

Housing Finance Authority
of Manatee County, Florida

AUDITED FINANCIAL STATEMENTS

September 30, 2020



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

Housing Finance Authority
of Manatee County, Florida
Table of Contents
September 30, 2020

REPORT

Independent Auditors' Report	1
Management's Discussion and Analysis	3

BASIC FINANCIAL STATEMENTS

Statement of Net Position	5
Statement of Revenues, Expenditures, and Changes in Net Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8

REGULATORY REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Independent Accountants' Report On Compliance with Local Government Investment Policies	21
Management Letter	22

INDEPENDENT AUDITORS' REPORT

To the Members of the Housing Finance
Authority of Manatee County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Finance Authority of Manatee County, Florida (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Housing Finance Authority of Manatee County, Florida, and the respective changes in net position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Authority has restated its 2019 financial statements to include liabilities previously not reported in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Carr, Riggs, & Ingram, LLC

December 8, 2020
Bradenton, Florida

Housing Finance Authority of Manatee County, Florida Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the Housing Finance Authority of Manatee County ("the Authority") for the fiscal year ended September 30, 2020.

Overview of the Financial Statements

The Authority's financial statements encompass and include the following financial elements:

A Statement of Net Position provides the reader with detail about the assets of the Authority as well as its outstanding liabilities. The difference between assets and liabilities is reported as net position. The Statement of Net Position appears on page 5.

The Statement of Revenues, Expenditures, and Changes in Net Position, provided on page 6, presents information showing how the net position changed during the fiscal year.

The Notes to the Financial Statements for the Authority provide background information that meets stringent governmental accounting reporting requirements and gives the reader additional information that may not be readily seen on the actual statements. Examples of such information include investment details. The notes can be found on pages 8 to 18 and are an integral part of the financial statements.

Financial Highlights and Analysis of Financial Statements

The Authority's assets exceeded its liabilities (net position) at September 30, 2020 by \$513,980 compared to \$140,772 at September 30, 2019. This reflects an increase of \$373,208 for the year.

TBA Program income decreased \$78,188, due to reduced number of loans expected to close.

Contribution refunds and principal repayments decreased by \$383,792 in the fiscal year ending September 30, 2020. This was due to a decrease in principal repayments in the fiscal year ending September 30, 2020.

Program expenses related to Housing and Urban Development decreased \$110,500 from the prior year primarily due to the programs having less loans closed and funded as compared to the year ended September 30, 2019.

A development deposit have decreased \$150,000 from the prior year due to a return of funds per an agreement made with a developer in the prior year.

Long term liabilities have decreased \$117,381 from the prior year due to repayments made.

**Housing Finance Authority of Manatee County, Florida
Management's Discussion and Analysis**

Net Position	<i>Restated</i>	
<i>September 30,</i>	2020	2019
Current and other assets	\$ 968,337	\$ 861,550
Development deposit	\$ -	\$ 150,000
Accounts payable	960	-
Single family mortgage revenue bonds	453,397	570,778
Total liabilities	454,357	720,778
Net position	\$ 513,980	\$ 140,772

Changes in Net Position		
<i>For the fiscal year ended September 30,</i>	2020	2019
Revenues		
Program revenues		
Authority fees	\$ 153,862	\$ 138,498
TBA program income	72,376	150,564
General revenues		
Investment income	5,699	11,358
Miscellaneous fees	78,500	31,625
Contribution refunds/Principal repayments	368,520	752,312
Total revenues	678,957	1,084,357
Program expenses		
General government	106,249	110,026
Housing and Urban Development	199,500	310,000
Total expenses	305,749	420,026
Increase in net position	\$ 373,208	\$ 664,331

Requests for Information:

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Housing Finance Authority's Secretary/Treasurer of Manatee County, 435 12th Street West, Suite 117, Bradenton, FL 34205.

Housing Finance Authority of Manatee County, Florida
Statement of Net Position

September 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$ 959,978
Investments	8,359
Loans receivable, net allowance of \$453,397	-

Total Assets	\$ 968,337
--------------	------------

Liabilities

Single Family Mortgage Revenue Bond, 1985 A	\$ 83,397
Single Family Mortgage Revenue Bond, 2007 A&B	370,000
Accounts payable	960
Total Liabilities	454,357

Net position

Unrestricted	513,980
--------------	---------

Total Liabilities and Net Position	\$ 968,337
------------------------------------	------------

The accompanying notes are an integral part of these financial statements.

