LHC staff have been working diligently since our last meeting to advance our regular operations while also briefing the new Administration on the workings of the agency, engaging with our top single family lenders to grow our homeownership program, work with parishes affected by the storms of February 23rd to understand the short-term housing needs of their citizens, and prepare for the upcoming budget discussions and reorganization. Below are highlights of some of those activities that are not included in regular voting matters before the Board.

Staff met with Johnny Anderson, Deputy Chief of Staff to Governor Edwards, on January 15th and February 22nd. The purpose of the meetings was to brief Mr. Anderson on the operations and major projects of the agency. Our primary discussions centered around the need for the Governor’s signature on the letter delegating authority over the management of the Housing Trust Fund to LHC; the reorganization; the need for the Governor’s signature on the next QAP, along with the present priorities of the QAP and the outcomes of the last two rounds; the Governor’s housing priorities; and the LHC’s thoughts on items that we would like to include on our legislative agenda. As a result of these discussions, Mr. Anderson has suggested that the LHC Board Chairman and Interim Executive Director meet with the Governor and key staff to discuss the Governor’s housing policy and the next QAP round.

Additionally, and as a result of the proposed short-term housing solution that was designed by LHC staff, on March 2nd I met with and briefed Matthew Block, the Governor’s Executive Counsel, Julie Baxter Payer, Deputy Chief of Staff for Communications, Legal and Special Projects, and Johnny Anderson to answer any questions and develop a strategy to launch the initiative, pending Board approval. The Governor’s staff complimented the LHC staff on the speed with which we were able to develop a polished program and presentation and asked that we conduct a call with a group of Parish President’s to discuss the initiative. That call took place on Thursday, March 3rd.

In addition to discussions with Parish Presidents in the storm damaged areas, LHC staff also participated in a teleconference with Mayor Randy Roach of Lake Charles to discuss the workforce housing needs of his city. Participants on the call included representatives from the U.S. Department of Housing and Urban Development, the U.S. Department of Energy, the City of Lake Charles, the Office of Community Development-Disaster Recovery Unit, and the LHC. The minutes from the call are attached.
Contract Updates

Since the last board meeting, the Corporation executed the contract with Franklin Associates, LLC to support the administration of the disaster recovery housing programs. The transition of the services from the previous contractor is complete and operations management is successfully underway. Contracts with Property One, Inc. to provide commercial and property management services and Nan McKay and Associates, Inc. to provide construction and compliance monitoring services are still in negotiations. To date, the Corporation has not incurred expenses, nor has work has been performed on the latter two contracts.

Budget Update

Progress continues to be made with managing the agency’s expenses and closing the operating deficit. As of February 29, 2016, the operating deficit is $12,130 (down from more than $820,000 three months ago). It is projected that revenues will exceed expenses this fiscal year.

The Accounting Division sent budget templates to all program directors to update with expenditures and budget projections to prepare the corporation’s budget for the next fiscal year. The division budgets are due to Accounting on March 11, 2016. Due to the pending reorganization, managers have only been asked to project and justify expenses for non-personnel items.

Staffing
On January 1, 2015, the corporation had 136 FTEs. On February 29, 2016, LHC had 109 staff (106 FT and 3 PT). We have recently received a resignation that will bring our full time headcount down to 105 after March 25, 2016.

PBCA Contract Procurement Updates

LHC staff attended the 2016 HFA Institute hosted by NCSHA January 10-15, 2016 in Washington D.C. where staff attended several breakout sessions on the future of the PBCA program. Additionally, staff attended the PBCA Industry Day hosted by HUD in the Ft. Worth HUD Field Office. Details from the NCSHA meetings and Industry Day are as follows:

- The Courts have determined that HUD is soliciting services; therefore, the PBCA program falls under the Federal Acquisition Register (FAR). Procurement is a much more formal process with more regulations; requires a rigid scope of work; and has a stricter schedule of milestones or deliverables. All bids must be treated equally and fairly, and applicants can protest before or after award if they feel they have not
received fair treatment. Solicitations (above $25,000) will be posted on the Federal Business Opportunities website (and possibly HUD’s).

