



# 2024 Single Family Private Activity Bond Volume Cap Assignment Program

May 15, 2024

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# The Partnership

*advance your mission*

Local Housing Finance Corporations' (HFCs) mission under State law is to facilitate the financing of housing for low and moderate income residents within their jurisdiction.

HFCs can promote single-family homeownership by issuing Mortgage Revenue Bonds, where proceeds are used to provide single family mortgage loans to low- and moderate-income homebuyers at below-market interest rates.

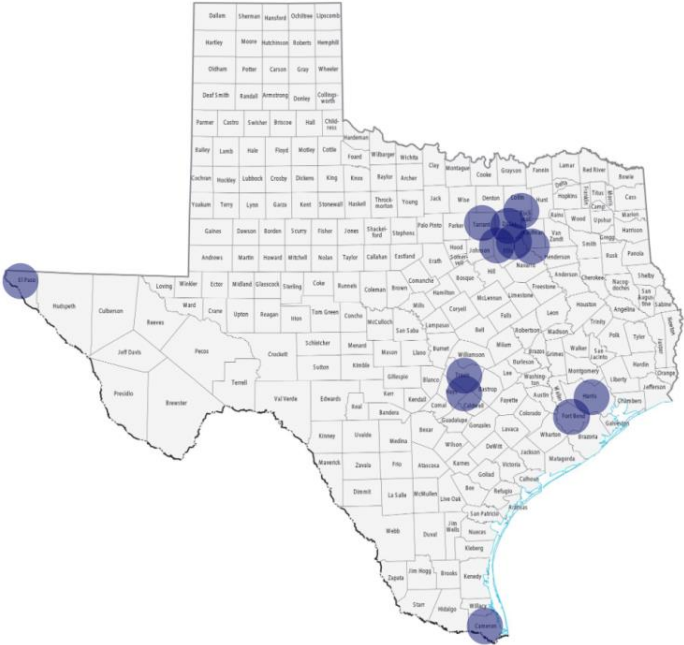
While bond programs are an important part of the mission, unfortunately they are difficult to establish, costly to administer, and arduous to maintain.

As such, many Local Texas HFCs have concluded that the most effective way to promote Single-Family Home Ownership within their jurisdictions is to partner with the Texas Department of Housing and Community Affairs (TDHCA) through the ***assignment of Private Activity Bond Volume Cap.***

TDHCA has an established and extensive Mortgage Revenue Bond program, issuing nearly \$1 Billion in bonds annually to fund **My First Texas Home Mortgage Loans**, targeted to first-time homebuyers and veterans.

TDHCA’s Bond Indentures now exceed \$2.5 Billion and the Department works hand-in-hand with each Local HFC to determine the jurisdictions projected loan demand and appropriate Volume Cap Assignment amount to ensure

***Volume Cap assigned to your HFC is used where it was intended... in your community.***



## Current Partners

- City of Arlington HFC | Cameron County HFC | Capital Area HFC
- City of Dallas HFC | City of El Paso HFC | Fort Bend County HFC
- City of Grand Prairie HFC | Harris County HFC | City of McKinney HFC
- North Central Texas HFC | City of Rowlett | Tarrant County HFC
- Travis County HFC

# Benefits for your HFC

*advance your mission*

- Helps ensure State-assigned Volume Cap intended for your community is utilized in your community.
- Leverages TDHCA's economies of scale, providing effective and meaningful use of your volume cap.
- HFCs actively participate in financing below-market rate mortgage loans to first time homebuyers and veterans in their communities.
- HFCs receive an ongoing fee (4.75 basis points) on all loans originated within the HFC's jurisdiction.

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TDHCA will coordinate with you to estimate how much volume cap will be used to fund mortgage loans for qualified first-time buyers in your jurisdiction.

