



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 21-0500, Version: 1

Consider/Discuss/Act on Proposed 2021 McKinney HFC MCC/DPA Program

ITEM SUMMARY:

- Prior Program (2016) Statistics:
 - Private Activity Cap Used - \$6,622,340
 - Maximum Mortgage Loans Assisted - \$4,138,963
 - Dollar Amount of Mortgage Loans Assisted - \$438,903
 - Number of Mortgagors Assisted - 2
 - Average Size of Mortgage Loan - \$219,452
 - Utilization Percentage for Program - 10.604%

- Proposed (2021) Program Structure:
 - Maximum Private Activity Cap - \$26,489,360
 - No utilization restriction on PAB cap after July 14th
 - Private Activity Cap Proposed - \$10,000,000
 - Maximum Mortgage Loans Assisted - \$ 8,333,333
 - Estimated Number of Mortgagors Assisted - 25
 - Estimated Average Size of Mortgage Loan - \$325,000

- Down Payment Assistance Options:
 - TDHCA - up to 4% of mortgage loan amount - 2nd Lien
 - TSAHC - Up to 5% of mortgage loan amount - Grant or forgivable 2nd lien
 - McKinney Proposed \$10,000 structured as a 2nd lien repayable - the board can determine if this amount needs to be adjusted over time. If **25** loans are funded, MHFC amount funded **\$250,000**

- MCC Credit Percentage:
 - TDHCA - 30% for Mortgages up to \$175K & 20% for Mortgages above \$175K
 - TSAHC - 20%
 - McKinney HFC -30% of the mortgage interest paid with a \$2,000 annual cap

- TDHCA & TSAHC Fees:
 - TSAHC Fees:
 - \$200 Compliance Review Fee
 - \$500 Issuance Fee
 - TDHCA Fees:
 - \$275 Compliance Review Fee

- \$400 Issuance Fee (varies)
- Cost of Implementing the Program:
 - App Fee \$500
 - 35 day Filing Fee \$416.67 & 2/3 Closing Fee \$833.33
 - Program Administrator Fee \$250/per file
 - Professional Fees to each Legal Counsel & Financial Advisor
 - Total Fee = \$25,000 each
 - Professional Fee Payment Options:
 - (1) Total Fee paid at closing
 - (2) ½ (\$12,500) paid at closing, ½ paid on a deferred basis.
 - For every loan that closes, \$1,250 paid to each professional until the remaining fee (\$12,500) has been paid in full.
 - (3) Open for discussion on other options