

**MARION COUNTY AND HOUSING FINANCE AUTHORITY OF MARION COUNTY
MEMORANDUM OF UNDERSTANDING ON RESERVES FOR UNFORSEEN
CIRCUMSTANCES POLICIES AND PROCEDURES**

PURPOSE

The purpose of this Memorandum of Understanding (MOU) is to outline the policies, procedures and basic guidelines for handling the financial risk of future property loss from hazards, including catastrophic loss from natural disasters. This MOU modifies the property insurance requirements previously agreed upon by **Marion County**, a political subdivision of the State of Florida, (hereinafter called the "**COUNTY**") and **Housing Finance Authority of Marion County**, a public body corporate and politic of the State of Florida, (hereinafter called the "**HFA**").

On February 20th, 2024 the **COUNTY** and **HFA** entered into a MAINTENANCE AGREEMENT to waive HFA's obligation to carry burdensome property insurance coverage for 43 rental unit homes currently owned and managed by **HFA** in the affordable housing program. The terms and conditions of the Maintenance Agreement are incorporated by reference herein. The property insurance waiver was due to the substantial annual increase and unaffordability of commercial property insurance premiums adversely impacting the **COUNTY**'s long-term Affordable Housing goals.

MAINTENANCE AGREEMENT REQUIREMENTS

- 1) **INSURANCE.** As of February 20th, 2024, the **COUNTY** no longer requires **HFA** to carry commercial property insurance on the 43-rental units it owns and manages. Provided however, **HFA** is required to continue carrying comprehensive general liability insurance, builder's risk insurance and Worker's Compensation on the 43-subject properties. A current list of the 43-rental units is attached as *Exhibit A*.
- 2) **RENTER'S INSURANCE/TENANT MANDATE.** All tenants occupying a unit owned and managed by **HFA** are mandated to have renter's insurance. This requirement shall be stipulated to in the tenant's lease agreement, monitored by **HFA** and tenant compliance reported to **COUNTY** in **HFA**'s quarterly reports to **COUNTY**.
- 3) **TENANT RELOCATION.** In the event of a total loss as defined herein, if applicable relocation assistance may be provided by **HFA** to all tenants occupying a unit owned and managed by **HFA**. Relocation assistance shall include, at a bare minimum, the return to the renter of the renter's security deposits in full. If it was determined the damage was caused by Tenant, then the refund would not be applied. Tenant rental insurance coverage through the mandatory renter's insurance policy could also be applied to assist the relocation process.
- 4) **RESERVE ACCOUNT.** Commencing March 1st 2024, **HFA** is required to establish and maintain a dedicated and restricted reserve account, in lieu of the commercial property insurance requirement, with an initial deposit of \$50,000.00. In addition, **HFA** shall further deposit into this reserve account, on a monthly basis, a minimum of \$4,500 or 10% of revenues it receives from the subject properties (whichever amount is greater), in order to continually increase the balance in the restricted account. The reserve account balance must not go below the initial deposit of \$50,000.00.

- 5) **RESERVE ACCOUNT THRESHOLD.** The reserve account will accrue funds in the manner outlined in section 3 above, until the account reaches at least 20% of the current just value per unit as determined by the Property Appraiser. The overall threshold shall be reviewed annually by **HFA** and a report on the reserve account threshold shall be produced and provided to **COUNTY's** Community Services department and the Clerk of Court Finance department. It is understood that all the paid funds in this Reserve Account are the property of the **HFA**.
- 6) **QUARTERLY REPORTING.** **HFA** is required to submit an expenditure and reserve deposit breakdown quarterly to the **COUNTY's** Community Services department and the Clerk of Court Finance department for their review and documentation purposes.

Quarterly Breakdown

- ▶ Q1: October 1 - December 31
- ▶ Q2: January 1 - March 31
- ▶ Q3: April 1 - June 30
- ▶ Q4: July 1 - September 30

Expenditure and reserve deposit breakdowns are due by the 20th day of the month following the end of the quarter. In the event that the 20th day of the month falls on a weekend or holiday, the report is due by the following business day.

In the event there are discrepancies in the provided quarterly report, additional documentation may be required from **HFA** to provide clarity on any discrepancies or irregularities.

Once the report is accepted for accuracy, **HFA** shall publish it with the Board of County Commissioners Agenda as a Notation for Record.

