

TENNESSEE HOUSING DEVELOPMENT AGENCY  
LENDING COMMITTEE  
May 21, 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, May 21, 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, John Krenson, and Samantha Wilson for Commissioner of Finance and Administration, Stuart McWhorter. There were no members absent. Other Board members present were John Snodderly, Kim Grant Brown, Lynn Tully, Pieter vanVuuren, Katie Armstrong (for Comptroller Justin Wilson), and Jonathan Rummel (for Secretary of State Tre Hargett).

Chair Cleaves called the meeting to order and called for consideration of the minutes from March 26, 2019. Upon motion by Ms. Hubbard, and second by Ms. Wilson, the minutes were approved.

Chair Cleaves called on Lynn Miller, Chief Legal Counsel, to present information regarding THDA's conventional loan product offering. Ms. Miller referenced a memo to the Board dated May 14, 2019. Ms. Miller indicated that in March 2015, the Board authorized an insured conventional loan product using a master servicer who would pool THDA conventional loans and sell them to the GSEs with THDA holding the resulting mortgage backed securities as permitted investments in the 2013 General Resolution. She explained that, since that time, THDA created Volunteer Mortgage Loan Servicing and is now servicing all THDA loans in house, so additional authorization is needed for the business model staff is currently proposing that involves THDA being a seller/servicer for Freddie Mac and Fannie Mae, both government sponsored enterprises ("GSE"), as further described in the referenced memo. She noted the following staff recommendations to implement the proposed business model:

1. Authorize an insured conventional loan product through a secondary market execution.
2. Authorize staff to engage a provider experienced in packaging, selling and delivering loans to GSEs on behalf of housing finance agencies in order to mitigate interest rate risk and who is willing to train THDA staff and lenders in the processes required.
3. Authorize staff to create loan pools to sell to the GSE(s) using best efforts or other methods at the point the Executive Director determines that THDA staff have sufficient knowledge and experience to carry out this function.
4. Authorize staff to apply for and receive a revolving line of credit up to a maximum of \$75 million to use to purchase loans from Originating Agents prior to selling them to the GSE(s) through the provider or otherwise, with terms and conditions satisfactory to the Executive Director.
5. Authorize all appropriate staff to execute all documents and do all things necessary to carry out the authorizations described in #1-#4 above.

Ms. Miller reported that the Bond Finance Committee recommended approval of the above recommendations. Upon a motion by Ms. Wilson and a second by Ms. Hubbard, the five recommendations specified were recommended to the Board for approval.

Chair Cleaves next recognized Dr. Hulya Arik, THDA Economist, to present proposed changes in household income limits. Dr. Arik referenced her memo dated May 14, 2019, for a description of how the proposed income limits were determined. She noted that THDA staff calculated the proposed 2019 income limits based on the 2019 Area Gross Median Income and the 2019 Average Area Purchase Price, then compared the current income limits to the proposed 2019 income limits and concluded that the proposed 2019 income limits created the best opportunity to increase the income limits for the most counties, while reducing for only one county. She indicated that staff recommends adoption of increased income limits for 94 counties and reduced income limits only for Smith County as shown on the chart included with the referenced memo, to be effective as of May 27, 2019. Upon motion by Ms. Merrick, second by Ms. Wilson, the proposed 2019 income limits were recommended to the Board for approval.

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

Respectfully submitted,

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

Ralph M. Perrey  
Executive Director

Approved the 19<sup>th</sup> day of November, 2019.