- HUD has engaged Deloitte Consulting to assist it in development of a procurement system for the PBDA program. Deloitte will conduct interviews with a sample of current PBDA, other industry partners, and HUD staff. Deloitte will then present options, constraints, and recommendations to an executive steering committee at HUD.

- HUD is planning to achieve the PBDA Procurement within 18 months. HUD is currently contemplating which functions to include in the bid and if some current PBDA functions will be absorbed by HUD or other contract vehicles. Depending on various factors, including the number of contracts, the evaluation process could take longer. Possible bid protests could delay the process, but HUD will try to minimize these.

- HUD hopes to notify PBDA in a few weeks of the opportunity to amend their contracts to conduct Management and Occupancy Reviews (MOR). HUD’s Office of General Counsel is working on contract amendment language that will hopefully be distributed by the end of the month so PBDA could begin MORs in April.

- HUD is still uncertain on how many procurement opportunities will be available. Due to the many uncertainties that still exist, staff advises that the LHC must be prepared for whatever solicitation may entail and discuss the potential need for outside counsel that is fluent in procurement law. The corporation must ensure that it has the legal authority to operate statewide and be prepared in the event HUD issues solicitations on a larger scale than individual states. Staff is monitoring the Federal Business Opportunities website daily to ensure current SAMS registration will meet the procurement requirements.

**Vendor Contracts**

LHC staff has been carefully managing costs related to professional services in the current fiscal year. As such, we are projecting that we will save more than 35 percent than budgeted for these contracts.

**Executive Order JBE 1605** was released February 14 and asks all state offices, departments, agencies, boards, commissions, and budget units to review professional, personal and consulting contracts to determine the necessity of each, the appropriateness of each contract’s expense, and asks whether savings can be found from reducing or eliminating the contract.
The LHC is preparing a list of all contracts per the Governor’s Executive Order and will supply it to the Division of Administration by the requested due date of Monday, March 14.

**Single Family**
The Louisiana Housing Corporation and Standard Mortgage Corporation, Master Servicer recognized Top Lenders in 2015 with a series of Appreciation Luncheons. During the luncheon LHC and Standard Mortgage expressed appreciation for their partnership and enlisted their feedback on existing programs and ideas on future programs. Additional lender luncheons will be scheduled in the upcoming months. A summary report of feedback and proposed recommendations is attached to this report.

Appreciation Luncheons held to date:
- Gulf Coast Bank January 20, 2016
- Fidelity/NOLA January 21, 2016
- Red River Bank January 28, 2016
- Fairway Independent February 10, 2016

**Update on PHA Outreach Efforts**
In January the Single Family (SF) team launched an educational outreach campaign to all PHAs in Louisiana. By means of the outreach calls, SF staff educated PHA staff about our single family program and products, offered to provide presentations, program materials and connections to homebuyer counseling agencies within their area to assist those families with transitioning into homeownership. A detailed update is attached to this report.

**Federal Government Updates**

*National Disaster Resilience Competition*
The U.S. Department of Housing and Urban Development announced on Friday, January 22nd the award of $92 million to implement two coastal resilience-building projects in Louisiana. In addition to the state's award, the City of New Orleans was awarded an additional $141 million in the NDRC competition, to bring the total amount awarded to Louisiana projects to more than $230 million. In all, HUD awarded $1 billion through the NDRC to 13 states/communities for resilient infrastructure and housing projects nationwide.

*Tax Extenders Legislation*
On December 18, 2015, President Obama signed the Omnibus Spending and Tax Bill. The legislation enacts several affordable housing priorities and specifically makes permanent the 9% minimum Housing Credit Rate to any new building that is not federally subsidized and which is placed in service after December 18, 2015.
On January 28, 2016, LHC staff emailed a memorandum to the development community regarding the handling of the newly approved permanent 9% credit rate. A copy of the memo is attached.

**Staff Training and Conferences**

*Continuum of Care Rental Assistance Training*
LHC's staff held the *LA PSH – Sharpening Your Skills* training and workshop January 20-21, 2016 at LHC. The training provided a two day overview of the CoC program rental assistance, including how to perform rent calculations, rent reasonableness and quality control file reviews.