**HFCs will need both their governing body and their sponsoring entity to approve the volume cap assignment.**

# TDHCA handles all of the details

Mortgage Revenue Bond Issuance

Deal Structuring

Create & submit NOI for Texas BRB

Engage Rating Agencies

Work with Bond Counsel

Select Underwriting Team

Fund Down Payment Assistance

Review and Sign BPA

Financial Risk Management

Post-Issuance Reporting

Tax Compliance

Post Financials on EMMA

8038s and Tax Documents

Loan Servicing on First and Second Liens

Program Administration

Mortgage Loan Origination

Model projected cash flows

G-17 disclosures

Due Diligence

Coordinate with Disclosure Counsel

Oversight of Bond Pricing

Fund Closing Cost Assistance

Prepare and Review Official Statement

Set up sub-accounts with Trustee

On-Going Compliance

Maintain Bond Ratings

Arbitrage Rebate Analysis & Management

Indenture Portfolio Management

Servicer Oversight

Demographic Data Reporting

Review Indenture Supplements

Prepare & Review POS

Secure Board Approvals

Sources & Uses

Engage with Tax Counsel

1295s as needed

Fund Capitalized Interest

Mortgage Pipeline Management

Manage PAB Volume Cap

SEC Required Disclosures

Manage Debt Service

Yield Compliance




Second Lien Management

Program Marketing


Lender Outreach



# Process, Timelines, & Documents

Date	Activity	Party	Form Documents
June 2024 Board Meeting	1. HFC adopts resolution authorizing filing of volume cap with Bond Review Board 2. HFC adopts resolution authorizing assignment of volume cap reservation to TDHCA Both HFC resolutions can be adopted at the same board meeting	HFC	 HFC Resolution Authorizing Filing Volume Cap Application  HFC Resolution Delegating Volume Cap to TDHCA HFC Assignment Agreement
Sponsoring Entity Approval After HFC approval, and before filing assignment with BRB	Sponsoring Entity of HFC adopts resolution authorizing assignment of volume cap reservation to TDHCA	HFC Sponsoring Entity	 Sponsor Resolution Approving Delegation Of Volume Cap to TDHCA
June 26, 2024	Form of Assignment Agreement Finalized	TDHCA Bracewell HFC Financial Advisor HFC Counsel	
June 28, 2024	Final documents due for submission to TDHCA for Board Meeting	TDHCA Bracewell	
July 11, 2024	TDHCA Board Meeting to adopt resolution approving assignment Agreements	TDHCA	
July 15, 2024 to August 7, 2024	HFC files Volume Cap Application with Bond Review Board Agreements On or after July 15 (to avoid effect of utilization percentage) But before collapse of sub-ceiling 1 under 1372.0223 (must file by August 7 for 2024 program year)	HFC	

# Process, Timelines, & Documents (continued)

Date	Activity	Party	Form Documents
July 15, 2024 to August 7, 2024	HFC receives Volume Cap Reservation Reservation needs to be received no earlier than June 5 to permit carryforward	HFC	
August 26, 2024 to August 30, 2024	HFC files with Bond Review Board letter notifying of assignment with copies of: a. executed assignment agreement b. certified sponsor approval resolution (at least two weeks prior to 35-day filing deadline)	HFC	 HFC Cover Letter to BRB re Assignment of Volume Cap
September, 2024	TDHCA files 35-day filing with respect to assigned reservation (on or prior to 35-day filing deadline) <b>TDHCA Pays Filing Fee on behalf of all HFCs</b>	TDHCA	
December, 2024	TDHCA files carryforward designation with respect to assigned reservation (on or prior to December 23, 2024)	TDHCA	

BRB Links for program details and forms

[Texas Bond Review Board 2024 Private Activity Bond Allocation 2024 Program](#)

[Texas Bond Review Board Volume Cap Application](#)



# My First Texas Home

By The Texas Homebuyer Program



First time homebuyers and qualified veterans only.

- 30-year, below-market interest rate mortgages.
- Down payment assistance and/or closing cost assistance options of up to 5% of mortgage loan.
- Assistance options to the borrower in the form of a 0% interest, deferred, repayable 2<sup>nd</sup> lien.
- Combine with Mortgage Credit Certificate (MCC) Option.
- Borrowers must meet income and property value limits.



# On-Going Marketing

TDHCA will work in partnership with you to promote Single Family Home Ownership within the jurisdictions you serve.

Marketing partnership includes:

1. TDHCA Homeownership Team and HFC schedule Introductory Marketing Meeting after execution of assignment agreement.
2. Review with HFC on jurisdiction specific boundaries and objectives.
3. TDHCA & HFC Resources for Co-Branding for Partnership Landing Pages  
See links below:
4. Cross promote events and programs on joint websites.
5. TDHCA to provide direct marketing to Realtors & Lenders within applicable jurisdiction.
6. TDHCA to provide electronic marketing to homebuyers promoting HFC partnership and homeownership in the HFC's jurisdiction.

<https://rowletthfc.org/reduced-rate-mortgages/>

[Mortgage Credit Certificate : Rowlett Housing Finance Corporation \(rowletthfc.org\)](https://rowletthfc.org)

## Optional HFC Gift Fund Participation

Participating HFC Assignment partners have seen material increases in program utilization within their jurisdictions when providing various levels of HFC gift funds to a TDHCA Bond Loan.

Gift funds provided by the HFC enable more homebuyers to qualify by supplementing TDHCA Down Payment Assistance.

This is an optional, but beneficial, participation choice to a TDHCA Bond Assignment.

