

PUBLIC MEETING NOTICE
Pursuant to Act 84 of 1986 - Sunshine Act

The monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on **Thursday, February 9, 2012 at 10:30 a.m.** at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania. The purpose of this meeting is to conduct normal Agency business and to approve the issuance of certain Agency securities. Inquiries should be directed to the Secretary.

If you are a person with a disability and wish to attend this meeting and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Monday, February 6, 2012 to discuss how the Pennsylvania Housing Finance Agency may best accommodate your needs.

Anyone wishing to be recognized by the Chair to address the Members of the Board at this meeting must contact the Secretary no later than Monday, February 6, 2012 either in writing or by telephone and detail the nature of their presentation.

Carrie M. Barnes
Secretary
Phone: 717.780.3911
TTY: 717.780.1869

PENNSYLVANIA HOUSING FINANCE AGENCY

THURSDAY, FEBRUARY 9, 2012

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL
2. ELECTION OF VICE CHAIRMAN OF THE BOARD
3. APPROVAL OF THE MINUTES FROM THE DECEMBER 8, 2011 BOARD MEETING
4. PROGRAM DEVELOPMENT AND REVIEW COMMITTEE REPORT
 - A. Property Workout
 1. Church Lane
Philadelphia, Philadelphia County
 - B. Bridge Loan Financing
 1. Chester Housing Authority - Gateway Senior Housing
 - C. Other Business
5. AUTHORIZATION FOR FANNIE MAE MORTGAGE BACKED SECURITY PROGRAMS
6. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2012-114
7. OTHER BUSINESS
8. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
December 8, 2011**

Members Present:

Glenn Moyer, Chairman,
Secretary, Department of Banking)
Thomas B. Hagen, Vice Chairman
Ford S. Thompson (serving in the stead of
Gary D. Alexander, Secretary,
Department of Public Welfare)
*Ronald F. Croushore
*Morris Dean
*Colleen M. DeFrank
*Noel E. Eisenstat
Lisa R. Gaffney
Keith Welks (serving in the stead of
Rob McCord, State Treasurer)
John Paone
Mark Schwartz
*Howard B. Slaughter, Jr.
Edward Geiger (serving in the stead of
C. Alan Walker, Secretary,
Department of Community and
Economic Development)

*On Telephone conference call

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Chief Counsel
David L. Evans, Assistant Executive Director of Multifamily
Robert Bobincheck, Director of Strategic Planning and Policy
Scott Elliott, Manager of Communications
Holly Glauser, Director of Development
Kate Newton, Director Homeownership Programs
Daryl Rotz, Director of Homeowners Emergency Mortgage Assistance Program
Bill Fogarty, Director of Government Affairs
Bryce Maretzki, Director of Business Development
Kimberly Boal, Director of Information Technology
Carl Dudeck, Director of Housing Management
Joseph Knopic, Director of Finance
JoLynn Stoy, Associate Counsel
Melissa Raffensperger, Policy Associate
Barbara Stephens, Public Affairs Officer
Brenda Wells, Director of Western Region
Mike Horsey, Mitchell Titus

Members Absent:

Margaret Guarino, Bank of America
Michael Baumrin, RBC Capital Markets
Barry Gottfried, Barclays Capital
Liz Hersh, Housing Alliance
Mary Ann George, Bank of America
Steve Balogo, Ernst & Young
Bob Foggio, Morgan Stanley
Ralph Jones, US Bank
Nick Fluehr, Wells Fargo
Greg Brunner, M&T Bank
Marie Boyer, PNC Bank
Alan Jaffe, JP Morgan
Charlotte L. Nelson, Assistant Secretary
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, December 8, 2011, at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on November 26, 2011.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chairman Moyer at 10:30 a.m. The roll was called and a quorum was present.

2. APPROVAL OF THE MINUTES FROM THE NOVEMBER 10, 2011 BOARD MEETING

There were no additions or corrections to the minutes.

A motion was made by Mr. Thompson that the minutes from the November 10, 2011 Board meeting be approved as submitted. This motion was seconded by Vice Chairman Hagen and was unanimously approved.