*Council of State Community Development Agencies Program Managers Training Conference*
LHC's staff will attend the 2016 *Program Manager Training Conference for States: Community Development Housing and Homelessness* in Washington D.C. March 14-15, 2016. The conference covered three subject tracts- Homelessness, Housing and Community Development. Staff from LHC's Louisiana Housing Authority will be speaking on ending homelessness in Louisiana.

*State Housing and Homeless Conference*
LHC's staff will participate in the 2016 *State Housing and Homeless Conference* hosted by the Capital Area Alliance for the Homeless and Louisiana Housing Alliance. The conference will be held in downtown Baton Rouge at the Hilton on April 13 – 15, 2016.

*Economic Development Financial Professionals Certification Series*
LHC's staff along with staff from the Office of Community Development Disaster Recovery Unit, participated in the 2nd course out of 4 week-long series. The courses provided by the National Development Council, are part of the Economic Development Financial Professionals Certification Series spread out over several months. The courses are held at LHC and funded by OCD-DRU.

*Intro to Bond Finance Webinar*
LHC's staff participated in a two day webinar hosted by the Council of Development Finance Agencies February 24 -25, 2016. The Intro to Bond Finance course covered bond financing, the basis of bond finance, the partners involved and an overview of tax-exempt bonds.

**Housing Counseling Grant**
LHC will apply for the HUD Housing Counseling Grant which is due April 4. The grant would fund the LHC's Homeownership Education Counseling Program which helps potential buyers understand the rights, privileges and responsibilities of homeownership.
Calendar

- 03/01/16 – Homeless Working Group Quarterly Meeting
- 03/15/16 – LAAHP Monthly Meeting
- 03/23/16 – Technical Assistance Cooperative Training
- 04/20/16 – National Municipal Bond Summit

Funding Notices

- Project Based Rental Assistance (811 PRA) Owner Solicitation open until all units are under contract.
- Project Based Voucher Program – Permanent Supportive Housing open until all project based vouchers are allocated.
SWLA Regional Partnership

HUD Briefing Minutes

March 1, 2016

Attendees:
Kate Dykgraaf, Earl Randall, Randy Roach, Karen Atkinson, Eligha Guillory, Brenda Evans, Michelle Thomas, Niambi Jarvis, Michelle Hank, Esther Vincent, Adrienne Celestine

The purpose of the meeting is to discuss housing issues raised during August 2015 SWLA Regional Partnership Interagency Meeting in Lake Charles, Louisiana.

I. Housing Need Overview by Mayor Roach

- Mega energy development projects in SWLA has resulted in a projected 18-20,000 workers who will be in need of housing.
- The Go Group, a local collaboration of public and private sector leaders has monitored the need.
- A housing study identified a lack of affordable housing. Residents need access to housing below $150K.
  - Rents are being raised because new workers are provided with a per diem by the project owners. They can afford the high rents and this is compounding the issue of rising rents.
  - No one is interested in using their properties for Section 8. There is a very long wait list for Section 8 housing.
- The Alliance contracted with CSRS to produce the housing study.
  - **Action Item:** Eligha Guillory will forward the links to the housing study/data.
- Earl Randall suggested that the SWLA Regional Partnership look at developing a home ownership conversion pilot with residents who may have vouchers but are ready to move into home ownership.
  - Through a home owner conversion pilot, we should be able to identify developers who would be open to developing affordable housing
  - Earl referenced a “piggy back” program and the Mount Pleasant developer in Monroe and Cato
- Brenda Evans asked how many affordable housing units are needed
- Mayor Roach stated the city is looking to work with the Lake Charles Housing Authority’s non-profit arm to create some affordable housing and a revolving loan program.
  - Examples: Habitat and Project Build a Future—built 60 homes
    - Used DBEs to build housing
    - Requires a pool of funding and administrative support in order to launch an effective project to support SWLA’s current needs
• Niambi asked if the Housing SMEs would be willing to speak with the NRN Assessment Team
  o Kate Dykgraaf agreed that the National Resource Network should be a part of the affordable housing solution development.
  o Inquired about national financing tools
• Brenda Evans reported that the low income tax credit was 9%. Home funds for development and mortgage revenue bonds was 4%.
• Earl Randall suggested that a Housing Summit be coordinated. Mayor Roach invited HUD representatives to attend the upcoming NRN onsite assessment scheduled for the end of March.
  o **Action Item:** Eligha Guillory will forward the NRN invite to the call attendees.
• Eligha Guillory inquired about the communications programming with low income housing. Connect Home pilot was launched in Baton Rouge and New Orleans. 28 communities across the country are participating. ConnectHome has partnered with public housing authorities to provide internet service for $9.95/month.
  o Earl will enter Lake Charles into program upon conclusion on pilot. 8 months remain on the pilot.
  o In the meantime, the City and HUD can work on what needs to be in place to allow residents to participate.
• Esther Vincent requested copy of competitive grant calendar.
  o **Action Item:** LA Housing Corporation will send calendar of grant opportunities.