Housing Finance Authority of Manatee County, Florida
Statement of Revenues, Expenditures, and
Changes in Net Position

For the year ended September 30, 2020

Operating revenues:	
Authority fees	\$ 153,862
TBA program income	72,376
Application and inducement fees	78,500
Contribution refunds/Principal repayments	368,520
Total operating revenues	673,258
Operating expenses:	
General government	106,249
Housing and Urban Development	199,500
Total operating expenses	305,749
Operating income	367,509
Non-operating revenue (expense)	
Investment income	5,699
Total non-operating revenue	5,699
Change in net position	373,208
Net position, beginning of year	159,759
Prior period adjustment (Note 8)	(18,987)
Net position, beginning of year, as restated	140,772
Net position, end of year	\$ 513,980

The accompanying notes are an integral part of these financial statements.

Housing Finance Authority of Manatee County, Florida
Statement of Cash Flows

For the year ended September 30, 2020

Cash flows from operating activities:	
Collections of authority fees	\$ 153,862
Collections of TBA program income	72,376
Collections of application and inducement fees	78,500
Collections of loan principal/contribution refunds	368,520
Advances of loan principal	(199,500)
Payment of operating expenses	(105,289)
Net cash provided by operating activities	368,469
Cash flows from investing activities:	
Receipt of investment income	5,601
Net cash provided by investing activities	5,601
Cash flows from financing activities:	
Development deposit	(150,000)
Principal payments	(117,381)
Net cash used in financing activities	(267,381)
Net increase in cash and cash equivalents	106,689
Cash and cash equivalents, beginning of year	853,289
Cash and cash equivalents, end of year	\$ 959,978
RECONCILIATION OF INCREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Increase in operating income	\$ 367,509
Increase in accounts payable	960
Net cash provided by operating activities	\$ 368,469

The accompanying notes are an integral part of these financial statements.

Housing Finance Authority of Manatee County, Florida Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Housing Finance Authority of Manatee County, Florida (the "Authority") was created as a Florida Public Corporation in accordance with Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes, following the adoption of an approving ordinance enacted by the Board of County Commissioners of Manatee County, Florida dated October 30, 1979. The purpose of the Authority is to help alleviate a shortage of housing available at affordable rates in Manatee County and the shortage of capital for investment in such housing. In accordance with the powers granted the Authority, the Authority issues single family and multi-family revenue bonds to finance the purchase of housing by families of low and moderate income through investing in mortgage loans to eligible families or the financing of multi-family rental housing developments rented to eligible families. The mortgage loans are placed as security for the payment of the bond's principal and interest.

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the operating fund, which includes all of the funds controlled by the Authority. The Authority has no component units.

Bonds and notes issued by the Authority are payable, both as to principal and interest, solely from the assets of the various programs that are pledged under the resolutions authorizing the particular issues. These issues do not constitute an obligation, either general or moral, of the Authority, Manatee County, the State of Florida, or of any local government therein. Neither the full-faith, credit, revenues, nor the taxing power of the Authority, Manatee County, the State of Florida, or any local government therein is pledged to the payment of the principal or interest on the obligations. The Authority has no taxing power.

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist of bond program authority fees, multi-family bond program application/commitment fees, and bond program residuals. Non-operating revenue consists of revenue that is related to investing activity.

Basis of Presentation

The Authority accounts for its operating fund activities through the use of an enterprise fund. An enterprise fund is used to account for activities similar to those found in the private sector, where the determination of a change in financial position is necessary or useful for sound financial administration.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all currency, demand deposits, and money market funds with banks or other financial institutions to be cash and cash equivalents.

Investments

Investments in the Local Government Surplus Trust Fund ("Florida PRIME"), are carried at amortized costs, which approximates fair value. Investments in certificates of deposit are carried at amortized cost, which approximates fair value. Investments in mortgage-back securities are carried at fair value.

Loans Receivable

Loans receivable are carried at original cost, less principal collections. Loans receivable, which are deemed by management to be uncollectible, are written-off in the period in which the determination is made.