3. PROGRAM DEVELOPMENT AND REVIEW COMMITTEE REPORT

Ms. Gaffney, as Chair of the Program and Development Review Committee, reported that the Committee met prior to the Board meeting to discuss several issues, including the following agenda items.

A. Tax Exempt Volume Cap Allocation Requests

1. HDC Preservation Portfolio; B'nai B'rith Apartments and Opportunities Towers I and II

Mr. Evans reported that the Board previously approved preliminary allocations of 2011 volume cap for these projects. Unfortunately, they have not been able to close quickly enough to utilize that allocation. The sponsors are now requesting a 2012 volume cap allocation so that they can proceed to closing. In the case of the HDC Portfolio, certain adjustments will also be made to the underlying PennHOMES financings. Staff recommends approval.

Chairwoman Gaffney reported that the Program and Development Review Committee concurs with staff's recommendation.

Chairwoman Gaffney made the motion that the Board approve the resolution authorizing the housing related bond allocation and related financing matters for the HDC Preservation Portfolio; B'nai B'rith; and Opportunities Towers I and II. This motion was seconded by Mr. Paone and was unanimously approved. (Appendix 1 of these Minutes.)

2. Cumberland Gardens – Phase I

Mr. Evans reported that the Board authorized a preliminary allocation of tax exempt bond issuing authority in March of 2011 to this project and it is now ready to close. The Agency will issue \$8,000,000 in notes to provide the financing through the construction and renovation period. The underwriter for this issuance will be PNC Capital Markets LLC. Staff requests the Board's approval to move forward with this bond issuance.

Chairwoman Gaffney reported that the Program and Development Review Committee recommends approval of this issuance.

Chairwoman Gaffney made the motion that the Board approve the resolution authorizing the issuance of \$8,000,000 of Special Limited Obligation Multifamily Housing Development Bonds for the Cumberland Gardens – Phase I project. This motion was seconded by Vice Chairman Hagen and unanimously approved. (Appendix 2 of these Minutes.)

B. Portfolio Preservation Refinancing

1. Highland Glen

Mr. Evans reported that the Agency has been approached by the owner of this Section 8 development requesting approval to prepay the Agency's mortgage. He noted that several conditions are required before approval can be granted including that the refinancing must demonstrate a preservation strategy for the development, the Agency should suffer no economic loss due to the refinancing, the refinancing must not create economic hardship to the development and the Agency must continue to be the Section 8 contract administrator. It has been determined that these conditions will be met and staff recommends approval.

Chairwoman Gaffney reported that the Program and Development Review Committee concurs with staff's recommendation.

Chairwoman Gaffney made the motion that the Board approve the resolution authorizing the portfolio preservation restructuring for Highland Glen. This motion was seconded by Vice Chairman Hagen and was unanimously approved. (Appendix 3 of these Minutes.)

C. Other Business

**1. Reallocation of Tax Credits
Somerton Court Senior Residences**

Chairwoman Gaffney reported that the Program and Development Review Committee approved the reallocation of 2011 tax credits to Somerton Court Senior Residences located in Bensalem Township, Bucks County. No action is required by the Board.

**2. Transfer of Ownerships
Project H.O.M.E.**

Chairwoman Gaffney reported that the Program and Development Review Committee approved a request for transfer of ownership interests for five properties in Philadelphia including 1515 Fairmount Avenue, Hope Haven I, Hope Haven II, Kairos House, and Turning Point. The existing limited partnerships will transfer the properties to a single ownership entity, Project H.O.M.E. CDC. No action is required by the Board. (See Appendix 4 of these Minutes.)

4. AUDIT COMMITTEE REPORT

Mr. Geiger, as Chair of the Audit Committee, reported that the HEMAP and Audit Committees met jointly last week with the auditors for the Agency and HEMAP to review

financial statements. Ernst & Young are the auditors for the Agency and Mitchell Titus are the auditors for HEMAP. Mr. Geiger reported that there were no significant deficiencies or material weaknesses with regard to the Agency's financial statements.

