

**EAST BATON ROUGE
MORTGAGE FINANCE AUTHORITY**

**QUARTERLY REPORT
For the Quarter ended June 30, 2014**

Brief History and Organization

- The East Baton Rouge Mortgage Finance Authority (the “Authority”) was created through a Trust Indenture dated August 14, 1974, pursuant to provisions of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to issue bonds and to use the proceeds to provide financing for housing conducted in the public interest within the boundaries of East Baton Rouge Parish, Louisiana.
- Bonds issued by the Authority are special obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. Since 1979 the Authority has issued \$1.305 billion in single family mortgage revenue bonds. As of June 30, 2014, the Authority had \$82.554 million in bonds outstanding and \$81.779 million in mortgage loans and Mortgage Backed Securities outstanding.
- The Authority is self-supporting and has never received any appropriation of funds from any governmental agency.
- The Authority’s activities to-date have consisted exclusively of providing below conventional market rate mortgage loan financing (taking into account the lack of discount points and the closing cost/down payment assistance that is available to eligible borrowers) on single family residential owner occupied housing.
- Since 1982 (except on a special 1997 program), the Authority’s mortgage lending programs have been targeted exclusively to the first time homeowner market pursuant to a change in the federal tax code enacted in that same year. However, due to legislation passed as a result of Hurricane Katrina, the first-time homebuyer requirement was temporarily removed and the income and purchase price limits were increased. As of September 30, 2010, the Authority returned to pre-Katrina eligibility requirements.
- The Authority has made a major contribution to home ownership and economic development in East Baton Rouge Parish by providing approximately \$1.043 ***Billion*** in below conventional market rate mortgage loan funds to 15,748 low and moderate income households.
- The Authority’s Board of Trustees is empowered under the bond trust indenture and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the Authority and the programs it initiates.
- The Authority has employed Financial Consulting Services, Inc. (“FCSI”) as its Program Administrator since its inception in 1974 to provide administrative staff support for the Board of Trustees and its committees, general office administration for the Authority and program administration and supervision for each of its mortgage lending programs. FCSI is responsible for the development of each new bond issue and associated mortgage lending program. Once a bond issue is closed, FCSI supervises the origination process of the mortgage loans, underwrites (reviews and approves) the new mortgage loans for compliance with federal tax law and approves the mortgage loans for purchase, maintains computerized records on all mortgage loans and supervises the servicing and trustee functions for each mortgage lending program.

- Under each of its single family mortgage lending programs, the Authority utilizes Baton Rouge area financial institutions to originate the mortgage loans acquired.
- Bank of New York (formerly J P Morgan Chase) serves as the Authority's bond trustee of the separate bond programs for bond issues closed through December 31, 2006, the 2007B bond issue, the 2009A bond issue and the 2009 GSE issue closed at the end of December, 2009. The 2009 GSE issue bonds were placed in escrow when they were issued but the proceeds are currently being used to make mortgage loans. Regions Bank serves as the Authority's bond trustee of the 2007A bond issue closed during the first quarter of 2007. Each Trustee has the fiduciary responsibility for the custody and investment of all bond related funds.
- In 1995 the Authority began to further assist first-time homebuyers in purchasing their first home by offering funds of 3% - 4% of the original loan amount to be used toward the borrower's closing costs and down payment. In order to help potential homeowners take advantage of the federal tax credits, the Authority instituted a second mortgage loan program in the 2009A lending program. After the tax credit availability expired, the Authority began to offer 0.0% interest rate soft second mortgages (second mortgages that have no interest and no payments and are forgiven over a 5 year period) in the amount of 4% of the loan amount. This program continues for the 2009GSE program. Of the 6,347 loans made since 1995, 5,061 (79.72%) of those mostly first-time homebuyers received such down payment and closing cost assistance.
- In June, 2014, the Authority hired Mike Airhart as Executive Director for the Authority. Mr. Airhart is the Authority's first direct employee. Financial Consulting Services, Inc. (FCSI), will continue to serve as Program Administrator until December 31, 2014 and then serve in an advisory capacity until December 31, 2016. It is anticipated that some of FCSI's current employees will become direct employees of the Authority on January 1, 2015.