*Attendee Contact Info*

Karen Atkinson: [Karen.atkinson@hq.doe.gov](mailto:Karen.atkinson@hq.doe.gov)
Niambi Jarvis: [niambi.jarvis@hq.doe.gov](mailto:niambi.jarvis@hq.doe.gov)
Michelle Hank: [michelle.hank@hq.doe.gov](mailto:michelle.hank@hq.doe.gov)
Mayor Randy Roach: [randy.roach@cityoflc.us](mailto:randy.roach@cityoflc.us)
Eligha Guillory: [eligha.guillory@cityoflc.us](mailto:eligha.guillory@cityoflc.us)
Kathryn C Dykgraaf: [Kathryn.C.Dykgraaf@hud.gov](mailto:Kathryn.C.Dykgraaf@hud.gov)
Earl Randall: [earl.randall@hud.gov](mailto:earl.randall@hud.gov)
Michelle Thomas: [mthomas@lhc.la.gov](mailto:mthomas@lhc.la.gov)
Adrienne Celestine: [Adrienne.celestine@la.gov](mailto:Adrienne.celestine@la.gov)
## LOUISIANA HOUSING CORPORATION

### Fiscal Year Ending June 30, 2015 Operating Budget

### Operating Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 15/16 Budget</th>
<th>FY 15/16 Quarter 2 Actual</th>
<th>Projected Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment/Interest Income</td>
<td>1,010,000</td>
<td>500,657</td>
<td>778,870</td>
</tr>
<tr>
<td>Single Family Programs</td>
<td>592,877</td>
<td>462,419</td>
<td>713,267</td>
</tr>
<tr>
<td>Single Family Issuer Fees</td>
<td>2,412,826</td>
<td>1,031,951</td>
<td>2,507,271</td>
</tr>
<tr>
<td>HUD Disposition Program Income</td>
<td>1,675,521</td>
<td>1,024,850</td>
<td>1,876,891</td>
</tr>
<tr>
<td>Multi Family LIHTC Fees, M2M &amp; Risk Sharing</td>
<td>2,639,250</td>
<td>1,519,382</td>
<td>1,636,319</td>
</tr>
<tr>
<td>Section 8, Contract Administration</td>
<td>2,773,361</td>
<td>1,874,947</td>
<td>2,851,278</td>
</tr>
<tr>
<td>Multi Family Issuer Fees and MF MRB Application Fees</td>
<td>331,132</td>
<td>266,711</td>
<td>338,821</td>
</tr>
<tr>
<td>Compliance Monitoring LIHTC</td>
<td>250,720</td>
<td>221,419</td>
<td>222,419</td>
</tr>
<tr>
<td>Energy Programs (LIHEAP &amp; WAP)</td>
<td>1,313,452</td>
<td>439,761</td>
<td>591,805</td>
</tr>
<tr>
<td>Home Fees (Agency Admin Fees, Analysis, Appl, and MS)</td>
<td>407,249</td>
<td>258,100</td>
<td>447,249</td>
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<tr>
<td>Sustainable Housing</td>
<td>1,116,721</td>
<td>435,126</td>
<td>758,756</td>
</tr>
<tr>
<td>LA Housing Authority/Supportive Housing</td>
<td>1,323,312</td>
<td>1,257,174</td>
<td>1,924,465</td>
</tr>
<tr>
<td>CDBG-Technology Income</td>
<td>495,000</td>
<td>-</td>
<td>495,000</td>
</tr>
<tr>
<td>CDBG Rebuilding-NRPP</td>
<td>344,150</td>
<td>(20,000)</td>
<td>232,609</td>
</tr>
<tr>
<td>Homebuyer Counseling</td>
<td>60,143</td>
<td>27,052</td>
<td>56,342</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>-</td>
<td>12,459</td>
<td>12,459</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>16,745,914</strong></td>
<td><strong>9,312,007</strong></td>
<td><strong>15,445,721</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 15/16 Budget</th>
<th>FY 15/16 Quarter 2 Actual</th>
<th>Projected Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>11,439,321</td>
