

Utah Housing Corporation

Retirement & Independent Entities Interim Committee

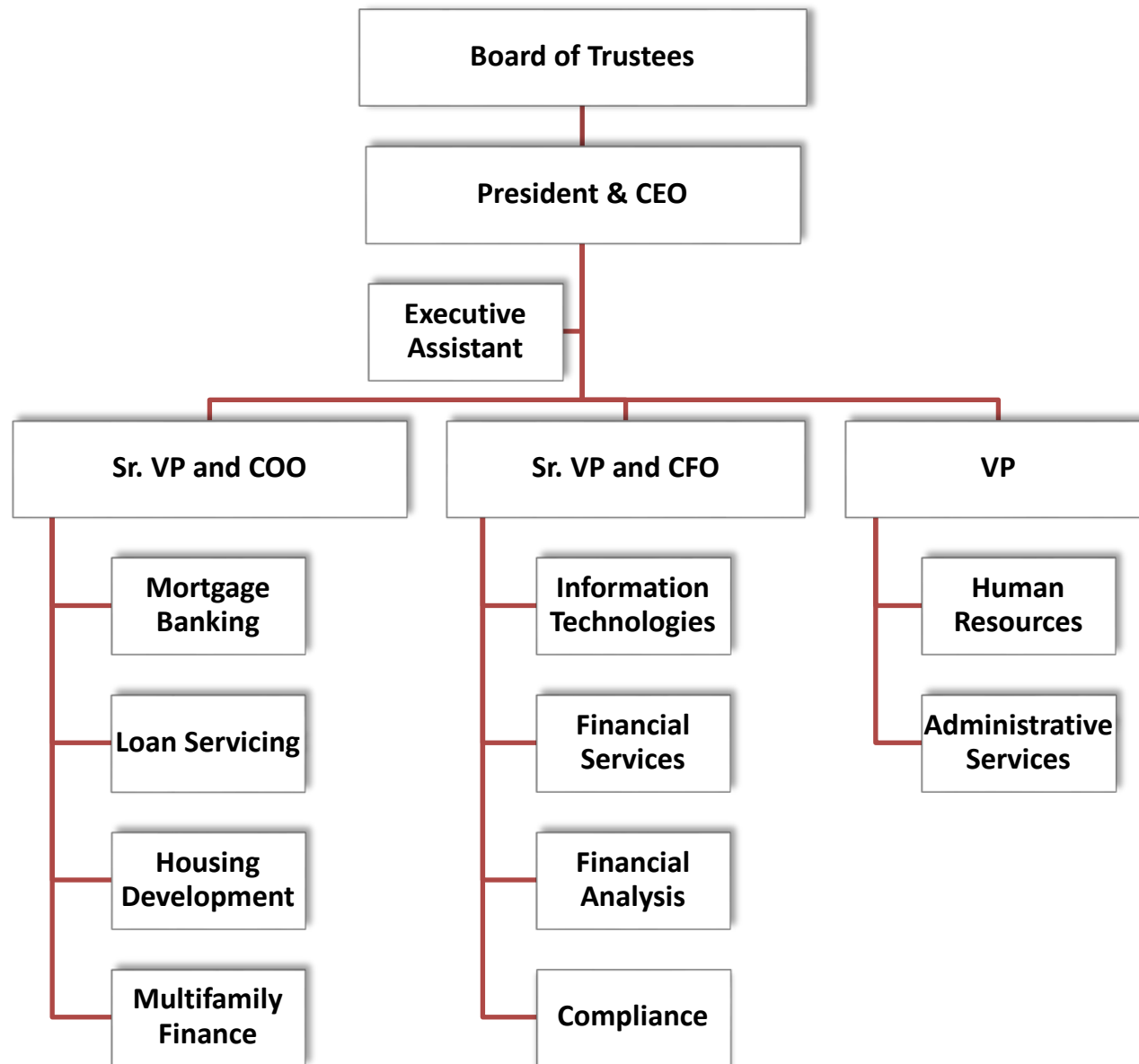
Grant Whitaker, President & CEO
July 27, 2017

Mission Statement:

