

TENNESSEE HOUSING DEVELOPMENT AGENCY
LENDING COMMITTEE
March 26, 2019

Pursuant to the call of the Chairman, the Lending Committee of the Tennessee Housing Development Agency Board of Directors (the "Committee") met in regular session on Tuesday, March 26, 2019, at 10:15 a.m., in the Nashville Room of the William R. Snodgrass Tennessee Tower, Nashville, Tennessee.

The following Committee members were present: Dorothy Cleaves (Chair), Regina Hubbard, Erin Merrick, and Samantha Wilson for Commissioner of Finance and administration, Stuart McWhorter. John Krenson was absent. Other Board members present were Lynn Tully and Kim Grant Brown. Chair Cleaves called the meeting to order and called for consideration of the minutes from January 29, 2019. Upon motion by Ms. Hubbard, and second by Ms. Wilson, the minutes were approved.

Chair Cleaves called on Bruce Balcom, Assistant Chief Legal Counsel, to present the first item on the agenda, Freddie Mac Authorizing Resolution. Mr. Balcom explained that part of the approval process for THDA to become a Freddie Mac Seller/Service is to provide funds transfer instructions with the sale of certain mortgage loans. He noted that one of the requirements is a resolution authorizing designated THDA staff to provide wire transfer or Automated Clearing House instructions to Freddie Mac. He also noted that the resolution titled "Resolution of the Tennessee Housing Development Agency Authorizing Certain Staff To Provide Fund Transfer Instructions To Freddie Mac", dated March 26, 2019, included with board materials, meets this requirement. Upon motion by Ms. Brown, second by Ms. Tully, approval of the referenced resolution was recommended to the Board.

Chair Cleaves next called on Lindsay Hall, Chief Operating Officer of Single Family Programs, to present the update on the New Start Program. Ms. Hall referenced her memo dated March 18, 2019, that describes the New Start Program as a mortgage purchase program for non-profit housing entities that participate and build new homes for very low-income households in the state of Tennessee. She explained that after a participating non-profit housing entity constructs a home and sells it to an eligible household, THDA then purchases the loan. She noted that rising development and construction costs have hampered efforts of non-profit housing entities in middle Tennessee when appraisals show a value that is higher than the current New Start sales price limit. She explained that with a maximum sales price in middle Tennessee of \$165,000 and a maximum loan to value ratio of 75%, the maximum loan amount is \$123,750. Staff recommends keeping the loan amount at \$123,750, but increasing the maximum sales price limit to \$190,000 for Maury, Williamson, Davidson, Rutherford, Wilson, and Sumner counties to allow the non-profit housing entities to maintain sales prices at the current market value without forfeiting equity and continue to meet the needs of low-income homebuyers in the middle Tennessee market. Upon motion by Ms. Hubbard, second by Ms. Wilson, motion passed to recommend the described sales price limit to the Board.

Chair Cleaves next called on Cynthia Peraza, THDA Director of Special Programs, to present the Hardest Hit Fund Program update. Ms. Peraza referenced her memo dated March 18, 2019, noting that THDA has been administering the Hardest Hit Fund Program (HHF) since 2010. She noted that staff continues to monitor the performance of the HHF program allocations, disbursements, refunds and overall program volume. She indicated that based on the usage and expected production for this year and next, staff recommends allocating \$5,000,000 of the Blight Elimination Program (BEP) funds to the HHF Down Payment Assistance Program (HHF-DPA). She explained that the proposed reallocation will help further stabilize distressed neighborhoods across the state and will help meet the December 2020 deadline for expenditure of HHF funds. She also explained that fewer ZIP Codes will meet the distress levels established for HHF funds. She noted that the staff recommendation is to (1) move \$5,000,000 of BEP funds to the

HHF-DPA; (2) modify, if necessary, the ZIP Codes within which HHF-DPA may be offered, effective July 1, 2019; and (3) authorize staff to make changes as U.S. Treasury may require. Upon motion by Ms. Hubbard, second by Ms. Merrick, the staff recommendations, subject to U.S. Treasury approval, were recommended to the Board.

There being no further business, Chair Cleaves adjourned the meeting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ralph M. Perrey", with a long horizontal flourish extending to the right.

Ralph M. Perrey
Executive Director

Approved the 21st day of May, 2019.