<td>6,989,603</td>
<td>9,920,425</td>
</tr>
<tr>
<td>Travel &amp; Training</td>
<td>332,257</td>
<td>78,849</td>
<td>113,305</td>
</tr>
<tr>
<td>Operating Services</td>
<td>954,233</td>
<td>869,167</td>
<td>1,296,424</td>
</tr>
<tr>
<td>Building Bond Interest</td>
<td>38,275</td>
<td>-</td>
<td>38,275</td>
</tr>
<tr>
<td>Building Expenses</td>
<td>373,297</td>
<td>202,305</td>
<td>301,393</td>
</tr>
<tr>
<td>Supplies</td>
<td>118,400</td>
<td>35,486</td>
<td>52,189</td>
</tr>
<tr>
<td>Auditing</td>
<td>244,515</td>
<td>181,354</td>
<td>275,300</td>
</tr>
<tr>
<td>Legal Services</td>
<td>52,334</td>
<td>18,904</td>
<td>28,476</td>
</tr>
<tr>
<td>Professional Services</td>
<td>2,240,639</td>
<td>940,972</td>
<td>1,407,477</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>15,833,269</strong></td>
<td><strong>9,314,720</strong></td>
<td><strong>13,433,564</strong></td>
</tr>
</tbody>
</table>

### Excess Revenue Over Expenses From Operations

- 912,645

### Capital Expenditures

- 9,418

### Net Excess Revenue Over Expenses

- 912,645
Background and Objective

The Louisiana Housing Corporation and Standard Mortgage Corporation, Master Servicer recognized top lenders in 2015 with a series of appreciation luncheons. During the luncheons, LHC and Standard Mortgage expressed appreciation for their partnership and enlisted feedback from the top lenders on existing programs and concepts on future programs. The purpose of this report is to summarize all feedback and proposed recommendations on new and existing single family products offered at LHC.

Gulf Coast Bank

<table>
<thead>
<tr>
<th>2014 Calendar Year Production</th>
<th>2015 Calendar Year Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>41 originated loans - $5,508,561</td>
<td>32 originated loans - $4,481,399.86</td>
</tr>
</tbody>
</table>

↓ 22% decrease in loan origination activity in 2015

Summary

The LHC Housing Production team is wonderful and very helpful. There are no issues with Standard’s performance, compliance or getting the loans purchased by Standard. **Gulf Coast’s primary challenge is the loan officers simply learning and becoming familiar with the products.** Some believe the bond loans are too much work. LHC can provide informational flyers to new originators. Design point of sell brochure. Create a Freddie product, to get more loans approved. Design side-by-side matrix comparing 75/25 to other popular mortgage products such as FHA and My Community. LHC can offer train the trainer workshops. Perhaps LHC staff can attend sales meeting. Attend sales meeting in the Baton Rouge and New Orleans Office. LHC can store list of programs, marketing materials, product matrix on Gulf Coast's internal intranet system. Avoid hosting large meetings that take loan officers away from originating loans. Smaller settings or web-based training is preferred and more effective. Homebuyer training is a good program that is free and web-based.