Allowance for Loan Losses

Additions to the allowance for loan losses are made by provisions charged to current operations. The determination of the allowance is based on an evaluation of the loan portfolio, current economic conditions, and other factors relevant to a determination of the collectability of the loans and reflects an amount that, in management's judgement, is adequate to provide for potential losses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Developer Deposits

The Authority usually requires a deposit from developers seeking new bond financing or bond refunding for multi-family developments. To the extent necessary, the deposited moneys are subsequently utilized to pay the professional fees incurred to structure and close the bond financing. Unused moneys are returned to the developer.

Net Position

Net Position is comprised of the accumulated net earnings (losses) from revenues and expenses.

The restricted net position classification is used to indicate a segregation of a portion of net position equal to the value of assets the uses of which are restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted net position relates to that portion of net position not restricted for purposes described above. The Authority considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Designations are used to indicate a segregation of a portion of unrestricted net position at the discretion of the Authority, which are to be used for a specific purpose and not for general operations. These amounts are included in unrestricted net position for financial reporting purposes.

NOTE 2: DEPOSITS HELD BY CUSTODIAN

The Authority entered into a depository agreement with US Bank. Pursuant to the agreement US Bank is the custodian of certain moneys and securities (and investment earnings thereon) of the Authority that may be utilized for operations, to acquire investments, and to fund down payment assistance. Deposits held by custodian consisted of \$959,978 of US Treasury Funds at September 30, 2020, and these amounts are included in cash and cash equivalents.

Housing Finance Authority of Manatee County, Florida Notes to Financial Statements

NOTE 3: INVESTMENTS

The Authority is authorized, per its Investment Policy, in the following:

- The Local Government Surplus Funds Trust Fund (SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01 of the Florida Statutes.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a national recognized rating agency.
- Interest bearing time deposits, savings accounts or checking accounts in qualified public depositories, as defined in Section 280.02 of the Florida Statutes.
- Direct obligations of the United States Treasury

Custodial Credit Risk - U.S. Treasury notes, U.S. Treasury bills and all U.S. government agency and instrumentality securities are held by the Authority's agent in the Authority's name, in accordance with the Authority's investment policy requiring third party custody and safekeeping.

Credit Risk - Credit quality risk results from potential default of investments that are not financially sound. The Prime account was rated AAAM by Standard & Poor's at September 30, 2020. The SBA's investment policies related to the Prime fund are disclosed at <https://www.sbafla.com/prime>.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority entered into GNMA buy-sell agreements with its lenders, US Bank and Raymond James, whereby qualified loans are originated, pooled, securitized, and sold. All interest rate risk under the agreements is assumed by Raymond James for which they are paid a fee.

On September 30, 2020, the Authority had \$8,359 invested with the State Board of Administration's (the "SBA") Local Government Surplus Funds Trust Fund Investment Pool's Prime account ("Prime").

The SBA is an investment pool administered by the State of Florida. Investments held in the SBA consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The SBA has established the Florida PRIME whereby participants own a share of the respective pool and not the underlying securities.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 3: INVESTMENTS (CONTINUED)

The Florida PRIME (formerly known as Pool or Fund A) is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments in the Florida PRIME at amortized cost. Therefore, the Authority's investment in Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool's shares. The Florida PRIME is rated by Standard and Poor's and is currently rated AAAM. The weighted average days to maturity (WAM) at September 30, 2020 is 48 days. Next interest rate reset dates are used in the calculation of the WAM.

The Florida PRIME did not participate in a securities lending program in the year ended September 30, 2020, nor was it exposed to any foreign currency risk. The SBA provides separate financial statements for the Florida PRIME (unaudited) as of and for the period ending June 30. It does not issue financial statements as of and for the period ending September 30.

At September 30, 2020, there were no redemption fees or maximum transfer amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account balance. With regard to liquidity fees, the SBA has the authority to impose penalties for early withdrawal, but has not made any required disclosures relating to these fees. The SBA also has the authority to limit contributions or withdrawals for up to 48 hours in the event of an occurrence or event that has a material impact on the liquidity of the Florida PRIME. No such limitation took place during the year ended September 30, 2020.

NOTE 4: LOANS RECEIVABLE

As part of the single family bond program, the Authority has loan receivables of \$453,397 that have been fully allowed for.