- 7) **ANNUAL REPORTING.** **HFA** is required to submit annually a summary of the Quarterly Reports together with a copy of the most recent rent roster. Rent rosters shall be updated annually and submitted in the third quarter (April 1st - June 30th) to the **COUNTY's** Community Services department and the Clerk of Court Finance department. Compliance with this requirement shall be determined by annual financial audit of an independent C.P.A. and reported to the Clerk and the County Administrator.
- 8) **ROOF REPLACEMENT PLAN.** If applicable, a roof replacement plan will be provided to the **COUNTY** by **HFA** for the 43-rental units owned and managed by **HFA** no later than September 30th, 2024. After the initial submission, the roof replacement plan shall be updated annually and submitted in the third quarter of the given year (April 1st - June 30th) to the **COUNTY's** Community Services department. Properties with roofs older than 20 years will be a priority for annual inspections by a qualified roofing company. This fund will not be used for routine roof replacement(s).
- 9) **QUALIFICATION FOR DISTRIBUTION OF RESERVE ACCOUNT FUNDS.** In order for the reserve account funds to qualify for utilization, a declared catastrophic event or a natural disaster must take place at one (1) or more of the **HFA** owned and managed rental units. Catastrophic events and natural disasters fall under the storm / heavy wind / hail / flood / lightening / flying object/ fallen object / fire / sinkhole /

broken pipe or any other category of similar relevance, to include a total loss of the unit(s). The damage(s)/loss must be declared by a third-party field adjuster or the COUNTY's Building Safety Department and some form of a Notice of Unforeseen Disaster documentation must be provided, which shall include but not be limited to: photographs, building inspection report(s), quotes, etc.

In the event that a State or Federally declared "disaster", or "state of emergency" is issued by Executive Order, **HFA** must demonstrate its good faith efforts to exhaust all other resources, such as Federal Emergency Management Agency (FEMA) benefits, Small Business Administration (SBA) loans, and any other potentially available grants prior to withdrawing monies from the dedicated reserve account.

Should the loss event not qualify for these resources, **HFA** must provide the **COUNTY's** Community Services department with documentation in the form of a denial letter, proof of ineligibility, or other form of documentation demonstrating ample efforts were made by **HFA** to recuperate these unforeseen costs. The **COUNTY's** Community Services department will compile the documents for the County Administrator's review. After County Administrator review, the documentation will then go to the Clerk of Court Finance department for a final determination to grant or deny the request.

10) QUALIFICATION FOR EXPENSES. **HFA** shall maintain its subject properties and the utilization of the restricted account as more fully set forth in the Maintenance Agreement. Qualification for disbursement of funds for expenses may include, but are not limited to: contractor/ sub-contractors invoices, supplies, tenant relocation expenses, etc.

In the event that a catastrophic loss or unforeseen natural disaster takes place at one (1) or more of the **HFA** owned homes and warrants a repair(s) or replacement(s) that would deplete the funds in the dedicated reserve account, the unit and/or property will be discussed with the COUNTY before being conveyed to the **COUNTY** by fee simple warranty deed.

11) RE-EVALUATION OF MAINTENANCE AGREEMENT. **HFA** shall re-evaluate the waiver of commercial property insurance every 24 months and make inquiries regarding new coverage premium rates from a minimum of two (2) different insurance companies to ensure optimal protection and cost-effectiveness. **HFA's** re-evaluation efforts shall be documented and given to the **COUNTY's** Community Services department for review and will be provided to the County Administrator, as needed.

In the event that a third-party insurance carrier's insurance quote is cost-effective, but will not cover one (1) or more of the units owned and managed by **HFA** due to qualifying stipulations, then and in that event, **HFA** is required to self-insure those unit(s) which *do not qualify* for insurance coverage (i.e. older mobile home, modular home, manufactured home, site built, etc.) and **HFA** shall maintain the full current just market value of the applicable unit(s) in the dedicated reserve account.

If all 43 of the units are comprehensively insurable (for appropriate commercial property coverage in addition to other required coverages) by a Florida Office of Insurance Regulation-rated insurance carrier, at the time of re-evaluation, the funds in the

dedicated reserve account will be released for unrestricted utilization by **HFA**, at the discretion of **HFA**.

ACCEPTED AND AGREED TO this 19 day of June, 2024.

