

C
I
T
Y

O
F

F
O
R
T

L
A
U
D
E
R
D
A
L
E

Review
of the
State Housing Initiatives
Partnership (SHIP) Program

Report of Audit 06/07-XX-10

August 31, 2007



Office of Management and Budget
Internal Audit

MEMORANDUM NO. 07-47

DATE: August 31, 2007

TO: Director of Planning & Zoning/Marc LaFerrier
Director of Finance/Betty Burrell

SUBJECT: *Review of the State Housing Initiatives Partnership (SHIP) Program*

Enclosed is the “subject” Final Report of Audit.

Allyson C. Love
Director, Office of Management and Budget

Attachment - Final Report of Audit No. 06/07-XX-10

c: City Commission
City Manager/George Gretsas
Assistant City Manager/Kathleen Gunn
Assistant City Manager/David Hebert
Assistant City Manager/Stephen Scott

ACL/am

REPORT OF AUDIT NO. 06/07-XX-10

DATE: July 17, 2007

TO: Director of Planning and Zoning/Marc LaFerrier
Director of Finance/Betty Burrell

FROM: Assistant Internal Audit Director/Renee Foley

BY: Financial Management Analyst/Valerie Florestal

SUBJECT: *Review of the State Housing Initiatives Partnership (SHIP) Program*

BACKGROUND

The State Housing Initiatives Partnership (SHIP) Program was created in 1992 as part of the William E. Sadowski Affordable Housing Act. Funds are collected through documentary stamp tax revenue from the sale of homes and deposited into the Local Government Housing Trust Fund. Disbursements are made on a population-based formula to counties and eligible municipalities as an incentive for the creation of local housing partnerships to expand production of and preserve affordable housing; further the housing element of the local government comprehensive plan specific to affordable housing; and increase housing-related employment. The program was designed to provide very low, low, and moderate-income families with assistance to purchase a home, repair or replace a home, and various other types of housing assistance. Each local government must establish a Local Housing Assistance Plan (LHAP) to participate in the program, adopt and incorporate Local Housing Incentive Strategies (LHIS), submit an annual report of the program accomplishments, and encourage public and private sector involvement in the form of a partnership to further program goals and reduce housing costs.

The City of Fort Lauderdale (City) has been participating in the SHIP program since 1995; and its current LHAP covers fiscal years 2004 through 2007. The plan adopted by the City contains four housing strategies: 1) Purchase Assistance; 2) Substantial Rehabilitation; 3) Fee Waiver Assistance; and 4) Rental Rehabilitation; along with two incentive strategies: 1) Expedited Permitting; and 2) Ongoing Review Process. The City elected to serve very low and low-income categories. The City's Housing and

REPORT OF AUDIT NO. 06/07-XX-10

Community Development (HCD) is responsible for the administration and monitoring of this program.

SCOPE

The overall objective of this survey review was to evaluate the effectiveness of the internal controls over the administration and monitoring of the SHIP program in accordance with Chapter 420, Part VII of the Florida Statutes (F.S.), and Chapter 67-37 of the Florida Administrative Code (F.A.C.), together with guidelines provided by the administrator, Florida Housing Finance Corporation (FHFC). Our review verified the accounting of SHIP funds in the City's Financial Accounting Management Information System (FAMIS). We verified compliance with Section 420.9075(6), F.S., to establish a local housing assistance trust fund for all SHIP funds. The City's LHAP for fiscal year (FY) 2004-2007 was reviewed for compliance and meeting established goals. We conducted a survey for compliance with SHIP Rule 67-37.005, F.A.C., regarding the 24-month deadline for expenditures, limits for administrative costs, and advertising requirements. Annual reporting requirements were reviewed for accuracy and timeliness. We judgmentally selected five (5) applicants for compliance testing that consisted of one emergency repair/rehabilitation; two purchase assistance/fee waivers and two rehabilitation/replacements (**Schedule 1**). We reviewed applicant files for required application/loan, eligibility, and monitoring documentation for the period 2002 through 2006. This review was completed in accordance with generally accepted government auditing standards during the months of April through May 2007.

OVERALL EVALUATION

Immediate improvement is needed in the administration and management oversight/monitoring by the City to ensure compliance with the State and City requirements for the SHIP program. The City was not accounting separately for various loan program types from different funding sources (Federal and State) in FAMIS. The City did not establish a local housing assistance trust fund. SHIP program funds have been deposited to/expended from the City's Master (operating) Account. HCD does not have a current and accurate tracking report to show expenditures by allocations/funding years; thus, there is no report to balance the State annual report to FAMIS. The City did not meet the 24-month deadline for expenditure of SHIP funds.

REPORT OF AUDIT NO. 06/07-XX-10

The City did not meet goals of the LHAP for FY2004-2007, nor did the goals established meet the statutory requirement for income set-aside of 30% for the low-income category. HCD did not advertise to the public the availability of SHIP funds and does not maintain a waiting list of qualified applicants, nor were applicants taken on a first-come, first-served basis. The City's annual report that was due to the FHFC on September 15, 2006 was inaccurate, incomplete, and not filed timely. Furthermore, certifications that were due on September 18, 2006, requiring the signature of a designated official have not yet been submitted to the FHFC. Internal controls were not adequate to effectively manage, track, and monitor the SHIP program. There were many instances of non-compliance that went undetected for completed and ongoing projects.

FINDING 1

Internal controls were not adequate to properly account, track, and monitor SHIP funds.

Our review to determine whether a local housing assistance trust fund was established for SHIP funds, whether the City is accounting for SHIP funds correctly in FAMIS, and if expenditure deadlines were met for State's FY 2003/2004 and 2004/2005 revealed the following internal control weaknesses.

Trust Fund

Local housing assistance trust fund was not established for SHIP funds as required in Chapter 420.9075(6), F.S. SHIP program funds are not in a separate fund/account, instead they are deposited to/expended from the City's Master (operating) Account and commingled with other funding sources and program types.

Section 420.9075(6), F.S., states, "Each county or eligible municipality receiving local housing distribution monies shall establish and maintain a local housing assistance trust fund. All monies of a county or an eligible municipality received from its share of the local housing distribution, program income, recaptured funds, and other funds received or budgeted to implement the local housing assistance plan shall be deposited into the trust fund..."

Certification to FHFC in the FY2004-2007 LHAP Exhibit "D" states, "(10) The trust fund shall be established with a qualified depository for all SHIP funds as well as monies generated from

REPORT OF AUDIT NO. 06/07-XX-10

activities such as interest earned on loans. (11) Amounts on deposit in the local housing assistance trust fund shall be invested as permitted by law.”

There was no written evidence of any exception granted to this statutory requirement, although the City Treasurer indicated a discussion took place regarding the manner in which the City is maintaining SHIP funds with the FHFC.

Accounting in FAMIS

The City did not separately account for SHIP funds in FAMIS. Various loan program types from different funding sources (Federal and State), including SHIP loans funded by the State of Florida, were included in the HUD Grants-Notes Receivable loan balance of \$10,746,926.62 in FAMIS as of September 30, 2006 as follows.

FHFC SHIP Program Manual states, “In practice, compliance with the SAA¹ means that a local SHIP administrator’s tracking system and annual reports must exactly match the information recorded in the local city or county’s general ledger... SHIP administrators, therefore, are required to regularly reconcile their tracking system with the local finance department’s general ledger.”

Program/Description	Balance Loan Amt	% of Total
SHIP Program	\$ 6,262,347.07	58.27%
CDBG	2,308,783.49	21.48%
HOME	1,655,229.06	15.40%
Rental Rehabilitation (HUD) ²	439,267.00	4.09%
Housing Opportunities for Persons with Aids (HOPWA)	67,900.00	0.63%
Capital Facilities Improvement Program (CFIP)	13,400.00	0.12%
Total	\$10,746,926.62	100.00%

The HUD Grants-Notes Receivable balance that includes SHIP loans from all FYs has been coded to a single code (SH) in FAMIS. Thus, an audit trail to trace SHIP expenditures to the corresponding revenue from the appropriate fiscal year does not exist. Furthermore, project costs could not be accurately tracked and reconciled from applicant files to FAMIS.

¹ Single Audit Act.

² Housing and Urban Development.

REPORT OF AUDIT NO. 06/07-XX-10

Tracking System

HCD has never developed or maintained an accurate tracking system to show expenditures by allocations/funding years; thus, there is no report to balance the State annual report to the general ledger (GL) in FAMIS. Since an adequate tracking system was not developed, HCD was unable to monitor compliance that funds were expended in accordance with F.A.C. income set-aside requirements and time restraints. Management advised that the State had required them to set up and utilize with their assistance a tracking system; however, it was not going to be utilized (see Expenditure of SHIP Funds).

FHFC SHIP Program Manual states, "In practice, compliance with the SAA means that a local SHIP administrator's tracking system and annual reports must exactly match the information recorded in the local city or county's general ledger... SHIP administrators, therefore, are required to regularly reconcile their tracking system with the local finance department's general ledger."

*Rule 67.53.005(1), F.A.C., states, "The staff or entity with administrative authority for a local housing plan **must develop a tracking system** to ensure that the local housing distribution funds disbursed from the local housing assistance trust fund are at all times expended in accordance with the set-aside requirements in 67.37.007 and time restraints detailed at 67.37.005(6)."*

Expenditure of SHIP Funds

The City is not meeting the 24-month deadline for expenditure of SHIP funds as follows.

Chapter 67-37(6)(f)(2), F.A.C., states, "The expenditure of the local housing distribution deposited into the local housing assistance trust fund by any eligible person or eligible sponsor within 24 months of the close of the applicable State fiscal year." "Exceptions to this time frame must be approved by Florida Housing Finance Corporation SHIP Program Administrator or a majority vote of the review committee on a case-by-case basis. Exceptions will only be granted for good cause. Examples of good cause are natural disasters, requirements of other State agencies, adverse market conditions, and unavoidable development delays."

*Section 420.9075(10), F.S., Part VII, State Housing Initiatives Partnership states, "Each County or eligible municipality shall submit to the corporation by September 15 of each year a report of its affordable housing programs and accomplishments through June 30 immediately preceding submittal of the report. The report shall be **certified as accurate and complete** by the Local government's chief elected official or his or her designee."*

Chapter 67-53.005(6), F.A.C., states, "If the Corporation staff or its designated monitoring agent determines that an eligible jurisdiction has established a pattern of violation of the criteria of its local housing assistance plan established under Sections 420.907-9079, F.S., or that an eligible sponsor has established a pattern of violation of the applicable award conditions, the Corporation shall report such pattern of violation to the Executive Office of the Governor at which time the distribution of program funds to the county or eligible municipality will be suspended."

REPORT OF AUDIT NO. 06/07-XX-10

Per SHIP Cumulative Expenditure and HOME Match Log as of 9/30/06						
State FY	SHIP Funds Received	SHIP Funds Expended	Less Admin Cost	Remaining Unspent Balance	% Unspent Funds	24 Mo. Deadline Due Date
2003/2004	\$1,232,249.00	\$ 500,730.90	\$118,181.00	\$ 613,337.10	50%	3/30/07
2004/2005	1,257,209.00	700,390.65	125,652.00	431,166.35	34%	6/30/07
2005/2006	1,427,946.00	667,141.85	142,795.00	618,009.15	43%	6/30/08
Totals	\$3,917,404.00	\$1,868,263.40	\$386,628.00	\$1,662,512.60	-	-

Legend:

	Original deadline was 6/30/06; however, an extension was granted on 10/3/06.
	Anticipated extension to be requested by HCD

- Extension for FY2003/2004 deadline was not requested timely. Furthermore, it could not be determined that funds totaling \$1,232,249 were fully expended by the deadline extension. HCD was granted an extension with the condition that HCD staff meets with the FHFC for technical assistance as directed by the FHFC, which they attended in November 2006 and were provided with the FHFC tracking system. However, HCD Assistant Manager indicated, after studying and beginning to use this tracking system, it provided limited information and that HCD's original tracking spreadsheet with some modifications would be utilized.
- FY2004/2005 funds received totaling \$1,257,209 will not be fully expended by the June 30, 2007 deadline; thus, another extension will be necessary according to HCD management.

Separation of program funds by proper funding source and program type will improve accountability and facilitate reconciliation of loan program balances, establishment of a local housing assistance trust fund, and utilization of an accurate tracking system for SHIP funds expended by funding year to facilitate reconciliation to FAMIS, will ensure compliance with statutory rules and regulations to avoid violation of award conditions.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Planning and Zoning* should require the *HCD Program Manager* to:

REPORT OF AUDIT NO. 06/07-XX-10

Recommendation 1. *Immediately instruct the HCD Assistant Manager to contact the FHFC to obtain additional technical assistance for programmatic purposes to address HCD's concerns. Once system concerns have been addressed, utilize the tracking system made available by the FHFC to provide an accurate record of SHIP fund expenditures per funding year verifying balances to actual expenditures in FAMIS. Thereafter, conduct a monthly review.*

Management Comment. *Management concurred with the finding and recommendation and stated:* "It should be recognized that HCD has already revised the tracking documents and system in consultation with FHFC. FHFC provided technical assistance to HCD in January 2007. Additionally the HCD Assistant Manager and the Administrative Assistant I both participated in a three-day on-line tutorial in May 2007 to reinforce their knowledge of the FHFC tracking system. HCD has the tracking system in place for all new projects and is currently updating the system for previous projects. The FHFC tracking system does not however, allow for significant detail in tracking funding and expenditures on a monthly or quarterly basis. The State has confirmed that more finite tracking systems are the responsibility of each individual grantee. The new HCD tracking system does provide for grantee and monitoring information.

