



Board of Directors

**Single Family
Committee**

September 12, 2018

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Louisiana Housing Corporation


September 7, 2018

SINGLE FAMILY COMMITTEE MEETING

AGENDA

Notice is hereby given of a Regular Meeting of the Single Family Committee to be held on **Wednesday, September 12, 2018 at 9:00 A.M.**, Louisiana Housing Corporation Building, V. Jean Butler Boardroom, located at 2415 Quail Drive, Baton Rouge, Louisiana, by order of the Chairman.

1. Call to Order and Roll Call.
2. Approval of the **Minutes of the June 13, 2018 Single Family Committee Meeting.**
3. Single Family Program Updates.
4. **George K. Baum FRE Pilot Program.**
5. Other Business.
6. Adjournment.



Edselle Keith Cunningham, Jr.
LHC Executive Director

If you require special services or accommodations, please contact Board Coordinator and Secretary Barry E. Brooks at (225) 763-8773, or via email bbrooks@lhc.la.gov

Pursuant to the provisions of LSA-R.S. 42-16, upon two-thirds vote off the members present, the Board of Directors of the LHC may choose to enter Executive Session, and by this notice, the Board reserves its right to go into Executive Session, as provided by law.



Louisiana Housing Corporation

Single Family Committee Meeting Minutes

Wednesday, June 13, 2018
2415 Quail Drive
V. Jean Butler Board Room
Baton Rouge, Louisiana 70808
9:30 A.M.

Committee Members Present

Lloyd "Buddy" Spillers, Jr.
Tammy P. Earles
Larry Ferdinand

Committee Members Absent

None

Board Members Present

State Treasurer John M. Schroder
Derrick Edwards
Byron L. Lee
Willie Rack
Gillis R. Windham
Donald B. Vallee
Jennifer Vidrine

Board Members Absent

None

Staff Present

Brenda Evans
Mary Antoon
E. Keith Cunningham, Jr.
Leslie Strahan
Jessica Guinn
Robby Bizot
Plezetta West
Cody Henderson

Barry E. Brooks
Na'Tisha Natt
Natasha Joseph-Anderson
Bradley Sweazy

Others Present

See sign-in sheet

Call to Order and Roll Call

The Single Family Committee (“SFC”) Meeting was called to order by Board Chairman Lloyd “Buddy” Spillers at 9:35 A.M. The roll was called by Board Secretary Barry E. Brooks, and a quorum was established.

➤ Approval of the November 8, 2017 SFC Minutes

On a motion by Board Member Willie Rack and seconded by Board Vice-Chairwoman Jennifer Vidrine, the Minutes from the November 8, 2017 Single Family Committee Meeting were approved. There was one (1) ABSTAIN vote from Board Member Donald B. Vallee, noting he had “...not read them yet”.

➤ Report on events scheduled for June as Homeownership Month

LHC Director of Housing Development Brenda Evans went over the specifics of the matter, noting that Homebuyer Workshops and Community Fairs (see attached schedule of events) were being held in Baton Rouge, Lake Charles, Alexandria, Monroe, Slidell, and Bogalusa.

Board Member Vallee inquired as to why there were no events in New Orleans or any underserved areas. Ms. Evans noted that due to vendor issues there was no New Orleans events scheduled; and that the LHC Marketing Representative was reaching out directly to the underserved areas in the State.

Thereafter, Ms. Evans introduced Ms. Crystal Casher, LHC’s Marketing Representative.

➤ Single Family Program Updates.

Ms. Evans discussed the mission of the LHC Single Family Programs, Market Rate, MCCP, and Mortgage Counseling.

Additionally, Ms. Evans discussed the 1st Time Homebuyers Program, the TBA MRB Programs, and the TBA Governmental Programs that are coordinated with George K. Baum and Raymond James in conjunction with Government Consultants.

There was information discussed as related to the 2018 Tax Exempt MRBP.

Ms. Evans also highlighted the LHC Homebuyer Counseling Program that is coordinated by LHC Housing Specialist Sonja Andrews-Smith, a HUD Certified Housing Counselor.

