



BOARD OF DIRECTORS

Agenda Item 10

Brenda Evans, Program Administrator

August 8, 2012

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LOUISIANA HOUSING CORPORATION

The following resolution was offered by _____ and seconded by

_____ :

RESOLUTION

A resolution to authorize and direct the Finance Team of Louisiana Housing Corporation (“**Corporation**”) to implement a homeownership financing and/or refinancing program; and providing for other matters in connection therewith.

WHEREAS, the Corporation’s homeownership loan products financed with tax-exempt bonds without any assistance from federal or state program funds (“**Program Funds**”) have been at a competitive disadvantage compared to other market homeownership loan products for the duration of the low-interest rate policies currently maintained by the Federal Reserve Board;

WHEREAS, the Finance Team has recommended that the Corporation explore non-bond financed initiatives to finance or to refinance mortgage loans throughout the State by sponsoring mortgage origination through the Corporation’s network of lenders (the “**Lenders**”) using mortgage interest rates within specified periods in the to-be-announced market (the “**TBA Market**”) for the delivery mortgage loans originated during such periods; and

WHEREAS, the Corporation desires to manage assets and debts in a manner which provides the best economic benefit to the Corporation and has received recommendations from members of the Corporation’s Finance Team;

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

SECTION 1. the Corporation’s Finance Team is hereby authorized and directed to implement the homeownership financing strategies described in **Exhibit A** hereto that permits the Corporation to maintain a continuous homeownership financing program in all market interest rate environments or conditions.

SECTION 2. the Corporation staff and Financing Team are authorized and directed to prepare any documents, agreements and take appropriate actions, as may be necessary, to implement the homeownership financing program described in **Exhibit A** hereto.

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 8th day of August, 2012.

Chairman

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation, do hereby certify that the foregoing two (2) pages constitutes a true and correct copy of a resolution adopted by said Board of Directors on August 8, 2012, entitled: “A resolution to authorize and direct the Finance Team of Louisiana Housing Corporation (“**Corporation**”) to implement a homeownership financing and/or refinancing 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 8th day of August, 2012.

Secretary

PROPOSED STRATEGY

CURRENT PROGRAM 2012A – SCENARIO A

- 1.) Reduce Assisted rate from 3.99% to 3.49%
- 2.) Introduce Targeted Unassisted Rate (utilizing CDBG funds) for the 11 parishes poorest parishes* to 1.99% - will also include the residual parishes from OCD Initiative.
- 3.) Reduced General Unassisted Rate from 3.49% to 2.99%
- 4.) Reduce HOME/MRB from 2.95% to 2.45%

Lenders will continue to be compensated at 1.50% for the Assisted and HOME/MRB Program however for the reduced rate at 1.99% the compensation is 1%.

Implement a TBA Program (TO BE ANNOUNCED PROGRAM)

Begin implementation of the Morgan Keegan TBA** and pursuit of George K. Baum Program*** to be able to run concurrently.

*See spreadsheet attached on selection of 11 parishes. Note: The request was for 10 parishes however there was a tie with two components therefore the recommendation is to allow 11 parishes to participate.

**See attached description.

***See attached description.

TEN POOREST PARISHES IN LOUISIANA

Below list is in no particular order.

- | | |
|---|----------------------|
| 1. Madison (4 of 4) | MFI, PS, PCPI,. PSOF |
| 2. Concordia (4 of 4) | MFI, PS, PCPI,. PSOF |
| 3. Franklin(4 of 4) | MFI, PS, PCPI,. PSOF |
| 4. Tensas (3 of 4) | MFI, PS, PSOF |
| 5. East Carroll (3 of 4) | MFI, PS, PSOF |
| 6. Morehouse 3 of 4) | MFI, PS, PSOF |
| 7. Washington (3 of 4) | MFI, PCPI, PSOF |
| 8. St. Landry (2 of 4) | PS, PSOF |
| 9. Natchitoches (2 of 4) | PS, PSOF |
| 10. Claiborne (2 of 4) | PS, PSOF |
| 11. Bienville (2 of 4) (included in the top 10) | MFI, PS |

Outlying Parishes

- | | |
|----------------------------|------|
| 1. Allen (1 of 4) | PCPI |
| 2. Grant (1 of 4) | PCPI |
| 3. West Feliciana (1 of 4) | PCPI |
| 4. Sabine (1 of 4) | PCPI |
| 5. Evangeline (1 of 4) | PCPI |
| 6. St. Helena (1 of 4) | MFI |
| 7. Avoyelles (1 of 4) | MFI |
| 8. West Carroll (1 of 4) | PCPI |

TEN POOREST PARISHES IN LOUISIANA

Median Family Income (MFI) - 5 Year Estimate

1. East Carroll Parish, Louisiana
2. St. Helena Parish, Louisiana
3. Tensas Parish, Louisiana
4. Washington Parish, Louisiana
5. Concordia Parish, Louisiana
6. Avoyelles Parish, Louisiana
7. Madison Parish, Louisiana
8. Franklin Parish, Louisiana
9. Morehouse Parish, Louisiana
10. Bienville Parish, Louisiana

Poverty Status - (PS) 5 Year Estimate

1. East Carroll Parish, Louisiana
2. Madison Parish, Louisiana
3. Tensas Parish, Louisiana
4. Concordia Parish, Louisiana
5. Franklin Parish, Louisiana
6. Natchitoches Parish, Louisiana
7. St. Landry Parish, Louisiana
8. Morehouse Parish, Louisiana
9. Claiborne Parish, Louisiana
10. Bienville Parish, Louisiana

Per Capita Personal Income (PCPI) 2010

1. West Carroll, Louisiana
2. Allen, Louisiana
3. Madison, Louisiana
4. Grant, Louisiana
5. West Feliciana, Louisiana
6. Concordia, Louisiana
7. Sabine, Louisiana
8. Washington, Louisiana
9. Franklin, Louisiana
10. Evangeline, Louisiana

Poverty Status of Families (PSOF) 2010 5 Year Estimate

1. East Carroll Parish, Louisiana
2. Tensas Parish, Louisiana
3. Madison Parish, Louisiana
4. Concordia Parish, Louisiana
5. St. Landry Parish, Louisiana
6. Franklin Parish, Louisiana
7. Washington Parish, Louisiana
8. Morehouse Parish, Louisiana
9. Natchitoches Parish, Louisiana
10. Claiborne Parish, Louisiana



