

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Issuance by Orange County Housing Finance Authority of Homeowner Revenue Bonds and Homeowner Subordinate Revenue Bonds of up to \$50,000,000

DEPARTMENT: Fiscal Services **DIVISION:** Administration

AUTHORIZED BY: Lisa H. Spriggs **CONTACT:** Lisa H. Spriggs **EXT.** 7172

Agenda Date <u>6/13/06</u>	Regular <input type="checkbox"/>	Consent <input checked="" type="checkbox"/>	Work Session <input type="checkbox"/>	Briefing <input type="checkbox"/>
	Public Hearing – 1:30 <input type="checkbox"/>		Public Hearing – 7:00 <input type="checkbox"/>	

MOTION/RECOMMENDATION:

Approve and authorize the Chairman to execute the authorizing resolution to ratify the issuance by the Orange County Housing Finance Authority of Homeowner Revenue Bonds and Homeowner Subordinate Revenue Bonds of up to \$50,000,000 over the next year on behalf of Seminole County.

BACKGROUND:

Under the authority granted through an agreement dated February 1, 1982 between Seminole County and the Orange County Housing Finance Authority, the Authority has approved a plan of financing contemplating the issuance of its Homeowner Revenue Bonds and Homeowner Subordinate Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$50,000,000 over the next year. The proceeds of the Bonds would be to assist in the financing of purchases by individual first-time homeowners of new or existing owner-occupied single family residences situated within Orange, Seminole, Lake and Osceola Counties and/or to refund indebtedness incurred for such purposes.

The Authority anticipates issuing a \$15,000,000 Single Family Bond Program in June, 2006, for the benefit of the four counties. The loans are made on a first come, first served basis to qualified buyers with median income at or below that of the combined median income of the four county areas. Additional issuances up to the \$50,000,000 cap will be considered by the Authority based on feasibility over the next year.

Reviewed by:
Co Atty: _____
DFS: _____
Other: _____
DCM: _____
CM: _____
File No. <u>CFSA02</u>

A "TEFRA" public hearing for Seminole County was held on Wednesday, May 31, 2006, at the Seminole County Services Building at 9:00 AM, Room #3026 for the proposed issuance of the bonds. The Purpose of the hearing was to provide opportunity for public comments regarding the issuance of Homeowner Revenue and Homeowner Subordinate Revenue Bonds. No comments were received during the TEFRA hearing.

Section 147(f) of the Internal Revenue Code of 1986, as amended requires all private activity bonds, including qualified mortgage bonds, be approved by the issuer of the bonds and by the County having jurisdiction over the area in which the residences to be financed are located. Attached for Board approval is an authorizing Resolution approving the issuance and sale of the Bonds by the Authority, solely for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Attached: Authorizing Resolution
 TEFRA Hearing Notice / Comments
 2006A Program Notice

2006 - _____
RESOLUTION

WHEREAS, the Orange County Housing Finance Authority (the "Authority") was created pursuant to Ordinance 78-18, codified in the Code of Orange County at Section 2-151 *et seq*; and

WHEREAS, the Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), has created a requirement that all private activity bonds, including qualified mortgage bonds, issued on or after August 16, 1986, for the purpose of financing the purchase of owner-occupied single family residences for first-time homebuyers or to refund indebtedness incurred for such purpose be approved by the issuer of the bonds and by each governmental unit having jurisdiction over the area in which the residences to be financed are located; and

WHEREAS, such approval is to be given after a public hearing for which reasonable notice has been given; and

WHEREAS, the Authority is contemplating the issuance of its Homeowner Revenue Bonds and Homeowner Subordinate Revenue Bonds, [series to be designated], in a combined aggregate principal amount not to exceed \$50,000,000 (the "Bonds"), to assist in financing purchases by individual first-time homeowners of new or existing owner-occupied single-family residences situated within Seminole, Lake, Orange and Osceola Counties and/or to refund indebtedness incurred for such purposes; and

WHEREAS, a public hearing was held at 9:00 a. m. on Wednesday, May 31, 2006, with regard to the proposed issuance of the Bonds, at the place and at the time described in the Notice of Public Hearing attached hereto as Exhibit A, which Notice was published a reasonable time in advance of the hearing date in a newspaper of general circulation in Seminole County; and

WHEREAS, the Authority presented the issue of the Bonds in a combined aggregate principal amount not to exceed \$50,000,000 for approval to the Board of County Commissioners of Seminole County (the "Board");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY:

SECTION 1. Authority. This Resolution is adopted pursuant to the Constitution of the State of Florida, Chapter 125, Florida Statutes, and other applicable provisions of law.