Serving Utah's housing
needs through finance and
innovation



Utah Housing Corporate Overview



Utah Housing Corporation Board of Trustees

There are nine trustees of UHC; eight are appointed by the Governor and one is an elected officer of the State. Three trustees serve ex officio; six are public trustees. Any public trustee shall be eligible for reappointment, but may not serve more than two full consecutive terms. Of the six public trustees, two trustees are appointed to represent the mortgage lending industry, two to represent the home building and real estate industry and two to represent the public at large. No more than three of the six public trustees of UHC may belong to the same political party. Each of the public trustees is appointed from and must reside in a different county. Unless a public trustee vacates his or her position for any reason, each trustee shall hold office until his or her successor shall have been appointed. Five trustees of UHC constitute a quorum for transaction of business. An affirmative vote of at least five trustees is necessary for any action to be taken by UHC. A vacancy in the board of trustees may not impair the right of a quorum to exercise all rights and perform all duties of UHC. The Act provides that the Chair of UHC shall be appointed by the Governor.

Lerron E. Little – (Vice Chair) Broker/Owner, Capstone Real Estate; Former Manager, Broker, Realtor, NorthStar Real Estate; Former Project Sales Agent, Realtor, Aspen Real Estate; Former Life Insurance Sales, American Income Life Insurance; Former President, Utah County Association of Realtors; Former Vice President, Utah Association of Realtors; Commissioner, Utah Real Estate Commission; B.A., Brigham Young University. (First term commenced June 19, 2013; expires May 30, 2017.)

David C. Damschen, CTP – (Ex Officio); Utah State Treasurer; Former Chief Deputy State Treasurer, State of Utah; Former Director and Senior Vice President of Treasury Management, AmericanWest Bank; Former Vice President and Relationship Manager, U.S. Bank Institutional Trust and Custody; B.A., University of Washington. (Term commenced November 2, 2015.)

G. Edward Leary – (Ex Officio); Commissioner, Utah Department of Financial Institutions; Chairman, Board of Financial Institutions; Past Chairman, Conference of State Bank Supervisors, the National Association of State Banking Supervisors; Former Chairman of the Federal Financial Institutions Examination Council's (FFIEC) State Liaison Committee. Former Chief Examiner, Utah Department of Financial Institutions; Captain, U.S. Naval Reserve (ret.); B.S. and M.B.A., University of Utah. (Term commenced June 17, 1992.)

Jon Pierpont – (Ex Officio); Executive Director, Utah Department of Workforce Services; former Deputy Director and former Eligibility Services Division Director, Utah Department of Workforce Services; Member, Utah State Homeless Coordinating Committee; Chairman, Utah Refugee Advisory Board. B.S., University of Utah. (Term commenced September 4, 2012.)

Cathy G. Burrows – Mortgage Origination Manager, America First Federal Credit Union; Former Mortgage Loan Originator, Processor, Sr. Loan Closer, Loan Shipping Coordinator and Audit Coordinator, Crossland Mortgage Corporation; Former Mortgage Loan Shipping Coordinator and Accounts Payable Coordinator, Western Mortgage Loan Corporation/Western

Real Estate & Development; Former Assistant to Project Superintendent, Office Manager, Terra Firma , Inc. (First term commenced June 17, 2015; expires May 30, 2019.)

Mark B. Cohen – Partner, Imagine Development Company; Partner, PSC Development Company; Partner, Evergreene Management Group; Former Member, Board of Directors and Former Executive Director, Utah Center for Affordable Housing; Former Member, Board of Directors, Housing Plus; President, Willow Creek Country Club; B.S., University of Michigan. (Second term commenced June 17, 2015; expires May 30, 2019.)

Robert P. Majka – Retired; Chair, Utah Capital Investment Board; Former President & CEO, Marlin Business Bank; Former President, Associates Bank and Executive Vice President Associates Finance Corp; Former Vice President, Crocker National Bank; Credit Supervisor, Diners Club; BS, Political Science, Bowling Green State University. (First term commenced June 17, 2015; expires May 30, 2019.)

Brett Mills – District Manager/Senior Loan Officer, Academy Mortgage Corporation; President/Manager, Hill Field Executive Suites, LLC and Hillfield Holdings, LLC; Public Speaker/Consultant, Brett Mills Consulting; President/CFO, BC Strategies, LLC.; Former Loan Officer, Legacy Mortgage Group, LLC. BA, Idaho State University. MBA, University of Phoenix; CMB, School of Mortgage Banking. (First term commenced May 17, 2017; expires May 30, 2021.)