LOUISIANA HOUSING CORPORATION

July 2012

RJ | MK “TURNKEY” PROGRAM: NON-BOND FINANCING SOLUTION

CONFIDENTIAL

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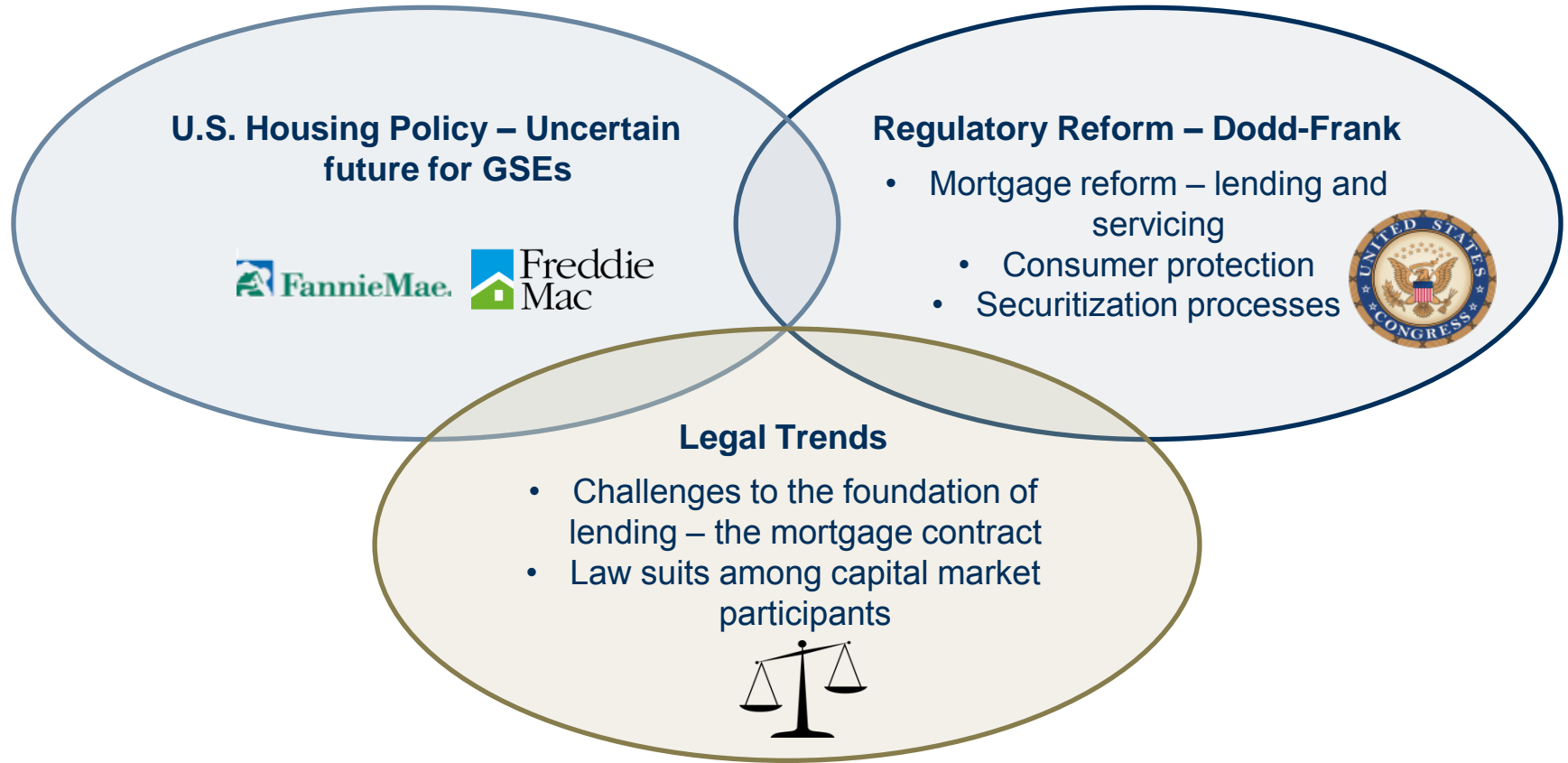
SECTION II | Overview of RJ | MK “Turnkey” Program

SECTION I



Overview of Market Challenges

THE CURRENT ENVIRONMENT



Regulatory, National Housing Policy and Legal Trends Portend an Era of Tighter Mortgage Credit and Higher Costs ... Theoretically a Great Environment for HFAs!

SYMPTOMS OF TIGHTER CREDIT

FHA Purchase Loans						
	Approved Loans			Denied Applications		
	May-12	Feb-12	Nov-11	May-12	Feb-12	Nov-11
FICO Score	701	701	702	670	666	673
Loan-to-Value Ratio	95%	95%	95%	95%	94%	95%
Debt-to-Income Ratio	27%/41%	28%/41%	28%/41%	32%/47%	30%/46%	31%/46%

Conventional Purchase Loans						
	Approved Loans			Denied Applications		
	May-12	Feb-12	Nov-11	May-12	Feb-12	Nov-11
FICO Score	764	764	762	728	732	728
Loan-to-Value Ratio	79%	78%	78%	82%	81%	80%
Debt-to-Income Ratio	21%/33%	21%/34%	22%/34%	25%/41%	24%/41%	27%/44%

Source: Ellie Mae and Raymond James research. Data as of May 2012.

- **Historically well-qualified mortgage applicants still getting denied.**
 - Only buyers with extremely strong credit, limited debt obligations, and full documentation are getting access to record low mortgage rates.
 - Even pre-qualified buyers are facing challenges from lenders that get cold feet.

“FED SUPPORT” CREATES CHALLENGES FOR HFAS

... But for Now Tighter Housing Credit is Offset by Economic Policy



Fed Housing Support

- 0% Fed Funds Target Rate → 2014
- Quantitative easing – UST and MBS
- Operation Twist

Unfortunately, Federal Economic Policy for now has Eroded the HFA’s Primary Capital Market Tool -- Tax-Exemption

HFAs Need a Temporary Funding Alternative to Tax-Exempt Single Family Bonds

HOW ARE CONVENTIONAL LENDERS PRODUCING SUCH LOW MORTGAGE RATES? THE TBA MARKET – THE FOUNDATION OF MORTGAGE LENDING

- “TBA” – “to-be-announced”. A TBA trade is a contract for the purchase/sale of agency MBS to be delivered at a future agreed-upon date. Actual pool identities are unknown at the time of the trade. Securities are “to-be-announced” on the “notice date”.
- Liquid TBA pricing exists for GN, FN & FH, 30-year and 15-year MBS, generally to 90 days out.
- Throughout the worst of the credit crisis, the TBA market continued to function.
- TBA trades are in even 50bps increments (on ½% and whole %); TBA pricing is in 1/32nds.
- Success of TBA is based on rules that restrict MBS that may be delivered into a TBA trade.
- MBS eligible for TBA delivery are described under “TBA Good Delivery Guidelines” in SIFMA’s “Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities”. For GNMA Securities:
 - GNMA I – all loans in a pool must have the same coupon, which must be 50bps higher than pass-through coupon. Minimum size of \$1,000,000. Only one GNMA approved issuer can service a pool. 80% of loans must be w/in 30 months of latest maturity in pool and at least 90% must be 20+ year terms, unless 90% or more have the same shorter term.
 - GNMA II – loans may have different rates which can exceed pass-through rate by at least 25bps (6bps Guarantee Fee + 19bps Servicing Fee) but not more than 75bps (6bps Guarantee Fee + 69bps Servicing Fee). Minimum size of \$250,000. At least 90% of loans must have 20+ year terms, unless 90% or more have the same shorter term.

HFA CAN ACCESS ALTERNATIVE MORTGAGE PROGRAM

Basics of a Non-Bond Mortgage Origination Program

- While the current market does not allow for efficient mortgage revenue bond execution, HFAs can structure a market driven program that is very similar to mortgage programs funded by bonds.
- The primary difference between a bond funded program and a non-bond, market driven solution is how the MBS/mortgage loans, as applicable, are ultimately delivered. In a non-bond program, instead of being sold to a bond trustee and held as security for a bond, the MBS/mortgage loans are instead sold to a third party. The MBS/mortgage loans sale can be:
 - 1) via a “to-be-announced” (“TBA”) contract used to hedge interest rate risk (MBS only);
 - 2) according to the predetermined terms of a contract with a third party; or
 - 3) to a third party in an open market transaction at the time of MBS/mortgage loans delivery.
- Until the MBS/mortgage loans are set for delivery, **the process is virtually identical to that of a typical single family bond program.** The process includes:
 - 1) Develop program guidelines;
 - 2) Program outreach to lender network;
 - 3) Select a mortgage rate and make it available to lenders/homebuyers;
 - 4) Lenders make mortgage loans to qualifying borrowers;
 - 5) Mortgage servicer purchases loans from lenders and pools into MBS or whole loan packages.

ALTERNATIVE MORTGAGE PROGRAM: RISKS AND OPERATIONS

High Risk

Without guaranteed takeout, upon reservation HFA agrees to purchase loans if/when closed.

HFA sells MBS/mortgage loans, if closed, 90-120 days after reservation, at which time the sale price is determined.

Moderate Risk (MBS only)

Upon reservation HFA agrees to purchase loans if/when closed.

At or near time of loan reservation, HFA enters into a forward (TBA) trade to sell a specific amount of similar MBS at a specified price up to 90 days after reservation.

Low / No Risk (MBS only)

Upon reservation HFA agrees to purchase loans if/when closed.

HFA enters into contract with RJ | MK. At time of loan reservation, HFA agrees to sell MBS secured by the loans, if closed, to RJ | MK at a specific price determined at loan reservation.

RISKS

- Market risk.
- Pipeline / “fall-out” risk.

- Pipeline / “fall-out” risk.
- Counterparty risk.

- Counterparty risk.

