



Jobs & Entrepreneurship Council

**Friday, February 8, 2008
11:00 AM – 12:30 PM
Morris Hall (17 HOB)**

**Marco Rubio
Speaker**

**Ron Reagan
Chair**

Council Meeting Notice
HOUSE OF REPRESENTATIVES

Speaker Marco Rubio

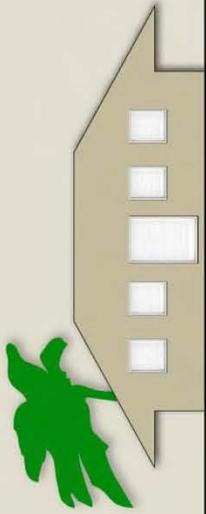
Jobs & Entrepreneurship Council

Start Date and Time: Friday, February 08, 2008 11:00 am
End Date and Time: Friday, February 08, 2008 12:30 pm
Location: Morris Hall (17 HOB)
Duration: 1.50 hrs

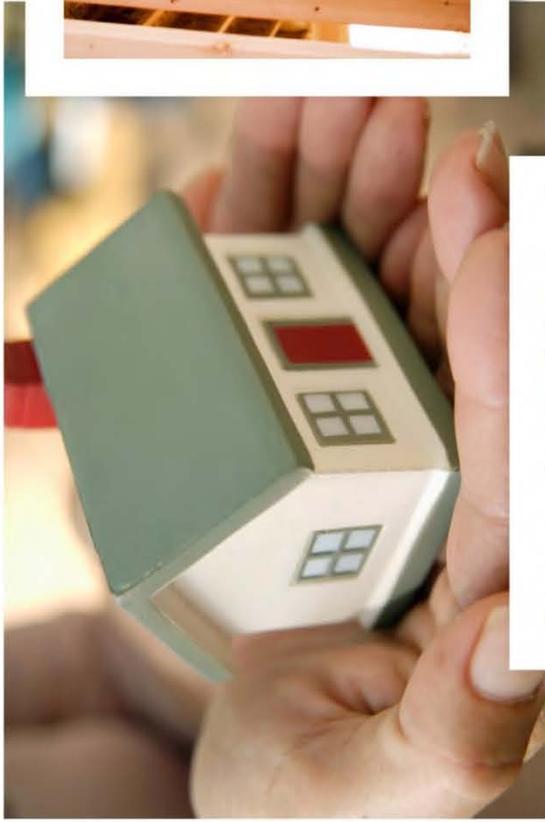
Update on My Safe Florida Home Program activities

Presenation on proposed My Safe Florida Home No-Interest Loan Program

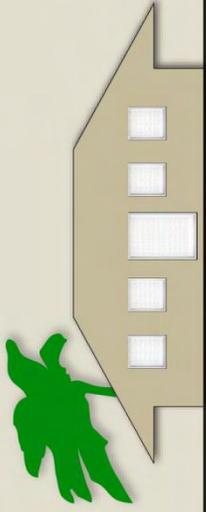
NOTICE FINALIZED on 02/01/2008 16:22 by JL2



MY SAFE FLORIDA HOME PROGRAM



ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA



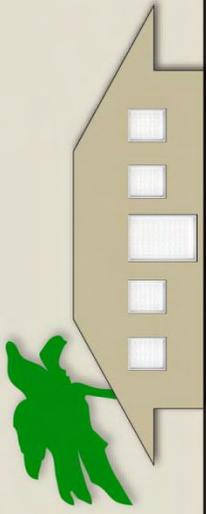
MY SAFE FLORIDA HOME PROGRAM

Florida Legislature created My Safe Florida Home to:

- Help Floridians better **protect their property**
- Help Floridians **save money on insurance** premiums

Goals Set by the Legislature:

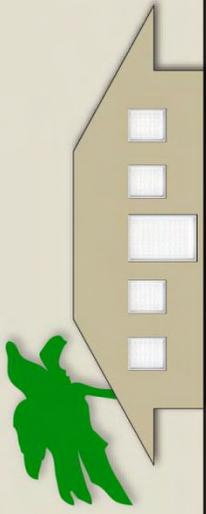
- Provide free home inspections to **400,000 Floridians**
- Provide matching grants up to \$5,000 to **35,000 Floridians**