Patricia Sheffield – Retired; Former Director, Washington County Children’s Justice Center; Former Prevention Specialist, Southwest Center Mental Health, Substance Abuse and Prevention Services; Former Member, Attorney General’s Safety Net Committee; Former Member, Utah Council on Victim of Crime; Former Member, Quality Improvement Committee, Utah Division of Child and Family Services. B.S and M.S., University of Utah. (First term commenced May 17, 2017; expires May 30, 2021.)

Utah Housing Corporation Officers

The President of UHC is appointed by the trustees of UHC. The President of UHC is the chief executive officer and the secretary-treasurer, but not a trustee of UHC. All other officers are appointed by the President.

Grant S. Whitaker – President and CEO; former Senior Vice President, Deputy Director, Acting Executive Director, Assistant Executive Director and Multifamily Program Officer, Utah Housing Corporation, 1979-2009; former Assistant Division Director/Senior Loan Officer, Housing Authority of Salt Lake County; President, Board of Directors, National Council of State Housing Agencies; Member, Utah Private Activity Bond Board; Member, Board of Governors, Salt Lake Chamber of Commerce; Member, Board of Directors, Community Development Finance Alliance; Former Member and Past Chair, Board of Trustees, Utah Community Reinvestment Corporation. B.S., University of Utah. (Appointment commenced January 16, 2009.)

Cleon P. Butterfield, CPA – Senior Vice President and CFO, 2001 to present; former Treasurer, Director of Operations, Director of Program Development, and Financial Officer, Utah Housing Corporation, 1979-2001; Chair, Affordable Housing Advisory Council, Federal Home Loan Bank of Des Moines; Member, Advisory Board, School of Accounting, University of Utah. B.S., Brigham Young University; M.B.A., University of Utah.

Jonathan A. Hanks – Senior Vice President and COO, 2009 to present; former Vice President of Multifamily Finance, and Vice President of Mortgage Servicing, Utah Housing Corporation, 1995-2008; former Assistant Executive Director, NeighborWorks Salt Lake, 1994-1995; Member, Board of Directors, Utah Center for Affordable Housing; Member, State Homeless Coordinating Committee; Former Member and President, Board of Directors, Wasatch Peak Academy. B.A., University of Utah; M.B.A., University of Phoenix.

Utah Housing Corporation's Current Challenges and Achievements

Utah Housing has been a steady and reliable pillar in the community for forty years, and has added value to the economy and our state's social fabric. In a remarkable public/private partnership, more than 40 mortgage lenders and hundreds of branch offices originate loans for sale to Utah Housing. Utah Housing services every loan we purchase to assure that each home buyer has personal service and the best option for recovery if difficulties arise in their household. Delinquency and foreclosure levels are below comparable loan portfolios in Utah.

For the past few years we have endeavored to find the right mix of loan program offerings and capital sources to fulfill our mission. Assisting low and moderate-income families in having safe, affordable housing became more difficult as the nation slid into the "Great Recession" when home prices fell, bread-winners lost jobs and our typical source of funding mortgage loans (tax-exempt bonds) was all but lost. Utah Housing went to work using creativity and ingenuity to allow its programs to maintain strength and momentum and serve people who needed what we could provide. We must continue to rely on capital funding sources unrelated to the tax exempt municipal market until its cost of funds is equal to or lower than other sources available to us. It is essential to serve Utah's families with low mortgage payments and down payment assistance, while maintaining financial stability for Utah Housing.

We listened to our Participating Lenders who told us about the many loan applicants who were in need of down payment assistance, but did not qualify for our FirstHome program. We spent a great deal of time formulating loan offerings that would benefit more low and moderate income home buyers, but offset any additional risk that might be presented. While FirstHome, which serves first time home buyers, continues to be our foundation, it was joined in 2012 by HomeAgain Loans serving previous home owners and Score Loans serving those with credit scores as low as 620, each offering a 30 year fixed rate loan and a 30 year fixed rate second mortgage for down payment assistance. In 2013 another new loan option was offered, NoMI, where homebuyers with high credit scores who can meet tight underwriting standards are offered a product with no mortgage insurance, and the lowest monthly payment of any of our loan programs. In 2016 Utah Housing helped 5,600 families to purchase their homes. To fund these loans Utah Housing raised \$1,086,000,000 (43% more than in 2015 the previous record year) from private sector investors who want Utah Housing's secure obligations. Those 5600 loans financed about 11% of all Utah home purchases in 2016.