Ms. Evans reminded everyone that info related to the LHC Single Family Programs is readily available on the LHC website.

Board Member Ferdinand inquired whether there were any events slated for the Shreveport area.

Ms. Evans noted that such was being planned for a later date.

Ms. Evans furthered, discussing the layering of products with participating banks, lower PMI rates, and lower monthly rate options.

LHC Financial Advisor Gordon King (Government Consultants) discussed the MRB Program, noting that current pending federal legislation was being monitored for its effect, if any, on LHC.

LHC Financial Advisor Richard Wolcott (Standard Mortgage) discussed the importance of the MRP Program versus a Fee Program.

Other Business

None.

Adjournment

There being no other matters to discuss, Board Member Donald B. Vallee offered a motion for adjournment, seconded by Board Member Larry Ferdinand. There being no discussion or opposition, the motion passed unanimously.

The SFC meeting adjourned at 10:05am.

Barry E. Brooks, Board of Directors Secretary



CELEBRATE

NATIONAL HOMEOWNERSHIP MONTH

The Louisiana Housing Corporation (LHC), in conjunction with our community partners, is celebrating homeownership throughout the month of June with a series of community events designed to inform potential homebuyers about resources that can help make owning a home a reality.

Don't miss an opportunity to meet one-on-one with home buying experts to get your questions answered!

For more information, visit lhc.la.gov or call Mary Antoon at (888) 454-2001.

Homebuyer Workshops & Community Fairs

Free and Open to the Public

June 2 10 a.m. - 2 p.m.	Making Homeownership a Reality Workshop	Baton Rouge	Delmont Library
June 2 10 a.m. - 2 p.m.	Making Homeownership a Reality Workshop	Lake Charles	Lake Charles Civic Center
June 9 10 a.m. - 2 p.m.	Alexandria Financial Education Workshop	Alexandria	Haywood Center
June 12 5:30 p.m. - 7:00 p.m.	Am I on the Right Path to Homeownership Workshop	Baton Rouge	Louisiana Housing Corporation
June 16 8:30 a.m. - 2 p.m.	Homeownership & YOU Fair	Monroe	Monroe (Burg Jones) Housing Authority
June 23 11 a.m. - 1 p.m.	Make a House Your Home	Slidell	St. Tammany Parish Administrative Complex
June 23 11 a.m. - 1 p.m.	Homeownership Fair	Bogalusa	ESM United Methodist Church
June 24 2 p.m. - 4 p.m.	Homebuyer Seminar	Batn Rouge	Louisiana Housing Corporation

SPECIAL THANKS TO OUR PARTNERS





SINGLE FAMILY COMMITTEE
ROLL CALL

LOUISIANA HOUSING CORPORATION
BOARD OF DIRECTORS

June 13, 2018 Meeting

Place: Louisiana Housing Corporation Building
 Date: **Wednesday, November 8, 2017**
 Time: 9:30 A.M. (start time of 9:35 A.M.)

Members: 11
 Quorum: **3**

BOARD MEMBER	PRESENT	ABSENT
1. BOARD/COMMITTEE CHAIRMAN LLOYD SPILLERS, JR.	X	
2. COMMITTEE MEMBER TAMMY P. EARLES (arrived at 9:40 A.M.)	X	
3. COMMITTEE MEMBER LARRY FERDINAND	X	
4. BOARD MEMBER LA. STATE TREASURER JOHN M. SCHRODER (arrived at 10:02 A.M.)	X	
5. BOARD MEMBER DERRICK EDWARDS (arrived at 9:52 A.M.)	X	
6. BOARD MEMBER BYRON L. LEE (arrived at 10:01 A.M.)	X	
7. BOARD MEMBER WILLIE RACK	X	
8. BOARD MEMBER DONALD B. VALLEE	X	
9. BOARD MEMBER GILLIS R. WINDHAM	X	
10. BOARD VICE-CHAIRWOMAN JENNIFER VIDRINE	X	
11. VACANT		

Roll Call taken by:

Barry Brooks, Board Secretary-Cordinator



LOUISIANA HOUSING CORPORATION

LHC BOARD OF DIRECTORS SINGLE FAMILY COMMITTEE MEETING

Wednesday, June 13, 2018 @ 9:30 A.M.