MY SAFE FLORIDA HOME PROGRAM

**Who is eligible for a free wind inspection
and how do they sign up?**

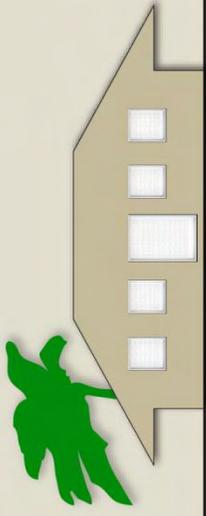
- **Single-family, site-built homes statewide**
- **Apply online or by phone**
- **Inspection scheduled within 2 weeks**
- **Report sent within 30 days of inspection**



MY SAFE FLORIDA HOME PROGRAM

What's Involved in an MSFH Inspection

- Inspection focuses on **two** key areas:
 - **Openings:** Windows, Exterior Doors and Garage Doors
 - **Roof:** Covering, Roof Deck Attachment, Roof-to-Wall Connections, Gable Ends and Secondary Water Barrier
- On average, an inspection takes **47 minutes**.



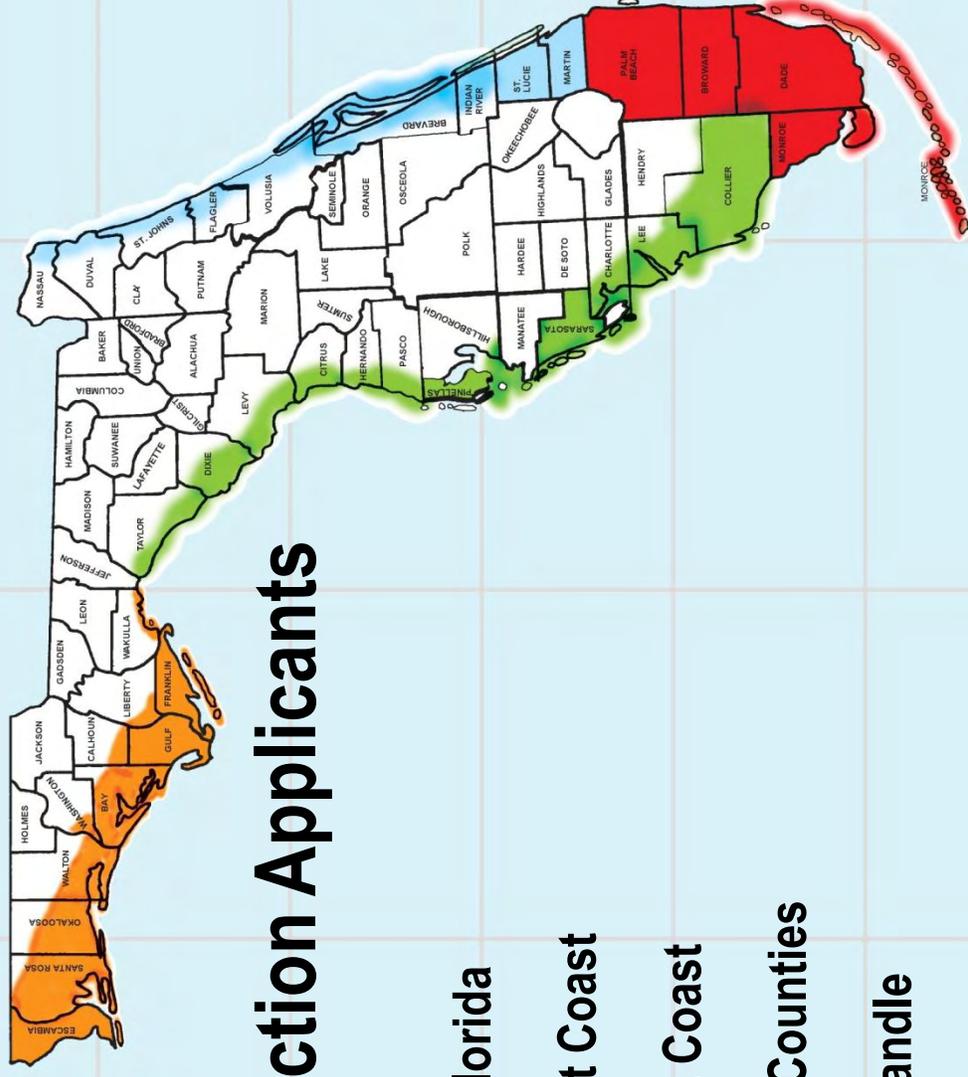
MY SAFE FLORIDA HOME PROGRAM

Inspection Report Gives Homeowners:

- **Improvement Plans**
- **Cost estimates to make improvements**
- **Projected insurance savings**
- **Hurricane-resistance rating scale**

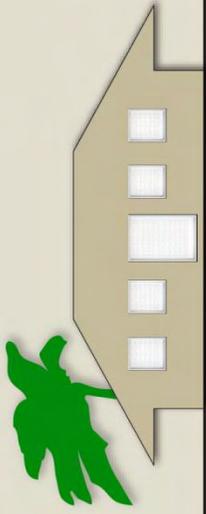


MY SAFE FLORIDA HOME PROGRAM



Snapshot: 179,390 Inspection Applicants

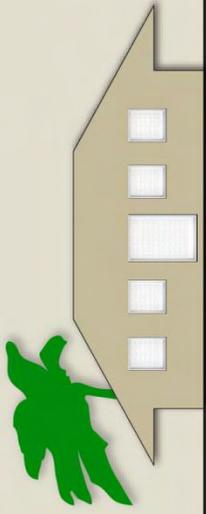
- 36% of applicants are from South Florida
- 30% of applicants are from the West Coast
- 15% of applicants are from the East Coast
- 11% of applicants are from Interior Counties
- 9% of applicants are from the Panhandle



MY SAFE FLORIDA HOME PROGRAM

Other Interesting Facts about our Inspection Applicants

- **Nearly 23%** are insured with Citizens Property Insurance Corporation.
- Average age of homes inspected is **26 years old**.
- Average insured value of homes inspected is **\$238,000**.

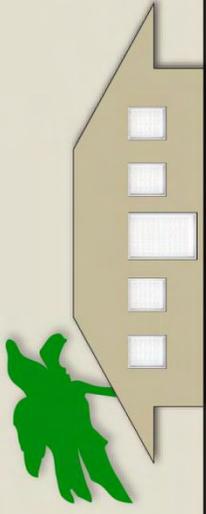


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INSPECTION RESULTS

Of **148,908 inspections** completed to date,
more than **109,000 homeowners (74%)**
were eligible
for **\$224 in insurance savings** on average
without hammering the first nail.

That's a **potential \$24.5 million** in wind
insurance savings statewide.



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HOMEOWNERS REPORT SAVINGS

Kathy Storie from New Smyrna Beach in **Volusia County** - \$400 savings

Jose & Marilyn Hernandez from Holiday in **Pasco County** - \$552 in savings

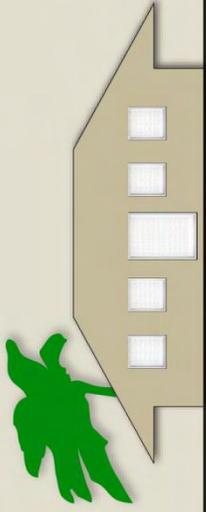
Holly Harrison from North Lauderdale in **Broward County** - \$1,300 in savings

John and Anne Cogley from **Hillsborough County** - \$391 in savings

Elizabeth Bradley from Cutler Bay in **Dade County** - \$624 in savings

Couple from Apalachicola in **Franklin County** - \$1,000 in savings

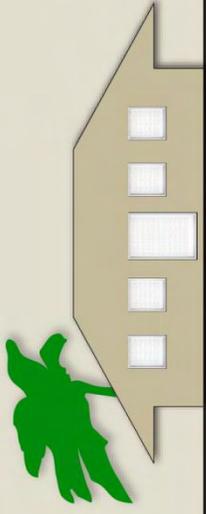
(Source: *Apalachicola Times*)



MY SAFE FLORIDA HOME PROGRAM

Who is eligible for a grant of up to \$5,000 and how do they sign up?