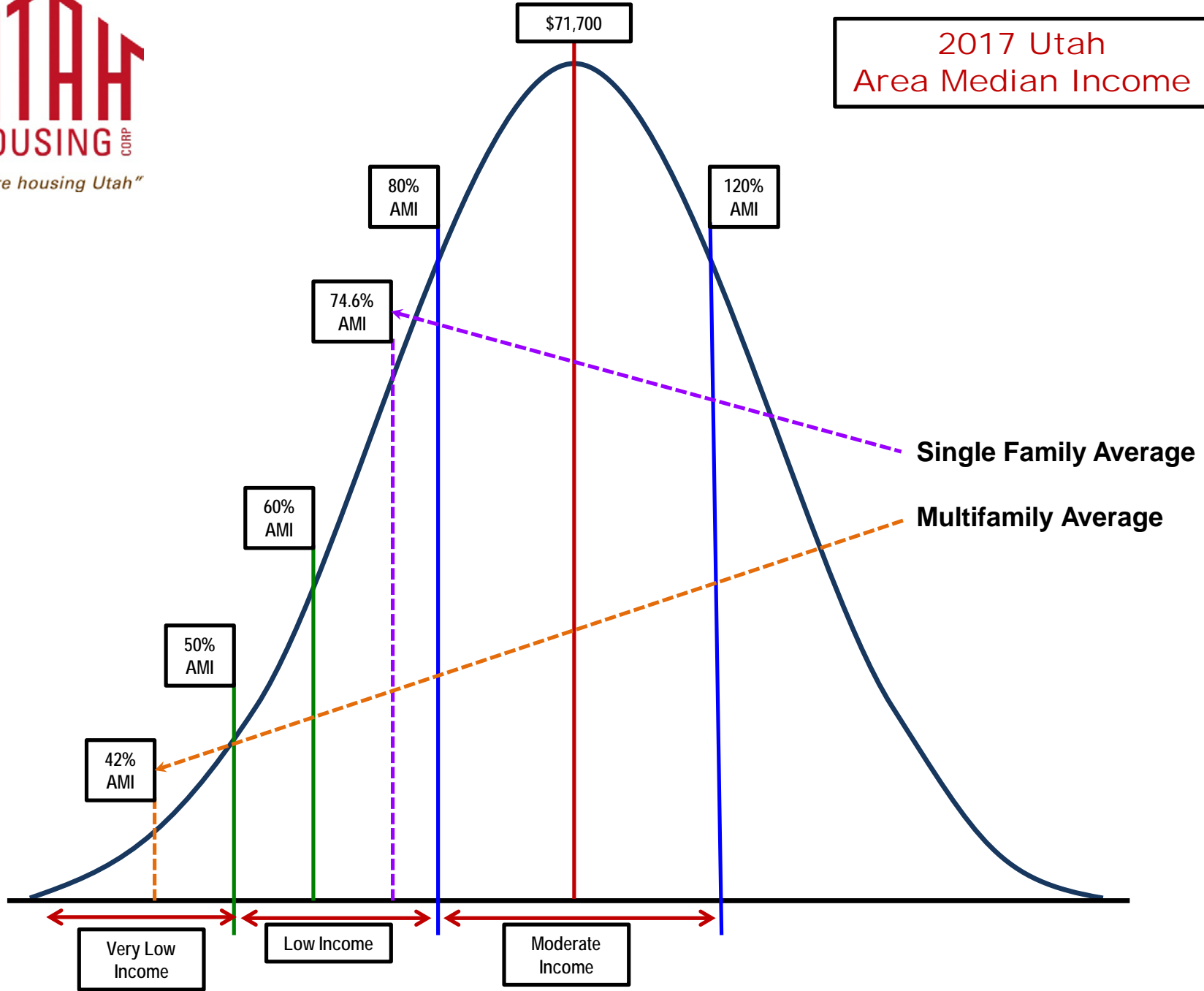
In 2016 Utah Housing helped 1,212 families and seniors into affordable rental units through the allocation of Low Income Housing Tax Credits (Credit) and the issuance of multifamily bonds. An additional 158 market rate units were constructed in these same projects. Utah's effort to end homelessness is bolstered through the Credit program, since most transitional units built are in apartment projects funded by Credits allocated by Utah Housing. We continued our collaboration with local communities, schools and organizations through the CROWN and ECHO programs.