Guest Sign-In Sheet

GUEST NAME

REPRESENTING

PLEASE, PLEASE PRINT

1. Wayne J. Neveu

Foley & Todd, LLC

2. Richard Wolcott

Standard Wtg.

3. Angela Fygas Loan

Whitneybank

4. Amph Andrew

SF

5. Crystal Casher

SF

SFCM
PLEASE PRINT CLEARLY

GUEST NAME

REPRESENTING

6.	Cody Henderson	SF
7.	Pieretta M. West	LHC-legal
8.	Gordon King	John Goodbody
9.	Henry Welley	STANDARD MORGENTHAU
10.	Bradley Keith	CST
11.	John SABATIER	STIFEL
12.	April Downs	Partners Southeast
13.	John Lock	Raymond JAMES
14.		
15.		
16.		
17.		
18.		

	Fiscal Year 2017 - Closed Production			Fiscal Year 2018 - Closed Production			Fiscal Year 2019 - Closed Production		
	# of Loans	Dollar Amount of Loans		# of Loans	Dollar Amount of Loans		# of Loans	Dollar Amount of Loans	
JULY									
Conventional	21	\$ 3,486,896.00		18	\$ 3,240,336.00		16	\$ 2,702,175.00	
Government	38	\$ 4,824,461.00		22	\$ 3,093,999.00		9	\$ 1,309,341.00	
MCC				2	\$ 180,748.00				
MRB							16	\$ 2,158,565.00	
Total	59	\$ 8,311,357.00		42	\$ 6,515,083.00		41	\$ 6,170,081.00	
	Avg	\$ 140,870.46		Avg	\$ 155,121.02		Avg	\$ 150,489.78	
AUGUST									
Conventional	12	\$ 2,132,671.00		23	\$ 3,611,697.00		22	\$ 3,493,737.00	
Government	30	\$ 3,899,018.00		22	\$ 3,062,024.00		16	\$ 1,978,690.00	
MCC				1	\$ 132,554.00		1	\$ 127,272.00	
MRB							32	\$ 4,606,919.00	
Total	42	\$ 6,031,689.00		46	\$ 6,806,275.00		71	\$ 10,206,618.00	
	Avg	\$ 143,611.64		Avg	\$ 147,962.50		Avg	\$ 143,755.18	
SEPTEMBER									
Conventional	12	\$ 1,991,864.00		20	\$ 3,566,785.00				
Government	24	\$ 3,236,974.00		15	\$ 2,084,609.00				
MCC				2	\$ 316,889.00				
MRB									
Total	36	\$ 5,228,838.00		37	\$ 5,968,283.00				
	Avg	\$ 145,245.50		Avg	\$ 161,304.95				
OCTOBER									
Conventional	10	\$ 1,262,700.00		17	\$ 2,619,594.00				
Government	34	\$ 4,622,499.00		17	\$ 2,256,556.00				
MCC				1	\$ 211,538.00				
MRB									
Total	44	\$ 5,885,199.00		35	\$ 5,087,688.00				
	Avg	\$ 133,754.52		Avg	\$ 145,362.51				
NOVEMBER									
Conventional	9	\$ 1,512,074.00		21	\$ 2,986,115.00				
Government	31	\$ 4,488,571.00		18	\$ 2,473,581.00				
MCC									
MRB									
Total	40	\$ 6,000,645.00		39	\$ 5,459,696.00				
	Avg	\$ 150,016.13		Avg	\$ 139,992.21				
DECEMBER									
Conventional	20	\$ 2,923,949.00		23	\$ 3,903,598.00				
Government	35	\$ 4,945,521.00		19	\$ 2,332,995.00				
MCC									
MRB									
Total	55	\$ 7,869,470.00		42	\$ 6,236,593.00				
	Avg	\$ 143,081.27		Avg	\$ 148,490.31				
JANUARY									
Conventional	7	\$ 1,123,190.00		12	\$ 1,692,487.00				
Government	15	\$ 1,933,998.00		13	\$ 1,723,888.00				
MCC									