The new tracking system was established and implemented for new projects as of March 1, 2007. It is expected that the new tracking system should be updated to include previous active projects and fully functioning by November 1, 2007. Monthly reviews by the HCD Manager and P&Z Director will be included in the system." **Estimated completion date, November 1, 2007.**

Recommendation 2. *Immediately instruct the HCD Assistant Manager to upon completion of recommendation 1, in collaboration with the City Treasurer, separate funding sources, program types, and applicant accounts/index codes in FAMIS to allow for accuracy in reporting/tracking/ reconciling SHIP funds by funding year.*

Management Comment. *Management concurred with the recommendation and stated:* "It should be recognized the HCD staff has developed a FAMIS system in conjunction with the City Treasurer, effective July 1, 2007. It should also be noted that the separation of program years and types has always been made in FAMIS. The new system in effect allows for

REPORT OF AUDIT NO. 06/07-XX-10

definitive individual account/index codes to reflect the accuracy of funding years.” **This item is closed.**

Recommendation 3. *Immediately file a timely request for extension concerning expenditure of FY2004/2005 funds since the June 30, 2007 deadline will not be met.*

Management Comment. *Management concurred with the recommendation and stated:* “It should be recognized that an extension for the expenditure of FY 2004/2005 funds was requested on July 3, 2007 and approved by FHFC on July 9, 2007 (See attached Exhibit 1).” **This item is closed.**

The *Director of Finance* should require the:

Recommendation 4. *City Treasurer to work in partnership with the HCD Assistant Manager to complete the separation of funding sources, program types, and index codes in FAMIS to allow for accuracy in reporting/tracking/reconciling SHIP funds by funding year.*

Management Comment. *Management concurred with the recommendation and stated:* “As of July 1, 2007, a new fund (130) was established for SHIP funds. Per concurrence we received from the Florida Housing Coalition Technical Advisor, Lydia Beltran, it is acceptable and appropriate to prospectively post transactions to the newly established fund and we need not try and change our records retroactively. The revenue and expenditures for the current SHIP fiscal year (July 1, 2007 through June 30, 2008) and all future fiscal years will be identified by index codes unique to each fiscal year. Based on a normal cycle for SHIP funding, within three to four years all transactions will be posted to the newly created fund 130.” **This item is closed.**

Recommendation 5. *Controller to establish with a qualified depository a local housing assistance trust fund for distribution funds received from the State of Florida for the SHIP program, including program income, recaptured funds, and other funds received or budgeted to implement the local housing assistance plan. Otherwise, instruct the City Treasurer obtain a written exception from the FHFC to maintain SHIP funds in the City’s Master Account.*

REPORT OF AUDIT NO. 06/07-XX-10

Management Comment. *Management nonconcurred with the recommendation and stated:* “SHIP funds are appropriately accounted for separately in the City’s accounting system (Fund 129, Grant Code “SH). Florida Statutes, Chapter 420.9075 (6) states: “*Each county or eligible municipality receiving local housing distribution monies shall establish and maintain a local housing assistance trust fund* [emphasis added],” not a trust **account**. The difference in the two terms is that a trust **account** is a separate bank account, whereas assets held in a trust **fund** are not required to be held in a separate bank account, only accounted for separately for the benefit of another. Therefore, Finance disagrees with recommendation and, as such, cannot justify implementing it.” **This item is closed.**

FINDING 2

The City’s established goals set forth in the LHAP for FY2004-2007³ did not meet the State mandated 30% income set-aside for low-income. Furthermore, encumbered funds reported on the SHIP annual report for FY 2004/2005 did not meet the mandated 30% for very low income.

Chapter 67-37.005(5)(h), F.A.C., states, “A description of the initiatives which will be used to conduct outreach and to attract applicants for assistance. The information required for paragraphs (a) through (b) will be included on the “Housing Delivery Goals Chart #2002,” and is adopted and incorporated herein by reference with an effective date of 9-22-03, which is required to be completed for each fiscal year.”

*Section 420.9075(5)(d.2), F.S. states, “At least **30 percent** of the funds deposited into the local housing assistance trust fund **must** be reserved for awards to very-low-income persons or eligible sponsors who will serve very-low-income persons and at least an additional **30 percent** of the funds deposited into the local housing assistance trust fund **must** be reserved for awards to low-income persons or eligible sponsors who will serve low-income persons.”*

Our analysis of the goals set by the City and ratified by the Commission in the LHAP Housing Delivery Goal Charts⁴ revealed that the goal set for low-income was 18.3%⁵ opposed to the mandatory State income set-aside limit of 30% for low income. Our review also compared the delivery charts to the SHIP Annual Reports filed on March 30, 2007, which revealed for

³ A comparison for FY2006/2007, which is part of the three year LHAP covering FY2004-2007 was not completed since an annual report for that year will not be submitted till September 15, 2007.

⁴ Revisions issued September 2006.

⁵ This percentage was incorrect due to mathematical errors contained in the chart; thus, should be 19.6%.

REPORT OF AUDIT NO. 06/07-XX-10

FY2004/2005 the encumbered funds allocated did not meet the very low-income 30% set-aside as required. The delivery charts contained numerous mathematical errors; thus, we utilized correct data for comparison in table below (**Schedules 2-5**).

LOCAL HOUSING PLAN 2004/2005 Housing Delivery Goal Chart			SHIP ANNUAL REPORT 2004/2005 Program Compliance-Income Set-Asides			Per IA
Allocation Breakdown	Amount	%	Income Category	SHIP \$ Encumbered	%	% Variance
Very Low Income	\$ 891,000.00	74	Very Low Income	\$ 551,000.00	29	(45)
Low Income	\$ 235,000.00	19	Low Income	\$ 1,201,270.00	64	45
LOCAL HOUSING PLAN 2005/2006 Housing Delivery Goal Chart			SHIP ANNUAL REPORT 2005/2006 Program Compliance - Income Set-Asides			Per IA
Allocation Breakdown	Amount	%	Income Category	SHIP \$ Encumbered	%	% Variance
Very Low Income	\$ 891,000.00	74	Very Low Income	\$ 851,000.00	43	(31)
Low Income	\$ 235,000.00	19	Low Income	\$ 1,135,943.00	57	38

No system was in place to ensure that goals established by the City met the State mandated low-income set-aside limit and to track and monitor whether goals were achieved in both income categories. Encumbered funds on FY2004/2005 annual report submitted March 30, 2007, for very low-income did not meet the mandated 30%. There was no evidence to show HCD targeted to achieve goals for income set-asides. Furthermore, application forms used by HCD do not include income category (very low and low). A thorough review for accuracy was not conducted by HCD of the LHAP revisions prior to submission.

Establishment, tracking, and monitoring of achievable/mandatory goals will serve both income categories; especially, those more in need will align with the overall program objectives and meet mandated income set-asides.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Planning and Zoning* should require the *HCD Program Manager* to:

Recommendation 6. *Establish attainable goals ensuring that they meet statutory requirements for FY2007-2010 for the allocations by income*

REPORT OF AUDIT NO. 06/07-XX-10

category stated in the Housing Delivery Goal Charts ratified in the City Commission Resolution No. 05-100 dated June 7, 2005.

Management Comment. *Management nonconcurred with the finding and the recommendation and stated:* “The income categories set-asides goals are statutory at the minimum of the 30% levels and cannot be changed. It is not necessary to show mandated set-asides at 30% until the actual fiscal year closeout and Annual Report are issued to FHFC. It appears the audit review was of encumbered funds and not actual expenditures. The final set-asides will be included in the actual fiscal year closeout in the final Annual Report. This Annual Report will be submitted to FHFC by September 30, 2007. It should be noted that 30% is the minimum for these income categories and higher percentages are allowed to be achieved. The 30% goals for each income category will be properly reflected in the FY 2004-2005 and FY2005-2006 and FY2006-2007 program year close out reports once those reports are completed.” **This item is closed.**

Recommendation 7. *Establish written procedures to track and monitor that income categories (very low and low) are considered during the applicant selection process and/or establish waiting lists for both income categories in order to target and achieve goals set.*

Management Comment. *Management concurred with the recommendation and stated:* “The HCD waiting list will be amended to reflect income categories. Procedure will be included with the revised waiting list/tracking system. It should be noted that this list cannot be utilized/completed until third-party verification of income is completed. HCD will amend the current waiting list to reflect income categories.” **Estimated completion date, November 1, 2007.**

Recommendation 8. *Revise HCD application form to include income category (very low and low) to be specified to assist in targeting and achieving income set-asides and goals.*

Management Comment. *Management concurred with the recommendation and stated:* “The application will be revised to specify income level for internal and monitoring uses. It should be noted, however, that third party verifications must be obtained before an income level is determined. This verification occurs subsequent to the application intake. Once all income/assets are verified, an Income Certification Form issued by

REPORT OF AUDIT NO. 06/07-XX-10

FHFC, is completed and placed in the project file. This certification is utilized to confirm and document income category.” **Estimated completion date, November 1, 2007.**

Recommendation 9. *Perform a thorough review for accuracy of the new LHAP FY2007-2010 prior to submission for City Commission approval.*

Management Comment. *Management concurred with the recommendation and stated:* “HCD will prepare and implement procedures to ensure thorough review of the LHAP prior to submission to the City Commission. These procedures will include internal and external review as needed. For example, the 2007-2010 LHAP was reviewed with the Technical Advisor from FHFC for accuracy and compliance prior to submission to the City Commission. This review process will continue for all future LHAPs.” **Estimated completion date, November 1, 2007.**

FINDING 3

The City did not advertise to the public the availability of SHIP funds as required by F.S. and F.A.C. and did not develop a waiting list of qualified applicants. Furthermore, applicants were not taken on a first-come, first-served basis.

Chapter 67-37.005(6), F.A.C., states, “Each local housing assistance plan shall also include a statement, and evidence thereof, that the county or eligible municipality: (a) Has a plan to advertise a notice of funding availability of the housing assistance plan at least 30 days before the beginning of the application period in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods, the advertisement must include the following: 1. Identify the amount of the distribution projected to be received from the State for the fiscal year; 2. List the beginning and end date, if applicable, of the application period; 3. Provide the name of the local plan contact person and other pertinent information including where applicants may apply for assistance.”

*FHFC SHIP Program Manual states, “...SHIP requires that funds be advertised before taking applications for assistance (SHIP Rule 67-37.005(6)(a) & (b), F.A.C). **Funds must be advertised at least 30 days prior to taking applications. The exception to this is if funds are not available due to a waiting list.**”*

HCD’s Policies and Procedures Manual, Section 10.1 – Selection procedures state, “The Agency shall develop a list of qualified applicants on a first-come, first-served basis. The list shall be furnished upon request to any interested party as a part of the Public Information Act.”

FHFC SHIP Program Manual, Applicant Intake Section states, “Housing staff should maintain a waiting list for assistance. This waiting list should be sorted according to income limits (very low,

REPORT OF AUDIT NO. 06/07-XX-10

low, moderate and over income), as well as type of assistance requested (owner-occupied rehabilitation, purchase assistance, etc.). This will make it easier to assist applicants on a first-come, first-served, scoring and ranking, or lottery system, while complying with income targeting requirements for SHIP.”

Our review to determine whether the availability of FY2004-2007 SHIP funds was advertised timely revealed no advertisements were placed. The HCD Program Manager advised this was due to the existence of waiting lists. However, our review to verify the adequacy of waiting lists revealed that lists provided by HCD for purchase assistance and emergency repair/substantial rehabilitation strategies were not actual waiting lists of qualified applicants, the lists provided were insufficient since they did not specify date applicant qualified/disqualified, income category, type of assistance requested, household income, number in household, date applied, contact number, and evidence to show applicant was taken on a first-come, first-served basis.

No system was in place to establish adequate waiting lists for qualified applicants as required by F.A.C. and HCD policies and procedures. Furthermore, Construction Review Specialists are not assigned applicants on a first-come, first-served basis and/or by income category in order to achieve income set-aside goals.

Advertisement to the public of SHIP funding availability in accordance with F.A.C. requirements will ensure compliance. Furthermore, development of a comprehensive waiting list for SHIP strategies of qualified applicants on a first-come, first-served basis that is diligently tracked and monitored will evidence a fair and equitable process of selection and avoid the appearance of unfairness or any improprieties and aid in income targeting in the achievement of set-aside goals.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *HCD Program Manager* should require the *Assistant Program Manager* to:

Recommendation 10. *Advertise to the public SHIP funding availability in accordance with F.A.C. requirements and maintain copies of published advertisements on file for auditing purposes.*

REPORT OF AUDIT NO. 06/07-XX-10

Management Comment. *Management nonconcurred with the finding, however, concurred with the recommendation and stated:* “As noted previously, advertising of the availability of SHIP funds is not required when a waiting list and backlog exists. There is currently an existing waiting list for Purchase Assistance applicants pending participation for the Infill Housing Program. No advertising should be done until such time as all of those backlogs of applications have been reviewed and the client’s eligibility assessed. However, documentation of advertising or non-advertising will be included in future procedures.” **This item is closed.**

Recommendation 11. *In the event the decision is made to not advertise each year due to the existence of an adequate waiting list of qualified applicants, a “memorandum for record” of this should be documented and maintained on file.*

Management Comment. *Management concurred with the recommendation and stated:* “A “memorandum for the record” will be filed for those years that no advertisement is required.” **This item is closed.**

Recommendation 12. *Immediately instruct the Program Supervisor to develop a comprehensive waiting list for each strategy to include all FHFC SHIP Program Manual requirements to facilitate a fair and equitable selection process.*

Management Comment. *Management concurred with the recommendation and stated:* “A waiting list of “eligible applicants” will be revised effective November 1, 2007 to incorporate all SHIP strategies and will also reflect income categories and which will reflect all FHFC SHIP Program Manual requirements. This list will be used to implement the “first come-first serve” process.” **Estimated completion date, November 1, 2007.**

The *HCD Program Manager* should:

Recommendation 13. *Monitor that above recommendations have been implemented.*

Management Comment. *Management concurred with the recommendation and stated:* “The HCD Manager will monitor the above recommendations through documentation and bi-weekly meetings with

REPORT OF AUDIT NO. 06/07-XX-10

Housing Programs Supervisor to ensure compliance. This process will be implemented effective **November 1, 2007.**”

FINDING 4

The FHFC revised SHIP program annual report for Closeout FY2003/2004 was inaccurate, incomplete, and not filed on a timely basis. Furthermore, the required certifications bearing the original signature of the authorized official were not submitted.