We are confident that the outlook for Utah Housing Corporation is bright, and we look forward to continued successes.

Grant S. Whitaker,
President & CEO



2017 Utah
Area Median Income



Who are the people Utah Housing helps?

Home Ownership

Over 86,000 mostly first time low/moderate income home buyers have had their mortgages funded by Utah Housing as we purchase the loans from nearly 60 lending institutions. We service all our loans, and maintain lower delinquency and foreclosure rates than most other servicers.

- FirstHome Loans offer a fixed rate 30 year amortizing, FHA insured (prime) mortgage loan at rates that are competitive with market rate loans. We also offer assistance to those who have not been able to save enough for their required down payment with a 30 year fixed rate second mortgage loan in an amount of up to six percent of the first mortgage amount. The second mortgage rate is 2% higher than the first mortgage rate.
- The HomeAgain Loan Program offers the same type of financing to those who have previously owned a home. An example of who needs HomeAgain is a current owner who has enough equity to sell his first home, but not enough equity to qualify to buy a needed larger home for the growing family.
- The Score Loan Program is perfect for a first time home buyer who has not yet established stellar credit. We offer similar financing, and with appropriate underwriting and risk adjustments, we avoid poor quality loans and related losses.
- The NoMI Loan Program offers the lowest monthly payment of all our loan programs. This is accomplished by having no premiums for mortgage insurance. High credit scores (700 or above) plus tougher underwriting standards and lower down payment assistance are the characteristics of these loans.

Rental Housing

Using the Low Income Housing Tax Credit (LIHTC) program and bond financing, Utah Housing has financed over 28,000 units of affordable rental housing scattered throughout the state. The projects are owned by private and non-profit owners, and consist of newly constructed buildings or renovated older apartments. The average income of tenants in these affordable projects is about 42% of the Area Median Income (AMI). Many of the projects are targeted to serve the local low-wage work-force or seniors on fixed incomes. Several tenant profiles are included in the accompanying information.

The LIHTC program has been the least costly and most effective rental subsidy program ever offered by the Federal government. The tax credit ends after 10 years, while the projects are deed restricted to provide affordable housing to low income tenants for no less than 50 years.

