

CITY OF SAN ANTONIO
Interdepartmental Correspondence Sheet

TIME CERTAIN
ITEM NO. 8
3:30PM

TO: Mayor, City Council and San Antonio Housing Trust Finance Corporation
Board of Directors

THRU: Terry M. Brechtel, City Manager

FROM: David D. Garza, Director of Neighborhood Action
Milo D. Nitschke, Director of Finance
John Kenny, Executive Director of San Antonio Housing Trust

COPIES: J. Rolando Bono, Deputy City Manager; Jelynn L. Burley, Assistant City
Manager

SUBJECT: 2002 SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM
AND MORTGAGE CREDIT CERTIFICATE PROGRAM

DATE: February 19, 2003

SUMMARY AND RECOMMENDATION

This resolution by the San Antonio Housing Trust Finance Corporation (the "Corporation") will authorize the President (or in his absence the Vice President), of the Corporation to approve reallocations of Allocations among Participants, the addition of Participants to the Program, the modification of a Participant's Commitment, the modification of requirements for Down Payment Assistance, the reduction of the stated interest rate on the Corporation's Bonds and the Mortgage Loan Rate, and such other actions the President (or in his absence the Vice President), may deem prudent to facilitate the increased origination of Mortgage Loans with no increased financial obligation by the Corporation. Capitalized terms used in this Section and not otherwise defined in this Ordinance shall have the meanings set forth in the Origination Agreement.

BACKGROUND

In 1997, the San Antonio City Council approved the creation and organization of the San Antonio Housing Trust Finance Corporation (SAHTFC) to act on behalf of the City for the purposes authorized under the Texas Housing Finance Corporation Act in the Texas Local Government Code Section 394. All powers of the SAHTFC are vested in its Board of Directors, which is composed of the 11 members that constitutes the Mayor and City Council. The administrator of the SAHTFC is the San Antonio Housing Trust Foundation.

The purpose of the Bond Program and Down Payment Assistance is to: (i) provide low-interest rate home mortgages and down payment assistance financing to low and moderate income 1st-time homebuyer families in the City; (ii) leverage this program with

other initiatives to create partnerships for new developments such as Show Case of Homes; Project Renew; Tax Increment Financing Program; Neighborhood Sweep Program, and Housing Asset Recovery Program; (iii) provide funds for housing targeted for neighborhood revitalization; and (iv) provide authority to the President (or in his absence the Vice President), to take any and all such future action, without SAHTFC Board approval, with respect to the program to facilitate program success.

The City has also been working closely with the Bexar County Housing Finance Corporation on a cooperative effort to fully maximize and make available a housing program to benefit all of Bexar County.

Due to number of factors, including slow program start, falling interest rates, and slowing local and national economy, only some 20% of funds (rather than the goal of 50%), have been committed, halfway through the 12-month origination period. Other program modifications designed to enhance origination include: implementation of new marketing program (lenders and homebuyers); reallocate among lenders and/or place most or all lender funds into a first-come, first-served pool, and adding new lenders; convert current second mortgage down payment assistance funds into outright grants; convert down payment assistance for homebuyers inside the Priority Loan Area (inside Loop 410 and/or south of Highway 90) from between 4% to 11%, to a flat 6% grant, and increase down payment assistance for homebuyers inside the Priority Loan Area, from 0% to 4%.

In addition, reduce stepped coupon on the remainder of the 80% unoriginated funds from 5.60% to 5.35%. This would result in a 5.95% mortgage rate competitive with the current Texas Department of Housing and Community Affairs program.

This resolution was presented the Urban Affairs committee at the meeting of February 12, 2003. The committee reviewed the revision and recommended to present the amendments to the SAHHTFC board of directors for approval.

POLICY ANALYSIS

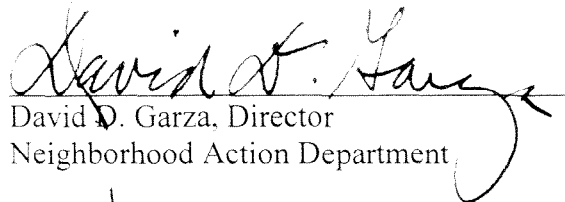
This action is consistent with the City Council direction to staff regarding the development of affordable housing program that incorporates the utilization of the Single Family Mortgage Revenue Bonds. It is in full compliance with Federal and State Law that requires the approval of the program by the Board of Directors of the Housing Finance Corporation.


FINANCIAL IMPACT

Any costs incurred related to the aforementioned actions will be paid from lender and servicer contributions or SAHTFC funds. This program and its modifications will have no impact on the City's Operating Budget.

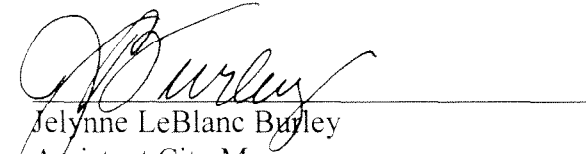
COORDINATION

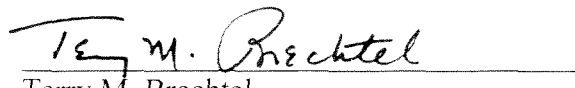
This item has been coordinated with the Neighborhood Action Department, Finance Department, San Antonio Housing Trust Foundation, and the City Attorney's Office. The Urban Affairs committee has also reviewed the revisions and recommended to move forward with these amendments.


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Neighborhood Action Department


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Finance Department


John Kenny, Executive Director
San Antonio Housing Trust Foundation, Inc.


Jelynn LeBlanc Burley
Assistant City Manager


Terry M. Brechtel
City Manager