*FHFC, Instructions for Completion of the Annual Report - Submission Requirement Instructions states, “...5. The report is cumulative and each fiscal year must be reported. 6. In accordance with Section 420.9075(9) each county or eligible municipality shall submit to the corporation by **September 15** of each year a report of its affordable housing programs and **accomplishments through June 30**, immediately preceding submittal of the report. 7. Annual reports for the Closeout Fiscal year (2003/2004), Interim Fiscal Year 2 (2004/2005), and Interim Fiscal Year (2005/2006) must be included in your submission to the Corporation. 8. The **certifications** must be forwarded to the Corporation and shall bear the **original signature** of the authorized official or the authorized official’s designee. If submitted electronically, the **certifications** must be sent to the corporation within **three (3) working days** of the report being electronically sent. All SHIP Funds for the Closeout Fiscal year (2003/2004) must be **EXPENDED** by June 30, 2006. All SHIP Funds for the Interim Fiscal Year 2 (2004/2005) must be **expended or encumbered** by June 30, 2006. All SHIP Funds for the Interim Fiscal Year 3 (2005/2006) must show **all activity**, if any, as of June 30, 2006. Section 420.9075(5)(2), F.S. states, “At least 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to very-low income persons or eligible sponsors who will serve very low-income persons....”*

Our analysis of the SHIP program annual report revealed the following exceptions:

Report /FY	Original Submission Date (for Report due 9/15/06)	Revisions Submission Date (for Report Due 9/15/06)	Over/(Under) Statement Program Income	Certification submitted?	Program Summary-Form 4 Completed?
Closeout FY 2003/04	9/28/06	3/30/07	(\$215,872.99)	No	Yes
Interim FY (2) 2004/05	10/03/06	3/30/07	215,872.99	N/A	No
Interim FY (3) 2005/06	10/03/06	3/30/07	604.18	N/A	No

Numerous errors, omissions, and incorrect categorizations were contained in the original report. Although HCD received technical assistance from the FHFC on several occasions, the revised annual report contained errors and omissions. Furthermore, the final version of the annual report that was originally due September 15, 2006 was not submitted till March 30, 2007

REPORT OF AUDIT NO. 06/07-XX-10

with no evidence of a request and/or extension documented. Certifications due by September 18, 2006, requiring the original signature of an authorized official, were not submitted to the FHFC. No monthly reconciliations of SHIP expenditures to FAMIS were performed and program income contained in the annual report did not reconcile to FAMIS.

No effective system was in place to review the annual report prior to submission for accuracy, completeness, and timeliness. Furthermore, the Administrative Aide who conducts intake duties is presently working out of scope by preparing the annual financial report. Although a written procedure was established to perform a monthly reconciliation of SHIP expenditures to FAMIS to ensure the accuracy of the annual reports, neither the Program Manager nor Assistant Manager enforced completion.

A complete and accurate reconciliation and reporting process is not only mandatory, but will also serve to provide assurance to the program administrator that the City's oversight/management of SHIP program funds is adequate.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Planning and Zoning* should require the *HCD Program Manager* to:

Recommendation 14. *Immediately submit to FHFC by certified mail the required certifications bearing the original signature of the authorized official for the SHIP annual report that were due by September 18, 2006.*

Management Comment. *Management nonconcurrent with the finding, however, concurred with the recommendation and stated: "It should be recognized that the completed 2003-2004 Annual Report Certifications that include the original signatures of the authorized officials for the final SHIP Annual Report was submitted to FHFC on June 4, 2007. (See Exhibit 2)." This item is closed.*

Recommendation 15. *Instruct the HCD Assistant Manager to immediately assume the responsibility for preparing the SHIP annual report due to the financial nature of its contents. Furthermore, all reports should be verified to FAMIS prior to submission.*

REPORT OF AUDIT NO. 06/07-XX-10

Management Comment. *Management concurred with the recommendation and stated:* “The HCD Assistant Manager is currently responsible for the preparation, accuracy, completeness and timeliness of the Annual Reports. All reports will be certified with FAMIS prior to submission to FHFC.” **This item is closed.**

Recommendation 16. *Instruct the HCD Assistant Manager to arrange for immediate remedial training to complete the SHIP annual report. Assistance can be found at www.floridahousing.org or via the technical assistance toll-free telephone line 1-800-677-4548.*

Management Comment. *Management nonconcurred with the recommendation and stated:* “The HCD Assistant Manager needs no additional or remedial training for the completion of the SHIP Annual Report. The HCD staff will continue to work with FHFC for technical assistance to ensure compliance with applicable procedures and standards.” **This item is closed.**

Recommendation 17. *Immediately enforce the monthly reconciliation of SHIP expenditures to FAMIS in accordance with HCD reconciliation procedures.*

Management Comment. *Management concurred with the recommendation and stated:* “It should be recognized that this process was implemented effective July 1, 2007. This monthly reconciliation procedure will be enforced by a monthly meeting with Assistant HCD Manager who will report on compliance.” **This item is closed.**

EMERGENCY REPAIRS/ SUBSTANTIAL REHABILITATION/REPLACEMENT

FINDING 5

Internal controls used over the processing, documentation, and monitoring of loans/grants were not adequate to ensure compliance with program and loan requirements.

REPORT OF AUDIT NO. 06/07-XX-10

- No effective system was in place to monitor compliance throughout the duration of the loan and/or recapture funds in the event of non-compliance.

HCD did not take action to recapture \$65,430 for deceased applicants when no response was received to letter written to the daughter dated February 16, 2006, requesting completion of an application to qualify for assumption of the loan. There was no evidence in the file that letter was sent certified mail. Furthermore, an observation of the property revealed vehicles parked in the driveway and City Utility Billing statements/payments reflected water usage, demonstrating the property is being occupied.

City's HCD Division Monitoring Guidebook states, "All housing programs are monitored annually for compliance with occupancy, insurance and property maintenance requirements. Affidavits are secured annually from all Federal and State assisted housing units to document continued occupancy of the unit as the principal residence of the lower income household. The City is named as additional insured on all property and flood insurance policies and copies of required insurance are maintained in the City's loan monitoring files."

Section 3(a) Interest Rate. "The interest rate on the principal amount of loan shall be zero percent per annum, except in any event of default as described in Paragraph 7." Section 3(b) Term of Repayment. "Payment on the principal amount of the loan shall be deferred, so long as the property is occupied as the principle residence of the property owner, for a twenty (20) year period. Repayment of the full loan amount will be due and payable upon sale, lease, or transfer of the property during the twenty (20) year period. If no sale, lease, transfer or other event of default occurs during the twenty (20) year period, the terms of this encumbrance shall be satisfied and the property owner shall be issued a Satisfaction of Mortgage."

Section 10. Assumption. "This agreement may be assumed only by the legal heirs of Property owners, under the same terms and conditions of the original agreement. Assumption is only valid after written notice is given to the city and only after execution of such assumption documents deemed necessary by the City."

- No system was in place to adequately assess fines for the proper amount for non-compliance with Contractor's⁶ "time and performance." The City overpaid \$14,850 due to Contractor being fined \$500 opposed to \$15,350 for a project completed 307 days over the 150 allowed.

*General Contractors Proposal dated 9/29/02 states, " Contractor shall commence with project within ten (10) days from the date of the Notice to Proceed. Contractor shall complete new home with **Certificate of Occupancy** issued by the Building Department within **150 calendar days from the date of Notice to Proceed**. If the Owner and Community Development do not consider the delay to be reasonable or unavoidable, Contractor may be subject to fine of \$50.00 per day for any days over 150 from the date of Notice to Proceed. Said liquidated*

⁶ Tresslar Young Builders, Inc.

REPORT OF AUDIT NO. 06/07-XX-10

damages may be deducted from the contract sum and withheld from any payment due the Contractor.”

Letter from City to Contractor providing the Notice to Proceed states, “...Project must be completed within a maximum construction time of one hundred and fifty (150) calendar days. Result of failure to comply may involve, but are not limited to, the issuance of a Stop Work Order, suspension of bidding eligibility or suspension from the City of Fort Lauderdale’s contractor list.”

- No effective monitoring system was in place to verify that permit was obtained for the performance of emergency electrical repairs. The City overpaid an electrical contractor \$375 for a permit that was never pulled.

According to the Chief Electrical Plans Examiner of Building Services “a permit would be required for this type of electrical repair as it contains newly installed fixtures/smoke detectors.”

*HCD Substantial Housing Rehabilitation Program Policies and Procedures Manual, Section 12.2(4) states, “No rehabilitation work will be initiated without the necessary approvals (i.e. contract documents, **permits**, Notice to Proceed).”*

- No system was in place to monitor repairs were made expeditiously or if not, noting in the file reasons for delays. There was no evidence in the applicant’s file noting why emergency roof and electrical repairs took 298 and 532 days, respectively, from application date to completion. The City overpaid the roofing contractor \$961 due to the increased cost of materials over this time period.
- No contract/agreement/covenant between the City and the applicant was evidenced in the file.
- No system was in place to adequately track total project expenditures in applicant files to the GL in FAMIS since cost detail and related support documentation was not always logged and evidenced.

FHFC SHIP Program Manual states, “In practice, compliance with the SAA¹ means that a local SHIP administrator’s tracking system and annual reports must exactly match the information recorded in the local city or county’s general ledger... SHIP administrators, therefore, are required to regularly reconcile their tracking system with the local finance department’s general ledger.”

- No review took place to verify that the records retention requirement in the HCD Substantial Housing Rehabilitation Program Policies and Procedures Manual complied with the retention period in the FHFC Program Manual.

REPORT OF AUDIT NO. 06/07-XX-10

HCD Substantial Housing Rehabilitation Program Policies and Procedures Manual, Section 15.1 Case File Closing Process states, "Files shall be retained for not less than three (3) years after the date of completion."

FHFC SHIP Program Manual states, "All SHIP applicant records must be retained for 4 years...."

- No system was in place to retrieve applicant files from storage in a timely manner for audit purposes; therefore, a complete review did not take place. Although this loan was granted in 1995, monitoring is still currently taking place. Therefore, all files should have been maintained together until maturity of the loan.

Enforcement of established procedures and establishment of an effective tracking and monitoring system to verify documentation is complete/organized and expenditures are accurately tracked will facilitate the achievement of program compliance; and in the event of default or repayment, enable the City to collect the correct amount.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Planning and Zoning* should require the *HCD Program Manager* to:

Recommendation 18. *Instruct the Monitoring Specialist to follow the guidelines in the HCD Monitoring Guidebook and establish a system to track and monitor completed SHIP projects for compliance.*

Management Comment. *Management concurred with the finding and recommendation and stated: "A new monitoring tracking system has been created and the procedures as outlined in the HCD Monitoring Guidebook will be adhered to. This procedure is effective immediately." This item is closed.*

Recommendation 19. *Instruct the Monitoring Specialist to establish a system to update the monitoring report to ensure all completed project files are included and none have been omitted, including sending follow-up letters via certified mail/return receipt requested.*

REPORT OF AUDIT NO. 06/07-XX-10

Management Comment. *Management concurred with the recommendation and stated:* “The procedures as outlined in the HCD Monitoring Guidebook for the new monitoring tracking system will be adhered to. This procedure is currently in effect and will be reinforced.” **This item is closed.**

Recommendation 20. *Periodically review completed project files to ensure tracking and monitoring system established in recommendation 18 is working effectively.*

Management Comment. *Management concurred with the recommendation and stated:* “A sample of completed project files will be reviewed by the Monitoring and Compliance Officer and cross-checked against the monitoring report at least annually to ensure the tracking and monitoring system for all completed project files are included. This process will take place effective **November 1, 2007.**”

Recommendation 21. *Instruct the Monitoring Specialist to immediately send a letter via certified mail/return receipt requested to the daughter of deceased applicants requesting to ascertain the legal heir to the estate in order to afford the opportunity to apply for assumption or request full repayment of funds be made in order for these funds to be reallocated to future eligible applicants (Schedule 1, applicant “D”). If legal heir assumes property, ensure property taxes are current and full insurance coverage is evident on this property. In the future, all letters of this nature should be sent via certified mail/return receipt requested.*

Management Comment. *Management concurred with the recommendation and stated:* “A request was sent to the City Attorney’s Office on August 17, requesting assistance as to how to handle this and other deceased clients files. (See Exhibit 3).” **This item is open.**

Recommendation 22. *Instruct the Monitoring Specialist to require the present occupant(s) of the property to vacate the premises until legal heir is determined and immediately advise City Utility Water Billing of deceased status of account holder and request service be disconnected (Schedule 1, applicant “D”).*

Management Comment. *Management concurred with the recommendation and stated:* “See HCD Response to Recommendation 21

REPORT OF AUDIT NO. 06/07-XX-10

above. HCD will take appropriate action as determined by the CAO. Internal Audit will be notified upon the determination by the City Attorney's Office." **This item is open.**

Recommendation 23. *Instruct the Program Supervisor to implement a system that would record the timeline of a project in order to take corrective action, including assessment of fines and/or suspension against the contractor of record according to the construction documentation.*

Management Comment. *Management concurred with the recommendation and stated:* "A plan of action for this tracking system will be implemented by **November 1, 2007.**"

Recommendation 24. *Instruct the Program Supervisor to contact DG Electric of Broward County and request that an "After the Fact" electrical permit be obtained for the emergency electrical repairs completed at no charge to the City. A copy of the issued/closed permit should be maintained in the applicant's file (Schedule 1, applicant "C").*

Management Comment. *Management concurred with the recommendation and stated:* "The repairs performed did not require a permit. DG Electric was contacted on August 7, 2007 and has agreed to refund the permit fee. Upon receipt, a copy will be provided to Internal Audit. (See **Exhibit 4.**)" **This item is open.**