Mr. Geiger made the motion that the Board approve the Agency's audited financial statements for the year ended June 30, 2011. This motion was seconded by Mr. Schwartz and passed unanimously.

5. HEMAP COMMITTEE REPORT

Mr. Schwartz, as Chair of the HEMAP Committee, noted that there is an Advances Payable notation in the financial statements. When HEMAP ran out of money, PHFA loaned the program \$18,900,000 to make the mortgage assistance loans which had been approved and were in the pipeline to be closed. HEMAP will reimburse the Agency for this loan from loan repayments and refinancings. He reported that this is also noted in PHFA's financial statements. There were no significant deficiencies or material weaknesses noted in HEMAP's financial statements.

Mr. Schwartz made the motion that the Board approve the HEMAP audited financial statements for the year ended June 30, 2011. This motion was seconded by Mr. Geiger and was unanimously approved.

Mr. Schwartz took the opportunity to commend Mr. Hudson and staff for the great job they did in working with the federal mortgage assistance program, EHLA. Staff deserves a lot of credit for making the program a success in Pennsylvania and being able to provide mortgage assistance for 26 percent of all the mortgage approvals in the entire nation. He also thanked Mr. Julian and Mr. Gouker in the Agency's Account and Loan Servicing division for their efforts to reduce the foreclosures in PHFA's portfolio by working with homeowners to find ways to keep them in their homes. They have done a great job.

Finally, Mr. Schwartz thanked Mr. Evans and his staff for the work they have done in the Smart Rehab program.

6. POLICY COMMITTEE REPORT

Mr. Thompson, as Chair of the Policy Committee, thanked all the Board members who attended the annual policy review meeting. A full quorum was in attendance and there was some in depth discussion. It was a very good meeting and he thanked staff for all of their preparation.

Chairman Moyer also stated that it was a very informative day, especially for the newer Board members, which provided more in depth information into the workings of the Agency and its programs. He also appreciated the efforts of staff.

Mr. Hudson thanked the Board members for their attendance and support. He also thanked the staff for their effort on pulling together all of the presentations for the policy meeting.

7. APPROVAL OF AGENCY SET-ASIDES

Mr. Hudson reported that staff is requesting the Board's consideration of a set-aside of funds to assist certain Agency programs and initiatives. He explained that the Agency must be conservative in the amount of funds it reserves for special programs and initiatives because of the oversight of the rating agencies and because of the continued need for flexibility given uncertainty in the financial markets.

Staff is recommending a \$1,000,000 set aside for the Closing Cost Assistance Program; and \$1,500,000 for the Homebuyer/owner Counseling Programs for the coming fiscal year.

Mr. Slaughter made the motion that the Board approve the resolution authorizing the set-aside and reservation of available funds for Agency programs and initiatives in 2012. This motion was seconded by Mr. Eisenstat and was unanimously approved. (See Appendix 5 of these Minutes.)

8. INVESTMENT BANKER REPORT

Mr. Gottfried of Barclays Capital distributed an economic report to the Board.

He noted that the Supercommittee has failed to agree on spending cuts and it is now expected that a set of automatic cuts will take effect shortly. There is the possibility of another downgrade of the U. S. sovereign debt by the rating agencies sometime in late 2012. It is Barclays economist's belief that nothing will happen to stabilize the nation's long term fiscal conditions until after the presidential election.

Mr. Gottfried reported that short term interest rates should stay on the low side during the coming year.

9. SUMMARY OF DEVELOPMENTS WITH AGENCY SUPPORT FUNDS

There were no comments or questions from the Board on this report.

10. DEVELOPMENT STATUS REPORT

There were no comments or questions from the Board on this report.

11. PHFA INVESTMENT REPORT

There were no comments or questions from the Board on this report.

12. OTHER BUSINESS

A. January, 2012 Board Meeting

Mr. Hudson reported that there is no Board meeting scheduled for January, 2012.

In the event of an issue which needs Board action prior to the February 9, 2012 Board meeting, the Secretary will contact the Board members.

Mr. Hudson wished all of the Board members a very happy holiday season.