SECTION 2. Findings. The Board hereby finds, determines and declares as follows:

A. The issuance of the Bonds and the expenditure of the proceeds thereof to assist in financing purchases by individual first-time homeowners of new or existing owner-occupied single-family residences situated within Seminole, Lake, Orange and Osceola Counties and/or to refund indebtedness incurred for such purposes will have a substantial public benefit to

Seminole County.

B. The Board is the elected legislative body of Seminole County and has jurisdiction over areas where such residences are located.

C. Seminole County has entered into an Interlocal Agreement with the Authority dated February 1, 1982, pursuant to which Seminole County has permitted the Authority to operate in certain respects within its boundaries.

SECTION 3. Ratification and Approval. The Board hereby finds that the issuance of the Bonds and the expenditure of the proceeds thereof to assist in financing purchases by individual first-time homeowners of new or existing owner-occupied single-family residences situated within Seminole, Lake, Orange and Osceola Counties and/or to refund indebtedness incurred for such purposes will help alleviate the shortage of housing for persons and families of low and moderate income in Seminole County.

Solely for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended, the Board hereby approves the issuance and sale of the Bonds by the Authority in a combined aggregate principal amount not to exceed \$50,000,000 to assist in financing purchases by individual first-time homeowners of new or existing owner-occupied single-family residences situated within Seminole, Lake, Orange and Osceola Counties and/or to refund indebtedness incurred for such purposes. The Bonds shall be issued on such terms and in such manner as shall be established by subsequent proceedings of the Authority.

SECTION 4. Limited Obligations. The Bonds and the interest thereon shall not constitute an indebtedness of any kind or pledge of the general credit or taxing power of Seminole County, the State of Florida or any political subdivision or agency thereof but shall be payable solely from the revenues pledged therefor pursuant to a trust agreement entered into by the Authority prior to or contemporaneously with the issuance of the Bonds.

SECTION 5. Limited Approval. The approval given herein shall not be construed as an approval of any necessary rezoning applications nor for any other regulatory permits relating to any residences that may be financed from the proceeds of the Bonds and the Board shall not be construed by reason of its adoption of this resolution to (i) attest to the Authority's ability to repay the indebtedness represented by the Bonds, (ii) recommend to prospective purchasers of the Bonds to purchase the same, or (iii) have waived any right of Seminole County or estopping Seminole County from asserting any rights or responsibilities it may have in that regard.

SECTION 6. Effective Date. This Resolution shall become effective immediately upon its passage.

PASSED AND ADOPTED this 13th day of June, 2006.

SEMINOLE COUNTY, FLORIDA
By: Board of County
Commissioners

By: _____

Seminole County Chairman

Attest:

By: _____
Clerk

EXHIBIT A

**NOTICE OF PUBLIC HEARING
ORANGE COUNTY HOUSING FINANCE AUTHORITY
HOMEOWNER REVENUE BONDS
AND
HOMEOWNER SUBORDINATED REVENUE BONDS**

Notice is hereby given that the Orange County Housing Finance Authority (the "Authority") will conduct a public hearing on Wednesday, May 31, 2006, concerning a plan of financing (within the meaning of Section 147(f) of the Internal Revenue Code of 1986) pursuant to which the Authority will issue its Homeowner Revenue Bonds and Homeowner Subordinated Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$50,000,000 (collectively, the "Bonds"). The proceeds of the Bonds would be used to assist in financing purchases by individual first-time homeowners of new or existing owner-occupied single-family residences situated within Orange, Seminole, Osceola and Lake Counties and/or to refund indebtedness incurred for such purposes.