Recommendation 25. *Immediately conduct a general solicitation to certify additional contractors to expedite projects.*

Management Comment. *Management nonconcurred with the recommendation and stated:* "General and individual solicitations for new contractors are performed on a yearly basis. Additional contractors are approved on an on-going basis." **This item is closed.**

Recommendation 26. *Ensure for future emergency repairs an agreement/covenant is obtained from applicant and maintained in the file (Schedule 1, applicant "C").*

Management Comment. *Management concurred with the recommendation and stated:* "HCD staff had previously required clients to execute a "Grant Covenant" which was recorded as was the process

REPORT OF AUDIT NO. 06/07-XX-10

approved by the City Commission on June 4, 2004. Subsequently, HCD staff was instructed by the City Attorney's Office to stop utilizing the "Grant Covenant" (See Exhibit 5). HCD staff was later instructed by the City Attorney to again start utilizing this Grant Covenant document but not to record it. No Participation Agreement is required for the Emergency Repair Program." **This item is closed.**

Recommendation 27. *Establish written procedures to develop an accounting history/log to accurately record and track funds in the applicant project file in order to reconcile to FAMIS as part of the project closeout process. Obtain, log, and maintain missing support documentation (Schedule 1, applicants "C" and "D").*

Management Comment. *Management concurred with the recommendation and stated:* "Prior to closing an account, the Senior Accounting Clerk reviews all expenditures with the Assistant HCD Manager. The Assistant HCD Manager will consult with City Treasurer to develop written procedures of an accounting history log that will accurately reconcile to FAMIS for project closeouts. The timeline for this revised procedure is November 1, 2007. An internal HCD financial history log has already been developed and is being inserted into each project file." **Estimated completion date, November 1, 2007.**

Recommendation 28. *Amend the HCD Substantial Housing Rehabilitation Program Policies and Procedures, Section 15.1 Case File Closing Process to state, "Files shall be retained for not less than four (4) years after the date of completion" to reflect the required guidelines as set forth by the FHFC and distribute to applicable staff.*

Management Comment. *Management concurred with the recommendation and stated:* "A review of this policy and discussion with HUD staff has concluded that for records retention, the stronger program guidelines will apply. Since HOME has the stricter requirements with the timeframe for retention being 5 (five) years, the Substantial Rehabilitation Program Policies and Procedures manual will be amended to reflect that for the SHIP Program, files will be retained on site for not less than five (5) years after the date of completion." **Estimated completion date, November 1, 2007.**

REPORT OF AUDIT NO. 06/07-XX-10

Recommendation 29. *Instruct the Program Supervisor to conduct a comprehensive review of all active applicant files, including performing a verification that the record retention period is being adhered to.*

Management Comment. *Management concurred with the recommendation and stated:* “A new form was previously implemented to ensure that all active files are monitored for proper documentation and completeness of the file. As time permits, staff will conduct a review of all active project files to implement the use of this form in compliance with the new record retention period.” **This item is closed.**

PURCHASE ASSISTANCE/ FEE WAIVER/NEW CONSTRUCTION

FINDING 6

Internal controls used over the administration/intake processing and monitoring of Purchase Assistance loans and Fee Waiver strategies were not adequate to ensure compliance with program and loan requirements.

Internal controls should be designed to ensure loan program compliance requirements are achieved and clearly documented in the loan and monitoring files, as well as resolution of non-compliance issues should be followed through to completion and thoroughly documented in the loan file.

- No written policy and procedures manual exists for Purchase Assistance and Fee Waiver strategies.
- No effective intake system was in place to allow an independent reviewer to determine eligibility of applicant since contradictory information was provided on two (2) applications received on the same date. Furthermore, no system was in place to verify all annual income.

REPORT OF AUDIT NO. 06/07-XX-10

Applicant "B" (Schedule 1) - Purchase Assistance - Application Forms		
Category	Application Form 1	Application Form 2
Dated	1/23/2003	1/23/2003
Household Members	4	2
Annual Income	\$22,315.20	\$22,559.00
Is anyone going to live with you Now and is not listed above?	Yes	No
Does anyone plan to live with you in future and is not listed above?	Yes	No
Assets - Life Insurance	3 listed	1 listed
Assets Total Value - Retirement/Pension Fund	\$2,828.39	\$2,800.00
Assets Total Value - Cash Value of Life Insurance Policy(s)	Amount Illegible (appears to be six figures)	\$412.00
Assets Total Value - Cash Value of Investment Property	\$10,000.00	\$0.00
Housing Expenses: Do you have a roommate or other person sharing expenses?	No	Yes
Will you have a roommate or other person sharing expenses in your new home? If yes List Name	Yes; person identified	No

- No signature box/line exists on the Purchase Assistance Checklist to evidence staff who conducted intake verification and/or supervisory review. Furthermore, checklists were incomplete and/or marked "N/A" incorrectly.
- No effective monitoring system was in place to detect and evidence in applicant's file that the contractor was in default of construction agreement with respect to completion of construction of the home within one (1) year and is still not completed.

Construction Agreement executed May 1, 2006, between Contractor⁷ and applicant Article 12 Default "...If Builder defaults in the performance in its obligation to complete construction of the Home within one (1) years from the date of this Agreement, as provided for in Article 5 above, Owner shall have the right to sue for specific performance or to terminate this Agreement and receive a return of Owner's Deposit and Additional Deposit."

- No effective intake system was in place to perform verification of marital status for an applicant whose file contained documentation for both "single" and "married."

⁷ Contractor in the agreement is Onyx Enterprises, LLC.

REPORT OF AUDIT NO. 06/07-XX-10

- No effective monitoring system was in place to detect that the “120 day clock” rule for updating verification of income had elapsed.

HUD Handbook 4350.3, Chapter 5, Section 5-17 (B) states, “Effective Terms of Verifications: Verifications are valid for 90 days from the date of receipt by the owner. For the next 30 days (days 91-120), the owner may update the verifications orally with the verification source.”⁸

SHIP Program Manual, Income Verification and the 120 Day Clock states, “If more than 120 days passes from this date to the day when you provide assistance, you must get a new and updated verification form.”

- No effective monitoring system was in place to ensure Notices of Commencement for construction projects were maintained in applicant files.
- No system was in place to detect that second mortgage dated May 22, 2006, states fifty thousand in words and an incorrect amount of \$50,000,000 opposed to \$50,000 in figures.
- No system was in place to adequately track deferred payment loan/fee waiver in applicant files to the GL in FAMIS since cost detail and related support documentation was not always logged and evidenced.

FHFC SHIP Program Manual states, “In practice, compliance with the SAA¹ means that a local SHIP administrator’s tracking system and annual reports must exactly match the information recorded in the local city or county’s general ledger... SHIP administrators, therefore, are required to regularly reconcile their tracking system with the local finance department’s general ledger.”

- No evidence of a Restricted Covenant was maintained on file and/or recorded in the Broward County public records as per City’s LHAP.

City’s LHAP 2004/2007, Section C(3) states, “A restrictive covenant MUST be executed and recorded in the public records of Broward County, Florida restricting ownership of an owner-qualified development to an eligible person or household for five (5) years and the lease of multi-family dwellings to a qualified lease development to an eligible person or household for fifteen (15) years.”

- No effective system was in place to review file contents pertained to one particular applicant only and detect numerous duplicate photocopies of blank/executed forms. Furthermore, follow-up for ongoing projects was not always documented in the respective applicant’s file.

⁸ This rule is commonly known as the “120 Day Clock.”

REPORT OF AUDIT NO. 06/07-XX-10

FHFC SHIP Program Manual states, "Documents should be secured within the file, and should be organized systematically."

According to HCD Program Supervisor "The ongoing projects are reviewed on an ongoing basis by myself."

Proper systems and controls designed to verify documentation is complete/organized and expenditures are accurately tracked, compliance monitoring of the project files is adequately performed, and management oversight is effective, will achieve program compliance; and in the event of default or repayment, enable the City to collect the correct amount.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Planning and Zoning* should require the *HCD Program Manager* to:

Recommendation 30. *Develop a written policy and procedures manual for the Purchase Assistance and Fee Waiver strategies, including the intake process and tracking and monitoring compliance.*

Management Comment. *Management concurred with the finding and recommendation and stated:* "A current Policy and Procedures Manual for Purchase Assistance is in place. The manual will be revised to include the Fee Waiver Strategy, and tracking and monitoring compliance." **Estimated completion date, November 1, 2007.**

Recommendation 31. *Instruct the Program Supervisor to re-perform verification to determine eligibility for the SHIP program, including completion of a new application (Schedule 1, applicant "B").*

Management Comment. *Management nonconcurred with the recommendation and stated:* "Recertification of this applicant is not necessary based on the SHIP regulations. The applicant has already executed the Participation Agreement and the project is already under construction." **This item is closed.**

Recommendation 32. *Revise all HCD checklists to incorporate a signature box/line for intake verification staff and reviewing supervisor.*

REPORT OF AUDIT NO. 06/07-XX-10

Management Comment. *Management concurred with the recommendation and stated:* “The HCD Project Tracking form has been revised to include a signature for intake staff and the reviewing supervisor. The HCD checklist will be revised accordingly.” **Estimated completion date, November 1, 2007.**

Recommendation 33. *Instruct the Program Supervisor to ascertain the cause of construction delay(s) and take appropriate action to resolution in order to complete the construction of applicant’s home (Schedule 1, applicant “B”).*

Management Comment. *Management concurred with the recommendation and stated:* “Construction delays were caused by delays in receipt of documentation from the City Attorney’s Office. The cooperation and support of the City Attorney’s Office and other City Departments should reduce these types of delays from occurring in the future. Construction has been completed on this house.” **This item is closed.**

Recommendation 34. *Instruct the Program Supervisor to obtain Proof of Marital Status, including death certificate of spouse (Schedule 1, applicant “A”).*

Management Comment. *Management concurred with the recommendation and stated:* “HCD staff will seek confirmation of marital status, including death certificate of spouse (if applicable) for applicant “A”.” **Estimated completion date, November 1, 2007.**

Recommendation 35. *Instruct the Program Supervisor to monitor ongoing projects for time restraints concerning verification of income and obtain/ maintain updated documentation in applicant files.*

Management Comment. *Management concurred with the recommendation and stated:* “Ongoing projects will be reviewed to ensure that time restraints pertaining to verifications, and the 120 day clock will be reviewed for compliance before the Program Supervisor signs off on the SHIP Income Certification Form.” **This item is closed.**

Recommendation 36. *Instruct the Program Supervisor to obtain copies of the two Notices of Commencement and maintain in the applicants’ files. Furthermore, update Purchase Assistance Checklist to include a box to be*

REPORT OF AUDIT NO. 06/07-XX-10

checked off when Notice of Commencement is filed/maintained (Schedule 1, applicant "A" and "B").

Management Comment. *Management concurred with the recommendation and stated:* "The Senior Accounting Clerk will be required to request copies of the Notices of Commencements for Purchase Assistance projects along with copies of the recorded documents from the closing agent and place in the applicants' files. For these two clients, the Senior Accounting Clerk will go to the public records to retrieve a copy of the Notice of Commencement for these Purchase Assistance applicants and place it in the project file. This new process will take place immediately for all closed project files. The Purchase Assistance Checklist will be amended to include a box for the Notice of Commencement." **Estimated completion date, November 1, 2007.**

Recommendation 37. *Consult with the Assistant City Attorney III to record an amended Purchase Assistance Second Mortgage correcting the dollar amount to \$50,000.00 (Schedule 1, applicant "A").*

Management Comment. *Management concurred with the recommendation and stated:* "A request will be made of the City Attorney Office for assistance in correcting this scriveners' error. The corrected document will be placed in the client file after it is recorded." **This item is open.**

Recommendation 38. *Establish written procedures to develop an accounting history/log to accurately record and track funds in the applicant project file in order to reconcile to FAMIS as part of the project closeout process. Obtain, log, and maintain missing support documentation. Furthermore, eliminate duplicated documentation and file documentation belonging to other applicants in their respective files (Schedule 1, applicant "A" and "B").*

Management Comment. *Management concurred with the recommendation and stated:* "As stated earlier, Treasury will be consulted with reference to the development of a tracking document, which will reconcile to FAMIS as a part of the project closeout process. An internal HCD document has already been generated. The revised project file checklist will properly log and note missing support documentation for each

REPORT OF AUDIT NO. 06/07-XX-10

project file. Project files will be monitored for duplicate documentation as a result of the new monitoring checklist and process.” **This item is closed.**

Recommendation 39. *Instruct the Program Supervisor to execute/record a restricted covenant (Schedule 1, applicant “B”).*

Management Comment. *Management nonconcurred with the recommendation and stated:* “The Restrictive Covenant has already been executed (May 19, 2006). A copy of the executed Restrictive Covenant for applicant “B” is attached as (See Exhibit 6).” **This item is closed.**

ADDITIONAL MANAGEMENT COMMENTS

FINDING 2

“FHFC requires that the mandatory set-asides at 30% for very low income and 30% for low-income households be documented in the submission of the Annual Report for the “close-out” of a program year. The LHAP and corresponding annual report represents a three-year plan period FY2004-2007. The “close-out” for FY2004-2005 has not been completed as of this date and therefore should **not** be evaluated until after the expected close-out date of September 30, 2007. The final and complete set aside data will be included in the FY2004-2005 Annual Report.

FINDING 3

State law does not require advertising of the availability of SHIP funds when outstanding applications are pending approval. HCD does have a current client waiting list that consists of current and pending projects. No advertising can be done before the review/assessment of these applications to allow these clients fair access to the programs. Additional information and/or clarification to support the finding regarding first-come, first-served basis will be needed to adequately respond.