Economic Benefits

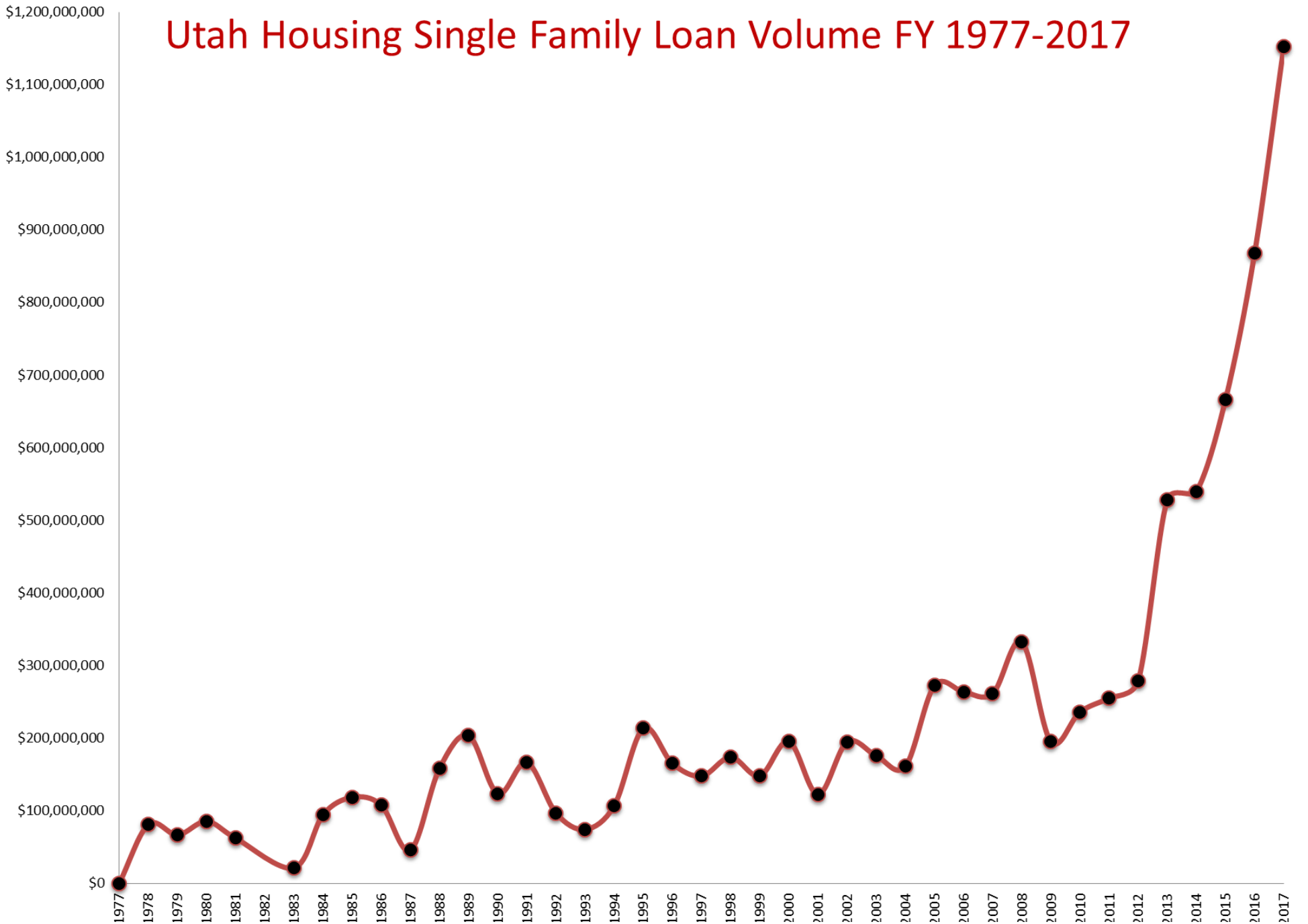
According to the University of Utah's Kem C. Gardner Policy Institute (GPI) 24 FTE are created (direct and indirect) for each \$1,000,000 of construction costs. Each year our programs contribute to hundreds of jobs. GPI also estimates that income, sales and other local and state taxes are raised at an annual rate of 12.7% for each \$1,000,000 of construction costs. Additional property tax revenues at 1% are created.

The Home Builders Association estimates that 15-18% of the Nation's Gross Domestic Product comes from housing and real estate. Residential sales and construction are truly America's economic engine.

Community Reinvestment Act (CRA)

