

BREVARD COUNTY
HOUSING FINANCE AUTHORITY

4420 South Washington Avenue
Titusville, Florida 32780
(321) 264-0334 Phone
(321) 269-6840 Fax

MEMORANDUM

TO: Members of the Brevard County Housing Finance Authority

FROM: Angela A. Abbott, Esquire

DATE: February 2, 2017

RE: 2017 Single Family TBA / MCC Program
Participation in Florida Hardest Hit Fund Downpayment Assistance (“HHF DPA”)

Florida ALHFA is working with the Florida Housing Finance Corporation (“FHFC”) to develop a Memorandum of Understanding (“MOU”) regarding the use of HHF DPA funds by local HFA’s. Attached is a draft of the MOU, along with comments from various local HFA’s.

The counties eligible to participate are: Brevard, Orange, Hillsborough, Pinellas, Pasco, Osceola and Duval. The terms for participation are as follows:

1. Borrowers under the Authority’s TBA/MCC program may receive up to \$15,000 from the HHF program for DPA, which will be secured by a second mortgage to FHFC that is forgivable over a 5 year period;
2. The terms of the first mortgage loan under the local program must be the same as the FHFC first mortgage loan program, which has been a higher mortgage rate than locals have been offering;
3. The local HFA’s may also offer MCC’s to their borrowers, which FHFC does not offer.
4. It is anticipated that FHFC will fund the DPA loans directly and will hold the second mortgages in its name.
5. The Authority will retain the GNMA settlement profits on the first mortgage loans.

As we have discussed, the FHFC HHF DPA program has had a negative impact on the Authority’s TBA program since most borrowers select a \$15,000 grant over a \$10,000 loan for DPA, even if the mortgage interest rate is higher. The issue before the Authority is whether to authorize the execution of the MOU with FHFC to allow participation in the HHF DPA program.

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