The public hearing will be held at the following time and location:

TIME	LOCATION
9:00 A.M. Wednesday, May 31, 2006	Seminole County Services Building 1101 E. First Street 3 rd Floor, Room No. 3026 Sanford, FL 32771

Interested persons are invited to submit written comments or present oral comments at the hearing regarding the proposed issuance of the Bonds. Written comments should be received by the Authority on or before May 29, 2006. Oral comments will be limited to no more than 10 minutes per person. Written comment or notice of intent to present oral comments should be directed to:

Orange County Housing Finance Authority
2211 E. Hillcrest Street
Orlando, Florida 32803
Attention: Executive Director

SECTION 286.0105, FLORIDA STATUTES, STATES THAT IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY A BOARD, AGENCY, OR COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT A MEETING OR HEARING, SUCH PERSON WILL NEED A RECORD OF THE PROCEEDINGS, AND THAT, FOR SUCH PURPOSE, MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

RECEIVED

MAY 18 2006

State of Florida } S.S.
COUNTY OF ORANGE }

Before the undersigned authority personally appeared BEVERLY C. SIMMONS, who on oath says that he/she is the Legal Advertising Representative of Orlando Sentinel, a daily newspaper published at ALTAMONTE SPRINGS in SEMINOLE County, Florida; that the attached copy of advertisement, being a EXHIBIT A NOTICE in the matter of SANFORD LOCATION in the SEMINOLE Court, was published in said newspaper in the issue; of 05/14/06

Affiant further says that the said Orlando Sentinel is a newspaper published at ALTAMONTE SPRINGS, in said SEMINOLE County, Florida, and that the said newspaper has heretofore been continuously published in said SEMINOLE County, Florida, each Week Day and has been entered as second-class mail matter at the post office in ALTAMONTE SPRINGS in said SEMINOLE County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he/she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

The foregoing instrument was acknowledged before me this 16th day of MAY, 20 06, by BEVERLY C. SIMMONS, who is personally known to me and who did take an oath.

(SEAL)

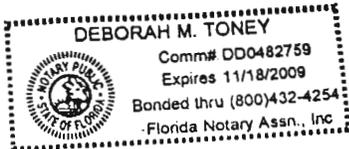


EXHIBIT A
NOTICE OF PUBLIC HEARING
ORANGE COUNTY HOUSING FINANCE AUTHORITY HOMEOWNER REVENUE BONDS AND HOMEOWNER SUBORDINATED REVENUE BONDS
Notice is hereby given that the Orange County Housing Finance Authority (the "Authority") will conduct a public hearing on Wednesday, May 31, 2006, concerning a plan of financing (within the meaning of Section 147(f) of the Internal Revenue Code of 1986) pursuant to which the Authority will issue its Homeowner Revenue Bonds and Homeowner Subordinated Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$50,000,000 (collectively, the "Bonds"). The proceeds of the Bonds would be used to assist in financing purchases by individual first-time homeowners of new or existing owner-occupied single-family residences situated within Orange, Seminole, Osceola and Lake Counties and/or to refund indebtedness incurred for such purposes.

The public hearing will be held at the following time and location:

TIME
9:00 A.M.
Wednesday, May 31, 2006
LOCATION
Seminole County Services Building
1101 E. First Street
3rd Floor, Room No. 3026
Sanford, FL 32771

Interested persons are invited to submit written comments or present oral comments at the hearing regarding the proposed issuance of the Bonds. Written comments should be received by the Authority on or before May 29, 2006. Oral comments will be limited to no more than 10 minutes per person. Written comment or notice of intent to present oral comments should be directed to:

Orange County Housing Finance Authority
2211 E. Hillcrest Street
Orlando, Florida 32803
Attention: Executive Director

SECTION 286.015, FLORIDA STATUTES, STATES THAT IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY A BOARD, AGENCY, OR COMMISSION WITH RESPECT TO ANY MATTER CONSIDERED AT A MEETING OR HEARING, SUCH PERSON WILL NEED A RECORD OF THE PROCEEDINGS AND THAT, FOR SUCH PURPOSE, MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.
CSE6775863 51406



ORANGE COUNTY
HOUSING FINANCE AUTHORITY

2211 East Hillcrest Street Orlando, Florida 32803
Telephone: 407-894-0014 Fax: 407-897-6679

W.D. Morris
Executive Director

MEMORANDUM

TO: File

FROM: Anthony Burrell, Director, Single Family Programs

DATE: May 31, 2006

RE: **TEFRA Hearing Meeting for Homeowner Revenue Bonds and Homeowner Subordinate Revenue Bonds**

Today, Wednesday, May 31, 2006 at 9:00 A.M. a TEFRA Hearing was conducted in Seminole County at the Seminole County Services Building, 1101 E. First Street, 3rd. floor, Room 3026, Sanford, FL 32771.