THIS PROGRAM IS COMPLETE – NO FUNDS CURRENTLY AVAILABLE

EAST BATON ROUGE MORTGAGE FINANCE AUTHORITY

2009GSE MORTGAGE LOAN PROGRAM FOR

FHA / VA / RD & CONVENTIONAL LOANS

IN EAST BATON ROUGE PARISH

Loan Product	Loan Type	Mortgage Rate	Origination Fee	Discount Points	Down Payment & Closing Cost Second Mortgage Rate is 0.00%
First-Time Homebuyers	FHA VA RD	4.25%	0%	None	4% of Loan Amount
First-Time Homebuyers	Conventional	4.75%	0%	None	4% of Loan Amount
First-Time Homebuyers	FHA VA RD	3.75%	0%	None	No Assistance
First-Time Homebuyers	Conventional	4.25%	0%	None	No Assistance

Down Payment & Closing Cost Assistance is in the form of a “Soft” Second Mortgage meaning there are NO payments and NO interest on the second mortgage and it does not have to be repaid as long as the borrower remains in the home for 5 years starting on the date of the mortgage.

For credit requirements or to schedule a mortgage loan appointment call:

Britton & Koontz Bank	761-2542	Regions Bank	929-9428
DHI Mortgage	791-4750	SWBC Mortgage – Baton Rouge	292-2601
Gulf Coast Bank	757-4450	SWBC Mortgage – Denham Springs	665-2270
Hancock Bank	664-1314	SWBC Mortgage – Prairieville	677-7575
Iberia Bank	923-5560	Whitney Bank	376-4512
Investar Bank	201-1200		

Details of the Program:

- Loans will be 30-year fixed rate first mortgage loans.
- FHA, VA, RD loans - in East Baton Rouge Parish.
- Maximum Household Income Limits (Present monthly income multiplied by 12):

	Non-Targeted	Targeted
1 - 2 person family	\$64,600	\$77,520*
3 + person family	\$74,290	\$90,440*

- Maximum Purchase Prices of homes that may be financed:

	Non-Targeted	Targeted
New, never before occupied	\$255,190	\$311,898*
Existing, Previously Occupied	\$255,190	\$311,898*

- Applicant(s) must occupy the home as his/her primary residence.
- Minimum Credit Score for Qualification is 640

*Income and Purchase Price amounts are subject to change.

TARGETED AREA CENSUS TRACTS

2.00, 10.00, 11.04, 13.00, 15.00, 21.00, 22.00, 28.00, 31.02

MORTGAGE LOAN PROGRAMS

LOAN ORIGINATION INFORMATION- BY QUARTER

2009GSE PROGRAM

Quarter	Loans in Process or Closed As of the end of the Quarter (Original Loan Amount)		Change from the Prior Quarter		Total Down Payment & Closing Cost Assistance Provided or Pledged
	#	\$	#		
Third, 2010	16	\$2,060,796	16	\$2,076,796	\$83,071
Fourth, 2010	33	\$4,151,715	17	\$2,090,919	\$166,069
First, 2011	82	\$10,232,514	49	\$6,080,799	\$409,301
Second, 2011	100	\$12,161,858	18	\$1,929,344	\$486,474
Third, 2011	166	\$20,513,085	66	\$8,351,227	\$820,523
Fourth, 2011	193	\$24,211,485	27	\$3,698,400	\$968,459
First, 2012	245	\$30,635,355	52	\$6,423,870	\$1,225,414
Second, 2012	291	\$36,528,445	46	\$5,893,090	\$1,461,138
Third, 2012*	363	\$44,964,035	72	\$8,435,590	\$1,798,561
Fourth, 2012	378	\$46,728,074	15	\$1,764,039	\$1,869,123
First, 2013	407	\$50,260,975	29	\$3,532,901	\$2,010,439
Second, 2013	466	\$57,493,981	59	\$7,233,006	\$2,299,759
Third, 2013*	538	\$66,508,657	72	\$9,024,676	\$2,660,346
Fourth, 2013	540	\$66,578,918	2	\$70,261	\$2,663,156
First, 2014	540	\$67,073,859	0	\$190,080	\$2,682,954
Second, 2014	543	\$67,317,000	3	\$243,141	\$2,692,280

Exhibit A shows a Parish-wide distribution of loans that have been approved for compliance and/or are closed in the 2009GSE program.