OPERATIONAL CONSIDERATIONS

- Account with a broker-dealer/GSE open window.
- HFA retains pipeline management responsibilities.
- Staff may choose to use interest rate hedges such as options, swaps and/or dollar rolls to protect against adverse interest rate movements.
- Funding required to purchase MBS/mortgage loans upon delivery.
- Capital reserve requirements may be required by servicer.

- MSFTA with a broker-dealer (may require capital reserves and/or daily mark-to-market).
- HFA retains pipeline hedging and management, which may require additional staffing, training and/or purchase of software.
- Funding potentially required between MBS delivery and TBA settlement dates.
- Capital reserve requirements may be required by servicer.

- MBS Purchase Agreement between HFA and RJ | MK; no MSFTA.
- RJ | MK takes 100% of the risk inherent with pipeline management and interest rate hedging.
- HFA has no funding or capital reserve requirements.

SECTION II



Overview of RJ | MK “Turnkey” Program

RJ | MK “TURNKEY” PROGRAM

RJ | MK Provides Innovative Non-Bond Financing Solutions to Clients

- Since 2009, RJ | MK has provided broker dealer services for MBS/TBA trades to seven HFA clients, including Cal Rural, Idaho, Kentucky and Utah, for a par amount totaling more than \$1 billion.
- RJ | MK is one of very few firms to offer HFAs a single family origination platform that transfers pipeline risks from the HFA to a third party, as described in the “Low / No Risk” scenario on page 9.
- RJ | MK’s “Turnkey” Program is easy to implement for an HFA.
 - No significant adjustments to HFA’s mortgage origination platform (can be used for both first-time homebuyers and non-first-time homebuyers).
 - Little, if any, additional staffing requirements. No increased capital reserves.
 - Modest up-front costs for issuers - legal review of brief program documents, financial advisor review, trustee/custodian fee for holding the resulting MBS briefly intra-day upon settlement (no fee to RJ | MK for initiating the “Turnkey” Program).
 - RJ | MK assumes all of the hedging cost and risk of LHC’s needs and/or requirements.
 - When tax-exempt MRB programs are once again viable, LHC can wind down “Turnkey” platform and make easy transition back to fund MBS directly into its bond resolutions.
 - LHC is encouraged to call David Long at (888) 638-3555 x3568 at Texas State Affordable Housing Corporation to understand his experience with RJ | MK and “Turnkey” to date.

RJ | MK “TURNKEY” PROGRAM – CASE STUDY

In 2011, RJ | MK developed the “Turnkey” Program as a full service platform for implementing such programs - a low cost and competitive mortgage product, with or without closing cost assistance (at the HFA’s discretion), during a difficult tax-exempt single family bond market. To our knowledge, RJ | MK “Turnkey” Program is the only active program offered to HFA clients with loans closed and MBS purchased. RJ | MK “Turnkey” Program is very flexible, and can be adapted and modified to meet each HFA’s unique market needs.

- We rolled out the “Turnkey” Program on a pilot basis for one state issuer (Texas State Affordable Housing Corporation) and one large local issuer (Nevada Rural Housing Authority) in February 2012 - representative features of the two programs include:
 - \$88 million in loans reserved to date – 16 GNMA deliveries/purchases through July 25 totaling \$50.1 million.
 - 4.25% fixed, 30-year mortgage rate (with 3 points closing cost assistance at inception), later lowered to 4.00% – will change periodically to stay competitive with market (for comparison, current average 30-year mortgage per Freddie Mac’s weekly national survey = 3.53%).
 - Net 3.00% closing cost assistance provided to the low/mod first-time homebuyer (FTHB) families in the form of a non-repayable grant. The amount of closing cost assistance, if any, offered by HFA is at its discretion, but such form of assistance is often used by HFAs to:
 - ✓ Distinguish HFA mortgage product from loans offered by traditional lenders;
 - ✓ Better enable families to purchase 1st home by allowing more savings to be applied to home purchase and/or require less out-of-pocket funds to be brought to closing;
 - ✓ Closing cost assistance enables HFA to better incentivize lenders to participate through higher lender income.
 - 2.00% net income to the participating lenders, and lenders/homebuyers effectively have a 45-day rate lock on these FHA, VA, or RHS loans.
 - Programs originally used bond program income/purchase price/FTHB requirements, though that is not required by the “Turnkey” Program – NRHA, for example, effective 7/1 increased its income limits to \$95k/\$115k, increased its purchase price limit to \$400k, and eliminated FTHB requirement (except for loans being paired with an MCC).

DAILY PURCHASE PROGRAM RATE SHEET EXAMPLE

RAYMOND JAMES®
GNMA Purchase Program Rate Sheet Example
Morgan Keegan
Current Date 7/26/2012

RJ MK Purchase Price ¹		Calculation of Issuer Profit ²								
Mortgage Rate	RJ MK Purchase Price	Price to Master Servicer	Net Assistance	Lender Profit	Gross Servicing Spread	Guaranty Fee	Net Servicing Fee	Payment for Servicing ³	Price Including Servicing	Issuer Profit
3.500%	103.922%	-100.000%	-3.000%	-2.000%	0.500%	0.060%	0.440%	2.100%	-102.900%	1.022%
3.625%	103.625%	-100.000%	-3.000%	-2.000%	0.625%	0.060%	0.565%	2.100%	-102.900%	0.725%
3.750%	106.813%	-100.000%	-3.000%	-2.000%	0.250%	0.060%	0.190%	1.080%	-103.920%	2.893%
3.875%	106.813%	-100.000%	-3.000%	-2.000%	0.375%	0.060%	0.315%	1.490%	-103.510%	3.303%
4.000%	106.922%	-100.000%	-3.000%	-2.000%	0.500%	0.060%	0.440%	2.100%	-102.900%	4.022%
4.125%	106.813%	-100.000%	-3.000%	-2.000%	0.625%	0.060%	0.565%	2.100%	-102.900%	3.913%
4.250%	108.453%	-100.000%	-3.000%	-2.000%	0.250%	0.060%	0.190%	1.080%	-103.920%	4.533%
4.375%	108.453%	-100.000%	-3.000%	-2.000%	0.375%	0.060%	0.315%	1.490%	-103.510%	4.943%
4.500%	108.516%	-100.000%	-3.000%	-2.000%	0.500%	0.060%	0.440%	2.100%	-102.900%	5.616%
4.625%	108.453%	-100.000%	-3.000%	-2.000%	0.625%	0.060%	0.565%	2.100%	-102.900%	5.553%
4.750%	109.734%	-100.000%	-3.000%	-2.000%	0.250%	0.060%	0.190%	1.080%	-103.920%	5.814%
4.875%	109.734%	-100.000%	-3.000%	-2.000%	0.375%	0.060%	0.315%	1.490%	-103.510%	6.224%
5.000%	109.266%	-100.000%	-3.000%	-2.000%	0.500%	0.060%	0.440%	2.100%	-102.900%	6.366%

Notes:

¹ Raymond James|Morgan Keegan will pay the Purchase Price for mortgage loans reserved on the eHousingPlus reservation system on the date detailed above and delivered pursuant to the terms of the GNMA Purchase Agreement. Purchase Prices are subject to change without notice and do not include any 30 day extension fees.

² Raymond James|Morgan Keegan is providing the calculation of issuer profit for reference only. Our firm is not responsible for the accuracy of the information.

³ The payment for servicing values has been provided to Raymond James|Morgan Keegan and is subject to change.

“TURNKEY” PROGRAM OVERVIEW

Major Business Terms

- RJ | MK bears 100% of market risk from interest rate movements and pipeline fall-out.
- No charge for expenses relating to implementation and maintenance of Program. RJ | MK’s fee is in our contract and built into daily Rate Sheet.
- No posting of margin or other financial conditions (*this is a distinguishing factor of the RJ | MK “Turnkey” Program*).
- RJ | MK prices determined based on TBA good delivery using Tradeweb, a widely used inter-dealer electronic market.
- RJ | MK is responsible for delivery of mortgage Rate Sheets and establishment of mortgage loan rates and MBS purchase prices; RJ | MK reserves the right to submit one additional Rate Sheet per day.
- MBS/mortgage loans must be TBA eligible.
- MBS terms: use of GNMA I and GNMA II; GNMA I used for loans on ½% (automatic best pricing).
- Requirement that MBS pooled by servicer under the Program be ultimately sold to RJ | MK.
- In event of failure of servicer to deliver MBS to RJ | MK, LHC is required to use best efforts to cause such sale and delivery and exercise any remedy available to do so.
- RJ | MK will assist as needed to help design the Program and work with LHC in lender training and/or recruitment.