NOTE 5: BUDGET

The Authority adopts a budget annually. The Authority is authorized to amend any areas of the budget, as appropriate, based on changing circumstances or events. One budget amendment was made during the year.

NOTE 6: PROGRAM EXPENSES

The Authority contributes funds to various programs in which it may or may not receive a return of principal in whole or in part. In these financial statements, the contributions are treated as program expense. As amounts are received in the form of fees, return of principal or return of contribution, they will be reported as revenue as received.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 7: BONDS PROGRAMS

From time to time, the Authority has issued revenue bonds to provide assistance to individuals, families, and private-sector entities. The financial assistance was provided to encourage the investment of private capital and stimulate the acquisition and construction of residential housing for low, moderate, and middle income individuals and families. The bonds are secured by the assets, revenues, receipts, and other resources of the bond programs and are payable solely from payments received pursuant to the respective bond program documents. Neither the Authority, Manatee County, the State of Florida, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds considered conduit debt are not reported as liabilities in the Basic Financial Statements. The bonds considered non-conduit debt are reported as liabilities in the Basic Financial Statements.

As of September 30, 2020, the Authority had issued and outstanding the following bonds pursuant to its authorization:

	Issue Amount	Outstanding Amount
Non-Conduit Debt		
Single Family/Homeowner Mortgage Revenue Bonds:		
1985 - A	\$ 19,965,000	\$ 83,397
2007 - A&B	10,000,000	370,000
Total Non-Conduit Debt	29,965,000	453,397
Conduit Debt		
Multi-Family Housing Revenue Bonds:		
Series 2003 A (Village at Cortez)	\$ 17,920,000	\$ 9,000,000
Series 2007 A (Waters Edge of Bradenton)	20,110,000	16,925,000
Series 2017 A, B, & C (River Trace)	26,449,500	16,800,846
Series 2020 (Reef at Riviera)	31,000,000	1,902,450
Total Conduit Debt	95,479,500	44,628,296
Total		\$ 45,081,693

In some cases, the outstanding balances may include capital appreciation and compound interest bonds at their accreted values calculated as of the most recent bond interest payment date.

The Authority is unaware of and has received no notice of default from the trustees for its single family and multi-family bond programs, except for the following. Other than the following, the Authority is unaware of any current financial difficulties relating to its bond programs.

Single Family Mortgage Revenue Bonds, Series 2007-A&B

As of September 30, 2020, the aggregate principal amount due was \$370,000 after an \$110,000 repayment during the year.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 7: BONDS PROGRAMS (Continued)

Single Family Mortgage Revenue Bonds, Series 1985-A

The Single Family Mortgage Revenue Bonds, Series 1985 matured on July 1, 2017.

The trustee sent notices to the Authority which states, in part, the following:

Notice to Holders of
Housing Finance Authority of Manatee County, Florida
Single Family Mortgage Revenue Bonds
1985 Series A

December 16, 2015

CUSIP 561842FQ3 and 561842FP5 (the "Bonds")

Reference is hereby made to that certain Trust Indenture dated as of July 1, 1985 (the "Indenture"), between the Housing Finance Authority of Manatee County, Florida (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as successor Trustee to Barnett Banks Trust Company, N.A.. (the "Trustee"), relating to Housing Finance Authority of Manatee County, Florida Single Family Mortgage Revenue Bonds 1985 Series A (the "Bonds"). Payments of the principal and interest for the Bonds are insured in accordance with the terms of the financial guaranty policy (the "Policy") issued by Financial Guaranty Insurance Company, (the "Bond Insurer"). Capitalized terms used but not otherwise defined herein will have the meanings assigned to them in the Indenture.

In a prior Notice to Holders of Bonds Insured by the Bond Insurer dated September 23, 2013, the Trustee notified Holders of the Bonds of the Effective Date of The FGIC Plan of Rehabilitation (the "Rehabilitation Plan").