FINDING 4

The annual report was submitted on a timely basis as provided by FHFC in accordance with an extension of the submission deadline. The SHIP Annual Report to FHFC was submitted for review on March 30, 2007 as an extension for submission was granted by FHFC. The report submitted on

REPORT OF AUDIT NO. 06/07-XX-10

September 28, 2006 was not a close out report and as such did not have certifications attached. The Annual Report was accepted by FHFC with technical revisions. Those technical revisions were completed and resubmitted on April 11, 2007.

FINDING 5

Please note that in this instance the roofing vendor was delayed due to Hurricane Wilma impacting Fort Lauderdale in October 2005.”

EVALUATION OF MANAGEMENT COMMENTS

Management comments provided and actions taken and/or planned are considered responsive with the exception of recommendations 6, 16, 25, and 31, respectively. Provided below is our evaluation of selected management responses.

Recommendation 6

While HCD states the income category set-aside goals for low and very low income are a minimum of 30% and cannot be changed, to which we agree; and it is not necessary to show mandated set-asides until the actual closeout year of the Annual Report, it should be noted that our recommendation is referring to the Housing Delivery Goal Charts (**Schedules 2, 3 and 4**), opposed to the Annual Report. The allocation breakdown estimated by HCD on all three charts shows the low income as 18.3%. These targeted goals should at a minimum comply with the 30% statutory mandated income set-aside for low and very income.

Recommendation 24

While HCD concurred with the recommendation and contacted the Contractor, an “after the fact” permit was not obtained. Instead, action is being taken to accept a refund of the permit fees charged. It should be noted that on April 24, 2007, Internal Audit obtained the opinion of the Chief Electrical Plans Examiner (CEPE) at Building Services regarding the need for a permit on the electrical repairs in question. CEPE stated, “Yes, a permit would be required for this scope of work. " Usually " repair work does not require a permit, and anything Newly installed would (smoke detectors).” Therefore, an “after the fact” permit must be obtained and a copy maintained in the applicant’s file.

**City of Fort Lauderdale - Office of Management and Budget
Review of the State Housing Initiatives Partnership Program (SHIP)
Selected Sample Receiving SHIP Funds**

Schedule 1

Applicant	Type of Assistance	Date Check(s) issued	Amount of SHIP Assistance	Amount of HOME Assistance	Loan Type	Status of Project
A	Purchase Assistance - New Construction	May-06	\$50,000.00	\$0.00	10 Year - Deferred without interest	Still under Construction
	Fee Waiver	May-06	\$5,000.00	\$0.00		
B	Purchase Assistance - New Construction	Mar-06	\$50,000.00	\$0.00	10 Year - Deferred without interest	Still under Construction
	Fee Waiver	May-06	\$5,000.00	\$0.00		
C	Emergency Repairs/Rehabilitation	March 06 and November 06	\$7,177.00	\$0.00	Grant	Applicant never responded to correspondence to turn project into a substantial rehabilitation project
D	Substantial Rehabilitation/Replacement	Sept 03 - October 04	\$65,430.00	\$13,503.00	20 Year - Deferred without interest	Applicant deceased 2005 - No action taken by HCD to have Mortgage assumed by next of kin
E	Substantial Rehabilitation/Replacement	March 95 - September 95	\$17,957.85	\$0.00	13 Year - Deferred reducing by 10% each year	Unable to review due to HCD not providing files timely
Totals			\$200,564.85	\$13,503.00		

FLORIDA HOUSING FINANCE CORPORATION

Please check applicable box, & if Amendment, enter number

HOUSING DELIVERY GOALS CHART#2002

New Plan: X

STRATEGIES FOR THE LOCAL HOUSING ASSISTANCE PLAN FOR STATE FISCAL YEAR:

2004-2005

Amendment:

Fiscal Yr. Closeout:

Name of Local Government:	City of Fort Lauderdale	Available Funds:	\$1,200,000.00	s/b an Amendment
----------------------------------	-------------------------	-------------------------	----------------	------------------

	A	B	C	D	E	F						
HOME OWNERSHIP STRATEGIES	VLI Units	Max. SHIP Award	LI Units	Max. SHIP Award	MI Units	Max. SHIP Award	New Construction SHIP Dollars	Rehab/Repair SHIP Dollars	Without Construction SHIP Dollars	Total SHIP Dollars	Total Percentage	Total Units
Purchase Assistance - Existing	1	\$35,000	1	\$35,000					\$70,000.00	\$70,000.00	5.83%	2
Purchase Assistance - New Const	3	\$50,000	1	\$50,000			\$200,000.00			\$200,000.00	16.67%	4
Substantial Rehabilitation: Rehabilitation	2	\$145,000	1	\$145,000				\$435,000.00	s/b \$396,000	\$435,000.00	36.25%	3
Substantial Rehabilitation: Replacement	2	\$198,000					\$350,000.00	s/b \$396,000		\$350,000.00	29.17%	2
Fee Waiver Assistance	4	\$5,000	1	\$5,000			\$25,000.00			\$25,000.00	2.08%	5
										\$0.00	0.00%	0
								s/b \$ 621,000		s/b \$ 1,126,000	0.00%	0
Subtotal 1 (Home Ownership)	12	N/S	4	N/S	0		\$575,000.00	\$435,000.00	\$70,000.00	\$1,080,000.00	90.00%	16

RENTAL STRATEGIES	VLI Units	Max. SHIP Award	LI Units	Max. SHIP Award	MI Units	Max. SHIP Award	New Construction SHIP Dollars	Rehab/Repair SHIP Dollars	Without Construction SHIP Dollars	Total SHIP Dollars	Total Percentage	Total Units
Rental Rehabilitation		\$10,000								\$0.00	0.00%	0
(Prior Year Funded)										\$0.00	0.00%	0
										\$0.00	0.00%	0
										\$0.00	0.00%	0
										\$0.00	0.00%	0
Subtotal 2 (Non-Home Ownership)	0	N/S	0		0		\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0

Administration Fees										\$120,000.00	10.00%	
Admin. From Program Income										\$0.00	0.00%	
Home Ownership Counseling								s/b \$621,000		\$0.00	0.00%	

GRAND TOTAL	12		4		0		\$575,000.00	\$435,000.00	\$70,000.00	\$1,200,000.00	100.00%	16
--------------------	----	--	---	--	---	--	--------------	--------------	-------------	----------------	---------	----

Percentage Construction/Rehab: Calculate Constr./Rehab Percent. by adding Grand Total Columns A&B, then divide by Annual Allocation Amt. 84%

Maximum Allowable Purchase Price:							New	\$200,000	Existing	\$200,000		
------------------------------------------	--	--	--	--	--	--	------------	-----------	-----------------	-----------	--	--

Allocation Breakdown	Amount	%	Projected Program Income:	Max Amount Program Income For Admin:	\$0.00
Very-Low Income	\$811,000.00	67.6%	Projected Recaptured Funds:		\$50,000.00
Low Income	\$220,000.00	18.3%	Distribution:		
Moderate Income	\$0.00	0.0%	Total Available Funds:		\$50,000.00
TOTAL	\$1,031,000.00	85.9%			

Legend:
 NS No subtotal
 s/b Should be
 If the award amounts are correct, this amount is incorrect. However, if the available funds amount is correct, this amount is correct.

EXHIBIT 5A

FLORIDA HOUSING FINANCE CORPORATION

Please check applicable box, & if Amendment, enter number

HOUSING DELIVERY GOALS CHART#2002

STRATEGIES FOR THE LOCAL HOUSING ASSISTANCE PLAN FOR STATE FISCAL YEAR:

2005-2006

New Plan:	
Amendment:	X
Fiscal Yr. Closeout:	

Name of Local Government: **City of Fort Lauderdale** Available Funds: \$1,200,000.00

HOME OWNERSHIP STRATEGIES	VLI	Max. SHIP	LI	Max. SHIP	MI	Max. SHIP	A	B	C	D	E	F
	Units	Award	Units	Award	Units	Award	New Construction SHIP Dollars	Rehab/Repair SHIP Dollars	Without Construction SHIP Dollars	Total SHIP Dollars	Total Percentage	Total Units
Purchase Assistance - Existing	1	\$35,000	1	\$35,000					\$70,000.00	\$70,000.00	5.83%	2
Purchase Assistance - New Const	3	\$50,000	1	\$50,000			\$200,000.00			\$200,000.00	16.67%	4
Substantial Rehabilitation: Rehabilitation	2	\$145,000	1	\$145,000				\$435,000.00	s/b \$396,000	\$435,000.00	36.25%	3
Substantial Rehabilitation: Replacement	2	\$198,000					\$350,000.00	s/b \$396,000		\$350,000.00	29.17%	2
Fee Waiver Assistance	4	\$5,000	1	\$5,000			\$25,000.00			\$25,000.00	2.08%	5
										\$0.00	0.00%	0
										\$0.00	0.00%	0
Subtotal 1 (Home Ownership)	12	N/S	4	N/S	0		\$575,000.00	\$435,000.00	\$70,000.00	\$1,080,000.00	90.00%	16

RENTAL STRATEGIES	VLI	Max. SHIP	LI	Max. SHIP	MI	Max. SHIP	A	B	C	D	E	F
	Units	Award	Units	Award	Units	Award	New Construction SHIP Dollars	Rehab/Repair SHIP Dollars	Without Construction SHIP Dollars	Total SHIP Dollars	Total Percentage	Total Units
Rental Rehabilitation		\$10,000								\$0.00	0.00%	0
(Prior Year Funded)										\$0.00	0.00%	0
										\$0.00	0.00%	0
										\$0.00	0.00%	0
										\$0.00	0.00%	0
Subtotal 2 (Non-Home Ownership)	0	N/S	0		0		\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0
Administration Fees										\$120,000.00	10.00%	
Admin. From Program Income										\$0.00	0.00%	
Home Ownership Counseling								s/b \$621,000		\$0.00	0.00%	
GRAND TOTAL	12		4		0		\$575,000.00	\$435,000.00	\$70,000.00	\$1,200,000.00	100.00%	16

Percentage Construction/Reh Calculate Constr./Rehab Percent. by adding Grand Total Columns A&B, then divide by Annual Allocation Amt. 84%

Maximum Allowable Purchase Price:		s/b \$891,000		s/b \$235,000			New	\$200,000	Existing	\$200,000
-----------------------------------	--	---------------	--	---------------	--	--	-----	-----------	----------	-----------

Allocation Breakdown	Amount	%	Projected Program Income:	Max Amount Program Income For Admin:
Very-Low Income	\$811,000.00	67.6%		\$0.00
Low Income	\$220,000.00	18.3%	Projected Recaptured Funds: \$50,000.00	
Moderate Income	\$0.00	0.0%	Distribution:	
TOTAL	\$1,031,000.00	85.9%	Total Available Funds: \$50,000.00	

Legend: NS No subtotal s/b Should be EXHIBIT 5B

If the award amounts are correct, this amount is incorrect. However, if the available funds amount is correct, this amount is correct.

FLORIDA HOUSING FINANCE CORPORATION

HOUSING DELIVERY GOALS CHART#2002

Please check applicable box, & if Amendment, enter number

STRATEGIES FOR THE LOCAL HOUSING ASSISTANCE PLAN FOR STATE FISCAL YEAR:

2006-2007

New Plan:	
Amendment:	X
Fiscal Yr. Closeout:	

Name of Local Government: **City of Fort Lauderdale**

Available Funds: \$1,200,000.00

HOME OWNERSHIP STRATEGIES	VLI	Max. SHIP	LI	Max. SHIP	MI	Max. SHIP	New Construction	Rehab/Repair	Without Construction	Total	Total	Total
	Units	Award	Units	Award	Units	Award	SHIP Dollars	SHIP Dollars	SHIP Dollars	SHIP Dollars	Percentage	Units
Purchase Assistance - Existing	1	\$35,000	1	\$35,000					\$70,000.00	\$70,000.00	5.83%	2
Purchase Assistance - New Const	3	\$50,000	1	\$50,000			\$200,000.00			\$200,000.00	16.67%	4
Substantial Rehabilitation: Rehabilitation	2	\$145,000	1	\$145,000				\$435,000.00	s/b \$396,000	\$435,000.00	36.25%	3
Substantial Rehabilitation: Replacement	2	\$198,000					\$350,000.00	s/b \$396,000		\$350,000.00	29.17%	2
Fee Waiver Assistance	4	\$5,000	1	5,000			25000			\$25,000.00	\$ 2.08	5.00
										\$0.00	0.00%	0
								s/b \$ 621,000	s/b \$ 1,126,000	\$0.00	0.00%	0
Subtotal 1 (Home Ownership)	12	N/S	4	N/S	0		\$575,000.00	\$435,000.00	\$70,000.00	\$1,080,000.00	295.92%	6

RENTAL STRATEGIES	VLI	Max. SHIP	LI	Max. SHIP	MI	Max. SHIP	New Construction	Rehab/Repair	Without Construction	Total	Total	Total
	Units	Award	Units	Award	Units	Award	SHIP Dollars	SHIP Dollars	SHIP Dollars	SHIP Dollars	Percentage	Units
Rental Rehabilitation		\$10,000								\$0.00	0.00%	0
(Prior Year Funded)										\$0.00	0.00%	0
										\$0.00	0.00%	0
										\$0.00	0.00%	0
										\$0.00	0.00%	0
Subtotal 2 (Non-Home Ownership)	0	N/S	0		0		\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0

Administration Fees										\$120,000.00	10.00%	
Admin. From Program Income										\$0.00	0.00%	
Home Ownership Counseling								s/b \$621,000		\$0.00	0.00%	

GRAND TOTAL	12		4		0		\$575,000.00	\$435,000.00	\$70,000.00	\$1,200,000.00	305.92%	16
--------------------	-----------	--	----------	--	----------	--	---------------------	---------------------	--------------------	-----------------------	----------------	-----------

Percentage Construction/Rehab Calculate Constr./Rehab Percent. by adding Grand Total Columns A&B, then divide by Annual Allocation Amt. 84%

Maximum Allowable Purchase Price:		s/b \$891,000					New	\$200,000	Existing	\$200,000		
-----------------------------------	--	---------------	--	--	--	--	------------	-----------	-----------------	-----------	--	--

Allocation Breakdown	Amount	%	Projected Program Income:	Max Amount Program Income For Admin:
Very-Low Income	\$811,000.00	67.6%		\$0.00
Low Income	\$220,000.00	18.3%	Projected Recaptured Funds: \$50,000.00	
Moderate Income	\$0.00	0.0%	Distribution:	
TOTAL	\$1,031,000.00	85.9%	Total Available Funds: \$50,000.00	

Legend: NS No subtotal s/b Should be

If the award amounts are correct, this amount is incorrect. However, if the available funds amount is correct, this amount is correct.