13. ADJOURNMENT

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. Chairman Moyer adjourned the meeting of the Board at 11:05 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, February 9, 2012, at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,

Carrie M. Barnes
Secretary

PENNSYLVANIA HOUSING FINANCE AGENCY

Date: February 1, 2012
Subject: Property Disposition
To: Members of the Board
Pennsylvania Housing Finance Agency
From: Brian A. Hudson
Executive Director

D-21 Church Lane **Support Loan:** \$772,252

Church Lane is a 40 unit development for general occupancy in Philadelphia. Initially occupied in June 1989, Pennrose Properties Inc formed a limited partnership to own and operate Church Lane and they received financing from PHFA in the aggregate amount of \$1,236,652, consisting of a primary mortgage loan in the amount of \$440,000 and a support mortgage loan in the amount of \$796,652.

After the tax credit compliance period ended in 2003, Pennrose Properties, Inc. purchased all interest in the primary mortgage (in October 2005). In addition to repaying the primary mortgage, the owner has provided operating advances of \$329,629 to date. The property has been completely vacant since June of last year and the current owner has no plans or funding resources to renovate.

The owner has received an offer to acquire the property from Iron Stone Strategic Capital Partners, Jason Friedland, member. The prospective owner currently owns multifamily properties in Philadelphia.

Sale proceeds will not be insufficient to fully repay the Agency's outstanding debt. To accomplish this property transfer, the owner has asked the Agency to agree to accept payment of 50 percent of the outstanding support loan as payment in full and to satisfy all of its outstanding liens and covenants on the property.

Staff is recommending Board approval of this request. A resolution is attached for your consideration.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PROPERTY DISPOSITION
CHURCH LANE APARTMENTS,
PHFA D-21**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") is authorized to make mortgage loans to mortgagors for such projects as in the judgment of the Agency have promise of supplying well-planned and well-designed apartment units for low and moderate income persons or families or the elderly or others in the Commonwealth of Pennsylvania; and

WHEREAS, in 1989, the Agency provided a primary mortgage loan in the amount of \$440,000 and a support mortgage loan in the amount of \$796,652 to a limited partnership formed by Pennrose Properties, Inc. as general partner, for the development of 40 multifamily residential rental units in Philadelphia known as Church Lane Apartments, PHFA No. D-21 (the "Development"); and

WHEREAS, the above Development has encountered ongoing operating losses, which have been funded by the owner during the occupancy period; and

WHEREAS, after the end of all tax credit compliance periods, the Agency sold the primary mortgage loan to Pennrose Properties, Inc. in 2005;

WHEREAS, the balance outstanding on the support mortgage for the Development is \$772,252;

WHEREAS, the owner intends to sell the Development to a new ownership entity and has requested that the Agency agree to accept an amount equal to 50% of the outstanding support loan as payment in full and to satisfy all outstanding liens and covenants on the Development to enable the sale to occur; and

WHEREAS, the Agency has reviewed the Development and its financial operations and has determined to approve the sale of the Development and to accept the offer to satisfy the loan associated with the Development as set forth below.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 9th day of February, 2012, as follows:

Section 1. The Agency staff is authorized to approve the sale of the Development (Church Lane), to accept an amount equal to 50% of the outstanding balance of the support loan as payment in full of the support loan, to satisfy all outstanding liens and covenants and to take all actions necessary to accomplish the same.

Section 2. This resolution shall take effect immediately.

SUBJECT: Provision of Loan Funds
Chester Housing Authority
Gateway Senior Housing

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director

In July 2011, the Agency made a forward reservation of 2012 low income housing tax credits in the amount of \$1,443,803 for the construction of Gateway Senior Apartments, a 64 unit development in Chester, Delaware County. (See attached write-up for specific project information.) Part of the financing plan is the receipt of a Chester Housing Authority (CHA) loan in the amount of \$4,200,000. These funds are being provided by CHA from capital funding available from U.S. Department of Housing and Urban Development Replacement Housing Factor (RHF) funds. RHF funds are provided on an annual basis to public housing authorities in conjunction with the demolition and disposition of public housing units from their inventory under a five-year contract (with a five-year renewal period). CHA has received an award of RHF funds for Gateway Senior Apartments (the "Development") from HUD.

