

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE SPECIAL MEETING OF THE COMMISSIONERS
HELD ON OCTOBER 31, 2006

Pursuant to the call of the Chairman and notice duly given, the special meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") was held on October 31, 2006 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

John P. McCann, Chairman
Douglas R. Fahl
Gerald W. Hopkins
Yvonne T. Allmond
Nancy K. O'Brien

COMMISSIONERS ABSENT:

Jay Fisette, Vice Chairman
Charles McConnell
William C. Shelton
J. Braxton Powell
Edward L. McCoy
Terri M. Ceaser

OTHERS PRESENT:

Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Thomas A. Dolce, Managing Director of Servicing and Compliance
Arthur N. Bowen, Managing Director of Finance and Administration
Russ E. Wyatt, General Auditor
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications
J. Judson McKellar, Jr., General Counsel
John F. Hastings, Director of Multi-Family Development Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Patrick J. Carey, Finance Director
Brian Matt, Public Relations Manager

Chairman McCann called the special meeting of the Board of Commissioners to order at approximately 1:10 p.m. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

Ms. Dewey explained that the purpose of the special meeting was to consider the proposed leasehold financing by the Authority of a multi-family development known as Janna Lee Village and the adoption of a policy on future leasehold financings. Mr. McKellar then reviewed the current practice of the Authority on the financing of leasehold interests, the status of the proposed leasehold financing of Janna Lee Village, the principal terms and conditions of the lease, and the staff recommendation that the Commissioners

approve the financing of Janna Lee Village to be secured by the leasehold estate substantially in accordance with the terms set forth in his memorandum to the Commissioners dated October 24, 2006 and attached hereto. Following a discussion of these matters, Commissioner Fahl moved approval of such staff recommendation. This motion was seconded by Commissioner Hopkins and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. McKellar next presented a Board Approval Request and a resolution to approve the financing of Janna Lee Village, Phase I. Mr. McKellar explained that because Phase I had been reconfigured to include buildings originally included in Phase II, the mortgage loan amount for Phase I will be greater than the amount in the Board Approval Request previously distributed to the Commissioners for Phase I and that the staff recommended approval of the mortgage loan for Phase I in such greater loan amount. On motion duly made and seconded, the resolution entitled "Resolution Authorizing a Multi-Family Mortgage Loan to Finance Janna Lee Village, Phase I" dated October 31, 2006, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Mr. McKellar presented a resolution to approve the adoption by the Commissioners of a policy to require, in any case in which the mortgagor will own a leasehold rather than a fee simple interest, that the mortgage loan be secured by the fee simple interest in the real property and that, accordingly, the landlord execute the deed of trust for the purpose of conveying the landlord's interest as security for the mortgage loan. On motion duly made and seconded, the resolution entitled "Resolution Adopting Policy on the Financing of Leasehold Estates" dated October 31, 2006, in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Dewey presented a resolution in recognition of the 30th anniversary of the Albemarle Housing Improvement Program. On motion duly made and seconded, the resolution entitled "Resolution in Recognition and Appreciation of the Thirtieth Anniversary of Albemarle Housing Improvement Program" dated October 31, 2006, in the form attached hereto, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

Ms. Dewey then advised the Commissioners as to two proposed Authority mortgage loans to finance housing for troubled youth and as to the schedule for the Governor's Housing Conference, including the meeting of the Commissioners to be held on November 29, 2006.

There being no further business, the meeting was adjourned at approximately 2:14 p.m.

John P. McCann, Chairman

J. Judson McKellar, Jr.
Assistant Secretary