All provisions of the FHCF Reimbursement Contract and the Addenda thereto remain in full force and effect except as to the option changes allowed in paragraph 4., of this Optional Amendment.

This Optional Amendment To Change Prior Elections Made In The Reimbursement Contract Or The Addenda To The Reimbursement Contract (“Optional Amendment”) shall not take effect if Company fails to complete all of the elections herein.

Approved by:

Florida Hurricane Catastrophe Fund
By: State Board of Administration of the State of Florida

By: _____ Date _____
Ashbel C. Williams
Executive Director & CIO

Approved as to legality:

By: _____ Date _____
~~Gary A. Moreland~~
~~Assistant General Counsel~~
~~FL Bar ID#0702765~~

Company

By: _____ Date _____
Typed/Printed Name and Title