No payments of principal or interest have been made on the bonds since June 1, 2009 and such Events of Default are continuing. The assets held in the Trust Estate for the benefit of the Holders of the Bonds are less than the balance of the unpaid interest and principal outstanding on the Bonds. Holders of the Bonds should note that the Bonds and all payments by the Authority under the Indenture are not general obligations of the Authority but are limited obligations payable solely from the Trust Estate.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 7: BONDS PROGRAMS (Continued)

Single Family Mortgage Revenue Bonds, Series 1985-A (Continued)

In prior notices, the Trustee notified Holders of Events of Default relating to the Authority's failure to make payment of the interest and Sinking Fund Requirements due on the Bonds. The Trustee hereby provides notice to Holders of the Bonds of the occurrence of an additional Event of Default under the Indenture. On December 1, 2015, a payment of interest in the amount of \$6,388 together with a Sinking Fund Requirement in the amount of \$15,000 was due and payable on the Bonds. The Authority failed to provide funds for the full payment of the interest and Sinking Fund Requirement due on the Bonds for payment to Holders of the Bonds on December 1, 2015. In accordance with the Indenture, the Policy and the Rehabilitation Plan, the Trustee made demand on the Bond Insurer for the interest and Sinking Fund Requirement due on December 1, 2015. The Rehabilitation Plan does not provide for full payment of the interest and Sinking Fund Requirement due on December 1, 2015. Collections from the mortgages and the draw on the Policy were not sufficient to pay the interest and Sinking Fund Requirement due on the Bonds on December 1, 2015.

The Authority's failure to make payment of the interest and Sinking Fund Requirement due on the Bonds constitutes an Event of Default under Section 701(a) and 701(b) of the Indenture. Pursuant to Section 706 of the Indenture, upon the occurrence and continuance of an Event of Default, the Bond Insurer or the Holders of a majority in principal amount of the Bonds then outstanding shall have the right, subject to the provisions of Section 802 of the Indenture, by an instrument or concurrent instruments in writing, executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this indenture.

Section 802 states that the Trustee is under no obligation to institute any suit, or to take any remedial proceeding under the Indenture until it is indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements and against all liability. The Trustee may reimburse itself from any money in its possession under the provisions of this Indenture and shall be entitled to preference over any of the Bonds outstanding hereunder.

The Indenture further provides that moneys received by the Trustee pursuant to any right given or action taken shall be allocated in accordance with Section 704 of the Indenture.

With regard to its Single Family Mortgage Revenue Bonds, Series 1985 A ("Single Family 1985-A Bonds"), the Authority makes no recommendations and gives no investment advice and bond holders shall not rely upon the Authority as their sole source of information for any decisions related to the Single Family 1985-A Bonds.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 7: BONDS PROGRAMS (Continued)

Single Family Mortgage Revenue Bonds, Series 1985-A (Continued)

On March 5, 2019, the Trustee submitted to the FGIC, under terms of the FGIC bond insurance policy No. 85010212 as modified by FGIC's First Amended Plan of Rehabilitation dated June 4, 2013 (the "Plan", and such policy as modified by the Plan being the "FGIC Policy"), a claim for the deficiency for the principal payment due on the Bonds and unpaid on such payment date.

Notice to Holders of
Housing Finance Authority of Manatee County, Florida
Single Family Mortgage Revenue Bonds
1985 Series A

March 5, 2019

CUSIP 561842FQ3 and 561842FP5 (the "Bonds")

The Bank of New York Mellon Trust Company, N.A, acts as successor trustee (the "Trustee") for the holders of the above-mentioned bonds (the "Bonds") issued under a Trust Indenture (the "Indenture") between Barnett Banks Trust Company, N.A. and Manatee County Housing Finance Financing Authority as issuer dated as of July 1, 1985. Capitalized terms not defined in this Notice have the meanings assigned to them in the Indenture.

As stated by the Trustee in a previous notice to the Bondholders, the Trustee has not received sufficient funds for the payment of the principal due on the Bonds on June 1, 2009. The Trustee submitted to Financial Guaranty Insurance Company ("FGIC"), under the terms of the FGIC bond insurance policy No. 85010212 as modified by FGIC's First Amended Plan of Rehabilitation dated June 4, 2013 (the "Plan", and such policy as modified by the Plan being the "FGIC Policy"), a claim for the deficiency of the principal payment due on the Bonds and unpaid on such payment date. FGIC permitted such policy claim for such unpaid principal and, in accordance with the FGIC Policy, paid 38.5% (FGIC's then-current cash payment percentage under the Plan, referred to as the "CPP") of such claim amount in cash to its fiscal agent, Wilmington Trust, National Association (the "Fiscal Agent"), for the benefit of the Bondholders. The Fiscal Agent disbursed such claim payment to The Depository Trust Company ("DTC"), as the registered Holder of the Bonds, after the Fiscal Agent received from DTC an assignment to FGIC of all of such its rights to payment of the unpaid principal in an amount equal to such claim payment.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 7: BONDS PROGRAMS (Continued)