**Presentation to
Louisiana Housing Corporation**



Mortgage Banking Opportunities for HFAs

**Mike Airhart
Marc Paskulin
Larry Englande
George K. Baum & Company**



George K. Baum & Company – A Source of Innovation

- One of the largest municipal bond underwriters
- One of the largest municipal financial advisors
- One of four broker/dealers providing TBA pricing and hedging services.
- Since 2012, over \$ 3 billion in GNMA, Fannie Mae and Freddie Mac MBS/PCs sold.
- The only firm to provide TBA pricing and hedging training to HFAs.
- First broker/dealer to share “ market payups” with HFA clients
- Alternative sources of DPA Funding; Second Loan Bonds
- On-line, real time Second Loan reservation system.

TBA Provider	Financial Advisor	Administrator/Investor
<ul style="list-style-type: none"> • Ohio • Nevada • Texas • Louisiana • Kansas 	<ul style="list-style-type: none"> • Texas • South Carolina • Arizona 	<ul style="list-style-type: none"> • Texas • Louisiana • Oklahoma • Illinois • Oregon • Indiana

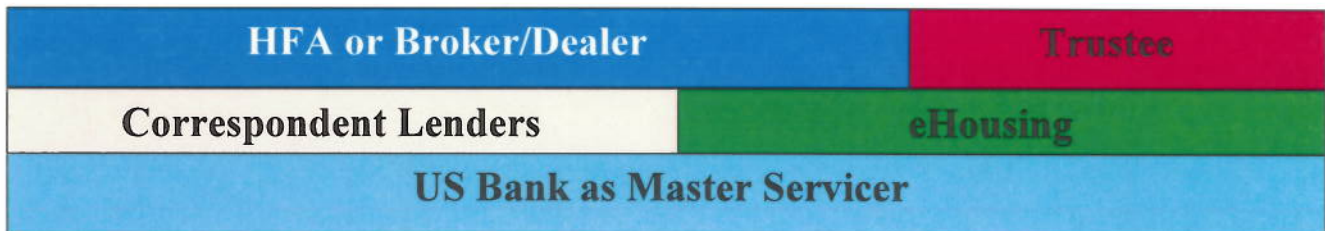
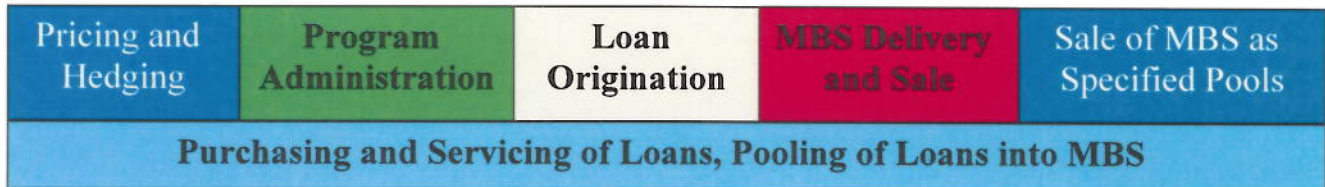
Servicer Clients

Lakeview Servicing Gateway Mortgage Guaranteed Rate Wells Fargo US Bank [1]	Assurance Financial Standard Mortgage [1] Iberia Bank GMFS	Old National Bank Amerifirst Wintrust Bank 360 Mortgage
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[1] Provide TBA pricing and hedging services

TBA Turnkey Structures (2009-2016)

- US Bank and Standard were two servicers still committed to the HFA industry.
- Broker/dealers, trustees and on-line administrators were brought in to accommodate US Bank and to provide the necessary services.



- This is not how mortgage lenders do business in the mortgage market.

