

**BREVARD COUNTY
HOUSING FINANCE AUTHORITY**

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TO: Members of the Brevard County Housing Finance Authority

FROM: Angela A. Abbott, Esquire

DATE: December 13, 2017

RE: 2012-2017 TBA/MCC Program Status Report

Since the Authority's last meeting on October 12, 2017, there has been one additional loan, which included a grant under the Harder Hit Fund. Also, two second mortgages paid off.

The following is the status of the referenced program as of November 30, 2017:

Closed loans:

First mortgages:	50 Loans:	\$6,213,607.00
Second mortgage/DPA loans:	49 Loans funded:	\$ 490,000.0 (\$10,000.00/loan)
	43 Active Loans:	\$ 430,000.00
	6 Paid Loans:	\$ 60,000.00
	0 Foreclosed Loans:	\$ 0
	0 Loans in foreclosure:	\$ 0

Pending loan: One loan reserved using Hardest Hit Funds grant in conjunction with the HFA first mortgage of \$108,058.

Florida Housing Finance Corporation is expected run out of Hardest Hit Funds ("HHF") by next week. However, there are still funds remaining of the \$8 million of HHF allocated to local HFA's. Attached is an excerpt from an email from Mark Hendrickson regarding the expected impact this will have on the loan program.

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Angela A. Abbott
Attorney/Administrator

Florida Housing allocated \$8 million of DPA funds from their Hardest Hit Fund resources — for use by local HFA’s. There has been very little use of these funds by lenders, because so long as FHFC has money, they can go to one “portal” and reserve both the first mortgage and the DPA. If they use a local HFA first mortgage, they would have to reserve each loan in different systems.

However, FHFC is expected to run out of their HHF DPA funds within one week. This means that for lenders to get more HHF DPA (\$15,000 forgivable loan; i.e. free money to borrower if they stay in their home five years), they will have to use local HFA first mortgage financing. Sue Denihan expects a major run on local HFA first mortgages—as much as \$8 million per day. It is important to note that the three largest counties in terms of FHFC loan origination are Duval, Hillsborough and Brevard—all in our program.

At \$150,000 per first mortgage, there would be enough DPA to last through 533 loans—or \$79.95 million. Sue Denihan believes that we could see volume of over \$10 million of first mortgages per day. To handle this, we need to take action steps to handle the volume, including increasing the amount of HHF first mortgages that we will allow lenders to reserve, and entering into many more hedges (possibly more than one per day) to eliminate interest rate risk. This is all worthwhile because in addition to serving our home buyers, at the current FHFC mandated interest rate of 4.75%, the current profit per loan is 3.39%. For \$79.95 million of loans, that would produce profit of \$2.7 million. While Hillsborough wouldn’t receive the majority of it, we would receive significant financial benefit. The HHF funds are first-come first-served, and some origination would take place in other counties—but most should take place within our program.