*In August, 2012, \$29,467,336 in Mortgage Backed Securities (“MBS”) were sold in the open market (or transferred). This sale of MBS netted a profit of approximately \$2.2 million and allowed the Authority to continue to make mortgage loans using the original \$25 million bond proceeds from the 2009GSE bond issue.

In September, 2013, \$11,920,060 in Mortgage Backed Securities (“MBS”) were sold in the open market (or transferred). Due to declining market conditions this sale of MBS netted a small loss but the sale allowed the Authority to continue to make mortgage loans using the original \$25 million bond proceeds from the 2009GSE bond issue. The total loans originated under this program (both sold and un-sold) will continue to be shown in this table.

Currently all available loan funds are committed in this program. As soon as all of the loans are closed and formed into MBS, the MBS will be transferred into the bond issue indenture to be the collateral for the bonds that were issued under the 2009GSE bond issue. This process is scheduled to be completed by early August, 2014.

CURRENT CONDITIONS

Current Statistics for all programs combined for the quarters ended June 30, 2009, 2011, 2013 & 2014:

Year	Total # of Loans	30 Day		60 Day		90 Day		Foreclosures & Bankruptcies		Real Estate Owned	
		# of Lns	% of Lns	# of Lns	% of Lns	# of Lns	% of Lns	# of Lns	% of Lns	# of Lns	% of Lns
2009	2210	91	4.12%	28	1.27%	22	1.00%	7	0.32%	2	0.08%
2011	1556	64	4.11%	13	0.84%	5	0.32%	5	0.32%	1	0.06%
2013	1225	48	3.82%	16	1.27%	5	0.40%	2	0.16%	2	0.23%
2014	1138	49	4.31%	3	0.26%	4	0.35%	0	0.00%	1	0.09%

Mortgage Bankers Association National Delinquency Survey, First Quarter, 2014

<u>Area</u>	<u>Number of Loans Serviced</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>Foreclosure</u>
<u>All Loans</u>					
Louisiana	474,456	3.62%	1.33%	2.72%	2.30%
United States	41,533,400	2.41%	0.89%	2.39%	2.65%
<u>FHA Loans</u>					
Louisiana	111,303	5.20%	1.86%	4.00%	3.28%
United States	7,109,274	3.87%	1.41%	3.65%	3.00%

These national figures include all levels of income and loan amount. The Authority's loans are limited to low and moderate income mostly first-time home buyers. The national "All Loans" numbers reflect a majority of conventional loans. The majority of the Authority's loans are FHA loans.

There are some Community Lending Products of FNMA and FREDDIE MAC that require the first-time home buyer training, but home buyer education is not a requirement for all of the Authority's loans. The Authority supports the home buyers' education programs and strongly recommends that first-time home buyers take advantage of the programs that are available.

Market Conditions:

As of June, 2014 area mortgage lenders were quoting mortgage loan rates of 4.50% for FHA/VA loans and 4.375% for conventional loans for their borrowers with the highest credit ratings.

CURRENT GRANTS

Baton Rouge Area Chamber

These grant funds will support BRAC's "*The Campaign for a Greater Baton Rouge*" which is a five (5) year capital campaign to support professional economic development activities serving the nine (9) parish area. Over the next five (5) years, BRAC seeks to build Baton Rouge's economic activities to a level that can compete in new areas of business and product development while continuing the successful practices established in the previous five (5) years. Some of the key areas that BRAC plans to focus on are: recruitment and retention of talent, international development, education leadership reform and ethics and workforce reform.

