



Louisiana Housing Corporation

The following resolution was offered by Board Member Willie Spears and seconded by Board Member Dr. Daryl V. Burckel:

RESOLUTION

A resolution to authorize and direct the Finance Team of Louisiana Housing Corporation to implement the Freddie Mac HFA Advantage Program providing homeownership financing and/or refinancing program; and providing for other matters in connection therewith.

WHEREAS, the Louisiana Housing Corporation ("LHC" or "Corporation") was created by and pursuant to the Louisiana Housing Corporation Act contained in Chapter 3-G of the Louisiana Revised Statutes of 1950, as amended (R.S. 40:600.86 through R.S. 40:600.111); and

WHEREAS, the Corporation 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 of Directors of the Louisiana Housing Corporation, acting as the governing authority of the Corporation, that:

SECTION 1. The Corporation's Finance Team is hereby authorized and directed to implement the Freddie Mac HFA Advantage Program 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's staff, Financing Team and/or Corporation's Counsel are authorized and directed to prepare any documents, agreements and take appropriate actions, as may be necessary, to implement the Freddie Mac HFA Advantage Program as are consistent with the provisions of this resolution.

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

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

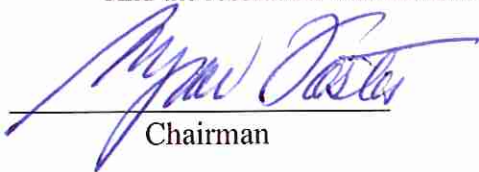
YEAS: Mayson H. Foster, Ellen M. Lee, Michael L. Airhart, Dr. Daryl V. Burckel, Willie Spears.

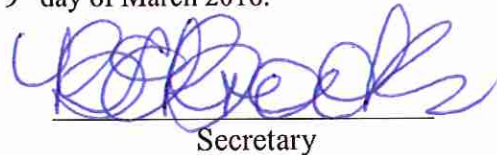
NAYS: None.

ABSENT: Larry Ferdinand, John N. Kennedy, Matthew P. Ritchie, Guy T. Williams, Jr.

ABSTAIN: None.

And the resolution was declared adopted on this, the 9th day of March 2016.


Chairman

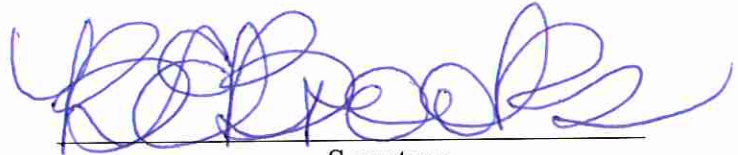

Secretary

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 March 9, 2016 titled: "A resolution to authorize and direct the Finance Team of Louisiana Housing Corporation to implement the Freddie Mac HFA Advantage Program providing 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 9th day of March, 2016.



Secretary

(SEAL)

MEMORANDUM

Exhibit A

TO: Michelle Thomas
Interim Executive Director, Louisiana Housing Corporation

FROM: Marc Paskulin, Larry Englande

CC: Brenda Evans, Gordon King

DATE: December 7, 2015

SUBJ: **Adding Freddie Mac to the LHC TBA Conventional Loan Program**

Executive Summary: Adding Freddie Mac mortgage backed securities or access to the Freddie Mac Cash Window will provide an additional source of funding under LHC’s TBA Conventional Loan Program. Allowing lenders to retain servicing and improved pricing for CRA qualified loans are two important enhancements. When Fannie Mae and Freddie Mac compete with each other for HFA loans, good things happen!

In January, 2015, Freddie Mac introduced *HFA Advantage*, a program specifically designed for housing finance agencies (“HFAs”) and with loan products, loan underwriting and pricing concessions similar to Fannie Mae’s *HFA Preferred* program.

	Fannie Mae HFA Preferred	Freddie Mac HFA Advantage
Loan Product	<i>Home Ready</i> (up to 97%)	<i>Home Possible</i> (up to 97%)
HFA Assistance permitted	Grants or Community 2 nd Loans	Grants or Affordable 2nds
Underwriting Decisions	<i>Desktop Underwriter</i>	<i>Loan Prospector</i>
Guarantee Fee	Reduced (45 basis points)	Reduced (45 basis points)
Delivery Fees	Waived	Waived

Other State HFAs have recently added the Freddie Mac *HFA Advantage* to their respective TBA Conventional Loan Programs. GKB recommends LHC do the same for the following reasons:

- Some Louisiana lenders are only approved by and sell loans to Freddie Mac.
- Some Lenders prefer *Home Possible* and *Loan Prospector* to Fannie Mae’s *Home Ready* and *DU*.
- Freddie Mac has pledged to increase the price paid at its Cash Window if the LHC loan qualifies under CRA guidelines – borrower earns up to 80% of the parish median income or if the property is located in a low and moderate income census tract.
- Freddie Mac will consider allowing LHC approved lenders to service their own loans. Currently, Fannie Mae only allows US Bank and Standard Mortgage.
- Freddie Mac will purchase Fannie Mae *Home Ready* loans and accept *DU* underwriting decisions – Fannie Mae does not accept Freddie Mac loans.
- Freddie Mac has pledged to match Fannie Mae pricing and increase the price paid for any loans that qualifies for Community Reinvestment Act guidelines – borrowers earning up to 80% of the area median income or if the property is located in a qualified census tract. The additional markup would be added to the per loan fee paid to LHC.