



# **Board of Directors**

## **Agenda Item #13**

**Resolution for the Regional Bank Pilot**

**March 15, 2017**

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## LOUISIANA HOUSING CORPORATION

The following resolution was offered by \_\_\_\_\_ and seconded by \_\_\_\_\_ :

### **RESOLUTION**

#### **A resolution to authorize and implement a Regional Bank Pilot Program; and providing for other matters in connection therewith.**

**WHEREAS**, the Louisiana Housing Corporation's (LHC) is seeking to expand its partnership with local and regional banks;

**WHEREAS**, the Corporation's goal is to make homeownership more affordable to persons throughout the state;

**WHEREAS**, the Corporation recognizes that there is a severe shortage of down payment and closing cost assistance in the State and that second mortgage loans financed with HOME funds from Federal funds (Program Funds) will assist more low-moderate income families to obtain homeownership statewide and expand our services with throughout the State with regional banks;

**WHEREAS**, the Corporation desires to utilize HOME funds in a manner which provides the best benefits to the Corporation and low to moderate citizens of the State;

**NOW, THEREFORE, BE IT RESOLVED** by the Board, acting as the governing authority of the Corporation, that:

**SECTION 1.** The Corporation is hereby authorized and directed to implement the Regional Bank Pilot Program (described in **Exhibit A** hereto) that permits the Corporation to work with and offer through Regional Banks increasing homeownership opportunities.

**SECTION 2.** The Corporation's Staff and Financing Team are authorized and directed to prepare any documents, agreements and take appropriate actions, as may be necessary, to implement the Regional Bank Pilot Program (described in **Exhibit A** hereto).

**SECTION 3.** The Chairman, Vice Chairman, Appointing Authority, and/or Secretary of the Corporation be and they are hereby authorized, empowered, and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Corporation, the terms of which are to be consistent with the provisions of this resolution as approved by the Corporation's Executive Counsel.

This resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS:**

**NAYS:**

**ABSTAIN:**

**ABSENT:**

And the resolution was declared adopted on this, the 15<sup>th</sup> of March 2017.

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Chairman

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Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (Board), do hereby certify that the foregoing 2 pages constitutes a true and correct copy of a resolution adopted by said Board on March 15, 2017 titled: "A resolution to authorize and implement a Regional Bank Pilot Program; and providing for other matters in connection therewith.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Corporation on this, the 15<sup>th</sup> day of March, 2017.

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Secretary

**PILOT PROGRAM**  
**With**  
**Regional Banks**  
**Term Sheet**

**Objective:**

Provide second mortgage loans to banks that have existing CRA loans.

By partnering with Regional Banks, this will enhance:

- Partnership opportunities,
- Regional Banks have begun to create their own CRA programs and warehousing production,
- Exposure to what the Corporation represents and does for the Louisiana communities,
- Will assist more low-moderate income families to obtain homeownership, especially in the Delta Parishes, and
- Expansion of our service with regional banks in hard to reach parishes of the state, increasing not only our portfolio, but in turn increasing our loan volume, which increases revenue.

**Basic Program:**

Maximum amount of HOME funds for pilot program:

\$1,000,000

Maximum amount of second affordability for second Home loan:  
of Sales Price

Up to 17%

Term of second HOME Loan:

No monthly payment due on  
second mortgage until first mortgage  
is paid off or the borrower refinances.

Interest Rate of Second Mortgage per Annum:

0%

Maximum monthly PITI of first mortgage:

38/43% DTI

Maximum household income (all sources):

80% AMI based upon location of property in LA

Single family one unit properties only

**Underwriting Conditions:**

Adhere to specific regional bank criterion, subject LHC review.

Nontraditional credit allowed.

Require LHC compliance approval

3-years recent tax returns, current pay stub, current bank statement; first two pages of appraisal

Underwriter certification form

**Additional Documents and Fees:**

HOME Exhibits (buyer/Seller Disclosure, Income Exhibit, etc.)

LHC Regulatory Agreement (recorded) and HOME Second Mortgage (recorded) and  
HOME Note \$75.00

LHC Compliance Fee

**Sample of CRA Programs:**

**Capital One – Community Mortgage Dream Program**

- No private mortgage insurance
- Up to 97% financing with a credit score of 620 or above
- Nontraditional credit allowed
- Some down payment assistance programs accepted
- Credit score requirements are as low as 580 (max 80% loan-to-value)
- Maximum income limits apply
- Low down payments on 1-4 unit properties and condos
- Homebuyer and landlord education is required

**Bancorp South – Right@Home Program**

- Reduced fees
- No mortgage insurance
- 100% max loan to value
- Flexible sources for down payment and closing costs
- Professional, dedicated service by any experienced loan officer

#### **Chase – DreaMaker Mortgage**

- Down payment of 5% (all can come from an eligible gift or grant)
- Flexible funding options for closing costs
- Reduced mortgage insurance requirements
- Lower monthly payments compared to other options
- Fixed rate loans up to 30 year terms to purchase 1-4 unit primary residence
- Can finance up to 95% on 1-unit residences and get a term up to 30 years