The meeting was presided over by Anthony Burrell, Director, Single Family Programs. The purpose of the hearing was to receive public comments regarding the proposed issuance of Homeowner Revenue Bonds and Homeowner Subordinate Revenue Bonds by Orange County Housing Finance Authority.

No comments were received at the hearing. The meeting adjourned at 9:30 A.M.

Board of Directors:

- *Ann Brown Payne, Chairman*
- *Jeffery A. Stueve, Vice Chairman*
- *David Johnston*
- *Barbara Ashley-Jones*
- *Clemente Cuevas*

June __, 2006

**ORANGE COUNTY HOUSING FINANCE AUTHORITY
HOMEOWNER REVENUE BONDS
2006A PROGRAM NOTICE**

The Orange County Housing Finance Authority (the "Authority") hereby provides notice to Participants of the commencement of its 2006A Program (the "Program"). Participants may commence making reservations for Mortgage Loans pursuant to the Master Mortgage Origination Agreement (the "Agreement") and the terms contained herein. The description of the Program contained herein is intended only as a summary of certain provisions of the Program and is subject to more complete description of the rights, duties and obligations of the Participants contained in the Agreement. The Agreement, this Program Notice and anticipated future periodic Program Notices should be read carefully in their entirety. In the event of any conflict between this Program Notice and the Agreement, the Agreement shall control over this Program Notice.

Participating Counties: Lake, Orange, Osceola, and Seminole

Mortgage Rate and

Points:

The Program will make available to Mortgagors Low Rate Mortgage Loans and Subordinate Whole Mortgage Loans. Subordinate Whole Mortgage Loans bearing interest at 1% per annum above the interest rate on Low Rate Mortgage Loans, and funding up to 20% LTV (105% CLTV), but not more than \$35,000, will enable Mortgagors to satisfy cash requirements at loan closing (including property tax and hazard insurance escrow contribution requirements) and/or to reduce the Low Rate Mortgage Loan mortgage balance to as low as 80% LTV (when combined in some instances with SHIP and HOME third mortgages available to Orange County residents from Orange County or available from other local jurisdictions). Subordinate Whole Mortgage Loans shall be junior and subordinate in all respects to Low Rate Mortgage Loans.

Participants may not charge the Borrower or the Seller an origination fee or discount points (0% origination /0% discount) on either Low Rate Mortgage Loans or Subordinate Whole Mortgage Loans. The Purchase Price of Low Rate Mortgage Loans and Subordinate Whole Mortgage Loans will allow Participants to earn a 1.75% net profit.

The Program will be rolled out in incremental funding pools over the remainder of the year 2006. Under the 2006A rollout, \$15,000,000 will initially be made available for Low Rate Mortgage Loans and \$1,260,000 for Subordinate Whole Mortgage Loans, however, these amounts may increase or change at the direction of the Authority depending on demand indicated by Participants.

The Targeted Area set aside for the 2006A rollout is expected to be approximately \$_____ (of which \$_____ shall be set aside for Mortgage Loans for Orange County residents and \$_____ shall be set aside for residents of Lake, Osceola and Seminole Counties) and will be made available in a first come first served pool for the origination of Low Rate Mortgage Loans and Subordinate Whole Mortgage Loans.

Due to restrictions imposed by State law, it may be necessary for the Authority to limit the funds available for Mortgage Loans within particular counties during certain periods.

**County /City
Assistance**

In addition to the assistance offered with the Subordinate Whole Mortgage Loans, lower cost (e.g., 0% interest and/or deferred due on sale) second mortgage down payment assistance may be available from county or local governments. Such programs are generally funded with State of Florida SHIP funds or federal HOME funds. Participants are expected to refer Borrowers that may be eligible for such assistance to the appropriate County/City or local jurisdiction, or to the Authority staff who may be able to assist the Borrower in submitting applications for such assistance.

**Authority
Assistance**

In addition to the assistance offered with the Subordinate Whole Mortgage Loans and the County or City Assistance described above, the Authority may offer low cost subordinated mortgage down payment assistance in an amount of up to \$10,000. The terms of this assistance have not been finalized, however Authority staff anticipates such assistance will be made available to Eligible Borrowers who do not qualify for or otherwise have access to County or City assistance programs. It is anticipated the Authority's subordinated mortgage down payment assistance will bear interest at a rate of 3% per annum, with payments expected to be deferred for 5 years and with level monthly payments of principal and interest for 10 years thereafter.

