

RESOLUTION NO. 2024-06-002 (MHFC)

A RESOLUTION OF THE MCKINNEY HOUSING FINANCE CORPORATION AUTHORIZING THE APPLICATION FOR RESERVATION WITH THE TEXAS BOND REVIEW BOARD WITH RESPECT TO QUALIFIED MORTGAGE BONDS OR MORTGAGE CREDIT CERTIFICATES; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

- WHEREAS**, the McKinney Housing Finance Corporation (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Texas Local Government Code, Chapter 394, as amended (the “Act”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and
- WHEREAS**, the Act authorizes the Corporation to issue bonds for the purpose of obtaining funds to finance home mortgage loans (or participation interests therein) for persons of low and moderate income for homes within the geographic limits of the City of McKinney, Texas; and
- WHEREAS**, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and
- WHEREAS**, Section 146(a) of the Code requires that certain “private activity bonds” (as defined in Section 141(a) of the Code) must come within the issuing authority’s private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and
- WHEREAS**, the private activity bond “State ceiling” (as defined in Section 146(d) of the Code) applicable to the State of Texas (the “State”) is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the “Allocation Act”); and
- WHEREAS**, the Allocation Act requires the Corporation, in order to reserve a portion of the State ceiling for qualified mortgage bonds and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (“Application for Reservation”) with the Texas Bond Review Board (the “Bond Review Board”), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and
- WHEREAS**, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the “Allocation Rules”) require that an Application for Reservation be accompanied by a copy of a certified resolution of the issuer authorizing the filing of the Application for Reservation; and
- WHEREAS**, the Board of Directors of the Corporation (the “Board”) has determined to authorize the filing of an Application for Reservation with the Bond Review Board in the maximum amount of \$6,000,000 with respect to qualified mortgage bonds, and the Bond Review Board is expected to issue a reservation of “State Ceiling” in connection with such Application for Reservation (the “Reservation”); and

WHEREAS, the Board may determine to assign all or portion of the Reservation to the Texas Department of Housing and Community Affairs pursuant to Section 394.032(e) of the Act, which provides that “a housing finance corporation may delegate to the Texas Department of Housing and Community Affairs the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within and outside the jurisdiction of the housing finance corporation, including its authority to issue bonds for those purposes;”

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MCKINNEY HOUSING FINANCE CORPORATION THAT:

- Section 1. Application for Reservation. The Board hereby authorizes Robert D. Dransfield with Norton Rose Fulbright US LLP, as Bond Counsel to the Corporation (“Bond Counsel”), to file on its behalf with the Bond Review Board, not earlier than July 15 of the current year, an Application for Reservation in the maximum amount of \$6,000,000 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of the Reservation. The Board further authorizes the filing of a carryforward designation request with respect to such Reservation. Robert D. Dransfield is further designated as the authorized representative of the Corporation for purposes of the Application for Reservation authorized by this Resolution and is authorized to make such other filings on behalf of the Corporation as may be required by the Allocation Act and the Allocation Rules.
- Section 2. Bond Review Board Fees. The Board hereby authorizes the Texas Department of Housing and Community Affairs to pay on its behalf to the Texas Bond Review Board the “application fee,” as defined in the Allocation Rules, in the amount of \$500, any “carryforward application fee” and the “closing fee,” each as defined in the Allocation Rules, in the amounts prescribed by the Allocation Rules.
- Section 3. Authorization of Certain Actions. The President, Vice President, Treasurer and Secretary of the Corporation are hereby severally authorized to execute on behalf of the Corporation the Application for Reservation with respect to qualified mortgage bonds and to take such other actions as may be necessary or convenient to carry out the purposes of this Resolution, including the submission to the Bond Review Board of a request to carry forward the Reservation.
- Section 4. Mortgage Credit Certificate Authority. The Corporation reserves the right, upon receipt of a Reservation, to convert all or any part of its authority to issue qualified mortgage bonds to mortgage credit certificates.
- Section 5. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

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**DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE
MCKINNEY HOUSING FINANCE CORPORATION ON THE 14th DAY OF JUNE, 2024.**

MCKINNEY HOUSING FINANCE CORPORATION

Tyler Underwood
President

ATTEST:

Cristel Todd
Secretary