IMPLEMENTATION

Steps to Launch “Turnkey” Program

Next Steps:

- Set Target Day for Program Roll-Out: October 1? Expected \$0 Bond Funds?
- “Kick-off” meeting with team to discuss:
 - Program participants and responsibilities:
 - a) LHC program design / target population
 - b) Lender pool
 - c) Servicer
 - d) Web based reservation system
 - e) RJ | MK daily Rate Sheet dissemination & MBS purchase responsibilities.
 - Program documentation:
 - a) MBS Purchase Agreement
 - b) Additional program documents, as appropriate
- 2 - 4 Weeks on Legal Documents
- Program Announcement and Roll-Out

Sample Timeline:

- | | |
|--|--|
| 1st Week in Sept. | <ul style="list-style-type: none"> • “Kick-off” meeting |
| Monday, Sept. 10th through Friday, Sept. 28th (3 weeks) | <ul style="list-style-type: none"> • RJ MK begins distribution of daily Rate Sheets • Work on legal documents • Testing of web based reservation system and electronic data retrieval |
| Sept. 27th – 28th | <ul style="list-style-type: none"> • Program Announcement |
| Monday, Oct. 1st | <ul style="list-style-type: none"> • First Day of Reservations Under the Program |

PROGRAM OPERATION

Program Operation - Daily Program Reservations*

7:30 a.m. – 8:00 a.m.	RJ MK pulls morning prices from Tradeweb.
by 8:15 a.m.	RJ MK sends, via e-mail, daily Rate Sheet to LHC (data to include raw pricing data).
by 10:45 a.m.	LHC to notify RJ MK of acceptance and selection of rate or rejection. No reply keeps prior day rate(s) in effect.
by 11:00 a.m.	LHC communicates rate change, if any, to electronic host.
11:00 a.m.	Electronic host opens for reservations.
11:00 a.m. – 7:00 p.m.	Lenders make reservations on host system at posted rates.
11:00 a.m. – 7:00 p.m.	RJ MK and LHC have real-time access to reservation system.
After 7:00 p.m.	Host shuts reservations off 7:00 p.m. daily. If LHC would like host to continue taking reservations after 7:00 p.m., they may do so. RJ MK will purchase at following business day's morning price.

** All times referenced are Central time.*

PROGRAM OPERATION

Program Operation - Mortgage Loan and MBS Purchase Requirements

- 45 day loan closing from reservation is standard, not required.
- RJ | MK goal is for servicer to purchase loan w/in 70 days.
- RJ | MK works with servicer to ensure timely delivery of MBS before 90th day.
- Extensions, if any, would be on “back-end” of process, so LHC has flexibility to work with lenders.

Program Operation - Pipeline Reporting Requirements

- RJ | MK will need access to host reservation system on an at least daily basis for the following information:
 - a) New loan reservations,
 - b) Loan cancellations, and
 - c) Loans scheduled to close/deliver.
- RJ | MK will need the servicer to provide us with daily information on:
 - a) Loan deliveries,
 - b) Loans submitted to GNMA for pooling, and
 - c) Timing of expected delivery of GNMA pools for purchase.

DISCLAIMER

The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different, which may require a different approach.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

Raymond James | Morgan Keegan shall have no liability, contingent or otherwise, to the recipient hereof or to any third party, or any responsibility whatsoever, for the accuracy, correctness, timeliness, reliability or completeness of the data or formulae provided herein or for the performance of or any other aspect of the materials, structures and strategies presented herein. Raymond James | Morgan Keegan is neither acting as your financial advisor nor Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended), and expressly disclaims any fiduciary duty to you in connection with the subject matter of this Presentation.

Raymond James | Morgan Keegan does not provide accounting, tax or legal advice; however, you should be aware that any proposed transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or legal counsel.

Raymond James | Morgan Keegan and affiliates, and officers, directors and employees thereof, including individuals who may be involved in the preparation or presentation of this material, may from time to time have positions in, and buy or sell, the securities, derivatives (including options) or other financial products of entities mentioned herein. In addition, Raymond James | Morgan Keegan or affiliates thereof may have served as an underwriter or placement agent with respect to a public or private offering of securities by one or more of the entities referenced herein.

This Presentation is not a binding commitment, obligation, or undertaking of Raymond James | Morgan Keegan. No obligation or liability with respect to any issuance or purchase of any Bonds or other securities described herein shall exist, nor shall any representations be deemed made, nor any reliance on any communications regarding the subject matter hereof be reasonable or justified unless and until (1) all necessary Raymond James | Morgan Keegan, rating agency or other third party approvals, as applicable, shall have been obtained, including, without limitation, any required Raymond James | Morgan Keegan senior management and credit committee approvals, (2) all of the terms and conditions of the documents pertaining to the subject transaction are agreed to by the parties thereto as evidenced by the execution and delivery of all such documents by all such parties, and (3) all conditions hereafter established by Raymond James | Morgan Keegan for closing of the transaction have been satisfied in our sole discretion. Until execution and delivery of all such definitive agreements, all parties shall have the absolute right to amend this Presentation and/or terminate all negotiations for any reason without liability therefor.

Presentation to the
Louisiana Housing Corporation
Regarding Considerations in Finance for
Housing Finance Agencies

June 20, 2012

Larry Englande
Senior Vice President
englande@gkbaum.com
504-585-3202

Marc Paskulin
Senior Vice President
paskulin@gkbaum.com
916-486-3674



George K. Baum & Company

INVESTMENT BANKERS SINCE 1928

Public Finance • 1100 Poydras Street , Suite 3300 • New Orleans, LA 70163 • Tel: (504) 585-3201

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Section 1: Background

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Section 1

Background

Background

- Economic reality is forcing HFAs to look to the mortgage market to fund their programs
- Although some HFAs who service their own loans have been using the mortgage market for years, many HFAs can not take the political or economic risks of "becoming a mortgage company" without third party assistance.
- HFAs and the markets they serve are different and although
- HFAs have been part of the mortgage industry there are numerous challenges to understand and use the mortgage market
- There are many different ways that HFAs can use the mortgage market to fit their specific needs, mission and capacity.

GKB as Program Advisor

- GKB's National Housing Group has made a market niche as investment bankers that provide more than financial expertise as experts in mortgage banking and the support of affordable housing programs.
- GKB has the skills, staff, and experience and been involved in over \$5 billion in mortgage originations funded by the mortgage market.
- GKB recognizes that its clients are unique and has developed an approach to tailor programs for its clients rather than taking a one-size-fits-most approach with one type of program.
- GKB can act as program advisor or manage the program and take the interest rate and fallout risk inherent in using the secondary mortgage market.