Single Family Mortgage Revenue Bonds, Series 1985-A (Continued)

Notwithstanding the Bond maturity date of June 1, 2009, the Bonds will continue to remain outstanding so that the Bondholders may receive additional amounts, if any, which may be payable from time to time under the FGIC Policy in connection with any further upward adjustment of the CPP, if applicable. However, no assurance can be given as to whether, when or in what amounts the CPP may be further adjusted pursuant to the Plan.

The trustee has informed the Authority that on September 30, 2020 the outstanding balance of the Single Family Mortgage Revenue Bonds, 1985 Series A was \$83,397 after a \$7,381 retirement during the year and a previously unrecorded amount of \$18,987. This amount has been recorded as a liability of the Authority as required by generally accepted accounting principles even though legally the bonds are not a debt of the Authority. The related receivable not anticipated to be collected, has been fully allowed for and therefore does not appear on the Authority's statement of net position.

With regard to its Single Family Mortgage Revenue Bonds, 1985 Series A ("Single Family 1985 Bonds"), the Authority makes no recommendations and gives no investment advice and bond holders shall not rely upon the Authority as their sole source of information for any decisions related to the Single Family 1985 Bonds.

The trustee sent notices to the Authority which states, in part, the following:

Notice of Special Payment Date to Owners of
Housing Finance Authority of Manatee County, Florida
Single Family Mortgage Revenue Bonds
1985 Series A

July 2, 2020

The Trustee has set a special payment date of July 14, 2020 for payment of such amounts to the The Depository Trust Company ("DTC"), as the registered holder of the certain of the Bonds, and to the registered Owners of the other bonds.

Multi Family Mortgage Revenue Bonds, Series 2003-A

On October 1, 2003, the Authority issued \$17,920,000 of Multi Family Revenue Bonds. These bonds mature on January 15, 2037 and carry a coupon rate of 1.34%. The bonds were issued to finance a portion of the costs of acquisition, construction, equipping and placing in use and operation of a multifamily residential rental housing project.

Housing Finance Authority of Manatee County, Florida
Notes to Financial Statements

NOTE 7: BONDS PROGRAMS (Continued)

Multi Family Mortgage Revenue Bonds, Series 2007-A

On February 23, 2007, the Authority issued \$20,110,000 of Multi Family Revenue Bonds. These bonds mature on March 1, 2038 and carry a coupon rate of 6%. The bonds were issued to finance the acquisition, construction, equipping and placing in use and operation of a multifamily rental housing facility.

Multi Family Mortgage Revenue Bonds, Series 2017-A&B&C

On June 28, 2017, the Authority issued \$26,449,500 of Multi Family Revenue Bonds. These bonds mature on June 27, 2052 and carry a coupon rate between 3.07% and 5.5%. The bonds were issued to finance the acquisition, construction, equipping and placing in use and operation of a multifamily and rehabilitation of a multifamily rental housing facility.

Single Family Mortgage Revenue Bonds, Series 2020

On April 14, 2020, the Authority issued \$31,000,000 of Multi Family Revenue Bonds. These bonds mature on April 30, 2040 and carry a coupon rate between 2.25% and 4.59%. The bonds were issued to finance the acquisition, construction, equipping and placing in use and operation of a multifamily and rehabilitation of a multifamily rental housing facility.

NOTE 8: PRIOR PERIOD RESTATEMENT

Management determined that a liability regarding the Single Family Mortgage Revenue Bonds of 1985 – A had not been recorded in the amount of \$18,987 as of October 1, 2018 and made a prior period adjustment to increase a liability and decrease net position as of October 1, 2018. The net effect of these adjustments of \$18,987 was recorded as a prior period adjustment.

NOTE 9: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 8, 2020, which is the date the financial statements are available to be issued.