US Bank Limitations

Access to the Fannie Mae or Freddie Mac Cash Window?
Access to the FNM/FRE No MI/Risk Share?
Inability to remit excess servicing back to the HFA
Wholesale Lending?
1% price adjustments for lower CS and higher DTIs
Decline in SRP levels (2.5 multiple)

TBA Market Developments & Conditions

- Lack of buyers of higher coupon (5.50%) MBS = no 4%, 5% DPA options
- Temporarily unavailable due to market conditions= no program revenue.
- Overall reduction in premium levels, particularly at the higher coupons.
- Overall reduction in payups for lower loan sizes.
- Reduction in broker/dealer fees.

Premium Pricing Only Structure

CW Rate	CW Price	Lender SRP	- HFA Fee	Other DR/CR	Net Price
4.000%	98.195	-2.50%	-1.00%	0.00%	94.70%
4.125%	98.619	-2.50%	-1.00%	0.00%	95.12%
4.250%	99.381	-2.50%	-1.00%	0.00%	95.88%
4.375%	100.087	-2.50%	-1.00%	0.00%	96.59%
4.500%	100.709	-2.50%	-1.00%	0.00%	97.21%
4.625%	101.108	-2.50%	-1.00%	0.00%	97.61%
4.750%	101.742	-2.50%	-1.00%	0.00%	98.24%
4.875%	102.327	-2.50%	-1.00%	0.00%	98.83%
5.000%	102.853	-2.50%	-1.00%	0.00%	99.35%
5.125%	103.221	-2.50%	-1.00%	0.00%	99.72%
5.250%	103.754	-2.50%	-1.00%	0.00%	100.25%
5.375%	104.242	-2.50%	-1.00%	0.00%	100.74%
5.500%	104.685	-2.50%	-1.00%	0.00%	101.19%
5.625%	105.110	-2.50%	-1.00%	0.00%	101.61%
5.750%	105.558	-2.50%	-1.00%	0.00%	102.06%
5.875%	105.918	-2.50%	-1.00%	0.00%	102.42%
6.000%	106.227	-2.50%	-1.00%	0.00%	102.73%
6.125%	106.748	-2.50%	-1.00%	0.00%	103.25%

0% 2nd	1% 2nd	2% 2nd	3% 2nd	4% 2nd
-1.76%				
-1.17%				
-0.65%	-1.65%			
-0.28%	-1.28%			
	-0.75%	-1.75%		
	-0.26%	-1.26%		
		-0.81%	-1.81%	
		-0.39%	-1.39%	
		0.06%	-0.94%	
			-0.58%	
			-0.27%	
			0.25%	

Within .25% of Break Even
Any Surplus/Deficit is retained by Servicer

HFA TBA Market Developments

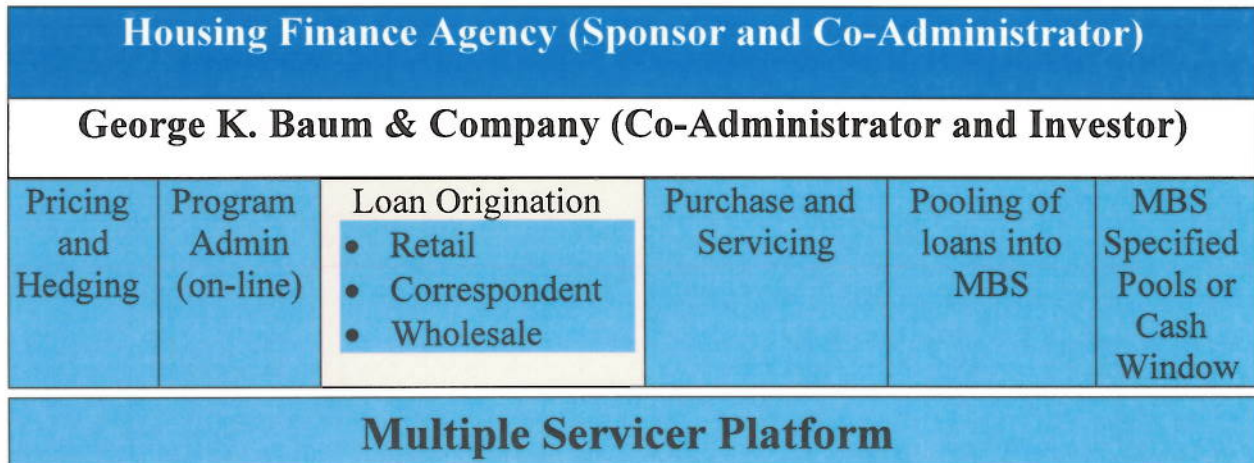
- Other HFA Master Servicers as an alternative to US Bank
- Other Corporate Master Servicers as an alternative to US Bank
- HFAs learning to price and hedge their own loans
- Alternative funding sources to premium pricing
- More competitive Conventional Loan products