- Single-family, site-built home that has been inspected:
 - Insured value of **\$300,000 or less**
 - Homestead exemption
 - Located in **wind-borne debris region**
 - Permit application to build home issued **before 3/1/2002**
- Apply **online or by phone**
- Grant approved and forms sent **within 30 days**
- Reimbursement requests paid **within 6 weeks, on average, if complete**



MY SAFE FLORIDA HOME PROGRAM

Snapshot: **25,300 Grants Approved**

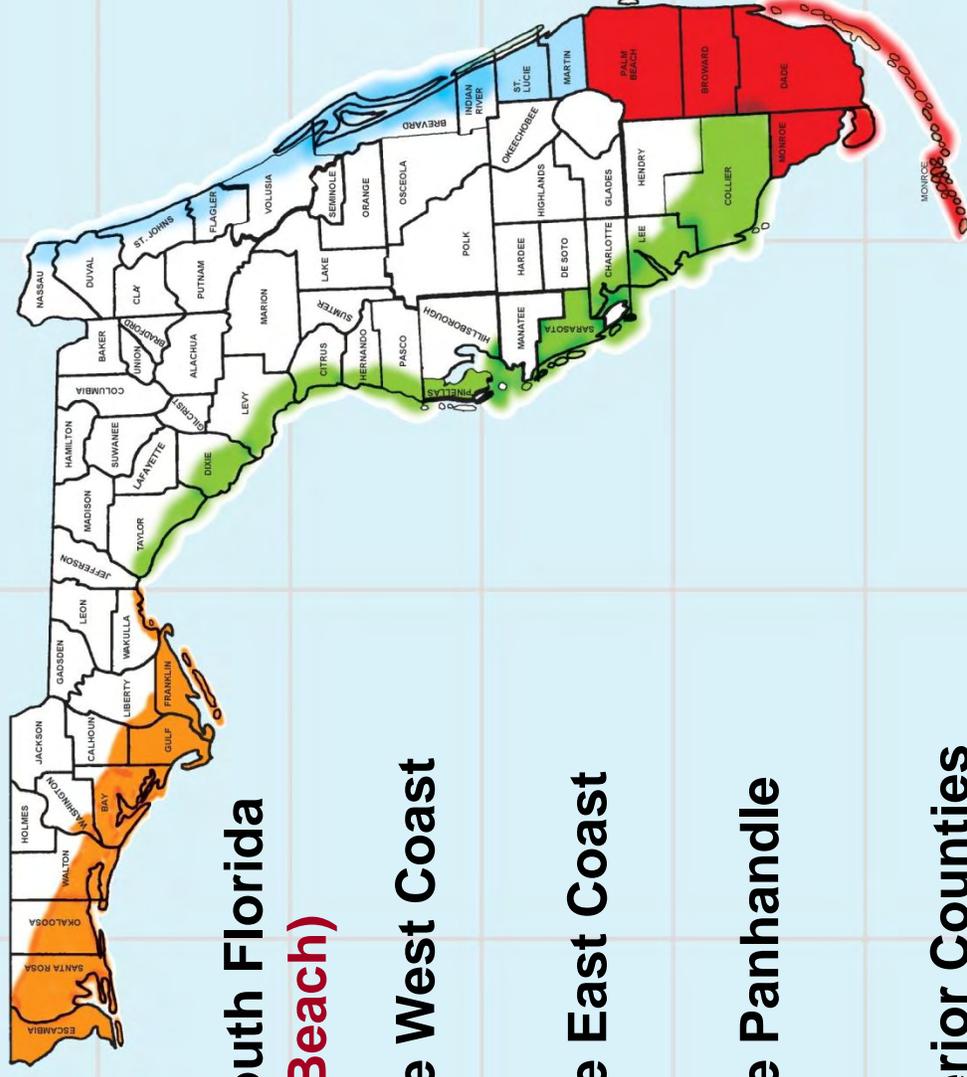
- 18,271 grants through Department of Financial Services
- 4,722 grants through Volunteer Florida Foundation
 - **\$40 million partnership with 20 non-profits**
- 2,307 grants through 17 local governments
 - **\$11.7 million partnership**
 - **Nearly \$6 million in additional funds leveraged**