EXHIBIT 5C

FLORIDA HOUSING FINANCE CORPORATION - SHIP PROGRAM ANNUAL REPORT
Name of Local Entity: City of Fort Lauderdale

Table A: Rental Unit Information

STRATEGY DESCRIPTION	RENTAL RATES - ACTUAL (If rents vary for the same unit, enter greatest amount)				
	A	B	C	D	E
	Eff.	1 Bed	2 Bed	3 Bed	4 Bed

Table B: Recap of Funding Sources for Units Produced

Source of \$\$ Produced thru June 30th for Units	Amount of Funds Expended to Date	% of Total Value
A	B	C
SHIP Funds Expended	\$ -	#DIV/0!
Public Moneys Expended		#DIV/0!
Private Funds Expended		#DIV/0!
Owner Equity		#DIV/0!
Total Value of All Units	\$ -	#DIV/0!

Table C: SHIP Program Compliance Summary - Home Ownership/Construction/Rehab*

Compliance Category	SHIP Funds*	Trust Fund **	% of Trust Fund	FL Statute Minimum %
A	B	C	D	E
HOME OWNERSHIP	\$ 1,257,209.00	\$ 1,257,209.00	100.00%	65%
CONSTRUCTION/REHABILITATION	\$ 1,257,209.00	\$ 1,257,209.00	100.00%	75%

* Include amounts expended, encumbered, & unencumbered (projected) in this table
**Trust Fund equals Distribution plus Recaptured Funds

Table D: Program Compliance - Income Set-Asides

Program Compliance by Funds Expended, Encumbered, Unencumbered (projected)

Income Category	SHIP \$ Expended	SHIP \$ Encumbered	SHIP \$ Unencumbered	Total A+B+C	% of Total Available Funds	*Total Available Funds
A	B	C	D	E	F	
Very-Low Income	\$ 551,000.00	\$ -	\$ -	\$ 551,000.00	29.33%	\$ 1,878,813.72
Low Income	\$ 1,201,270.00	\$ -	\$ -	\$ 1,201,270.00	63.94%	\$ 1,878,813.72
Moderate Income	\$ -	\$ -	\$ -	\$ -	0.00%	\$ 1,878,813.72
TOTAL	\$ -	\$ 1,752,270.00	\$ 891.72	\$ 1,752,270.00	93.26%	\$ 1,878,813.72

Total Available Funds equals State Distribution + Recaptured Funds + Program Income + Carry Over Funds + Other Funds. 1,753,161.72 (From Form 1 Table A)
*From Form 1 Table A 0.00 1,752,270.00 0.00 Error if not same as Form 1 Table A Column A,B,C
C, D, E52 and C, D E54 should match

Table E: Special Target Groups for Funds Expended (i.e. teachers, nurses, law enforcement, fire fighters, etc.) Set Aside

Strategy Description	Special Target Group	Expended Funds	Total # of Expended Units
A	B	C	D
Total		\$ -	0

Table F: Project Funding for Expended Funds Only

Income Category	Total SHIP Mortgages, Loans and DPL's	# of SHIP Mortgages, Loans and DPL's	Average Loan Amount	Total of SHIP Grants	# of SHIP Grants	Average Grant Amount	Total SHIP Funds Expended	Total # of Units
A	B	C	D	E	F	G	H	
Very-Low Income			#DIV/0!			#DIV/0!	\$ -	0
Low Income			#DIV/0!			#DIV/0!	\$ -	0
Moderate Income			#DIV/0!			#DIV/0!	\$ -	0
TOTAL	\$ -	0	#DIV/0!	\$ -	0	#DIV/0!	\$ -	0

This total must equal Table D Expended by income category

NOTE: Must match Form 3 Column D45,E45&F45

Table G: Allowable Administration Set Aside from Program Income

Total Amount of Program Income	*5% Maximum	**10% Maximum	Total % Program Income Allowed for Administration	Total Administration Income Used
A	B	C	D	E
\$621,361.72	\$31,068.09	\$62,136.17		\$ -

* Counties and Eligible Municipalities which receive more than the minimum distribution.
** Counties and Eligible Municipalities which receive the minimum distribution or less.

Use either the 5% or 10% \$ amount.

see Form 1 Table A Line 39

Table H: Allowable Administration Set Aside from Disaster Funds

Total Amount of Disaster Funds	*5% Maximum	**10% Maximum	Total Disaster Funds Allowed for Administration	Total Administration Income Used
A	B	C	D	E
\$0.00	\$0.00	\$0.00		\$ -

* Counties and Eligible Municipalities which receive more than the minimum distribution.
** Counties and Eligible Municipalities which receive the minimum distribution or less.

Use 5 or 10% as applicable

See Form 1 Table A D40

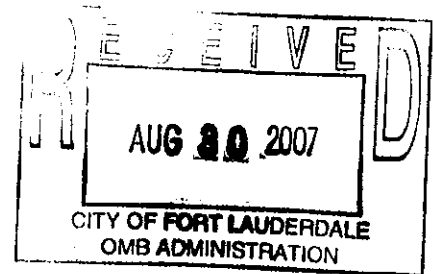


CITY OF
FORT LAUDERDALE

Venice of America

July 5, 2007

Mr. Robert Dearduff
SHIP Program Administrator
Florida Housing Finance Corporation
227 N. Bronough Street – Suite 500
Tallahassee, Florida 32301-1329



Re: SHIP Program 2004-2005 Expenditure Deadline Extension

Dear Mr. Dearduff:

To recap our telephone conversation this morning we are offering the following information to substantiate our request for a three month spending extension for SHIP program year 2004-2005:

We have spent over \$900,000.00 of the \$1,878,570.70 total revenue for 2004-2005. Currently we have sixteen projects under construction, the majority being over 50% complete and will be final in the three-month time frame.

As we detailed on past requests, the City of Fort Lauderdale has been in a “catch up” mode. In 2001-2002 we requested the Commission to put a moratorium on Housing Applications in an effort for our Division to move forward with the extensive list of projects we had on file. Simultaneously, the market began to escalate and construction costs went well above our determined limits. Projects were delayed as program amendments were considered and approved, causing further delays for reverifications and new Participation Agreements.

Permitting issues delayed further projects that were set to begin. Although we had an expedited process in place, our Building Department was so understaffed to the demand, the plan review required months instead of days. In cases that required plan corrections, the delay became that much longer. Most of this has since been rectified.

The hurricanes of 2004 and 2005 presented local contractors with a multitude of projects paying well above our limits. Emergency repairs took precedence over extensive rehab and new construction projects, where our funding had been encumbered. Responses to our RFP’s were minimal and usually above our limits. It has just been in the past few months that more contractors have shown an interest in participating on our projects.

The demand from our City Attorney’s Office for inquiries and changes on our Participation Agreements has further delayed spending. We have a mandate that no funding be spent until the participation agreement has been accepted and signed off by the City Attorney’s Office, the City

COMMUNITY DEVELOPMENT DIVISION

1409 N.W. SIXTH STREET (SISTRUNK BLVD.), FORT LAUDERDALE, FLORIDA 33311

TELEPHONE (954) 828-4527, FAX (954) 847-3754

www.fortlauderdale.gov

EXHIBIT 1



Manager and the Mayor. This adds significant time to the start of projects that have been out to bid and awarded. In some cases the delays have caused contractors and/or clients to withdraw from the program.

The latest obstacle to more General Contractor participation is the new insurance requirement by our Risk Management Department. RFP's have been delayed while our Procurement Department and Risk Management have studied this matter.

We continue to work through all these issues; and although still understaffed, have initiated multiple projects to meet our spending goals. We are confident with the three-month extension we will meet our spending requirement for the 2004-2005 Program year. Our spending for the 2005-2006 Program year is currently about \$700,000.00, but as all our programs are moving forward with no lack of eligible participants, our goal can be met in the remaining twelve-month period.

Again, our efforts have resulted in progress. We respectfully request this extension to complete the 2004-2005 Program year and continue moving forward to provide the citizens of Fort Lauderdale the housing benefits of the SHIP program.

Sincerely,



Susan Batchelder
Assistant Housing & Community Development Manager

SB/hmcd/SHIP04-05ExpDeadlineExt.

Cc: Margarette Hayes, Housing & Community Development Manager



Venice of America

CITY OF
FORT LAUDERDALE

Exhibit 1

June 29, 2007

Mr. Robert Dearduff
SHIP Program Administrator
Florida Housing Finance Corporation
227 N. Bronough Street -- Suite 500
Tallahassee, FL 32301-1329

RE: SHIP Program 2004-2005 Expenditure Deadline Extension

Dear Mr. Dearduff,

This letter is being written to request an extension to the expenditure deadline for the City of Fort Lauderdale's SHIP 2004-2005 program year funds. As a result of the issues and circumstances presented below, we are requesting that the expenditure deadline be extended to September 30, 2007.

Although the market in Fort Lauderdale is recovering from the effects of past storms, with Hurricane Wilma being the most recent, there are still some factors affecting our administration of the Program. As observed by your technical advisors, we must route Participation Agreements for every client to be executed by the appropriate government officials, compliance with which is presently a significant time factor affecting the timeliness of executing projects. In addition, we have been mandated by the City to require stricter, more expensive insurance coverages from all contractors performing rehabilitation and replacement housing construction, causing some to withdraw their participation.

Diligent efforts are being made to erase the previous backlog affecting our spending. In that pursuit, we currently have sixteen (16) projects for which contractors have been given authorization to proceed with construction. This represents \$2,152,891.00 of encumbered funds with the anticipation of being able to expend the 2004-2005 allocation by the above requested extension date.

We ask that our current progress be taken as an indication of the earnest desire of this department to continue providing assistance to the citizens of Fort Lauderdale through the SHIP program with the goal of increasing efficiency and effectiveness. We extend our thanks in advance for your consideration of this request.

If you have any questions or need any further information please contact us at 954-828-4513.

Sincerely,

Susan Batchelder
Assistant HCD Manager

Cc: Margarete Hayes, HCD Manager

COMMUNITY DEVELOPMENT DIVISION
1409 N.W. SIXTH STREET (SISTRUNK BLVD.), FORT LAUDERDALE, FLORIDA 33311
TELEPHONE (954) 828-4527, FAX (954) 847-3754
www.fortlauderdale.gov

Susan Batchelder

From: Susan Batchelder
Sent: Monday, July 09, 2007 11:19 AM
To: 'Terry Auringer'
Cc: Robert Dearduff; Darlene Raker; Margarette Hayes; Miriam Carrillo; David Harvey; Helen McDonald
Subject: RE: Expenditure extension

Thank you Terry,

We greatly appreciate this extension and are working diligently to meet our deadlines and eliminate backlog & need for extensions. We will move whatever funds/files that are complete into 04-05 for the close out. With so many projects in the construction stage, it would be difficult to say which projects in which year will be completed first. We are want to move as few as possible, at the end of our extension we are hopeful, the number moved for the FY closure will be minimal.

Thank you,

Susan Batchelder
 Assistant Manager, Housing & Community Development
 City of Fort Lauderdale
 (954) 828-5251

From: Terry Auringer [mailto:Terry.Auringer@floridahousing.org]
Sent: Monday, July 09, 2007 10:51 AM
To: Susan Batchelder
Cc: Robert Dearduff; Darlene Raker; Margarette Hayes; Miriam Carrillo; David Harvey
Subject: RE: Expenditure extension

Good morning Susan, we are going to approve a 3 month extension, an approval letter will follow in the mail. We noted in your letter that you expended 700,000 for FY 05/06, why aren't these funds/files being moved to close-out FY 04/05?

Please make sure you adhere to the time-lines for expending the funds going forward, we are keeping better track of how often the local governments are requesting expenditure extensions and are not approving them so frequently.

Thank you.

Terry

From: Susan Batchelder [mailto:SBatchelder@fortlauderdale.gov]
Sent: Thursday, July 05, 2007 3:10 PM
To: Terry Auringer
Cc: Robert Dearduff; Darlene Raker; Margarette Hayes; Miriam Carrillo; David Harvey
Subject: RE: Expenditure extension

Good Afternoon,

Attached is the letter which will be coming to you Fed Ex. Please let us know if any additional informaion is needed for our requested extension. Thank you,

Susan Batchelder
 Assistant Manager, Housing & Community Development
 City of Fort Lauderdale
 (954) 828-5251

EXHIBIT 1

8/16/2007

Susan Batchelder

From: Terry Auringer [Terry.Auringer@floridahousing.org]
Sent: Tuesday, July 03, 2007 8:35 AM
To: Susan Batchelder
Cc: Robert Dearduff; Darlene Raker
Subject: Expenditure extension

Good morning Susan, we received your request for a 3 month extension. The City of Ft. Lauderdale has requested an extension for the last 3 years. Before we can consider the request, please provide additional justification.

For consideration, why would 3 months be enough time to expend, when the funds were not spent in the allowed time? You are requesting 3 months to expend \$2 million dollars on 16 projects? How are you looking for FY 2005/2006?

Thank you.