For more information, please see:

<https://thetexashomebuyerprogram.com/additional-grant-down-payment-assistance>



# Reporting

Participating HFC Assignment partners receive quarterly reporting outlining:

- Original Assignment Amount
- Percentage Utilized to Date
- Loan Detail Report (loan count, loan amount, city, zipcode, etc)
- Loan Type
- Loan Status
- Demographic Details (Age, Race & Income Level)
- Comprehensive Lender Report
- Fees Due to HFC
- Other information & Customized Board Reporting are available upon request



# 2024 Term Sheet

## Housing Finance Corporation Volume Cap Assignment



<b>Issuer:</b>	Texas Department of Housing and Community Affairs (“TDHCA”)
<b>HFC Partner:</b>	Housing Finance Corporation (“HFC”)
<b>Volume Cap:</b>	To be reserved by the HFC for subsequent assignment to TDHCA (“Reservation”).
<b>Assignment:</b>	TDHCA and the HFC will execute an Assignment Agreement to assign the Reservation to TDHCA. The HFC’s governing body and sponsoring entity will be required to approve the Assignment.
<b>Assignment Purpose:</b>	To be used by TDHCA to originate (a) My First Texas Home Bond Loans that are eligible for pooling into Mortgage Backed Securities and purchased by tax-exempt bonds issued by TDHCA (“Pooled Loans”), and/or (b) My First Texas Home Combo Loans with MCCs (“Combo Loans”, collectively “HFC Loans”).
<b>Loan Prioritization:</b>	The HFC Loans shall be recorded on a first in first out (“FIFO”) basis until the equivalent of the assigned volume cap has been exhausted.
<b>Volume Cap Utilization:</b>	Pooled Loans will be credited at par. Combo Loans will be credited in accordance with the volume cap used to originate such loan.

**HFC Fees:**

TDHCA will pay an ongoing fee of 4.75 basis points against the aggregate outstanding balance of HFC Loans that have been pooled into mortgage-backed securities or for which an MCC has been issued.

The HFC Fees will be paid for a period of ten years for each loan originated under the Assignment Agreement that is not more than 30-days delinquent at the time the Pooled Loan Fee is calculated. The outstanding balance will be reduced monthly to reflect principal repayments and prepayments (including foreclosures). HFC Fees cease to accrue with respect to any HFC Loan once that loan has been repaid or prepaid.

HFC Fees will be paid annually, in accordance with payment instructions to be provided by the HFC.

**Related Costs:**

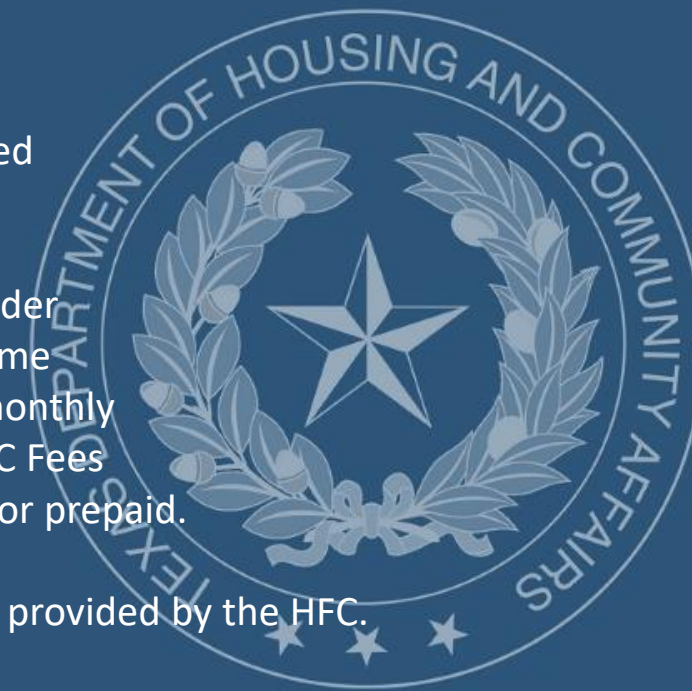
TDHCA shall be responsible for payment of all fees and expenses incurred from and after the date of the Assignment Agreement with respect to the Reservation, including any carryforward application fee and/or closing fees payable to the Bond Review Board; and will pay all costs associated with the issuance of the bonds.

**Reporting:**

Once HFC Loans have been pooled into mortgage-backed securities or an MCC has been issued, TDHCA will provide quarterly loan level detail with respect to the outstanding loan balances; no personally identifiable information will be included.

**Mortgage Loan Program**

While TDHCA may originate more loans within the HFC's jurisdiction, the maximum amount of HFC Loans is limited to the volume cap assigned. Loans originated through a bond issue include FHA, VA, and USDA loans (no conventional loans). All loans must have a term of 30 years.





# Thank you for your partnership!

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Questions | Comments

PLEASE CONTACT:

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