MY SAFE FLORIDA HOME PROGRAM

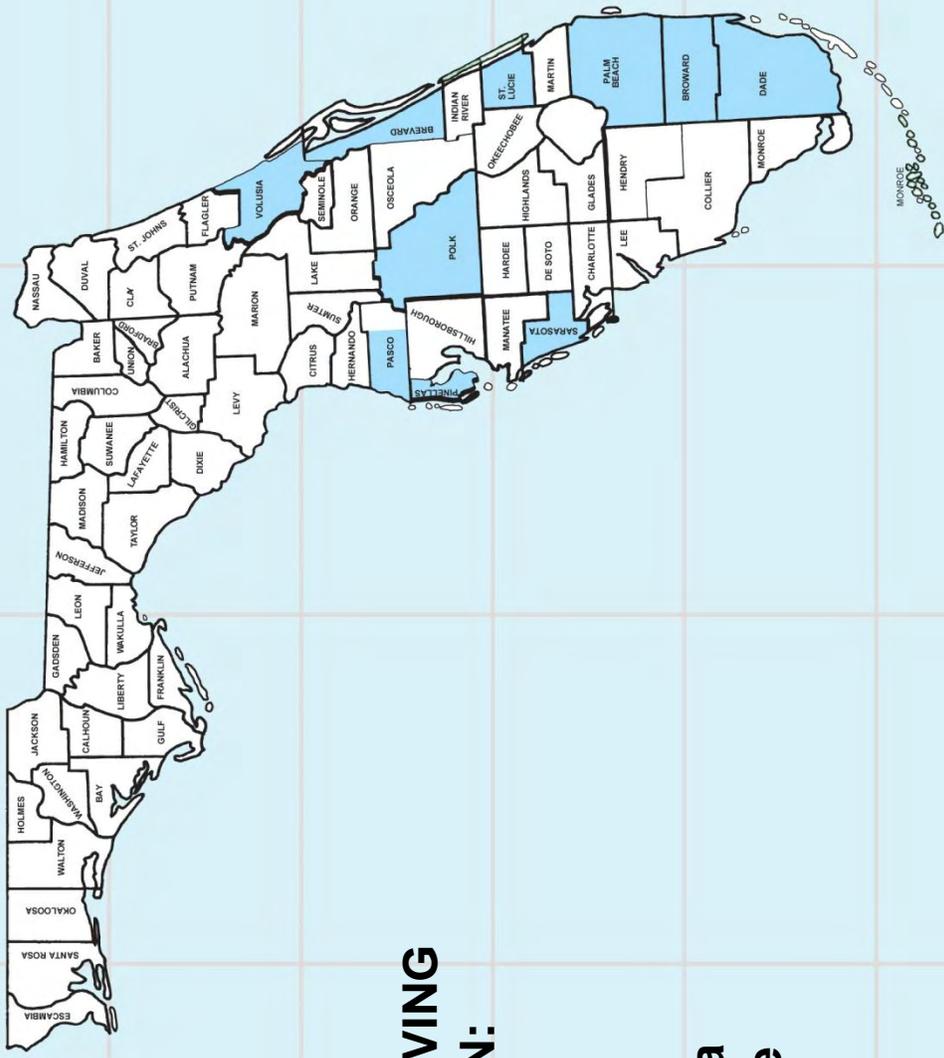
Snapshot of Grant Recipients

- 50% of applicants are from South Florida
(**Monroe, Dade, Broward, Palm Beach**)
- 23% of applicants are from the West Coast
(**Collier to Taylor**)
- 14% of applicants are from the East Coast
(**Martin to Nassau**)
- 12% of applicants are from the Panhandle
(**Escambia to Wakulla**)
- 1% of applicants are from Interior Counties





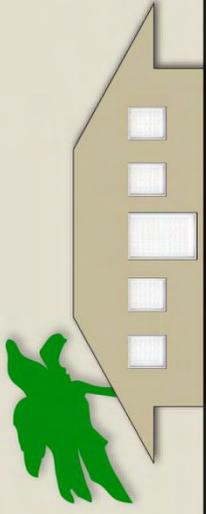
MY SAFE FLORIDA HOME PROGRAM



17 LOCAL GOVERNMENTS SERVING LOW-INCOME HOMEOWNERS IN:

Brevard
Broward
Dade
Palm Beach
Pasco

Pinellas
Polk
Sarasota
St. Lucie
Volusia



MY SAFE FLORIDA HOME PROGRAM

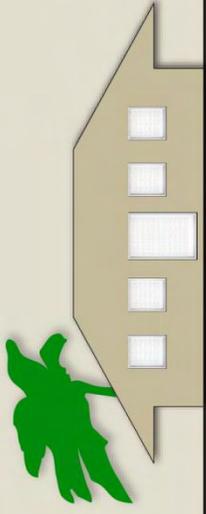
OTHER FACTS ABOUT GRANT RECIPIENTS

Nearly 30% of applicants are insured with **Citizens Property Insurance Corporation.**