Texas Example

2016	2017-2018
<p style="text-align: center;">TDHCA</p> <ul style="list-style-type: none"> • US Bank as Master Servicer • Hilltop as TBA Broker/Dealer • Premium Pricing • Deferred 2nds, due upon sale or refi, no forgiveness <p style="text-align: center;">TSAHC</p> <ul style="list-style-type: none"> • US Bank as Master Servicer • RJ as Broker/Dealer • Premium Pricing • DPA as Gifts • eHousing as Administrator <p style="text-align: center;">SETH</p> <ul style="list-style-type: none"> • US Bank as Master Servicer • GKB as Broker/Dealer • Premium Pricing • DPA as Gifts 	<p style="text-align: center;">TDHCA</p> <ul style="list-style-type: none"> • Idaho HFA as Master Servicer, retains 14 bp servicing fee, balance to TDHCA • TDHCA funds 4% from its own resources • 4% Deferred 2nds, due upon sale or refi, no forgiveness <p style="text-align: center;">TSAHC</p> <ul style="list-style-type: none"> • Lakeview as Master Servicer • Lakeview prices and hedges; no need for a broker/dealer • Premium Pricing • DPA as Gifts • No need for Administrator <p style="text-align: center;">SETH</p> <ul style="list-style-type: none"> • “Flow” Program with multiple Servicers • Use of Excess Servicing to generate 2%-4% in Second Loan funding. • Deferred 2nds, due upon sale or refi, <u>7 year</u> pro rata forgiveness • No need for Administrator • More Conventional Loans (sold to FRE Cash Window)Lender Paid MI (prepaid)

“FLOW” Programs (Multiple Servicer Format)

- The HFA is not involved in, nor is it responsible for, the pricing, hedging and ultimate sale of the mortgage loans or mortgage backed securities.
- An HFA acts more as a “sponsor”, with authorization from HUD and Fannie Mae/Freddie Mac to offer certain concessions on cash to close funding, credit and underwriting not available to lenders in the standard mortgage market.
- Program Guidelines are drafted, individual Servicer Term Sheets confirmed, loan rate worksheets and assumptions are reviewed and approved. Rate sheets and worksheets are posted and reviewed daily.



- **Allow a select group of originating lenders to make their own economic decisions regarding “Servicing Released” versus “Servicing Retained”.**
 - No “master servicer” exclusive.
 - Lender A: retain the servicing for their own loan originations.
 - Lender B: retain the servicing for their own loan originations and purchase loans from correspondent Lenders.
 - Lender C: retain the servicing for their own Conventional Loans, sell Government Loans “servicing released” to Lender B.
 - Lender D (Correspondent): originate Loans, sell all the servicing rights to Lender B.