"**Consider offering a lower the rate. 4.5% with no origination fee is a good rate.**"

Profit margins are not enough to get the deals to the table. Extensive documentation, resubmission of information is more work for less margin. For instance: EBR is 2.5%, CAFA - 2.5% and LHC - 2%. A big competitor is DSLD Homebuilders. DSLD has its own mortgage product. Customers are offered up to 5% closing cost assistance if remain with DSLD for the financing. Customers offered up to 4% from DSLD if they decide to stay with Gulf Coast. LHC should speak with HUD about the DU denial if "government assistance" is selected in the drop down menu. It's automatically referred/denied. However, when gift from relative is selected in the system, it is approved.
A 75/25 program option will be sellable in the market if both rates and the combined payments are competitive.

"I can sell anything if I can beat the payment".

When comparing FHA vs. My Community, My Community offers lower mortgage insurance requiring only 18% coverage. The My Community rate is a little higher, but 3% down payment from a relative is permissible. A major difference is My Community is limited to first-time homebuyers. Gulf Coast is a community bank with a CRA rating and does not have direct interface with the CRA officer. Information is pulled in the back ground. FANO has an exceptional product that is limited to Orleans Parish. The product is finance through U.S. Bank and is Ginnie Mae and Fannie Mae approved. FANO does 2.5% on the bank-end.

<table>
<thead>
<tr>
<th>Fidelity/NOLA</th>
<th>Meeting: January 21, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Calendar Year Production</td>
<td>2015 Calendar Year Production</td>
</tr>
<tr>
<td>40 originated loans - $5,044,753</td>
<td>73 originated loans - $10,711,666.60</td>
</tr>
</tbody>
</table>

↑ 83% increase in loan origination activity in 2015

Summary

Communication with the LHC Housing Production team is excellent. Fidelity's biggest obstacle is loan officers lack of education about the products and file flow with internal operations. Standard's turnaround time to review files for suspense is approximately 27 days. This time is extensive and shortens the timeframe for Fidelity to provide the information. Standard will coordinate a face-to-face meeting the operations staff at Fidelity. Origination process works well; however, the timeline is short when locking/reserving the loans. Fidelity is racing against the clock with a short window of time to get everything done. At times, there are program changes, guidelines, updates have only been communicated to the originators. Would be helpful to inform the operations department. It is difficult when information is shared second hand or on the back-end of the process. Suggest email blast include operation staff in addition to the loan officers. In the past, Fidelity has experienced changes to programs mid-stream with very little notice (i.e. additional documentation requirements).

"Providing a LHC Scorecard will be valuable to Fidelity/NOLA".

The government program doesn't allow two - units on the origination side. Fitting the products into Fidelity/NOLA's process is a challenge such as the two touch underwriting systems and lock times. Lower credit scores is another challenge. Most are under 640 but the average is 670.
The City of Lafayette has a 75/25 mortgage product with a hard second loan. The average rate is around 7% to 8%. The first is sold to a servicer and second is serviced in-house. The primary lenders used are LHC, Jefferson Parish, FANO, CAFA and Capital Advantage.

The down payment assistance offered is sufficient. Most originators push for the least amount out of pocket for the borrower. If the borrower has money for a down payment, the originator will push for the lower rate option.

"Consider more than one option for DPA such as a 3% or a 4% option".

<table>
<thead>
<tr>
<th>Red River Bank</th>
<th>Meeting: January 28, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2014 Calendar Year Production</strong></td>
<td><strong>2015 Calendar Year Production</strong></td>
</tr>
<tr>
<td>21 originated loans - $2,242,630.82</td>
<td>17 originated loans - $1,783,030.17</td>
</tr>
</tbody>
</table>

↓ 19% decrease in loan origination activity in 2015

Summary

The room and table arrangement for this meeting presented communication challenges that made it difficult to hear during the discussion. The Red River team is highly interested in the tiered approach for down payment assistance. Additional training opportunities are welcomed for new employees that are less familiar with LHC's products and services.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2014 Calendar Year Production</strong></td>
<td><strong>2015 Calendar Year Production</strong></td>
</tr>
<tr>
<td>47 originated loans - $6,301,390.34</td>
<td>36 originated loans - $4,777,278.21</td>
</tr>
</tbody>
</table>

↓ 23% decrease in loan origination activity in 2015

Summary

The LHC Housing Production team is great to work with. The new LHC products are remarkable. With the necessary approvals, LHC can market products and provide marketing resources on their internal intranet system. The reservation process can be cumbersome. It is like locking into three different systems. At times there are login issues, but this does not discourage Fairway from doing the loans. When compared to another lender such as NHF, their process automatically confirms the wire gift letter. The closing reservation and wire is done in one application. This process is done in HDS.