To date, CHA has received three years of RHF funding for the Development and has asked the Agency to provide a loan in an amount not to exceed \$2,752,080 to bridge the remaining years of the RHF contract. The Agency bridge loan will be secured by a general pledge of CHA capital funds (including specifically the remaining committed RHF funds) for the term of the loan. The proposed term of the loan will be seven years with an interest rate of 5%.

Staff has reviewed the proposed financing plan for the Development and the documentation relating to the CHA funds through the RHF program. We recommend the provision of a bridge loan to CHA, subject to staff review and approval of the appropriate documents for the transaction and final HUD approval of the financing structure and security.

A resolution is attached for your consideration.

Gateway Senior Apartments

TC2012-403 (fka TC2011-402)

Lot #4 1001 Avenue of the States

Chester, Delaware County, Region 1

Participating Jurisdiction

Regional Set-Aside

PROJECT DESCRIPTION:

This proposal is for the new construction of a four-story building comprised of 60 one-bedroom and four (4) two-bedroom residential units. Seven (7) units will be available to tenants whose incomes do not exceed 20% of the area median income. Thirty one units will be available to tenants whose incomes do not exceed 50% of the area median income and 26 units for those not exceeding 60% of AMI. There will be eight (8) accessible units. The development is estimated to be a total of 67,074 square feet.

APPLICANTS:

Roizman Development, Inc.
Noam & Israel Roizman

FINANCING PLAN:

Chester Housing Authority	\$ 4,200,000
Equity (The Richman Group @ \$0.90990)	<u>13,137,168</u>
Total Development Costs	17,337,168
Total Tax Credit Award	\$ 1,443,803

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$13,107,003	\$204,797	\$195
Total Replacement Cost & Reserves	\$15,326,675	\$239,479	\$229
Total Development Costs	\$17,337,168	\$270,893	\$258

SITE DESCRIPTION:

Gateway Senior Apartments will be located on approximately one (1) acre in Chester. Development is located adjacent to Edgemont Senior and Madison Senior Apartments. The site control is in the form of an Exclusive Option to Lease Real Estate Agreement between the Chester Housing Authority and Chester Gateway 2010 LP. The site is currently zoned R-4, Residential with a variance required for multifamily housing use.

DEVELOPMENT OFFICER: Linda A. Stewart

Date: February 1, 2012

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING THE ISSUANCE OF A LETTER OF CONDITIONAL
COMMITMENT OF BRIDGE LOAN
Chester Housing Authority- Gateway Senior Housing**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") is authorized to make loans for such developments as in the judgment of the Agency have promise of supplying well-planned and well-designed residential units for low and moderate income persons or families or the elderly or others in the Commonwealth of Pennsylvania; and

WHEREAS, Chester Housing Authority ("Borrower") has applied to the Agency for bridge financing to support the construction of a 64 unit senior housing development in Chester, Delaware County, Pennsylvania, known as Gateway Senior Housing (the "Development"); and

WHEREAS, the Development will be funded through the funds available through the syndication of low income housing tax credits, contributions of owner funds, and capital funding available to the Borrower through the United States Department of Housing and Urban Development ("HUD") for the demolition and disposition of public housing units (known as "Replacement Housing Factor" funds); and

WHEREAS, the Replacement Housing Factor funds are available through a contract between the Borrower and HUD, providing capital funds to the Borrower in support of the Development over a five year period (with a five year extension); and

WHEREAS, the Agency has reviewed the Development financing plan and the Borrower's proposed pledge of its capital funds and has determined that these funds will provide a source to repay the a bridge loan not to exceed \$2,760,000 to the Borrower, amortized over seven years with principal and interest due at a rate of 5%; and

WHEREAS, the Agency staff has recommended the feasibility of the above described financing and the Agency is desirous of issuing a commitment to provide an amount not in excess of \$2,760,000 subject to the following conditions: (a) submission, review and final Agency staff approval of all documents required for the Development financing, the necessary documents to secure a pledge of capital funds and all Development construction plans; (b) consent and approval from HUD of all requisite matters relating to the financing; and (c) satisfaction of closing requirements with all other funding sources.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 9th day of February, 2012, as follows:

Section 1. The Agency determines that Borrower is eligible to receive funding pursuant to the provisions of the Housing Finance Agency Law.

