

**BREVARD COUNTY
HOUSING FINANCE AUTHORITY**

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TO: Members of the Brevard County Housing Finance Authority

FROM: Angela A. Abbott, Esquire

DATE: September 15, 2020

RE: 2012-2020 TBA/MCC Program

The current Mortgage Credit Certificate (MCC) program will end on December 31, 2020. In order to continue the availability of MCC's to borrowers under the TBA program in 2021 and 2022, the following steps must be taken:

1. Hold a TEFRA (public) hearing;
2. Obtain Brevard County Commission approval of TEFRA hearing;
3. Apply to the Florida Division of Bond Finance for private activity bond allocation of \$40,000,000;
4. Convert \$40,000,000 allocation to \$10,000,000 in MCC authorization; and,
5. Publish Notice of Intent to establish the MCC program.

Since January, 2015, the following MCC's were issued:

<u>Loan no.</u>	<u>Date</u>	<u>Lender</u>	<u>1st mortgage</u>	<u>MCC</u>
3039998	10/13/17	Embrace	\$117,521.00	\$ 58,760.50
3021498	10/17/17	Embrace	\$108,058.00	\$ 54,029.00
3034198	08/09/18	Embrace	\$109,076.00	\$ 54,538.00
3040273	05/01/19	Embrace	\$151,210.00	\$ 75,605.00
3040773	05/22/19	Embrace	\$155,138.00	<u>\$ 77,569.00</u>
			Total MCC's:	\$320,501.50

If allocation is available from the state pool in November, there will be no impact on the regional allocation pool, which is approximately \$57,000,000 per year for Brevard and Volusia Counties. Given the lack of utilization of the MCC program, I would not recommend applying to the regional allocation pool, which may be needed for multifamily projects.

MCC Memo
September 15, 2020
Page two

The reason that the MCC program has not been more successful is likely because lenders do not fully understand the program or are not willing to make the effort to process the MCC's. The Hillsborough HFA has made the issuance of MCC's mandatory for all qualifying loans. The potential risk of this requirement is that some lenders may drop out of the TBA program due to the extra work.

The Authority has the following options:

1. Continue MCC program as is;
2. Make MCC's mandatory for all qualifying loans; or,
3. Discontinue the MCC program.

The cost to continue the MCC program is approximately \$5,000.00.