Section 2

Program Considerations



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Program Considerations

- There are several different approaches that HFAs can take to the secondary mortgage market
- GKB believes that HFAs should analyze factors including the following when deciding how to use the secondary mortgage market as a source of funding:
 - Goals, mission, and market
 - Capital constraints
 - Risk tolerance
 - Staff resources
 - Statutory constraints
 - Lender and servicer landscape
 - Political landscape



Program Considerations

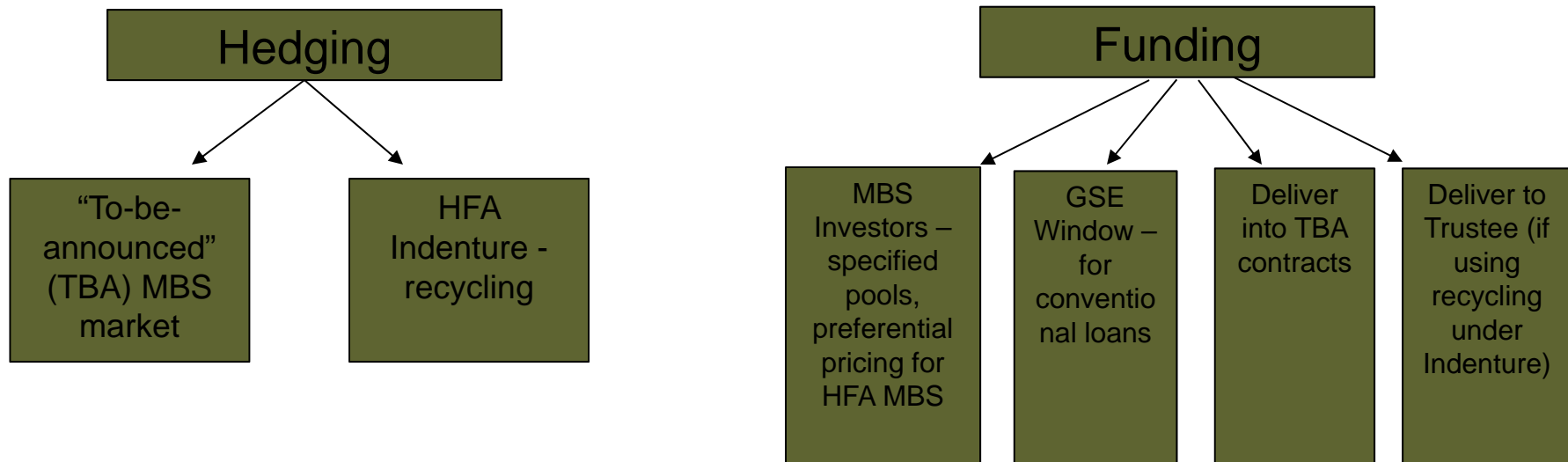
- Lender participation and lender needs
- Widening lender base and potential borrower base beyond requirements for tax-exempt bonds
- Conventional loans versus government-insured loans
- Loan compliance standards and tracking
- Master servicer restrictions
- Implementation timing

Financial Considerations

- Down payment assistance (“DPA”) funding source
- Lender Fees
- HFA Fees
- Execution strategy (i.e. strategic pooling and sale of MBS)
- Counterparty exposure
- HFA Fees
- Hedging Risk options:
 - Outsource to GKB for a fee or
 - Take the risk and use GKB as advisor or
 - Outsource to Master Servicer(s) using GKB as Advisor to recruit, negotiate and manage
- Hedging and execution strategy

Hedging and Execution Considerations

- One key distinction in this discussion is that there are two decision points that HFAs have in this discussion (in a post-NIBP world)
 1. How to hedge the interest rate risk?
 2. How to fund the loans or MBS?
- The answer to those questions will not be the same for each HFA and may vary over time



Section 3

Program Variations



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Program Variations: Master Servicer Model

- GKB recruits and assists in negotiating agreements with Master Servicer(s)
- Master Servicer provides daily pricing and takes pipeline risk
- HFA sponsors the program providing DP and Closing Cost assistance along with any GSE waivers/pricing benefits available to HFAs and receives fees in return
- HFA engages GKB as Program Advisor to monitor the Servicer(s) and the program on behalf of the HFA
- Eventually multiple Master Servicers are possible, providing competition, better coverage, and improved service



Program Variations: Turn Key Model

- HFA engages GKB as investment bank to provide daily rates and take all hedging risks
- GKB recruits master servicer, trains lenders, markets programs, and manages the program's pipeline taking all the hedging risk
- HFA sponsors the program and receives a sponsorship fee based on the par amount of loans that are securitized
- HFA provides DP and closing costs assistance plus any GSE waivers and pricing benefits provided to HFAs

Program Variations: Investment Bank Hedging Model

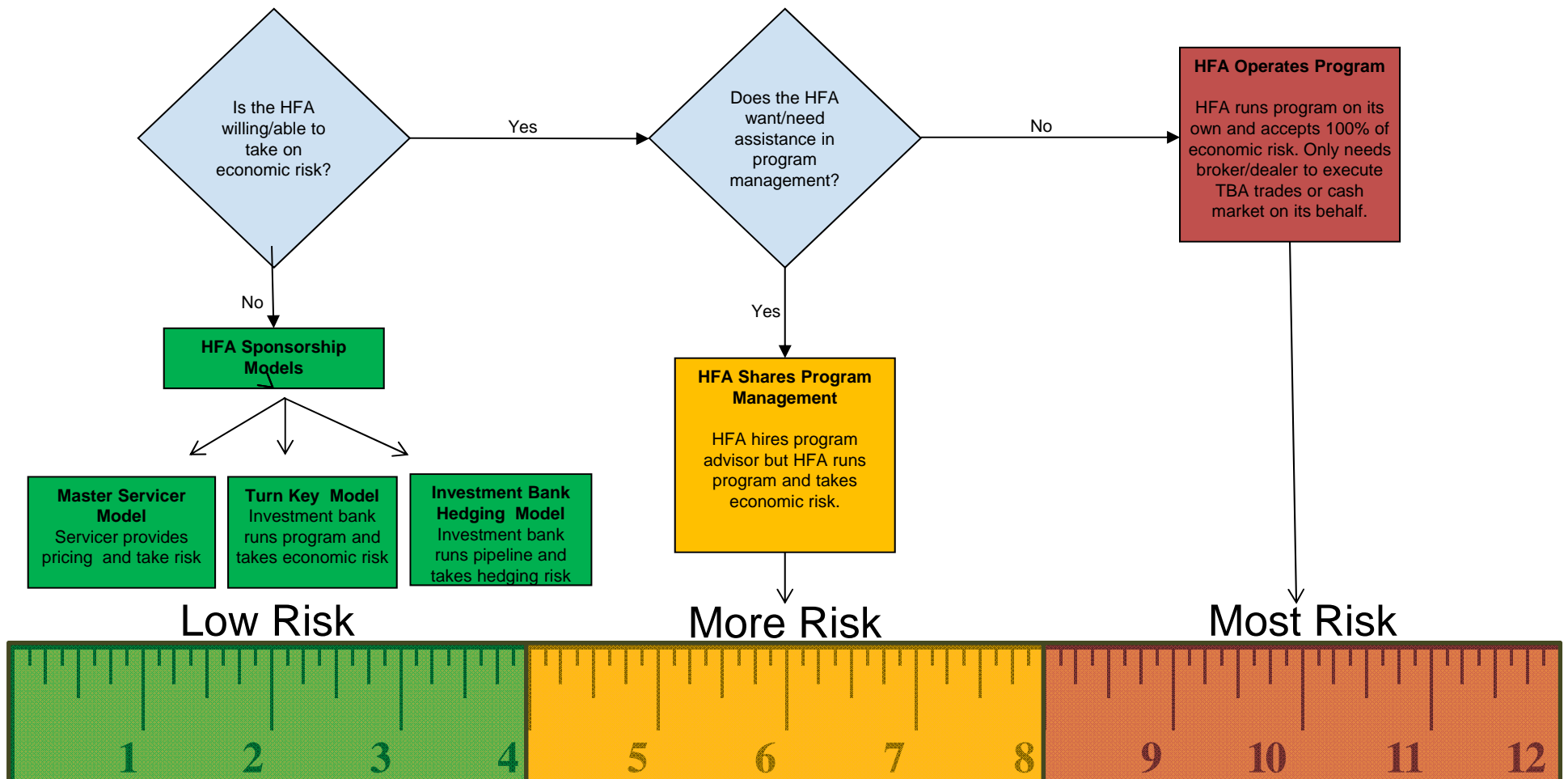
- HFA engages GKB as investment bank to provide daily rates and take all hedging risks
- GKB interfaces with the HFA's master servicer and manages the program's pipeline risk
- HFA sponsors the program and receives a sponsorship fee based on the par amount of loans that are securitized
- HFA has counter party risk if GKB does not perform

Program Variations: HFA Runs Program with GKB as Program Advisor

- GKB is engaged by HFA to analyze the Agency's options with respect to the secondary mortgage market, analyzing risks and benefits within the goals and mission of the HFA
- GKB assists in implementing chosen option working with the Agency on a recommended strategy (may be multi-pronged), develop policies, procedures, reporting and infrastructure to execute the strategy.
- The HFA implements a hedging strategy taking all the benefits and risks but using GKB as an Advisor for a definitive time period
- GKB provides on going monitoring of program performance and continual assistance in program design, hedging, and execution

Managing a Market Rate Program: Which one is right for you?