WITNESS:

Kenn J Fair

Sign Name

Kenn J Fair

Print Name

Donnie Mitchell

Sign Name

Donnie Mitchell

Print Name

HOUSING FINANCE AUTHORITY OF
MARION COUNTY

By: [Signature]

Print Name: Philip Henry Culver

Title Chairman

Date: 6/19/24

ATTACHMENTS

- Exhibit A, *Insurance and Roof Information* (To be updated annually by **HFA**)

EXHIBIT A

Insurance and Roof Information

Address	Year Built	Sq. Ft.	Frame / Block	Home Value Based on 2023 Tax Report	Parcel #	Roof Age	Insurance Cost 2024	2023-2024 Monthly Insurance Cost	Current Monthly Rents Dec-23	Market Monthly Rate Rents
22 Oak Circle Pass	2007*	1,758	Block/Stucco	\$177,730	9012-0174-21	16 years	\$1,391.35	\$115.95	\$1,250.00	\$1,581.00
47 Redwood Track Run	2007*	1,875	Block/Stucco	\$198,456	9016-0244-07	16 years	\$1,655.19	\$137.93	\$808.00	\$1,800.00
80 Bahia Trace	2002*	1,508	Block/Stucco	\$189,445	9020-0398-51	4 years	\$1,492.05	\$124.34	\$855.00	\$1,500.00
6142 Hemlock Road	2003	1,456	Block/Stucco	\$181,214	9020-0405-37	20 years	\$1,460.84	\$181.11	\$121.74	\$1,500.00
21 Pecan Run Terrace	1998*	1,731	Frame/Stucco	\$181,678	9026-0672-05	1 year	\$1,846.52	\$153.88	\$1,078.00	\$1,550.00
30 Redwood Trace	2005*	2,054	Block/Stucco	\$251,352	9020-0374-02	18 years	\$1,844.50	\$153.71	\$808.00	\$2,140.00
7455 Hemlock Road	2004*	1,736	Block/Stucco	\$174,982	9007-0090-36	4 years	\$1,396.39	\$116.36	\$925.00	\$1,500.00
3 Larch Course **	2004	1,878	Block/Stucco	\$187,635	9055-1731-10	17 years	\$2,605.68	\$217.14	\$1,078.00	\$1,550.00
56 Pecan Drive	2002	1,782	Block/Stucco	\$208,932	9020-0377-09	1 years	\$3,768.09	\$314.00	\$808.00	\$1,595.00
9703 Bahia Road	2009*	2,295	Block/Stucco	\$234,921	9016-0244-07	16 years	\$1,701.51	\$141.79	\$855.00	\$1,917.00
5 Fir Trail Drive	2001*	2,060	Frame/Siding	\$222,372	9020-0390-24	1 year	\$2,047.92	\$170.66	\$808.00	\$1,780.00
128 Redwood Road **	2003*	1,721	Frame/Siding	\$178,518	9026-0682-09	4 years	\$1,641.09	\$136.76	\$1,078.00	\$1,550.00
63 Walnut Place	2006	2,032	Block/Stucco	\$234,208	9024-0578-04	17 years	\$1,510.82	\$125.90	\$808.00	\$1,815.00
19 Pecan Run **	2006*	1,985	Block/Stucco	\$220,460	9026-0673-04	17 years	\$1,698.49	\$141.54	\$1,115.00	\$1,900.00
18 Juniper Loop	2003*	1,250	Precast Panel	\$118,099	9024-0613-24	20 years	\$1,345.03	\$112.09	\$855.00	\$1,415.00
102 Redwood Track Course	1997*	1,558	Frame/Siding	\$162,356	9026-0696-08	26 years	\$1,889.82	\$226.81	\$925.00	\$1,500.00
15719 SW 52nd Avenue Road	2007*	2,044	Block/Stucco	\$198,457	8005-0778-10	18 years	\$1,680.36	\$140.03	\$860.00	\$1,745.00
3121 SW 126th Lane Road **	2006*	2,277	Frame/Stucco	\$227,604	8007-1092-23	17 years	\$1,831.41	\$152.61	\$1,078.00	\$1,956.00
15015 SW 24th Circle	2006*	2,440	Block/Stucco	\$259,395	8003-0309-13	17 years	\$1,880.75	\$156.73	\$855.00	\$1,962.00
16384 SW 48th Circle	2005*	2,023	Block/Stucco	\$208,975	8005-0754-08	18 years	\$1,669.28	\$139.11	\$1,115.00	\$1,745.00
970 Silver Road	1979	1,876	Frame/Stucco	\$215,129	9043-1359-10	3 years	\$3,487.05	\$290.59	\$808.00	\$1,800.00