About 37% of homeowners qualified as **low-income.**

The average age of the homes being retrofitted is **29 years old.**

The average insured value of homes is **\$217,000.**

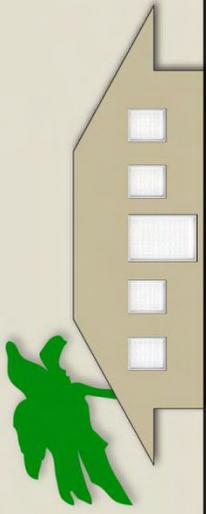


MY SAFE FLORIDA HOME PROGRAM

5,141 homes completed in 2007

= 99 homes a week

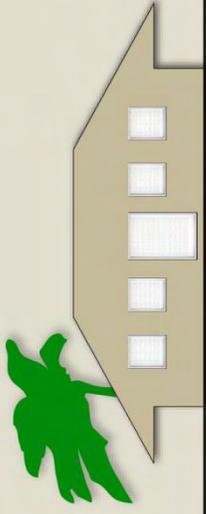
- **93% of homeowners choose to protect openings.**
 - 15% are protecting all openings (windows, doors and garage doors)
 - 40% are protecting window AND door openings
 - 17% are protecting window openings
 - 17% are protecting the garage door
 - 4% are protecting door openings (includes sliding glass doors)
- **Average grant reimbursement to date: **Approx. \$3,247****



MY SAFE FLORIDA HOME PROGRAM

Of homes awarded grant funds to **protect all openings,** **the average increase in strength** to the home **as measured by the** hurricane-resistance rating scale **is 36% (or 16 points).**

Average hurricane rating of a home determined at inspection is 44 on a scale of 0 to 100.

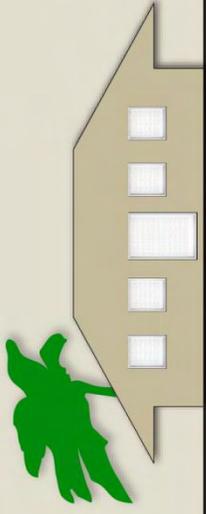


MY SAFE FLORIDA HOME PROGRAM

At the rate at which homeowners are applying for grants, it is estimated that the

My Safe Florida Home program will **stop** taking grant applications **by May 1, 2008.**

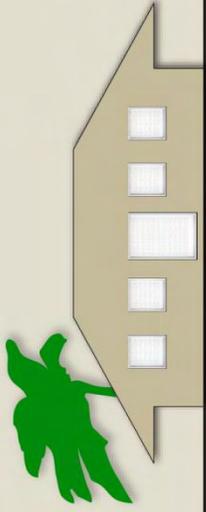
Remaining funds will be used to meet the **statutory goal of 400,000 inspections.**



MY SAFE FLORIDA HOME PROGRAM

Workforce for My Safe Florida Home Program

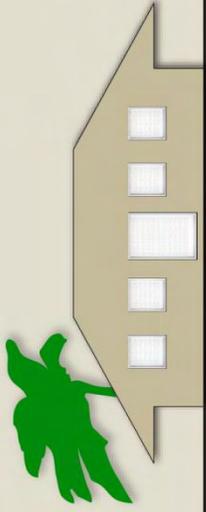
- **638 inspectors currently active**
 - More than 49 classes held to train inspectors
 - Training and resource manual updated
 - Additional field training, technical bulletins
- **3,083 licensed contractors signed up to participate**
 - More than 17 classes held to train, online course developed
 - Bi-weekly newsletter



MY SAFE FLORIDA HOME PROGRAM

Estimated Total Budget (3-year program)

• 400,000 Inspections (includes QA and Post-Grant inspections)	\$61.3 million
• DFS: (23,500 Grants)	\$94 million
• Volunteer Florida (16,000 grants)	\$40 million
• Local governments (2,300 grants)	\$12 million
• Loan Program	\$10 million
• Education & Consumer Awareness	\$2 million
• Training/Technology	\$3 million
• Administrative Costs	\$4.2 million
• Low-Income Emergency Home Repair (admin. by DCA)	\$1 million
• Tallahassee Community College – Mobile Home	\$22.5 million
Total Costs	\$250 million

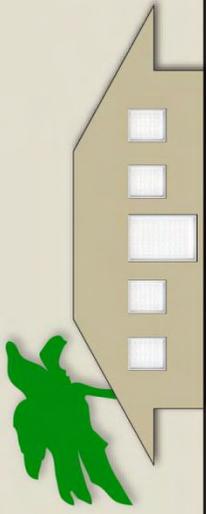


MY SAFE FLORIDA HOME PROGRAM

Program Expenditures or Encumbered to Date (as of 1/31/08)