- Below is a diagram that describes several execution strategies for implementing a market rate program. The specifics of each program option follow.



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The information in this presentation reflects prevailing market conditions and our views as of this date, all of which are subject to change. Any actual transaction would be subject to market conditions at the time of execution and the related documentation. To fully understand the economic and legal terms and conditions of any transaction, the Corporation must carefully review the related documentation and should consult its own legal, tax and financial advisors.

In preparing this presentation, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us by or on behalf of the Corporation or which was otherwise reviewed by us. In addition, our analyses are not and do not purport to be appraisals of the creditworthiness of the Corporation, which may affect the results.

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**“Community Second” Assistance Program
Program Term Sheet**

In order to participate, Lenders must execute three (3) copies of the Program Lender Agreement and be approved and in good standing as a Correspondent Lender with Standard Mortgage Company.

Sponsor	Louisiana Housing Corporation (LHC) qualifies as an “instrumentality of government” in accordance with FHA and Fannie Mae guidelines and an approved Community Seconds provider.
Available Funding	Limited offering to a select group of Correspondent Lenders. Up to <u>\$5,000,000</u> in Second Loans initially, available on a first-come, first-served basis.
Seller/Servicer	First Loans will be purchased and serviced by Standard Mortgage Company as “Seller/Servicer”. Second Loans will be serviced by the LHC or another sub-servicer.
Eligible Loan Area	State of Louisiana
Loan Reservation	Lenders lock First Loan rate and price with the Seller/Servicer. Lender must lock in Second Loan separately through LHC with a separate confirmation.
Eligible Borrowers	Primary residences, owner occupied. No first-time homebuyer requirement. Non-occupant Borrowers or co-signers are not permitted.
Eligible Properties	Single family, owner-occupied, 1-2 unit principal residences that are detached structures, or condominiums, town homes/PUDs or duplexes, subject to FHA and Fannie Mae guidelines. Manufactured homes are not eligible.
Income Limits	For FHA loans, not to exceed <u>120%</u> of the County median income (see Exhibit A) in each State. For Fannie Mae loans, no income limits if property is located in a Fannie Neighbors census tract.
Purchase Prices	No maximum purchase price limits.
Borrower Investment	Borrower must contribute a minimum [<u>1%</u>] from his/her own funds towards the down payment required for an FHA or Fannie Mae loan.
Credit Score Minimum	Minimum credit score for FHA loans is subject to Seller/Servicer approval (640 minimum is suggested); <u>680</u> minimum for Fannie Mae MCM 97 (660 minimum for MCM 95).

Rate and Price Adjustments to Existing Seller/Servicer Rate Sheet

Purpose	1st Loan (LTV)	Rate Adjustment	Price Adjustment	HFA 2nd Loan	Closing Cost Assistance	Borrower Investment	Min CS
Purchase/RTR	FHA (96.5%)	Add .125%	Deduct 1%	2.5% 2 nd	3% (Lender)	1% minimum	640+
Purchase/RTR	FNMA (97%)	Add .1875%	Deduct 1%	3% 2 nd	2.5% (Lender)	1% minimum	680+

First Loan Terms and Guidelines

First Loan Types	FHA, Fannie Mae My Community Mortgage 97 (MCM 97).
Transaction Type	Purchase transactions only for owner-occupied principal residences. Rate term refinancings (no cash back to the Borrower) are permitted with certain restrictions.
First Loan Terms	30-year fixed rate fully amortizing FHA and Fannie Mae MCM 95 or 97 First Loans.
Loan Underwriting/Ratios/Reserves	FHA and Fannie Mae/mortgage insurer guidelines with respect to underwriting. Ratios may not exceed [45%] DTI, minimum [1 month] in reserves.
LTV/CLTV	<ul style="list-style-type: none"> FHA LTVs apply; no CLTV limit relative to Second Loan sizing offered. MCM 97 with offered Second Loan may not exceed 102.5% CLTV.
First Loan Rates	First Loan rates and prices will be posted daily by the Seller/Servicer, are subject to change and should not be considered confirmed until they are locked in and confirmed by Seller/Servicer's Correspondent Lock Desk.
Rate and Price Adjustments	Applicable rate and price adjustments will be posted separately on the Seller/Servicer Rate Sheet. Price adjustments and fees are considered closing costs and may be funded with Second Loan proceeds.
Prepay Penalties	None.
First Loan Limits	FHA and Fannie Mae first loan limits apply. There are no purchase price limits.
Lender Advance	Lenders shall advance the Second Loan proceeds at the close of escrow, to be reimbursed by the Seller/Servicer upon the purchase of the First and Second Loans.

Second Loan Terms and Guidelines with FHA Loans

Size of Second Loan, Use of Proceeds	<ul style="list-style-type: none"> Sized at up to <u>2.5%</u> of the sales price. <u>30-year term, no monthly payments</u>, principal due at maturity, or prior to upon sale or refinance. No scheduled or accrued interest. The Second Loan proceeds may only be applied towards the Borrower's down payment (subject to the Borrower's minimum investment). <u>With FHA First Loans, the LHC must serve as lender and beneficiary of the Second Note and Deed.</u> Second Loan may not be re-subordinated. Second Loans will be serviced separately by LHC.
Closing Cost Assistance	Lenders may premium price FHA First Loans to cover closing costs, prepaids, Sponsor fees or discounts and other related fees and expenses.

Second Loan Terms and Guidelines with Fannie Mae MCM Loans

Mortgage Insurers	UGIC, MGIC and Genworth. See "HFA" guidelines for each mortgage insurer.
Size of Second Loan, Use of Proceeds	<ul style="list-style-type: none"> Sized at up to <u>3%</u> of the sales price. <u>30-year term, no monthly payments</u>, principal due at maturity, or prior to upon sale or refinance. No scheduled or accrued interest. The Second Loan proceeds may only be applied towards the Borrower's down payment assistance (subject to the Borrower's minimum investment). <u>With MCM First Loans, the Lender must serve as lender and beneficiary of the Second Note and Deed.</u> Second Loan may not be re-subordinated.

	<ul style="list-style-type: none"> • Second Loans will be serviced separately by LHC.
Closing Cost Assistance	Lenders may premium price FHA First Loans to cover closing costs, prepaids, Sponsor fees or discounts and other related fees and expenses.

Second Loan Documents, Second Loan Representations and Warranties

Second Loan Disclosure	Lenders must conform to federal RESPA and Truth-in-Lending laws in disclosing the initial terms of the Second Loan on a preliminary and final basis.
Second Loan Documents	<ul style="list-style-type: none"> • Second Note • Second Deed of Trust • Second Loan Truth in Lending Statement • Mortgagor's Agreement and Acknowledgment • Authorization to Release Information and Request for Counseling Form. • Assignment through MERS or recorded assignment.
Post-Closing Documents	Lenders agrees to deliver post-closing Second Loan documents to the Seller/Servicer within 90 calendar days after the loan closing date, with extensions permitted by the Seller/Servicer if Lender is using all reasonable efforts to obtain such documents. Seller/Servicer has the right to charge late document delivery fees if the documents are not delivered within 120 days. Lender agrees to correct any post-closing documents within 20 calendar days after being notified of any errors or omissions..
Representations and Warranties	Lenders make the same representations and warranties as to the Second Loan to the Seller/Servicer as of the purchase date that Lender has represented and warranted as to the First Loan to the Seller/Servicer as of the purchase date pursuant to the Correspondent Agreement. Lender is obligated to repurchase the Second Loan if the Lender is required to repurchase the related First Loan because of fraud or misrepresentation or if it determined by the Seller/Servicer that the Second Loan does not meet the requirements of the Program.

