

STATE OF TEXAS

HOUSING FINANCE CORPORATION
MEETING MINUTES

COUNTY OF COLLIN

APRIL 23, 2012

On Monday, April 23, 2012, the Housing Finance Corporation of Collin County, Texas, met in Regular Session in the Commissioners' Courtroom, Jack Hatchell Collin County Administration Building, 4th Floor, 2300 Bloomdale Road, City of McKinney, Texas, with the following members present, and participating, to wit:

President Keith Self
Director Matt Shaheen, Precinct 1
Director Cheryl Williams, Precinct 2
Director Joe Jaynes, Precinct 3
Director Duncan Webb, Precinct 4

1. President Self called to order the meeting of the Collin County Housing Finance Corporation at 2:07 p.m.

GENERAL DISCUSSION

2. **AI-35109** Redemption of Series 2002A Bonds and other matters related thereto, Administrative Services.

Robert Johnson, First Southwest, had a Power Point entitled Redemption of the 2002A Program and Mortgage Credit Certificate Program. Mr. Johnson started with a history of the program dating back to the late 90's. In 2002 the HFC issued \$12 million worth of bonds and assisted first time homebuyers in Collin County. The bonds can now be redeemed. The Commissioners can eliminate them off their books. In 2002 the bond rate was 5.76%. Currently there are \$1.2 million in bonds outstanding. The bonds can be redeemed in full and the Corporation will receive any excess funds after costs. The estimated cash release to the Corporation is \$20,000.

The next step would be to take a formal vote to redeem the 2002A bonds with an anticipated closing date of April 26, 2012. Bracewell and Giuliani would be the bond counsel firm representing the Corporation with respect to this matter. Director Webb made a motion to approve. (Time: 2:11 p.m.)

Motion by: Director Duncan Webb
Second by: Director Matt Shaheen
Vote: 5 – 0 Passed

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3. AI-35110 Authorization of 2012 Mortgage Credit Certificate program and other matters related thereto, Administrative Services.

Mr. Johnson remained at the podium. The Mortgage Credit Certificate (MCC) Program provides an annual non-refundable tax credit of up to \$2,000 to a homebuyer as long as they live in the property and have a mortgage. The annual credit is calculated by taking the annual interest paid on the mortgage loan and multiplying it by 35%. An MCC reduces the amount of federal income tax a homeowner pays. Mr. Johnson stated the Housing Finance Corporation can issue single family mortgage revenue bonds and exchange tax exempt mortgage revenue bond authority and get mortgage credit certificates from the Bond Review Board and give a tax credit to qualified first time homebuyers in Collin County.

The FHA allows the credit to be used for purposes of qualifying for a mortgage. It has the potential of saving a homebuyer thousands of dollars over the life of their mortgage, not to exceed \$2,000 per year. It is not a one-time credit; it's good every year as long as the homebuyer is in the house. A homebuyer has to fill out IRS Form 8396 to claim the tax credit on their annual income tax return. The tax credit may be used by a lender to assist the homebuyer in qualifying for a mortgage loan.

Mr. Johnson said if the Corporation wanted to proceed, they would need to publish a notice in a paper of wide circulation and they cannot issue their first MCC until after that's been in the paper for 90 days. Mr. Johnson would suggest utilization of \$15 million of Private Activity Bond Cap. Based on usage of \$15 million of Private Activity Bond Cap and an MCC tax credit of 35%, the MCC Program will support \$10.7 million in mortgage loan origination.

To qualify, you must be a first time homebuyer. You cannot have owned a home in the last three years, unless you are a qualified veteran. Eligible homebuyers must qualify for a loan. Maximum income limits are \$70,100 for families of two or less and \$80,615 for families of three or more. Maximum sales price is \$247,032. The 2012 Collin County MCC Program would end either at full utilization or December 31, 2014, whichever comes first.

The responsibilities of the Housing Finance Corporation are \$10,000 to pay for publication fees, legal costs and Texas Bond Review Board application and closing fees. First Southwest would assist in the marketing program. People can learn about this by visiting the County's website. Bracewell and Giuliani will do all the legal work.

The next steps would be to vote to approve the MCC Program and to vote for the specific amount of \$15 million. First Southwest and Bracewell and Giuliani would complete and post the required 90-day program notice in the paper, apply and receive MCC authority from Bond Review Board and complete documentation. The first loan could not be closed until the beginning of August. First Southwest would want to link a fact sheet to the Collin County website.

Mr. Johnson summarized his presentation and answered questions from the Directors. Director Shaheen asked why we would take this action and incur the cost of \$10,000 if this is a program a citizen can take advantage of without County involvement. Mr. Johnson said it's primarily to have a Collin County label on it. First Southwest administers quite a few of these local Housing Finance Corporations across the state. It elevates people's awareness when they can associate it with an area where they're going to move. Director Jaynes did not think first time homebuyers would be tuned into the Texas program. The corporation is getting \$20,000 and this program will cost \$10,000. Jeff May, County Auditor, said the HFC balance is \$967,000 and it's restricted to this purpose. Following discussion, Director Jaynes made a motion to approve the program and the \$15 million.

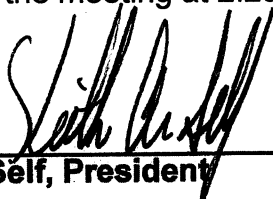
Bill Bilyeu, Administrative Services, said by way of clarification, First Southwest will be administering the program and Bracewell and Giuliani will be legal counsel.
(Time: 2:29 p.m.)

Motion by: Director Joe Jaynes
Second by: Director Cheryl Williams
Vote: 4 – 1 Passed
Voted No: Director Matt Shaheen

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EXECUTIVE SESSION

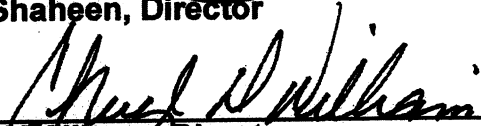
The Board of Directors did not recess into Executive Session. There being no further business of the Board, President Self adjourned the meeting at 2:29 p.m.



Keith Self, President



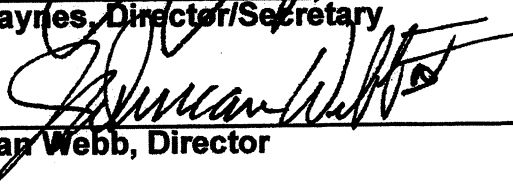
Matt Shaheen, Director



Cheryl Williams, Director



Joe Jaynes, Director/Secretary



Duncan Webb, Director