Section 2. Staff is hereby authorized to issue a conditional letter of commitment to provide a bridge loan to Borrower in an aggregate principal amount not in excess of \$2,760,000 subject to the following conditions: (a) submission, review and final Agency staff approval of all documents required for the Development financing, the necessary documents to secure a pledge of capital funds and all Development construction plans; (b) consent and approval from HUD of all requisite matters relating to the financing; and (c) satisfaction of closing requirements with all other funding sources.

Section 3. This resolution shall take effect immediately.

DATE: February 2, 2012

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director

RE: Fannie Mae Funding Opportunities

As part of the economic stimulus efforts of the federal government to aid the financial industries and to stimulate lending to homeowners, the Federal Reserve implemented a strategy in 2008 whereby it began purchasing large amounts of debt issued by the government sponsored enterprises (including Fannie Mae and Freddie Mac). In addition to consumer credit card debt, auto loans and student loan debt, this intervention also provided direct support to housing markets. The Fed continues to support the market, by purchasing debt and mortgage backed securities ("MBS") backed by Fannie Mae, Freddie Mac and, of course, Ginnie Mae (the "GSEs"). These purchases are intended to lower the spreads between rates on the GSE obligations and U.S. Treasury debt. By lowering this spread, cost is reduced and consumers benefit from lower interest rates than would otherwise be available.

In 2008, the Board approved the Agency's participation as an issuer of Ginnie Mae Mortgage Backed Securities (MBS). This has been crucial to the Agency's successful navigation through continuing challenges in the home loan market. We have continued to offer mortgage financing even while the Mortgage Revenue Bond (MRB) market—the traditional funding source for the Agency's home loan programs—has been unavailable due to high yields demanded by investors in the long term tax exempt market.

To supplement the MRB program, the Agency has been expanding its programs to take advantage of other market opportunities, specifically Ginnie Mae and Fannie Mae MBS markets. The Agency is already an approved seller/servicer of loans meeting Fannie Mae criteria, but it would like to begin delivering loans on a "forward flow" basis as whole loans for cash or as MBS pools. (This will allow the Agency to sell securities for loans originated on a prospective basis, as opposed to "warehousing" loans and then identifying financing sources.) This would also allow the Agency to once again offer an attractive conventional loan product, as Ginnie Mae pools are restricted to loans insured by the federal government (FHA, VA, RD).

As directed by the Housing and Economic Recovery Act of 2008 (HERA), Fannie Mae has been exploring ways to increase its purchase of mortgage loans originated by Housing Finance Agencies as a means to support the affordable mortgage market specifically. It has recently made two affordable mortgage products available to HFAs. These products offer attractive pricing and flexible terms designed to encourage responsible loan originations for low and moderate income households.

PHFA would like to take advantage of the newly unfolding opportunities with Fannie Mae so that it has additional products to offer to homebuyers. Additionally, incorporating a Fannie Mae MBS funding model adds versatility to the funding options available to the Agency and hence strengthens its capacity as a provider of affordable mortgage financing. (Note: Ginnie Mae deliveries are limited to MBS only.)

Attached is a resolution authorizing the Agency to participate in Fannie Mae's MBS program and to take necessary and appropriate actions to avail ourselves of the emerging programs and opportunities.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY RELATED TO MATTERS INVOLVING FANNIE MAE MORTGAGE
BACKED SECURITIES AND OTHER HOUSING RELATED GSE PROGRAMS

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has issued bonds and notes to provide financing for qualified homeowners in its homeownership programs; and

WHEREAS, there have been disruptions in the credit and liquidity markets causing the Agency to explore other financing options; and