Terry H. Auringer
SHIP Program Financial Manager
Florida Housing Finance Corporation
227 N. Bronough St., Ste. 5000
Tallahassee, FL 32301-1329
850.488.4197 Phone
850.488.9809 Fax

EXHIBIT 1

8/16/2007

FLORIDA HOUSING FINANCE CORPORATION - SHIP PROGRAM ANNUAL REPORT

NAME OF LOCAL ENTITY: **City of Fort Lauderdale**

TABLE A:

STRATEGY DESCRIPTION	SHIP FUNDS EXPENDED		SHIP FUNDS ENCUMBERED		SHIP FUNDS UNENCUMBERED	
	A		B		C	
	Amount	Units	Amount	Units	Proposed Amount	Proposed Units
HOMEOWNERSHIP STRATEGIES						
Purchase Assistance / Fee Waiver			\$ 1,005,000.00	19		
Replacement Housing			\$ 594,000.00	3		
Rehabilitation			\$ 153,270.00	2	\$ 891.72	1
Total Homeownership Strategies	\$ -	0	\$ 1,752,270.00	24	\$ 891.72	1
RENTAL STRATEGIES						
Total Rental Strategies	\$ -	0	\$ -	0	\$ -	0
Subtotal			\$ 1,752,270.00	24	\$ 891.72	1
Administration	\$ 126,652.00					
Home Ownership Counseling						
Admin from Program Income						
Admin from Disaster Funds						
Total	\$ 126,652.00	0	\$ 1,752,270.00	24	\$ 891.72	1

* This figure must equal the amount for "SHIP Funds Expended" on Form 2, Table B.

TABLE B:

Total Revenue (actual and/or anticipated) for Local SHIP Trust Fund		
A	B	
Source of SHIP Funds	Amount of Funds	Percentage of Funds
State Annual Distribution	\$1,257,209.00	66.92%
Program Income (Interest)	\$121,634.68	6.47%
Program Income (Payments)	\$499,727.04	26.60%
Recaptured Funds		0.00%
Disaster Funds		0.00%
Other Funds		0.00%
Carry over funds from previous year	\$243.00	0.01%
Total Funds Deposited into Local Affordable Housing Trust Fund	\$ 1,878,813.72	100.00%

TABLE C:

**Enter Total \$\$ from Table A, Columns A, B, & C:	\$1,878,813.72
***Enter amount to be carried forward to next year:	\$0.00
TOTAL*	\$1,878,813.72

** Must equal Total from Form 1, Table b, Col. B.

***Carry forward is used only in a closeout year when the amount of funds remaining are not sufficient to fully assist one unit. The unit assisted is counted in the next fiscal year.

FLORIDA HOUSING FINANCE CORPORATION - SHIP PROGRAM ANNUAL REPORT

NAME OF LOCAL ENTITY: **City of Fort Lauderdale**

TABLE A:

STRATEGY DESCRIPTION	SHIP FUNDS EXPENDED		SHIP FUNDS ENCUMBERED		SHIP FUNDS UNENCUMBERED	
	A		B		C	
	Amount	Units	Amount	Units	Proposed Amount	Proposed Units
HOMEOWNERSHIP STRATEGIES						
Purchase Assistance / Fee Waiver						
Replacement			\$ 1,386,000.00	7		
Rehabilitation			\$ 600,943.00	7	\$ 1,611.94	1
Total Homeownership Strategies	\$ -	0	\$ 1,986,943.00	14	\$ 1,611.94	1
RENTAL STRATEGIES						
Total Rental Strategies	\$ -	0	\$ -	0	\$ -	0
Subtotal			\$ 1,986,943.00	14	\$ 1,611.94	1
Administration						
Home Ownership Counseling						
Admin from Program Income						
Admin from Disaster Funds						
TOTAL			\$ 1,986,943.00	14	\$ 1,611.94	1

* This figure must equal the amount for "SHIP Funds Expended" on Form 2, Table B.

TABLE B:

Total Revenue (actual and/or anticipated) for Local SHIP Trust Fund		
A	B	
Source of SHIP Funds	Amount of Funds	Percentage of Funds
State Annual Distribution	\$1,427,946.00	71.81%
Program Income (Interest)	\$221,875.47	11.16%
Program Income (Payments)	\$338,733.47	17.03%
Recaptured Funds		0.00%
Disaster Funds		0.00%
Other Funds		0.00%
Carry over funds from previous year		0.00%
Total Funds Deposited into Local Affordable Housing Trust Fund	\$ 1,988,554.94	100.00%

TABLE C:

**Enter Total \$\$ from Table A, Columns A, B, & C:	\$1,988,554.94
***Enter amount to be carried forward to next year:	\$0.00
TOTAL*	\$1,988,554.94

** Must equal Total from Form 1, Table b, Col. B.

***Carry forward is used only in a closeout year when the amount of funds remaining are not sufficient to fully assist one unit. The unit assisted is counted in the next fiscal year.

SHIP AR/02-1

**FLORIDA HOUSING FINANCE CORPORATION
SHIP PROGRAM ANNUAL REPORT**

Name of Local Entity: City of Fort Lauderdale

1. Please provide information on the status of the implementation of the Local Housing Incentive Plan or Incentive Strategy adopted by the local Affordable Housing Assistance Plan.

A. Incentive Strategy:

Affordable Housing Ordinance

B. Adopting Ordinance or Resolution Number or identify local policy:

Ordinance No. C-98-64

C. Implementation Schedule (Date):

8-Dec-98

D. Has the plan or strategy been implemented? If no, describe steps that will be taken to implement the Plan.

Yes

E. Status of Strategy - (Is the strategy functioning as intended, i.e., are time frames being met, etc.)

Somewhat. The current construction industry and hurricane recovery efforts are affecting strategies.

2. Attach a concise description of the support services that are available to the residents of affordable housing.

None to attach.

3. Attach such other data or unique affordable housing accomplishments considered significant by your Agency. (Success Stories, newspaper clippings, etc.)

None to attach.

4. Describe how the Annual Report was made available for public inspection and comments. Attach copies of all comments that were received and provide the local government's response.

Copies of the Report are still being made available for public inspection and comments at the local Housing Authority, the African-American Research Library and Cultural Center, City Hall and the Mizell Library Community Center. Any comments and feedback received will be forwarded to the State.

5. Mortgage Default or Foreclosure:

A. Since State fiscal year 1992-93, _____ mortgages have been made to very low income households with _____ in default.	253	25
B. Since State fiscal year 1992-93, _____ mortgages have been made to low income households with _____ in default.	290	19
C. Since State fiscal year 1992-93, _____ mortgages have been made to moderate income households with _____ in default.	0	0
D. Total default rate for all mortgages _____	8.10%	

6. Describe how eligible sponsors (if applicable) that employed personnel from welfare to work programs.

We currently do not have involvement of eligible sponsors in the SHIP Program.

7. List strategies and give the average cost of production.

Purchase Assistance / Fee Waiver	\$53,333.33
Replacement Housing	\$89,227.93
Housing Rehabilitation	\$40,311.21
Disaster Recovery	\$6,496.60

CERTIFICATION
For Implementation of
Regulatory Reform Activities
Required by S.H.I.P.

On behalf of The City of Fort Lauderdale, I hereby certify that the following
Name of Local Government
information is true and accurate as of the date of submission.

- 1) Permits as defined in s.163.3164(7) and (8)* for affordable housing projects are expedited to a greater degree than other projects; and
- 2) There is an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption.
- 3) The cumulative cost per newly constructed housing per housing unit, from these actions for **FY 2003-2004 is estimated to be \$ 0.00.
- 4) The cumulative cost per rehabilitated housing per housing unit, from these actions for **FY 2003-2004 is estimated to be \$ 0.00.

Saleem B. Ali Date 5/30/07
Witness

[Signature] Date 5/30/07
Chief Elected Official

James Naugle, Mayor
Print Name and Title

[Signature] Date 5/29/07
Witness

[Signature] Date 5/29/07
City/County Administrator

George Gretsas, City Manager
Print Name and Title

OR

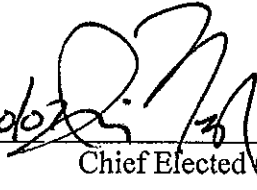
Date
Attest (Seal)

Note: This form will be utilized beginning with **FY 2003/2004.

*162.3164(7), Florida Statutes: "Development order" means any order granting, denying, or granting with conditions an application for a development permit. 163.3164(8), Florida Statutes: "Development permit" includes any building permit, zoning permit, subdivision approval, rezoning, certification, special exception, variance, or any other official action of local government having the effect of permitting the development of land.

CERTIFICATION

On behalf of The City of Fort Lauderdale, I hereby certify that the information presented
(NAME OF LOCAL GOVERNMENT)
herein is true and accurate as of the date of submission.

Safeer B. Ali Date 5/30/07  Date 5/30/07
Witness Chief Elected Official or Designee

Safeer B. Ali Date James Naugle, Mayor Date 5/30/07
Witness (Type) Name and Title

or

_____ Date _____
Attest (Seal)

GENERAL INFORMATION

Name of Person to call regarding the **Annual Report Form**: David Harvey

Telephone Number: (954)828-4509

SHIP AR/02-1 99-1

HOUSING & COMMUNITY DEVELOPMENT DIVISION

Memo

Date: August 21, 2007
To: Harry Stewart, City Attorney
Via: Marc LaFerrier, Director of Planning & Zoning
From: Margarete Hayes, Housing & Community Development Div. Manager
Subject: Deceased Housing & Community Development Division Clients

Following is a table of clients who have participated in various City Housing programs and are now deceased. Please proceed with appropriate legal action against the properties. Copies of the appropriate mortgage documents are attached for reference.

CLIENT NAME	ADDRESS	CASE INFORMATION:
Baird, Richard	600 SW 24 Avenue	Client deceased. Robert Charles Hoppe named as Personal Representative. Quit -claim deed recorded 12/26/06 conveying property from widow of deceased clients father, Robbie Baird, to Dan Davies. Conveyance property constitutes a default in mortgage terms.
Bynes, Mary	408 NW 17 th Avenue	Client deceased. Daughter, Willie Roberts, confirms mother did not have a Will. Family has not requested probate and no legal heir has been named. Ms. Roberts reports that one of her siblings is currently renting out the property. Property rental constitutes a default in mortgage terms.
McCree, Aaron & Allie	1609 NE 6 Place	Clients are deceased. Letter sent to daughter 2/16/06 requesting she apply for Assumption of Mortgage. No response has been received to date. A visual inspection of the property and current City water account activity indicates the property is currently occupied.
Williams, Bernice	515 NW 13 Avenue	Client deceased. Correspondence in file indicates Avco Financial Services claimed loan was satisfied, however, City has no record. Current owner of record is Girard DiRoberto and Roberto DiRoberto.

**DG ELECTRIC OF BROWARD, INC.**

STATE CERTIFIED ELECTRICAL CONTRACTORS

FLA-EC-0001240
BRWD-EE-CME-988-X

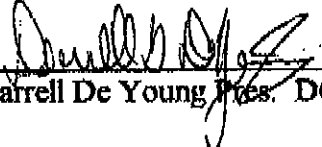
Attn: Mr. Claude Tapper
City of Ft. Lauderdale Community Development
Ph. # 954-828-4519
Fax # 954-847-3754

August 15, 2007

Re: Emergency Services Residential Electrical Program
Permit fees Refund
Rhonda Froehle Residence 954-467-3066
1516 SW 25th Street, Ft. lauderdale, FL

Due to the type of repairs completed at the above residence we have unused permit and inspection costs of \$375.00. This will be refunded to Fort lauderdale Community development with-in 1 week.

Thank you for your buisness;



Darrell De Young Pres. DG Electric of Broward Inc.

Please feel free to call if you have any questions.

ft laud comm devel 07

EXHIBIT 4

Margarette Hayes

From: Cindy Bortman
Sent: Friday, June 03, 2005 2:20 PM
To: Margarette Hayes
Cc: Marc LaFerrier
Subject: Covenants

Margarette,

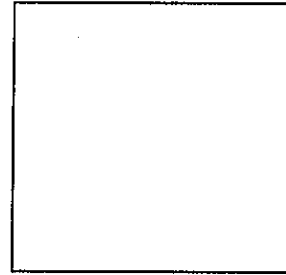
I thought that you and I discussed these documents that you are using called "covenants". These documents did not originate in the City Attorney's Office. You told me that Faye came up with them. They are mortgages, even though they are called covenants.

You should not be using them at all and you certainly should not be recording them as you have been doing, that is, prior to the proper execution of a participation agreement for the appropriate program.

Cindy Bortman
Assistant City Attorney
City of Fort Lauderdale
Tel: (954) 828-5091
Fax: (954) 828-5915

PREPARED BY:
Cindy B. Bortman, Esq.
City Attorney's Office
CITY OF FORT LAUDERDALE
100 North Andrews Avenue
Fort Lauderdale, Florida 33301

Return to:
Marie Jacques-Louis
733 N.W. 2nd Avenue
Fort Lauderdale, Florida 33311-7410



Space Reserved for Recording Information

Folio Nos. 4942-34-07-0510 and 4942-34-07-0520

SPECIAL WARRANTY DEED

THIS INDENTURE, made this 12 day of February, 2004, by and between:

NORTHWEST NEIGHBORHOOD IMPROVEMENT DISTRICT,
a Safe Neighborhood District created pursuant to Chapter 163, Part IV
Florida Statutes, its successors and assigns, hereinafter "GRANTOR"

and

MARIE JACQUES-LOUIS, a single person, hereinafter "GRANTEE"

BY THIS SPECIAL WARRANTY DEED, GRANTOR, for and in consideration of Ten Dollars (\$10.00) in hand paid by GRANTEE, the receipt of which is hereby acknowledged, has granted, bargained and sold to GRANTEE, its successors and assigns, the following described land situate, lying and being in Broward County, Florida:

Lots 7 and 8, Block 284, PROGRESSO, according to the Plat thereof, as recorded in Plat Book 2, Page 18 of the Public Records of Dade County, Florida; said lands situate, lying and being in Broward County, Florida.

