



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION



Missouri Housing Development Commission (MHDC)

- **Distinct entity – separate from state**
 - **Board of Commissioners**
 - Approval of funding recommendations using any type of MHDC funds
 - **100% self funded**

MHDC Fund Balance

- **Money from MHDC's investments**
 - MHDC standard conservative investments
 - MRB loans – First Time Homebuyer Program
 - Tax exempt bond financing
 - MHDC loans – multi family
 - 5 year projection of assets helps determine level of funding
 - No state revenue funds

MHDC Fund Balance

- Amount of funding is described in the LIHTC NOFA
 - 2018
 - \$20 million – construction only
 - \$20 million – construction / perm
 - 2017
 - \$18.3 million – construction only
 - \$18.7 million – construction / perm

MHDC Fund Balance

- **5 year funding history - perm**
 - **14 - average loans per year**
 - **\$11,426,650 - average amount per year**
 - **\$840,195 - average amount per loan**
 - **3.29% - average % rate**
- **2017 - used all available MHDC Fund Balance construction money in NOFA**
- **Yearly interest rate is established in conjunction with MHDC's ongoing strategic planning taking into consideration market conditions**

MHDC Fund Balance - Construction

- **Terms – 2018** (Evaluated each year)
 - **3.25%**
 - **1% origination fee**
 - **First position**
 - **Lenders may take a second position during construction**
 - **Set-Aside (Special Needs / Vulnerable Population)**
 - **2.0%**
 - **1% origination fee**
 - **Construction Only**

MHDC Fund Balance - Perm

- **Terms – 2018** (Evaluated each year)
 - Interest rate – 3.25%
 - Term
 - 18 year – single family rental
 - 20 year – multi family rental
 - Amortization
 - 25 year – single family rental
 - 30 years – multi family rental
 - 1% origination fee
 - First Position
 - Must be put in during construction

MHDC Fund Balance

- **Benefits**
 - **Loan rate is lower than conventional rate**
 - **MHDC underwrites proposal – not private bank**
 - **Lower soft costs – legal**
 - **Quicker to close - internal**
 - **Recycle and increase funds**
 - **Secure investment**
 - **Works well with family / metro proposals**
 - **MHDC monitors draws during construction**

MHDC Fund Balance

- **Drawbacks**
 - **First position**
 - **Always hard debt**
 - **Competition with private banks**
 - **Limited funds – especially construction**
 - **Doesn't work well with 4% LIHTC proposals**
 - **Fund Balance not take a 2nd to TE Bonds**
 - **Will work as perm only on 4% LIHTC proposals**

MHDC Participation Loan

- Mix MHDC Fund Balance with private lender funds
- Co-first position loans
- Must use Participating Loan Agreement
 - Construction loan – 3.5% plus LIBOR (would entertain a fixed rate participation if rate is competitive)
 - Perm loan interest rate from private bank – market
- Blended rate (for perm only)
 - MHDC Fund Balance blended at 3.25%

MHDC Participation Loan

- Requirements to be a participating lender – MHDC comfort with lender
 - Balance sheet
 - Experienced team
 - MO presence
- Terms set each year
- Construction loans more frequent than perm
- Perm blended rate has been around 4.75% – Firm Commitment will state variable rate – may see the interest rate rise this year

MHDC Participation Loan

- **Benefits**
 - Leverage's MHDC resources
 - Safe investment for participating lender
 - Minimal due diligence
 - Participating lender becomes comfortable with MHDC due diligence over time
 - Interest rate below private financing

MHDC Participation Loan

- **Drawbacks**
 - Interest rate higher than straight MHDC Fund Balance
 - Additional due diligence – participating lender
 - Participating lender must accept MHDC Participation Loan Agreement

Contact Information

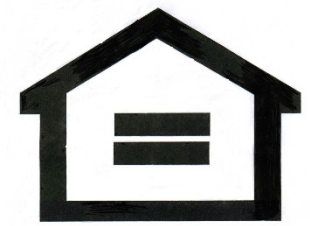
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**EQUAL HOUSING
OPPORTUNITY**