**First Come, First Served
Reservation Pools:**

The Authority will make Program funds available to Participants pursuant to a first-come, first-served pooled reservation procedure. Over the course of the Program it is anticipated that the Program pools will consist of any one or more of the following:

1. Spot loan pool to originate loans for existing or new construction loans that are ready to close within 30 to 45 days of the reservation date; and
2. Targeted Area set-aside pool to originate loans in qualifying targeted census tracts.

Commitment Period: The Servicer will automatically cancel all reservations made for which: (i) no Underwriting Certification has been submitted to the Master Servicer within 30 days after the reservation has been made; (ii) the Mortgage Loan file has not been submitted to the Master Servicer for purchase within 80 days after the reservation has been made; (iii) the Mortgage Loan has not been purchased within 115 days after the reservation has been made on account of uncured file exceptions. As required by the Agreement, in order to be eligible for purchase, Mortgage Loan files must be submitted to the Master Servicer within 20 days of the closing of the Mortgage Loan. The Master Servicer may charge a late delivery fee of \$50 for each Mortgage Loan file that is not delivered for purchase within 20 days of the closing of the Mortgage Loan.

Marketing Fee To participate in the Program, Participants must first have paid a \$1,000 non-refundable annual Marketing Fee to the Authority for calendar year 2006.

Re-Activating Reservations Reservations that have been dropped may not be re-listed under an existing funding pool, however, such reservations may be listed in a waiting list, with no commitment as to interest rate. When such wait-listed loan is ready to close, the Participant may request approval from the Authority to re-list such loan under a funding pool available on that date. A refundable Re-Activation Fee of 1% will be collected from the Participant before such wait-listed loan may be re-activated, from which date, it is expected that a loan file will be delivered within 30 days, or the Re-Activation Fee will be forfeited.

Lender Profit: The purchase price of each Low Rate Mortgage Loan and Subordinate Whole Mortgage Loan will be established to provide a net profit to the Participant of 1.75% of the aggregate principal amount of such Low Rate Mortgage Loan or Subordinate Whole Mortgage Loan, as the case may be, assuming such Low Rate Mortgage Loan or Subordinate Whole Mortgage Loan is purchased within the above Commitment Period.

Low Rate Mortgage Loans:	<u>GNMA</u>	<u>Fannie Mae</u>
Origination/Discount Points	0.00%	0.00%
Commitment Fee Reimbursement	0.00%	0.00%
Assistance Paid by Lender	0.00%	0.00%
Servicer Premium/Discount	<u>1.75%</u>	<u>1.75%</u>
Total Lender Profit	1.75%	1.75%

Targeted Area Low Rate Mortgage Loans:	<u>GNMA</u>	<u>Fannie Mae</u>
Origination/Discount Points	0.00%	0.00%
Commitment Fee Reimbursement	0.00%	0.00%
Assistance Paid by Lender	0.00%	0.00%
Servicer Premium/Discount	<u>1.75%</u>	<u>1.75%</u>

Total Lender Profit	1.75%	1.75%
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Subordinate Whole Mortgage Loans*:

Origination/Discount	\$0.00%
Commitment Fee Reimbursement	0.00%
Assistance Paid by Lender	0.00%
Servicer Premium/Discount	<u>1.75%</u>
Total Lender Profit	1.75%

Targeted Area Subordinate Whole Mortgage Loans*:

Origination/Discount	0.00%
Commitment Fee Reimbursement	0.00%
Assistance Paid by Lender	0.00%
Servicer Premium/Discount	<u>1.75%</u>
Total Lender Profit	1.75%

*Borrowers will be charged a fee of \$150.00 from the proceeds of Subordinate Whole Mortgage Loans by the Servicer in lieu of an ongoing servicing fee.

Acceptable Application

Fees:

The Participant may collect an up-front application fee to cover actual costs of the credit report and appraisal. In addition, the Participant shall collect from the borrower or seller a fee, payable upon assignment of the Mortgage Loan to the Master Servicer, in an amount equal to \$225 which is payable at the time of closing such Mortgage Loan. Participants may also charge reasonable and customary fees as permitted by FHA for the administration of FHA Section 203(k) rehab loans and as permitted by Fannie Mae for the administration of conventional rehab loans.