Homebuyer Education and Counseling	Recommended for first-time homebuyers. Face-to-face counseling courses are recommended, but on-line courses are acceptable. All borrowers must execute the Borrower Authorization to Release Information and Request for Counseling Form, which authorizes the Seller/Servicer to share relevant account information with the MI company and/or third party counselor should the borrower become delinquent.
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Lender Compensation	<p>Lender compensation is limited as follows:</p> <ul style="list-style-type: none"> • Up to 1% origination fee for First Loans, Servicing Release Premium (SRP). • Reasonable and customary fees and closing costs, as long as such compensation payments are fully disclosed to the borrower. • There is no origination fee or SRP associated with the Second Loan, but Lenders are permitted to charge a fixed fee as additional compensation.
Loan Purchase Price	<ul style="list-style-type: none"> • Seller/Servicer will purchase the First and Second Loan at a rate and price reflected on the confirmation (net of any LLPA, fees, SRP). • First and Second Loans will be purchased concurrently at a purchase price equal to 100% of the outstanding principal balance, plus accrued interest.
Seller Contribution	Permitted subject to Fannie Mae and FHA guidelines.
Program Fees	TBD

**Louisiana Housing Corporation
TBA/Second Loan Program
Key Discussion Points**

TBA/MBS Secondary Markets

- No viable MRB market or NIBP? HFAs as mortgage bankers, look to access the “TBA” secondary market for affordable loan and cash to close assistance needs.
- HFAs may not be able to compete on rate, but cash-strapped homebuyers are willing to accept a higher loan rate in exchange for cash to close assistance.
- A homebuyer looking to purchase a home in Baton Rouge on June 26 could lock in a 3.50% FHA loan rate (at par) for 30 days. In the TBA forward market, that same FHA loan rate, for a September delivery, is valued at 103.125%. A 3.75% loan rate is valued closer to 104.5%.
- FNMA’s HFA Preferred Cash Window offers LHC its own My Community Mortgage 97 rate sheet, with low guarantee fees, no loan level price adjustments and various premium pricing options for cash to close assistance. Premium could also be used to prepay the MI fee, eliminating any ongoing MI premium, lowering the borrower’s monthly payment.
- Delivery into the GNMA/TBA market or to the FNMA Cash Window is mandatory; if you fail to deliver, in part or in whole, you owe the investor or Fannie Mae a pair off fee.

Issues Related to Premium Pricing and Down Payment Assistance

- HUD has not authorized the use of loan or MBS premium pricing by an HFA as a gift, grant or second loan to cover any portion of the borrower’s down payment; the funding of closing costs and prepaids are permitted.
- Lenders have expressed concerns about a return to “no down” FHA programs, future defaults and impact on HUD compare ratios.

GKB Recommendations

- As a GNMA/FNMA seller as well as servicer, Standard Mortgage Corporation will manage LHC’s loan pipeline, interest rate and loan cancellation risk on a daily basis.
- Standard Mortgage will post an LHC Daily Rate Sheet with a variety of FHA and FNMA loan rates and prices to LHC Lenders.
- LHC-funded 2.5% sized Second Loan as downpayment assistance, 15 year terms, monthly payments due, at a 5-6% interest rate, serviced separately.
- Not limited to first-time homebuyers, purchases or refinances, may be used in connection with an MCC, MRB income limits apply (by family size).

First Loan	Purpose	1st Loan	2 nd Loan Size (Down Payment)	Closing Costs	MI Subsidy	Min Borrower Investment	Min Credit Score
FHA	Purchase	96.5%	2.5%	2.5%		1%	640-679
MCM	Refi	95%	3.0%	1.5%	1.5%	1%	660-679
MCM	Purchase	97%	3.0%	1.0%	2.0%	1%	680+



- As the Second Loan investor, LHC will receive all Second Loan payments monthly together with a First Loan Rate Add On of .125%-.1875%, the sum of which will provide LHC with an 8%-10% yield as the Second Loans are aggregated.
- LHC will purchase and aggregate the Second Loans from the Lenders until a minimum \$2,500,000 issuance size is reached, at which time the Bonds may be underwritten by GKB and sold to accredited investors on a private placement basis.

Loan Product, Credit and Assistance Specifics

- FHA: 2.5% sized, 15-year term, monthly principal amortization, maximum 6.0% interest rate, may be applied against the homebuyer's 3.5% down payment, subject to the homebuyer's own 1% minimum investment from his/her own resource, [2 month PITI in reserve], and a 640 minimum credit score. FHA's marketability here is higher monthly payment but less cash to close.
- FNMA MCM 97: 3% sized, 15-year term, monthly principal amortization, maximum 6.0% interest rate, may be applied against the homebuyer's down payment subject to a minimum 1% from the homebuyer's own resources, 2 month PITI in reserve, and a 680 minimum credit score (660 for an MCM 95). MCM's marketability here is the lower monthly payment than FHA and more cash to close.
- HFA will add .125% to each FHA First Loan rate. .1875% to each FNMA MCM First Loan rate, as an ongoing HFA fee, to be remitted monthly by the Master Servicer.

Loan Rates, Monthly Payments and Cash to Close

First Loan	Purpose	1st Loan	2 nd Loan Size (Down Payment)	Closing Costs	MI Subsidy	Min Borrower Investment	Min Credit Score
FHA	Purchase	96.5%	2.5%	2.5%		1%	640-679
MCM	Refi	95%	3.0%	1.5%	1.5%	1%	660-679
MCM	Purchase	97%	3.0%	1.0%	2.0%	1%	680+

	Purchase Price	Loan Amount	Loan Rate	Cash to Close	Monthly MI Payment	Monthly Payment (PITI)
"At Market" FHA	\$150,000	\$147,375	3.50%	\$10,147	\$147.38	\$1,019.15
LHC FHA	\$150,000	\$147,375	3.875%	\$2,802 [1]	\$153.52	\$1,087.62
LHC MCM 95	\$150,000	142,500	4.375	\$6,337 [1]	\$0	\$957
LHC MCM 97	\$150,000	145,500	4.375	\$3,972 [1]	\$0	\$973

[1] Minimum \$1,500 from the homebuyer's own resources. Remaining cash to close may be gifted from a documented relative or paid by the home seller (up to 3% maximum)



Louisiana Housing Corporation Loan Comparison – Market FHA and FNMA MCM with Assistance

	Lender	LHC	LHC	LHC
Loan Type	FHA	FHA	MCM 95	MCM 97
LTV Maximum (MIP)	96.5%	96.5%	95%	97%
Credit Score Min	640	640	660	680
Up-front/Mnthly	<i>1.75%/120 bp</i>	<i>1.75%/120 bp</i>		
Single LPMI			<i>1.50%</i>	<i>2.00%</i>

	Lender	LHC	LHC	LHC
Loan Type	FHA (98.25)	FHA (98.25)	MCM 95	MCM 97
2nd Loan	No	2.5% 2nd @6%	3% 2nd @6%	3% 2nd @6%
2nd Loan Repay		15-Yr Amort	15-Yr Amort	15-Yr Amort
Gift/Grant/Premium		2.50%	3.00%	3.00%
Loan Amount (MIP)	\$ 147,375	\$ 147,375	\$ 142,500	\$ 145,500
Purchase Price	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Adj Loan Rate [1]	3.500%	3.875%	4.375%	4.375%

[1] Adjusted to reflect premium pricing and Rate Add On for Administration Fee.

Principal & Int	661.78	693.01	711.48	726.46
Property Taxes	150.00	150.00	150.00	150.00
Home Insurance	60.00	60.00	60.00	60.00
2nd Loan Pmt	0.00	31.09	36.07	36.83
<i>Private Mortg Ins</i>	<i>147.38</i>	<i>153.52</i>	<i>0.00</i>	<i>0.00</i>
Estimated PITI	\$1,019.15	\$1,087.62	\$957.56	\$973.29
Down Payment	5,250.00	5,250.00	7,500.00	4,500.00
Up-front Mtg Ins	0.00	0.00	2,137.50	2,910.00
1% Origination Fee	1,473.75	1,473.75	1,781.25	1,818.75
Closing Costs	3,542.00	3,542.00	3,542.00	3,542.00
Impounds	1,381.98	1,404.69	1,426.21	1,431.60
Cash to Close:	\$11,647.73	\$11,670.44	\$16,386.96	\$14,202.35
Less LHC 2nd Loan	\$0.00	\$3,684.38	\$4,275.00	\$4,365.00
Less 1% Seller Pymt	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
Less Gift	\$0.00	\$3,684.38	\$4,275.00	\$4,365.00
Net Cash to Close	\$10,147.73	\$2,801.69	\$6,336.96	\$3,972.35
Min Borrower Cash	\$5,250.00	\$1,500.00	\$1,500.00	\$1,500.00
Lender Comp	2.50%	2.50%	2.25%	2.25%



Yield Calculations for LHC as Second Loan Investor

Aggregation of Second Loans by LHC

2 nd Loan Amount	2 nd Loan Size [1]	1 st Loan IO	Price	Bond Proceeds	Term	Coupon	Maturity	Interest	Rating
2,500,000	2.5%	.125%	100	-----	15 Year	NA	5/1/2027	Monthly	NR
	3.0%	.1875%	100						

[1] Based on \$100,000,000 in Accompanying First Loans.