• Inspections (includes QA and Post-Grant inspections)	\$19.1 million
• DFS: (\$12.3 million spent, \$73.1 million encumbered)	\$85.4 million
• Volunteer Florida (\$9.3 million spent, \$33.7 encumbered)	\$40 million
• Local governments (\$1.6 million spent, \$10.1 encumbered)	\$11.7 million
• Education & Consumer Awareness	\$1.1 million
• Training/Technology	\$1.1 million
• Administrative Costs	\$1.4 million
• Low-Income Emergency Home Repair (admin. by DCA)	\$1 million
• Tallahassee Community College – Mobile Home	\$22.5 million

Total Spent/Encumbered to Date **\$183.3 million**



MY SAFE FLORIDA HOME PROGRAM

1-866-513-6734

www.mysafefloridahome.com

**Alex Sink, Chief Financial Officer
Florida Department of Financial Services**

**No-Interest Loan
Program**

My Safe Florida Home

Bill Coffee
Mario De Armas
Stefan Woulfin
Home Depot Financial Services
February 8, 2008



Agenda

- Introductions
- The Home Depot and My Safe Florida Home
- Home Depot Financial Services – Overview
- No Interest Loan Program - Overview
- Proposed Solution – Fulfillment
- Proposed Solution - Reconciliation
- Proposed Process Flow
- Next Steps





- **The Home Depot is already participating in the My Safe Florida Home program as a certified contractor in ALL Florida counties**
- **Extensive communications already present in eligible stores to promote the existing grant program to THD customers**





- Home Depot Financial Services (HDFS) is a partnership created in 2003 between The Home Depot and Citi
- HDFS currently manages a number of private label and MasterCard products to service both the consumer and professional customers
- As of the end of 2006 the portfolio consisted of 18.3 MM accounts across all products
- Total sales on THD credit in 2006 was \$21.6B

Existing Product Suite

Product Suite		Value Proposition
Consumer Private Label 	Consumer Revolving Credit	<ul style="list-style-type: none"> Everyday Offer of No Payment No Interest for Purchases >\$299
Rewards Master Card 	Consumer & Business Co-Brand	<ul style="list-style-type: none"> Earn Points for Purchases
HIL 	Consumer Installment Loan	<ul style="list-style-type: none"> Low Interest, Fixed Payments
CRC 	Commercial Revolving Credit'	<ul style="list-style-type: none"> PO/Job Name Tracking SKU Level Detail on Statements
PROX 	Commercial "Pay in Full" Credit	<ul style="list-style-type: none"> Account On-line PO/Job Name Tracking

No Interest Loan Program - Overview



Credit Services

- DFS has been directed to develop a no-interest loan program for homeowners to install mitigation measures
 - Loan principal is limited to \$5k
 - Interest is capped at 18% simple interest
 - Funds can only be used for approved home improvement measures (currently windows and doors)
- DFS has approached THD to determine if there is a fit to craft a financing solution for the No-Interest Loan program
- Program can potentially be used either as a stand alone financing tool or as a means to finance the resident's half of the grant match