East Baton Rouge Redevelopment Authority

The EBR RDA requested a funding commitment in the amount of \$4.5 million to be available to be drawn down over a five (5) year period on an as needed basis. These funds will be used to supplement three (3) of its existing programs including supporting the strategic use of resources to eliminate blight and revitalize communities, public outreach and recovering sustainability from Hurricanes' Gustav and Ike. There would be no change in the way the funds are currently drawn down and all draw downs will be requested and approved by the EBRMFA as is the current procedure. The EBR RDA is focusing on Land Banking, Gap Financing and Small Business Façade Improvement. As of June 30, 2014, \$4,076,465 has been funded for such purposes.

Gulf Coast Housing Partnership

GCHP requested \$300,000 to be funded over a three year period. GCHP is working in conjunction with the Capital Area Alliance for the Homeless and St. Vincent de Paul on the construction of a "One Stop Homeless Services Center" to serve and assist the chronically homeless. The facility will have 36 single room occupancy units and 20,000 square feet of community service facilities for the homeless. GCHP is also working with the Center for Planning Excellence to acquire properties for redevelopment consistent with the Old South Baton Rouge Plan. As of March 31, 2014 this grant was completely funded.

Capital Area Transit System (“CATS”)

In October, 2011 the Authority granted/loaned \$500,000 to CATS as a stop gap measure to keep them operational through the end of the year. Since the passage of the CATS tax, the Authority has requested a schedule of repayment. As of March 31, 2014, \$200,000 plus interest has been re-paid.

Downtown Development District

In June, 2012, the Board approved a \$250,000 grant to be disbursed over a three (3) year period for the Greenway Project. In August, 2013, the Authority voted to make a one-time grant of \$250,000 for the project. This grant is now completely funded.

Due to the significant dollar volume of the approved grants the Authority is not currently soliciting for new grant proposals. The Authority does remain open to review requests should any be submitted, however the Authority will delay taking any action on those requests until a new strategy can be developed and implemented with regard to the grant process.

CAPITAL & OPERATING ACCOUNT

(The Authority's Unrestricted Fund)

For the quarter ended June 30, 2014, the Authority realized approximately \$454,399 in investment income, issuer fees and other receipts (on its unrestricted fund balance investment portfolio (These numbers are unaudited).

This level of net revenues of the unrestricted fund (the sources of which are from investment income and issuer fees) permit the Authority to effectively produce its annual mortgage lending programs without significantly drawing upon the corpus (i.e. principal) of the unrestricted fund balance.

Significant reductions in the principal balance (corpus) of the unrestricted fund will seriously impact the Authority's ability to finance its mortgage lending programs.

Since 1989, the unrestricted fund balance has grown from its initial deposit of \$6.049 million to its current *market value* level (as of the December 31, 2013 audited financial statement) exceeding \$24.641 million.

The Authority's Program Administrator has administered, coordinated and managed all aspects of refundings, restructurings and asset releases which have in aggregate contributed \$17.75 million in unencumbered funds deposited to the Capital and Operating Fund balance.

Relying on the Program Administrator's recommendations and implementation, the Authority has financed its annual mortgage lending programs utilizing its operating revenues discussed above.

The Authority's Capital and Operating Account is audited annually, as are all of the Authority's bond issue programs, by an independent nationally recognized accounting firm.

In June 2014, the Authority's independent auditors, Hannis T. Bourgeois, issued an unqualified opinion (The Authority's 34th consecutive unqualified opinion) that the financial statements presented fairly in all material respects the financial position of each of the individual Authority programs and the unrestricted fund balance of the Authority for the year ending December 31, 2013.

Hannis T. Bourgeois further stated that they did not consider that any matters represented material weaknesses in the Authority's internal controls in regards to financial reporting. The Authority's finance reporting functions are implemented and performed by the Program Administrator.

***East Baton Rouge Mortgage Finance Authority
Board of Trustees***

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Vickie Theriot

From: Debbie Kerr [Debbie.Kerr@ehousingplus.com]
Sent: Monday, September 22, 2014 2:46 PM
To: vickie.theriot@ebrmfa.org
Cc: Paloma Miranda; Shanna March
Subject: RE: Access to the SF Web Management System - East Baton Rouge MFA

Hello,

Your User Credentials to login are

User ID: THERIOT_V
Password: EBRMFA2014 (the Password is case sensitive)

Direct Link to the SF Web Management System: <https://services.ehousingplus.com/Default.htm>
Home page for East Baton Rouge MFA: <http://www.ehousingplus.com/available-programs/louisiana/ebrmfa/>

If you need assistance navigating the system, our office can setup system training for next week.