- **As their own Servicer, Lenders agree to provide all or some of the following services.**
 - Pricing and hedging of their own loans – at no additional cost.
 - Access to the Fannie Mae/Freddie Mac Cash Window
 - Higher SRPs (3 X multiple – more than what US Bank is currently paying).
 - Better GNMA MBS pricing than what the broker/dealers can obtain.
 - Sharing of payups by loan size.
 - Adobe fillable pdf for Second Loan DPA reservations – at no additional cost. Loan reservation data available weekly, summary reports monthly.
 - *Fannie Mae/Freddie Mac’s “no MI” risk share option.*
 - *Remittance of excess servicing to the HFA, either as an ongoing HFA Fee in lieu of a per loan fee or as collateral for a Bond.*
 - *Internal profitability incentives for servicing retained loan products.*
 - *Co-branding opportunities.*

- **Innovation – CASHFLOWSM Program**
 - Add 62.5-100 basis points to the loan rate offered through the Freddie Mac Cash Window (“HFA Remittance”). Initial HFA Remittance is 62.5 basis points (scheduled/scheduled).
 - Initially remitted directly by Servicer to the HFA. Once a minimum size has been reached, GSE to convert into an Interest Only (IO) Certificate, guaranteed as to timely payment by GSE.
 - Centralized per loan and loan status/delinquency reporting of all loans by Servicer.
 - For those HFAs unable or unwilling to issue their own Second Loan Bonds, sale of assets to the GKB Housing Trust through which Second Loan Bonds may be issued.

- In the TBA market, each 1% in premium costs roughly .25% in rate, more at higher coupons, as investors assume a high prepayment speed.
- If these were mortgage revenue bonds, which are typically priced at 100% PSA, premium pricing would be worth close to twice as much.
- Prepayment penalties paid to investors are not permitted, but about what assigning the rights to Second Loan prepayments?
- The blending of excess servicing and 2nd loan prepayments (even with forgiveness) generates a consistent yield.

Second Loan Funding Objectives

- .125% in loan rate per 1% in 2nd loan funding raised.
- Funding is sustainable over the long term. Excess servicing and the rights to the Second Loan can be bundled, sold and recycled into new Second Loans.
 - HFA Investment
 - Direct placement with investors
 - Bond financing (Tax Exempt or Taxable).
 - Can the Bonds qualify for a rating?
 - Rating agency “stress” runs (12% 2nd loan losses annually for 3 years)
 - Residual to the HFA (in present value terms) after Bonds are redeemed in full depends on Second Loan terms (with or without forgiveness).
- GKB Housing Trust (shared residual plan).

Summary

- Expand your loan origination network to include those lenders who wish to retain the servicing rights on their own loans or through the purchase of loans from Correspondent Lenders.
- Create some marketing and branding opportunities with these lender/servicers.
- Use these servicers to enhance your product line and to offer multiple loan rates and assistance options.
- Lower the cost of each Second Loan amount raised, down to .125% per 1%.
- Provide higher levels of assistance 4-6% that currently unavailable in the government market.
- Maximize the profitability per loan, particularly on the Conventional Loans, by considering an ongoing LHC fee in lieu of per loan fees.
- Broaden your loan volume distribution to additional Servicers and Lenders who chose not to participate in existing Bond/TBA Programs by offering Second Loan financing with forgiveness.
- Recycle payoffs on existing Second Loans and blend those payments into LHC's current pricing.

Barry Brooks

From: Buddy <bspillers@mrcdc.com>
Sent: Monday, September 10, 2018 2:51 PM
To: Barry Brooks
Cc: Jennifer Vidrine@hotmail.com; Keith Cunningham; Bradley Sweazy; Jessica Guinn; Na'Tisha Natt
Subject: Re: UPDATE on New Board Member Head

Great. Thanks Barry

Sent from my iPhone

On Sep 10, 2018, at 2:02 PM, Barry Brooks <bbrooks@lhc.la.gov> wrote:

...I've just spoken with Stacy. Unfortunately she has a case of laryngitis and was not able to talk long on the telephone. I am FedEx'ing her the Board Materials this evening. And, she will be at the Board Meetings on Wednesday. I told her we'd do her Swearing-In and Oath of Office. BearB

Barry E. Brooks | *Confidential Assistant to the Executive Director*

LOUISIANA HOUSING CORPORATION

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