Partnership opportunity for DFS and THD to help protect Florida homes



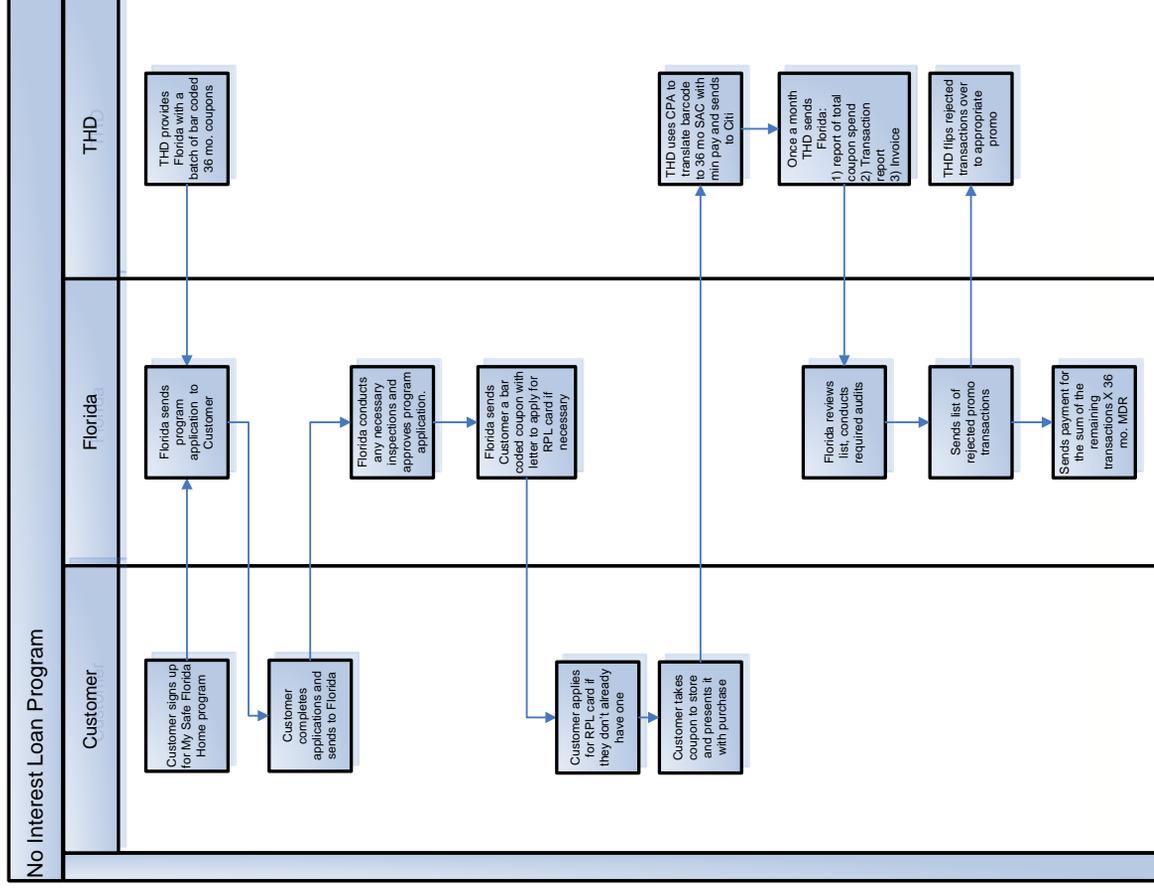
- Utilize the Retail Private Label (RPL) card as a financing tool for the interest free loan
 - Set up a 36 month, no-interest, minimum pay coupon based promo
 - Home Depot Financial Services would issue the coupons to the Department of Financial Services (DFS) for distribution
 - Coupons will be single use and serialized to help control misuse
 - Promo would apply to the first \$5k of the balance
 - After 36 months, any remaining balance would be treated according to normal terms and conditions
 - Balance above \$5k on the card would be subject to the standard value proposition of the Retail Private Label card
 - Currently 6 months no-interest, no-payment
 - Interest would be paid up front as part of the merchant discount rate (MDR)



- Each month, THD would generate two reports and an invoice to detail spend, perform transaction level QA functions, and reconcile interest charges
- DFS would review reports in order to:
 - Confirm citizens are part of the program and pay interest due on the loan
 - Identify citizens using the coupons that are not part of the program so that THD can reverse the promo and move the balance back to a revolving status
 - Standard value prop would still apply
 - Audit spend to ensure program is not being abused for unrelated purchases
- Interest would be charged up front in the form of a merchant discount rate (MDR)

Proposed Process Flow

- Solution is loosely based on the existing grant process
- Initial process is designed trying to minimize IT work required
 - Set up deferred interest as a 36 month 0 interest with minimum payment promo for customer
 - DFS would pay the interest making the process seamless to the customer
- Working on sizing an IT solution to automate many of the back end processes
 - Ensure long term viability of the program



Next Steps

- Finalize Pricing for interest charges via the MDR
- Work through audit procedures and thresholds
- Create formal project team including The Home Depot, My Safe Florida Home, and Citi
- Obtain sizing and timing from IT to automate the backend process





No Interest for 36 Months*

on qualified purchases of wind and water damage protection products and services up to \$5,000 on The Home Depot Consumer Credit Card. Minimum payments required.

Offer valid through August 31, 2008

COUPON MUST BE PRESENTED AT TIME OF PURCHASE

*Must be approved for a My Safe Florida Home grant to redeem offer. Purchases over \$5,000 will receive 6 Months No Payments, No Interest† offer. See reverse for key credit terms.

†See reverse for details.