First Time Homebuyer

Requirements:

Federal law requires that the proceeds of the Bonds must be used to finance mortgage loans (except mortgage loans on residences in targeted areas) made to households that have not had a home ownership interest in a principal residence at any time during the three-year period preceding the closing date of the mortgage loan. To ensure compliance with this statutory requirement, each purchaser of a Residence will be required to submit to the Participant his or her federal income tax returns for the prior three years or other acceptable evidence that such purchaser is a first-time homebuyer. If this requirement is violated, the Participant that originated the Mortgage Loans must repurchase the nonconforming Mortgage Loans.

Targeted Areas: There will be a Targeted Area set-aside pool established by the Issuer. Targeted Area income and purchase price limits apply to Mortgage Loans originated in Targeted Areas. Also, homebuyers do not need to be first-time homebuyers in Targeted Areas.

Lake County: None
 Orange County: Census Tract #104, 105, 106, 114, 117.02, 119.01, 145.02
 Osceola County: None
 Seminole County: Census Tract #205

Exemption from Documentary

and Intangible Taxes: Under Section 159.621, Florida Statutes, the Mortgage and Note for both Low Rate Mortgage Loans and Subordinate Whole Mortgage Loans are exempt from documentary and intangible taxes.

Income Limits: Participants may make commitments for mortgage loans to any Mortgagor whose Current Annual Family Income does not exceed the following:

NON-TARGETED		TARGETED	
1-2 Family	3 + Family	1-2 Family	3 + Family
<u>Members</u>	<u>Members</u>	<u>Members</u>	<u>Members</u>
\$54,700	\$66,010	\$68,880	80,360

Acquisition Price Limits*:

The acquisition price of residences purchased under the Program by Mortgagors may not exceed the following:

NON-TARGETED		TARGETED	
<u>New</u>	<u>Existing</u>	<u>New</u>	<u>Existing</u>
\$293,921	\$293,921	\$359,236	\$359,236

* Also subject to the applicable FHA/VA limits

Co-signers:

Co-signers are allowable in an FHA transaction when meeting the following conditions: (1) a co-signer cannot have any ownership interest in the property (they cannot be on the title) and (2) the co-signer cannot reside in the property being purchased. A co-signer's income is not considered for bond program purposes, tax returns are not required and co-signers do not sign any bond documents. Fannie Mae transaction may be considered by the Master Servicer on a case-by-case basis.

Servicing: All mortgage loans will be serviced by US Bank N.A. d/b/a U.S. Bank Home

Mortgage-MRBP Division as Master Servicer and Program Administrator.

Mortgage Loans:

Qualifying Low Rate Mortgage Loans must either be (a) FHA Insured (including FHA Section 203(k) rehab loans), VA Guaranteed or USDA/RD Guaranteed and eligible for securitization by GNMA or (b) Conventional Mortgage Loans eligible for purchase by Fannie Mae, including HFA 1% and Teacher's option mortgage loans offered by Fannie Mae. All homes financed under the Program must be the primary residence of the owner-occupant. Participants must make reservations for Mortgage Loans on a first-come, first-served basis.

The initial Mortgage Loan terms and interest rates effective June __, 2006 are as follows:

Low Rate Option (\$15,000,000 available Spot Pool only):

<u>Mortgage Rate⁽¹⁾</u>	<u>Origination Fee</u>	<u>FHA/VA Discount</u>	<u>Fannie Mae Discount</u>	<u>Assistance</u>
__%	0.000%	0.000%	0.000%	0.000%

Subordinate Whole Mortgage Loan Option: (\$1,260,000 available Spot Pool only)

<u>Mortgage Rate⁽¹⁾</u>	<u>Origination Fee</u>	<u>FHA/VA Discount</u>	<u>Fannie Mae Discount</u>	<u>Assistance</u>
__%	0.000%	0.000%	0.000%	0.000%

All Mortgage Loans will be fully amortized over a 30-year term and have level monthly debt service payments.

- ⁽¹⁾ The above initial rates and revised acquisition price limits are effective for reservations made on or after June 15, 2006. New rates will be posted by the Authority from time to time and will be effective for reservations made on or after the date of posting. From the date a reservation is made, the interest rates and terms are locked for up to 80 days, as described herein.

Start Dates: The Reservation Start Date is June 15, 2006.

Accepted

W. D. Morris, Executive Director

Authorized Officer (Signature)

Date

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