



# TALHFA 2023 Conference – Fort Worth HFC Bootcamp: Single Family Bond Basics

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## **STATUTORY BASIS FOR TAX-EXEMPT SINGLE FAMILY MORTGAGE REVENUE BONDS...**

- **FEDERAL:** Section 143, Internal Revenue Code
- **STATE:** Chapter 394, Texas Local Government Code

## **LOCAL TEXAS HFC 1<sup>ST</sup> STEP – APPLICATION TO THE TEXAS BOND REVIEW BOARD (TBRB) FOR...**

- an Allocation of Private Activity Bond (PAB) Volume Cap from the State for Single Family

## **SINGLE FAMILY PAB VOLUME CAP MAY BE USED FOR...**

- Single Family Bonds or a Mortgage Credit Certificate (MCC) Program

## SINGLE FAMILY BONDS VS MCC...

- **Bonds provide a below market rate mortgage loan, usually with bond premium-funded Down Payment Assistance (DPA)**
- **MCCs provide an annual federal income tax credit, based on the amount of mortgage interest paid during the year**



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## SECTION 143 HOMEBUYER REQUIREMENTS FOR SINGLE FAMILY BONDS...

- **Income Limit (generally up to 140% of area median income - AMI)**
- **Purchase Price Limit**
- **First-Time Homebuyer (cannot have owned a home in the last three years, except in certain federal “Targeted Area” census tracts)**

## “REVENUE” BONDS VS. GENERAL OBLIGATION (GO) BONDS

- **Revenue bonds are special purpose limited obligations – payable only from a fixed source (e.g., from a designated pool of mortgages, or from toll revenues)**
- **GO bonds though are unlimited obligations – payable from the full faith & credit, including full taxing power, of the issuing entity (e.g., city, county, state)**

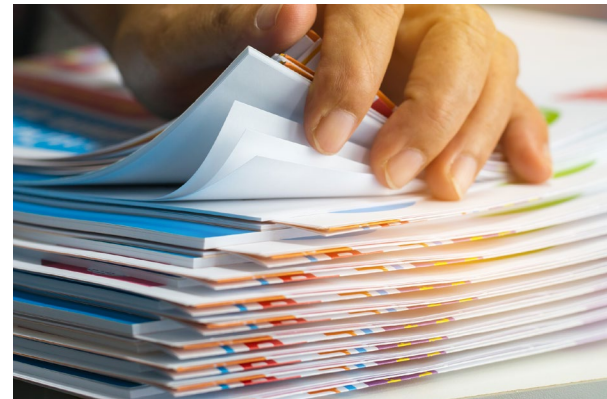
## KEY PARTIES IN A SINGLE FAMILY BOND ISSUANCE...

- Issuer – HFA/HFC
- Issuer’s Counsel
- Bond Counsel
- Financial Advisor
- Bond Underwriter/Placement Agent
- Master Servicer
- Bond Trustee
- Lenders



## KEY DOCUMENTS IN A SINGLE FAMILY BOND ISSUANCE...

- **Bond Resolution**
- **Trust Indenture**
- **Servicing Agreement**
- **Preliminary Official Statement (POS) or Private Placement Memorandum (PPM)**
- **Final Official Statement (OS)**



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