"LHC is the ONLY HFA product used by Fairway in Louisiana".
Fairway's top loan officers are located in Shreveport, LA. Loan officers in Leesville, LA are asking for LHC products as well. The Prairieville office is mainly for the Operations Center (10 staff) for the LA region. They handle funds wiring, reservations, and post-closing. **Loan officers are not getting daily interest rates via email. Loan officers are going to LHC's website daily to view rates.** Opportunity exists for LHC to capitalize on the market share covered by NHF in the LA area. Standard Mortgage has received some inquiries about servicing their market as well.

"**Major competitor NHF is pulling out of the loan servicing business completely**".

Fairway's origination production decreased by 23% from 2014 to 2015. Standard's purchasing process is a big challenge. They are notifying the main office in Plano, TX approximately 30-35 days after closing. This is a big time constraint for Fairway. It is difficult to go back and beg borrowers for information and signatures after the closing has occurred. This is costing Fairway 2-3 extensions on the back end and impacting the company's profit margin. There are typically 30-60 conditions on the list. Most are considered non-critical. Fairway does not have these issues with other lenders. Fairway and Standard's funding team will coordinate a meeting to resolve. Next approach is to determine a venue with Fairway and Standard's post-closing team with a webinar to include the Plano staff.

"**Standard will target to get first set of conditionals within 7 days of loan closing**".

Fairway Operations Team recently had a conference call with leadership out of Plano, due to concerns of LHC loans sitting in the pipeline over 30 plus days because they haven't been purchased. If it were up to the loans officers, they would do LHC loans all day. They love the products. It's the goal of the company to keep the loan officers happy. Some loan officers have said, if they are asked to beg homeowners for documents 45 days after a closing, they will no longer originate the products. Across the board, loans are sitting 65 days in Fairway's pipeline before they are sold.

"**Fairway's Operations staff have informed loan officers to slow down on the origination of LHC products until the back log of loans in the pipeline are cleared**".

A 75/25 program option will be sellable to potential homebuyers as long as we can find a place to sell the product on the back-end. Operations do not favor soft second mortgage because it requires two closing and separate documents to manage. Repayment terms will be important. Perhaps a variable rate based on the DPA amount and credit score. Consider the risk based approach.

Definitely consider an origination fee for a lower rate. It gives the lender credit. Offer it as a discount if the seller agrees to pay the fee to giver the borrower the lower rate. Pay higher discount to get rate even down further.
Update on PHA Outreach

In January the Single Family (SF) team launched an educational outreach campaign to all PHAs in Louisiana. By means of the outreach calls, SF staff educated PHA staff about our single family program and products, offered to provide presentations, program materials and connections to homebuyer counseling agencies within their area to assist those families with transitioning into homeownership.

- Discussion during November’s Board of Director’s meeting regarding HUD OIG’s report and the practice of over-income families residing in public housing in Louisiana.

- LHC prepared a brief of LHC Investments in Public Housing Authorities.
- LHC Single Family team launched an outreach campaign to all PHAs in Louisiana.
- Michelle Thomas, Interim Executive Director mailed letters to all PHA directors.

- 88 single family marketing packets mailed.
- Included in the packets: Cover letter from Brenda Evans, SF Flyer, list of HUD approved homebuyer counseling agencies and brochure highlighting other programs and services offered at LHC.

Results of Outreach Efforts to 159 PHAs Statewide:

<table>
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<tr>
<th>HFA Offers Homeownership Program</th>
<th>Requested Training</th>
<th>Introduce Homebuyer Counselors</th>
<th>Requested Single Family Flyers from LHC</th>
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<td>8%</td>
<td>25%</td>
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<td>55%</td>
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Results of Outreach Efforts to 13 LHC-Sponsored PHAs:

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<th>Introduce Homebuyer Counselors</th>
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