And more commonly known as: 733 N.W. 2nd Avenue, Fort Lauderdale, Florida

TO HAVE AND TO HOLD the same in fee simple, subject to the following:

1. Zoning and/or restrictions and prohibitions imposed by any governmental authority;
2. Matters appearing on the plat;
3. Taxes for the year of closing;
4. Utility easements (including, by way of example, easements relating to telephone, electricity, gas, water, sewage, drainage) of record or related restrictions of record.

(PA)

And GRANTOR covenants with GRANTEE that GRANTOR is lawfully seized of the Property in fee simple, subject to the matters appearing above; that GRANTOR has good right and lawful authority to sell and convey the Property; that GRANTOR warrants the title to the Property for any acts of GRANTOR and will defend it against the lawful claims of all persons claiming by, through or under GRANTOR.

IN WITNESS WHEREOF, GRANTOR has hereunto set its hand and seal the day and year first above written.

WITNESSES:

NORTHWEST NEIGHBORHOOD
IMPROVEMENT DISTRICT

Safeca B. Ali
Safeca B. Ali
[Witness-print or type name]

By: [Signature]
Chairperson Jim Naugle

Lynn R Morris
LYNN R MORRIS
[Witness-print or type name]

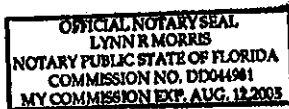
APPROVED AS TO FORM:
By: [Signature]
City Attorney

STATE OF FLORIDA:
COUNTY OF BROWARD:

The foregoing instrument was acknowledged before me this February 12, 2004, by JIM NAUGLE, Chairperson of the Board of Directors of the NORTHWEST NEIGHBORHOOD IMPROVEMENT DISTRICT, who is personally known to me and did not take an oath.

(SEAL)

Lynn R Morris
Notary Public, State of Florida (Signature of
Notary taking Acknowledgment)



LYNN R MORRIS
Name of Notary Typed, Printed or Stamped

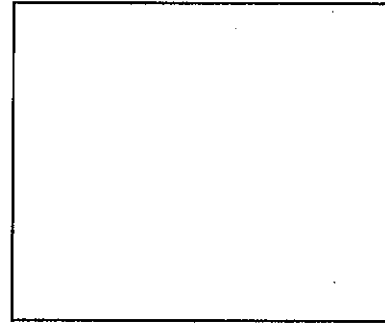
My Commission Expires: 8/12/2005

DD044981
Commission Number

L:\AGMIS\BCODECO\HIP\NWNID\FY03-04\JACQUES\SWDBRD.WPD

PREPARED BY:
Cindy B. Bortman, Esq.
City Attorney's Office
CITY OF FORT LAUDERDALE
100 North Andrews Avenue
Fort Lauderdale, Florida 33301

Return to:
Marie Jacques-Louis
733 N.W. 2nd Avenue
Fort Lauderdale, Florida 33311-7410



Space Reserved for Recording Information

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS (hereinafter "Declaration") is made this 12 day of February, 2004, by and between:

NORTHWEST NEIGHBORHOOD IMPROVEMENT DISTRICT,
a Safe Neighborhood District created pursuant to Chapter 163, Part IV,
Florida Statutes, its successors and assigns, hereinafter "NWNID",

and

MARIE JACQUES-LOUIS, a single person, hereinafter,
"Homeowner".

WHEREAS, the parties acknowledge that the below-described real property, located, situate and being in Broward County, Florida:

Lots 7 and 8, Block 284, PROGRESSO, according to the Plat thereof, as recorded in Plat Book 2, Page 18 of the Public Records of Dade County, Florida; said lands situate, lying and being in Broward County, Florida.

And more commonly known as: 733 N.W. 2nd Avenue
Fort Lauderdale, Florida 33311-7410

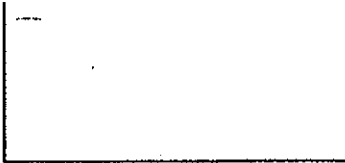
has been acquired with federal grant funds for use in the First-Time Homeownership Program (hereinafter the "Program") and, as such, the Property may only be used, owned and occupied in compliance with the terms and conditions of the Program; and

WHEREAS, Homeowner has entered into a First-Time Homeownership Participation Agreement (hereinafter the "Agreement") with NWNID, dated February 12, 2001, and on file with the City of Fort Lauderdale, whereby in exchange for certain covenants made by Homeowner, NWNID has agreed to convey the Property described above to Homeowner, subject to certain restrictive covenants hereinafter set forth; and

WHEREAS, on January 3, 2001, the Fort Lauderdale City Commission, by Resolution 00-169, authorized the conveyance of the above described property to NWNID and the City Commission, acting as the Board of Directors of NWNID, authorized its Chairperson to execute the Agreement and this Declaration of Restrictive Covenants (hereinafter "Restrictive Covenants") with Homeowner and to convey the Property to Homeowner subject to these Restrictive Covenants;

NOW, THEREFORE, in accordance with the foregoing exchange of mutual covenants and considerations, NWNID declares and the Homeowner agrees and acknowledges that the above Property shall be held, transferred, sold, conveyed and occupied subject to the restrictions, covenants, servitudes, impositions, charges and liens hereinafter set forth:

1. Homeowner shall continue to occupy the Property as Homeowner's personal residence for a continuous five year term from the date required to take initial occupancy, as set forth in the Agreement. The Homeowner shall not sell, lease, assign, give or transfer the Property during such period, other than by operation of law, and except if the new owner or lessee qualifies as an income eligible household based upon HUD's established income guidelines, as enacted and as may be amended.
2. The term of these restrictive covenants shall expire upon the completion of the five year occupancy requirement as set forth above. Except as is otherwise hereinafter provided, any successor Homeowner shall execute a new Agreement and Declaration, including the requirement for occupancy of the Property by the successor Homeowner, for a new five consecutive year term. Upon compliance by the Homeowner of all the terms and conditions as set forth in this Declaration, NWNID shall, upon request of the Homeowner and at NWNID's expense, prepare and record a Certificate of Compliance releasing Homeowner and Property from the obligations set forth within this Declaration.
3. The Homeowner shall pay all real estate taxes or assessments on the Property or any part thereof when due for this year, and for all subsequent years.
4. Neither Homeowner nor any heir or successor in interest to the Property shall engage in any financing or other transaction creating any mortgage or other encumbrance upon the Property or the improvements thereon, without first obtaining the prior written approval of the NWNID. Such approval shall not be unreasonably withheld. The exception to this requirement of obtaining prior written approval shall be that the Homeowner may, and is expected to, secure a loan for initial construction, within five consecutive years of the Date of Initial Occupancy.



Approval for securing such an encumbrance is hereby granted. The covenants of this paragraph shall survive the closing and shall not merge in the delivery of the deed.

5. Except as otherwise provided herein, the Homeowner shall have no power to sell, convey, transfer, or devise the Property, or any interest therein, or any part thereof, without the prior written consent of the NWNID during the term of this Declaration.
6. The Homeowner shall permit reasonable inspections of the Property at reasonable times by the NWNID or its agents when deemed necessary by the NWNID, for the purpose of determining compliance with the terms of this Declaration and the terms of the Agreement. Homeowner shall also permit the NWNID or its agents to perform annual inspections of the Property for a period of five years from the date of initial occupancy.
7. The Homeowner shall obtain and maintain the types of insurance coverage as set forth in the Agreement throughout the term of this Declaration.
8. Homeowner shall not construct nor cause to be constructed a chain link fence in the front yard of the Property.
9. Except as otherwise provided herein, the Property, or any part thereof, or interest therein, may not be rented, leased, or occupied by persons other than the Homeowner and family as described in the original Program application submitted by the Homeowner to the NWNID. However, the Homeowner may, with the prior consent of the NWNID or its agents, have additional persons occupy the Property only as an extension of the original housekeeping unit and not as separate housekeeping units.
10. In the event the Homeowner dies prior to the end of the five year occupancy requirement, as set forth above, the Property may descend to the Homeowner's spouse or children, provided, that at the time of the Homeowner's death, or within one hundred and eighty days thereafter, such a spouse or children otherwise qualify under the Program's requirements. The qualified spouse or children who may succeed to the Homeowner's interest in the Property shall continue to be bound by all the terms and conditions of this Declaration and they may assume the unexpired balance of the deceased Homeowner's five year occupancy requirement. In the event the Homeowner is not survived by a spouse or children qualified under the Program, the personal representative of the deceased Homeowner's estate shall cause title to the Property to be transferred to the NWNID.
11. The Homeowner acknowledges and covenants that any or all of the provisions specified below constitute a condition of default under this Declaration for which there may be a forfeiture of Homeowner's title to the Property and a reversion of such title to the NWNID:
 - A. Non-performance by the Homeowner of any covenant contained herein or term or condition of the Agreement made by the Homeowner with the NWNID in connection

with the Program, after the Homeowner has been given due notice by the NWNID of such non-performance, and an opportunity to cure, as hereinafter set forth.

- B. Failure of the Homeowner to perform any covenant, agreement, term or condition in any instrument including a lien upon the Property or any part thereof.
- C. The NWNID discovery of the Homeowner's failure in the Application to the NWNID from the Homeowner to disclose any fact deemed by the NWNID to be a material fact on the basis of which the NWNID entered into this Declaration or the Agreement or the NWNID's discovery of any misrepresentation by, or on behalf of, or for the benefit of the Homeowner.

Notwithstanding the foregoing, and at the sole discretion of the NWNID, upon providing notice to the Homeowner of its determination that the Homeowner is in default of the terms of this Declaration, the NWNID may, from time to time, at its sole discretion, cure each default under any covenant so curable in this Declaration, the Agreement, or in any instrument creating a lien upon the Property, or any part thereof, to such extent that the NWNID, at its sole discretion, determines, and each amount paid, if any, by the NWNID to cure any such default shall be paid by the Homeowner to the NWNID at the legal rate of interest from the time of expenditure and shall constitute a lien against the property which may be foreclosed if not discharged and satisfied within six (6) months of expenditure of such funds by the NWNID. The NWNID shall also become subrogated to whatever rights the holders of a prior lien might have under such instrument.

- 12. If the Homeowner fails, neglects or refuses to perform any of the material provisions, terms and conditions set forth herein, or required under the Agreement, for any material breach of this Declaration, NWNID shall have the right to file in a court of competent jurisdiction an action for:
 - A. Enforcement of its reversionary interest in the Property and forfeiture of all Homeowner's right, title and interest in the Property for a breach of the restrictive covenants contained in this Declaration;
 - B. Due and unpaid real estate taxes, assessments, charges and penalties for which Homeowner is obligated to pay under the terms of this Declaration or the Agreement;
 - C. The reasonable cost of repair of any physical damage or waste to the Property other than damage caused by ordinary wear and tear, acts of God or public authorities, and any other amounts for which Homeowner is obligated to pay under the terms of this Declaration or the Agreement; and
 - D. Such other remedies as are available at law or equity.



The exercise or attempted exercise by the NWNID of any right or remedy available under this Declaration or the Agreement shall not preclude the NWNID from exercising any other right or remedy so available, nor shall any such exercise or attempted exercise constitute or be construed as an election of remedies. Homeowner shall pay any reasonable expenses, including reasonable attorney's fees and costs incurred by the NWNID, in connection with the exercise of any right or remedy by the NWNID under this Declaration and the preparation and delivery of notices required hereunder. The failure or omission by the NWNID to enforce any of its rights or remedies upon breach of any of the covenants, terms or conditions of this Declaration or the Agreement shall not bar or breach any of the NWNID's rights or remedies on any subsequent default. Before the NWNID shall pursue any of its rights or remedies under this Declaration, the NWNID shall first give Homeowner written notice of the default complained of, which such notice shall be given in the manner provided for in the Agreement. Homeowner shall then have ten working days from the date such notice is given to cure or correct any default.

[THIS SPACE WAS INTENTIONALLY LEFT BLANK]



IN WITNESS OF THE FOREGOING, the parties have set their hands and seals the day and year first written above.

WITNESSES:

NORTHWEST NEIGHBORHOOD
IMPROVEMENT DISTRICT

Safecan B. Ali
Safecan B. Ali
[Witness print/type name]

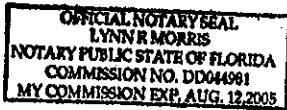
By [Signature]
Chairman Mayor Jim Naugle

Lynn R Morris
LYNN R MORRIS
[Witness print/type name]

STATE OF FLORIDA:
COUNTY OF BROWARD:

The foregoing instrument was acknowledged before me this 12 day of February, 2004, by MAYOR JIM NAUGLE, Chairman of the Board of Directors of the NORTHWEST NEIGHBORHOOD IMPROVEMENT DISTRICT, who is personally known to me and did not take an oath.

(SEAL)



Lynn R Morris
Notary Public, State of Florida (Signature of
Notary taking Acknowledgment)

LYNN R MORRIS
Name of Notary Typed, Printed or Stamped

My Commission Expires: DD044981
8/12/2005
Commission Number



WITNESSES:

Bene Gross
G R G

[Witness print/type name]

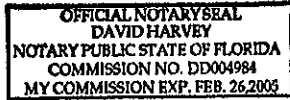
MARIE M JACQUES-LOUIS
Marie Jacques-Louis

Margarette H. Hayes
Margarette H. Hayes
[Witness print/type name]

STATE OF FLORIDA:
COUNTY OF BROWARD:

The foregoing instrument was acknowledged before me this 18th day of FEBRUARY, 2004, by MARIE JACQUES-LOUIS, who is has produced DL # J224-552-65-927-0 as identification and did not take an oath.

(SEAL)



[Signature]
Notary Public, State of Florida (Signature of Notary taking Acknowledgment)

DAVID HARVEY
Name of Notary Typed, Printed or Stamped

My Commission Expires: 2/26/05

DD004984
Commission Number

L:\MGNTS\BECODECO\H\PI\N\W\ID\FY03-04\JACQUES\RS\RCOV.WPD