138 Marion Oaks Lane **	1979*	1,400	Block/Paint	\$151,221	8002-0104-03	1 years	\$1,474.93	\$122.91	\$888.00	\$1,450.00
14350 SW 79th Avenue Road **	2007*	2,104	Block/Stucco	\$193,907	8011-1383-07	18 years	\$1,709.56	\$142.46	\$1,183.00	\$1,900.00
3070 SW 177th Place	2004*	2,023	Block/Stucco	\$227,829	8006-0588-18	19 years	\$1,772.00	\$147.67	\$855.00	\$2,000.00
652 Marion Oaks Boulevard **	2006*	1,732	Block/Stucco	\$171,384	8005-0789-13	17 years	\$2,236.66	\$186.38	\$1,078.00	\$1,620.00
123 Willow Road	2006*	2,220	Block/Stucco	\$227,186	9017-0258-19	17 years	\$2,029.79	\$169.15	\$855.00	\$2,010.00
3 Juniper Drive	2004	1,456	Block/Stucco	\$168,487	9024-0610-10	19 years	\$1,577.24	\$131.42	\$855.00	\$1,595.00
16900 SW 37th Court	2007*	2,695	Block/Stucco	\$309,276	8006-0696-04	18 years	\$2,026.77	\$168.90	\$808.00	\$2,073.00
5485 SE 28th Lane / Duplex	1984	2400	Block/Stucco	\$112,500	29698-001-01	3 Years	\$722.00	\$60.17	\$808.00	\$2,017.00
5495 SE 28th Lane / Duplex	1984	2400	Block/Stucco	\$112,500	29698-001-01	3 Years	\$722.00	\$60.17	\$888.00	\$2,017.00
19 Pine Course Run **	1988	1712	Block/Stucco	\$195,500	9009-0066-10	4 years	\$2,176.00	\$181.33	\$1,017.00	\$1,695.00
6799 NW 60th Ct - S Wide	2020	1,198	Mobile Home	\$85,000	1303-007-004	3 years	\$1,107.90	\$92.32	\$808.00	\$1,465.00
6639 NW 61st Ct - S Wide	2020	1,198	Mobile Home	\$85,000	1303-004-005	3 years	\$1,424.37	\$118.70	\$723.00	\$1,627.00
1370 NW 112th Ave - S Wide	2020	1,198	Mobile Home	\$85,000	2100-039-008	3 years	\$665.00	\$54.58	\$808.00	\$1,600.00
7170 SW 10th St - D Wide **	2020	1,880	Mobile Home	\$85,000	2331-004-010	3 years	\$721.00	\$60.08	\$1,078.00	\$1,600.00
3321 SE 132nd Lane Bellevue-D Wide	2021	1,198	Mobile Home	\$85,000	4154-001-055	3 years	\$788.00	\$65.67	\$808.00	\$1,550.00
1900 SE 40th St Rd. Apt. A	1982	738	Block/Stucco	\$86,500	3120-001-013	2 years	\$1,352.00	\$112.67	\$888.00	\$1,200.00
1900 SE 40th St Rd. Apt. B	1982	738	Block/Stucco	\$86,500	3120-001-013	2 years	\$1,352.00	\$112.67	\$700.00	\$1,200.00
1900 SE 40th St Rd. Apt. C **	1982	738	Block/Stucco	\$86,500	3120-001-013	2 years	\$1,352.00	\$112.67	\$888.00	\$1,200.00
1900 SE 40th St Rd. Apt D **	1982	738	Block/Stucco	\$86,500	3120-001-013	2 years	\$1,352.00	\$112.67	\$888.00	\$1,200.00
8864 Juniper Rd. Apt. A	2007	990	Block/Stucco	\$96,500	9025-0663105	18 years	\$1,091.86	\$90.98	\$700.00	\$1,200.00
8864 Juniper Rd. Apt. B	2007	990	Block/Stucco	\$96,500	9025-0663105	18 years	\$1,091.86	\$90.98	\$808.00	\$1,200.00
8864 Juniper Rd. Apt. C	2007	990	Block/Stucco	\$96,500	9025-0663105	18 years	\$1,091.86	\$90.98	\$700.00	\$1,200.00
TOTALS				\$7,162,208			\$69,680.94	\$5,934.57	\$37,923.74	\$70,420.00

Home coverage is based on proposed home & property value with \$300,000 liabilities plus hurricane coverage

Current Monthly Insurance Cost is 19.2% of the Monthly Gross Revenue

The HFA collected rental income is 48.3% less than the current market rental rates in Marion County.

** OHA Section 8 Tenants

Other Areas in the County

Marion Oaks Area
Silver Springs Shores

NSP Homes
SHIP Program
HOME Funding Homes