Sincerely,
The eHousingPlus Team

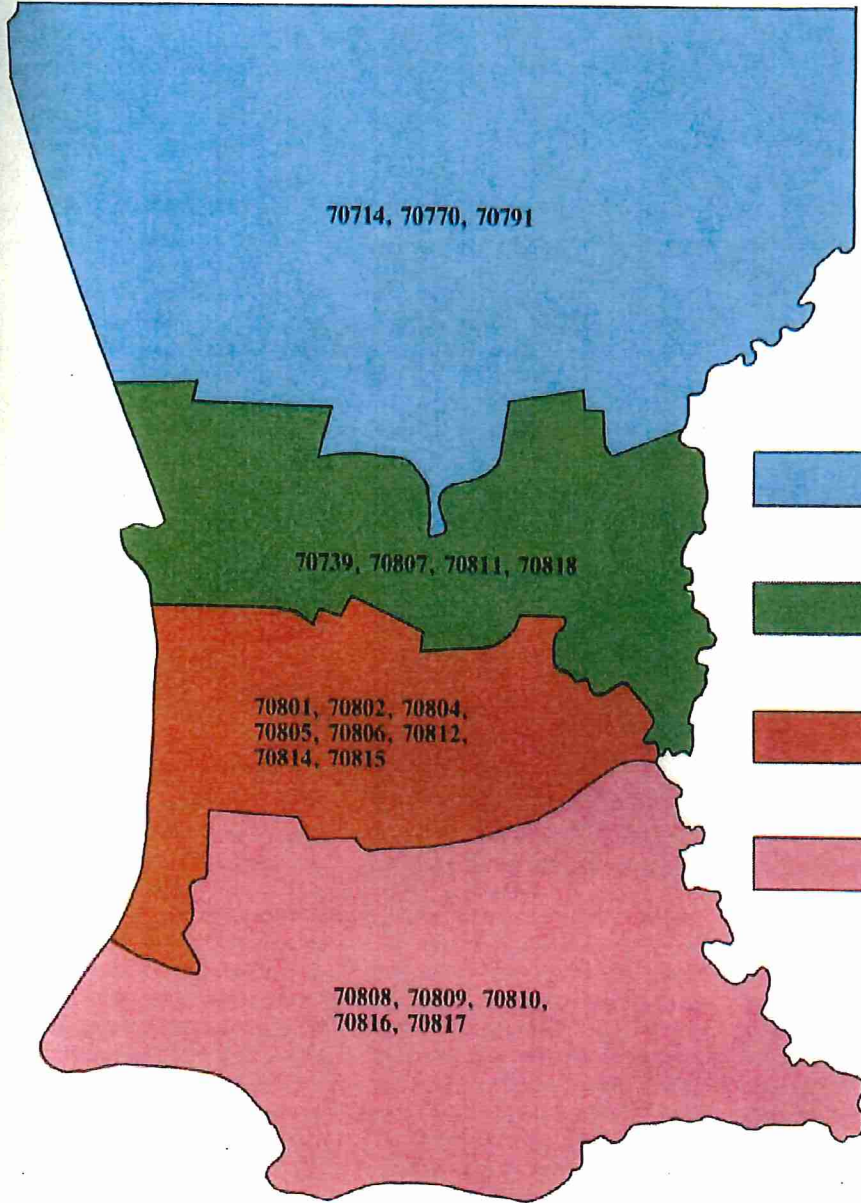
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EAST BATON ROUGE PARISH



**2009GSE Issue
Current Pipeline Only**

As of June 12, 2014

Blue	New	0	\$
	Existing	18	\$ 1,763,466
Green	New	1	\$ 166,822
	Existing	14	\$1,576,056
Red	New	1	\$ 123,575
	Existing	95	\$10,750,820
Pink	New	13	\$ 2,426,981
	Existing	64	\$ 8,634,150