Yields from the Combined Cash Flows Received from the Second Loans and First Loan Interest Payments

Annual Defaults	0% PSA	100% PSA	150% PSA	200% PSA	300% PSA	500% PSA
1.0%	15.28%	14.43%	14.20%	14.33%	14.38%	15.03%
3.0%	13.29%	12.46%	12.23%	12.11%	12.13%	12.75%
5.0%/3.0% [1]	11.98%	10.98%	10.68%	10.50%	10.41%	10.92%
7.0%/3.0% [1]	10.69%	9.53%	9.16%	8.91%	8.71%	9.09%
9.0%/3.0% [1]	9.43%	8.11%	7.65%	7.33%	7.02%	7.26%

[1] First percentage represents the annual default rate for the first 5 years, 3% thereafter for the remaining life.

Private Placement of Mortgage Revenue Bonds

2 nd Loan Amount	2 nd Loan Size [1]	1 st Loan IO	Price	Bond Proceeds	Term	Coupon	Maturity	Interest	Rating
\$2,500,000	2.5%	.125%		\$2,500,000	15 Year	10%	5/1/2027	Monthly	NR
\$3,000,000	3.0%	.1875%		\$3,000,000					

Average Lives (in Years) of the Combined Second Loan and First Loan IO Cash Flows:

Annual Defaults	0% PSA	100% PSA	150% PSA	200% PSA	300% PSA	500% PSA
1.0%	4.44	3.67	3.39	3.15	2.79	2.31
3.0%	4.87	3.97	3.64	3.37	2.95	2.45
5.0%/3.0% [1]	5.42	4.38	3.99	3.66	3.17	2.53
7.0%/3.0% [1]	6.17	4.97	4.50	4.11	3.49	2.71
9.0%/3.0% [1]	7.31	6.06	5.65	5.51	4.64	3.04

Residual Value after Bonds are Redeemed in Full

PV Rate Used: 3%

Annual Defaults	0% PSA	100% PSA	150% PSA	200% PSA	300% PSA	500% PSA
1.0%	2,226,431	1,506,236	1,296,421	1,142,984	939,181	729,820
3.0%	1,470,202	1,010,873	878,584	782,714	657,214	531,930
5.0%/3.0% [1]	1,082,289	705,195	601,831	529,584	440,274	361,656
7.0%/3.0% [1]	699,216	398,905	324,080	275,871	224,457	195,109
9.0%/3.0% [1]	301,720	59,196	No CF	No CF	No CF	No CF

[1] First percentages represent the annual default rate for the first 5 years, 3% thereafter for the remaining loan life.



Louisiana Housing Corporation
 Single Family Mortgage Revenue Bonds
 (Mortgage-Backed Securities Program)
 Series 2012A New Money and 2012B Refunding
 Preliminary, subject to change

INCLUDING REFUNDING OF \$21,190,000 BONDS
 ISSUED AT MARKET RATE BONDS

Scenario A: \$20mm New Money					Net Points
Program	Loan Amt	Rate	Lender Fee	Assistance	for Yield
Ass't	4,000,000	3.49%	-1.50%	3.00%	1.50%
Unass't	10,750,000	2.99%	-1.00%	0.00%	-1.00%
HOME	6,000,000	2.45%	-1.50%	4.50%	3.00%
CDBG	4,500,000	1.99%	-1.00%	0.00%	-1.00%
	25,250,000				

Updated
 Scale as of 7/19/2012

Scenario 1

100% Program

Current Program Rate

Mortgage Rates Analysis

Sources of Funds

	Amount	Price	Proceeds
Series 2012A Bonds			
NIBP Bonds	20,000,000	100.000	20,000,000
Series 2012B-1/B-2 Bonds			
Refunding Bonds	21,190,000	100.000	21,190,000
	41,190,000		41,190,000
Servicing release premium (0.00%)			-
Discount paid by borrowers (1.00% to 1.50%)			302,500
Grants for HOME funded by HOME			270,000
Issuer Contribution			973,980
Total Sources			42,736,480

Uses of Funds

	Amount	Issuer %	Proceeds	Net Points for Yield
Assisted Loan Account	4,000,000	100%	4,000,000	60,000.00
Unassisted Loan Account	10,750,000	100%	10,750,000	(107,500.00)
HOME Account	6,000,000	50%	3,000,000	180,000.00
CDBG Account	4,500,000	50%	2,250,000	(45,000.00)
DPA (3 points x \$4,000,000 assisted)	25,250,000	100%	120,000	87,500.00
Grants (4.5 avg points x \$6,000,000 HOME)		100%	270,000	
Deposit to Redemption Account			21,190,000	
Redemption Premium for 2002 Series A (102%)		102%	89,700	
Deposit to Capitalized Interest Fund (estimate for 3 months)			270,000	
Lender Compensation (1.00% to 1.50%)			302,500	
Costs of Issuance (estimate)			494,280	
Total Uses			42,736,480	

Louisiana Housing Corporation
Single Family Mortgage Revenue Bonds
(Mortgage-Backed Securities Program)
Series 2012A New Money and 2012B Refunding
Preliminary, subject to change

INCLUDING REFUNDING OF \$21,190,000 BONDS
ISSUED AT MARKET RATE BONDS

Scenario B: \$30mm New Money				Net Points	
Program	Loan Amt	Rate	Lender Fee	Assistance	for Yield
Ass't	4,000,000	3.49%	-1.50%	3.00%	1.50%
Unass't	20,750,000	2.99%	-1.00%	0.00%	-1.00%
HOME	6,000,000	2.45%	-1.50%	4.50%	3.00%
CDBG	4,500,000	1.99%	-1.00%	0.00%	-1.00%
	<u>35,250,000</u>				

Updated
Scale as of 7/19/2012

Scenario 1

100% Program

Current Program Rate

Mortgage Rates Analysis

Sources of Funds

	Amount	Price	Proceeds
Series 2012A Bonds			
NIBP Bonds	30,000,000	100.000	30,000,000
Series 2012B-1/B-2 Bonds			
Refunding Bonds	<u>21,190,000</u>	100.000	<u>21,190,000</u>
	51,190,000		51,190,000
Servicing release premium (0.00%)			-
Discount paid by borrowers (1.00% to 1.50%)			402,500
Grants for HOME funded by HOME			270,000
Issuer Contribution			<u>1,213,980</u>
Total Sources			53,076,480

Uses of Funds

	Amount	Issuer %	Proceeds	Net Points for Yield
Assisted Loan Account	4,000,000	100%	4,000,000	60,000.00
Unassisted Loan Account	20,750,000	100%	20,750,000	(207,500.00)
HOME Account	6,000,000	50%	3,000,000	180,000.00
CDBG Account	4,500,000	50%	2,250,000	(45,000.00)
DPA (3 points x \$4,000,000 assisted)	<u>35,250,000</u>	100%	<u>120,000</u>	(12,500.00)
Grants (4.5 avg points x \$6,000,000 HOME)		100%	270,000	
Deposit to Redemption Account			21,190,000	
Redemption Premium for 2002 Series A (102%)		102%	<u>89,700</u>	
Deposit to Capitalized Interest Fund (estimate for 3 months)			<u>390,000</u>	
Lender Compensation (1.00% to 1.50%)			402,500	
Costs of Issuance (estimate)			<u>614,280</u>	
Total Uses			53,076,480	