WHEREAS, the Agency is approved by the Federal National Mortgage Association ("Fannie Mae") to deliver to Fannie Mae and retain the servicing on loans meeting Fannie Mae standards, and the Agency has utilized this authority as a funding source for mortgage loans in the past; and

WHEREAS, the Agency has undertaken necessary technology upgrades, technical assistance, risk assessments and ongoing program enhancements to enable it to take advantage of the menu of pricing models and delivery options available and expected to become available in connection with the GSEs programs; and

WHEREAS, the Agency desires to expand its authority with Fannie Mae to include the execution and delivery of pools of mortgages originated or to be originated which meet Fannie Mae standards for participation in mortgage backed securities ("MBS") and to deliver such loans in accordance with Fannie Mae's various pricing and delivery options; and

WHEREAS, Fannie Mae requires that the Agency Board authorize staff officials to act in regards to these financing opportunities; and

WHEREAS, the Agency is desirous of availing itself of opportunities that have arisen by the recent introduction of affordable mortgage products made available by Fannie Mae solely to Housing Finance Agencies.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 9th day of February, 2012 as follows:

Section 1. Authorization to Become Fannie Mae MBS Issuer. The Agency directs staff to take all necessary and appropriate actions to be able to deliver both whole loans and MBS pools to Fannie Mae, including entering into any related contract or agreement with Fannie Mae and ratifies all actions taken to develop and implement these programs.

Section 2. Officer Authorization. The Executive Director, Director of Finance, Chief Counsel, Director of Homeownership Programs, Director of Accounting and Loan Servicing, and their designated staff are each authorized to act on behalf of the Agency for all purposes relating to the Fannie Mae Programs.

Section 3. Immediate Effect. This Resolution shall take effect immediately.

February 2, 2012

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director
Pennsylvania Housing Finance Agency

SUBJECT: Single Family Mortgage Revenue Bonds, Series 2012-114

Staff is requesting your approval of the Agency's 2012-114 bond issue.

Series 114 would be the first bond issue of 2012. We currently have approximately \$50 million in reservations under Series 114. Our current interest rate under the tax exempt program is still at 5.75% which reflects investor interest in long term tax exempt bonds. We also may refund some of the Agency's existing bonds as part of Series 114 to take advantage of the current low interest rate environment for shorter term bonds.

We anticipate selling Series 114 in late February or mid-March, 2012.

A resolution delegating final terms and conditions to the Finance Committee is attached for your review and approval.

Attachment

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 2012-114

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 2012-114 in accordance with a Series Resolution to be attached hereto and made a part hereof; and

WHEREAS, pursuant to a resolution of the Agency adopted June 13, 1991 and entitled "RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY DELEGATING TO THE FINANCE COMMITTEE CERTAIN SPECIFIC AUTHORITY RELATING TO AGENCY BOND ISSUES," the Agency has determined to delegate to the Finance Committee of the Board of the Agency, within the perimeters established herein, the authorization to negotiate the final terms of such series of bonds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 9th day of February, 2012 as follows:

Section 1. Adoption of the Series 2012-114 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 2012-114 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 2. Delegation of Authorization to Negotiate Final Terms. (a) Subject to the provisions of this Section 2, the Finance Committee is hereby authorized and directed to negotiate, prepare or accept, execute, deliver and distribute, for and on behalf of the Agency and in the name thereof, a contract of purchase and/or agreement and memorandum of understanding, which outlines terms of final pricing, interest rates, tender and redemption provisions, bond maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including offering and disclosure documents, an indenture and all other documents relating to the issuance of and investment mechanisms relating to the Bonds and related securities, which may include taxable, variable rate or fixed rate notes. At the time such final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the Series 2012-114 Resolution, which, with such final terms so incorporated, shall constitute the Series Resolution of the Agency authorizing the issuance of the Bonds.

(b) The final terms of the Series 2012-114 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 2012-114 Bonds shall not exceed \$250,000,000, (ii) the final maturity of the Series 2012-114 Bonds shall be no later than 2043, and (iii) the initial interest rate or rates on the Series 2012-114 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. The Executive Director or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 4. This Resolution shall take effect immediately.