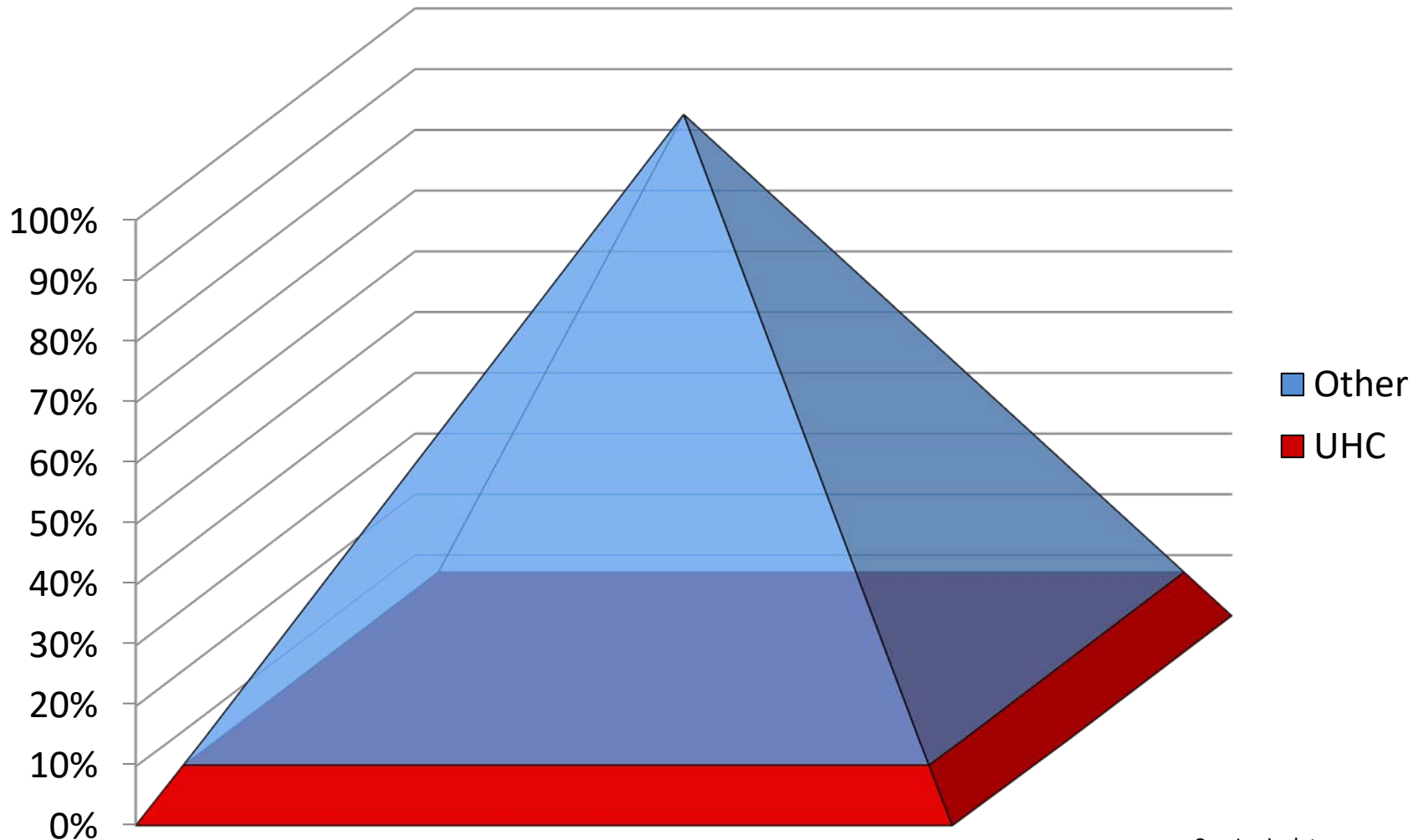
Financial institutions subject to CRA are some of the biggest supporters of Utah Housing's programs. Utah is fortunate to have many small and large Industrial Banks that do not make mortgage loans but find that their investment in Utah Housing's financial products enable them to meet CRA requirements, receive reasonable return with very little risk, while providing lower income Utahns decent housing they can afford.

Utah Housing Single Family Loan Volume FY 1977-2017

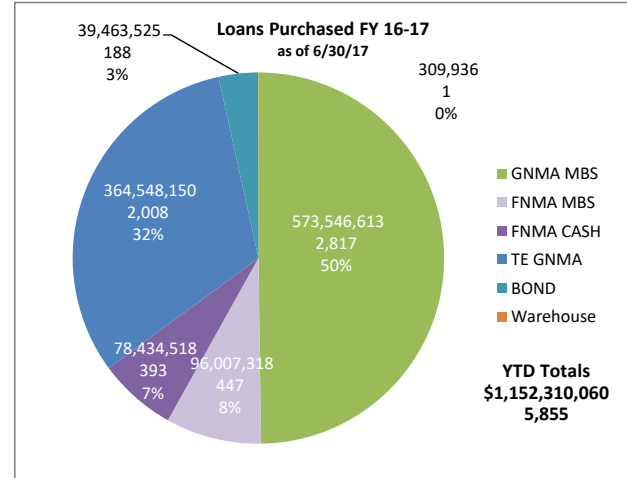
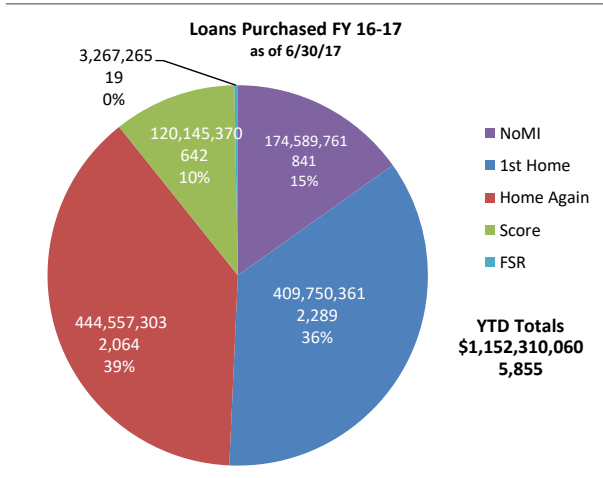
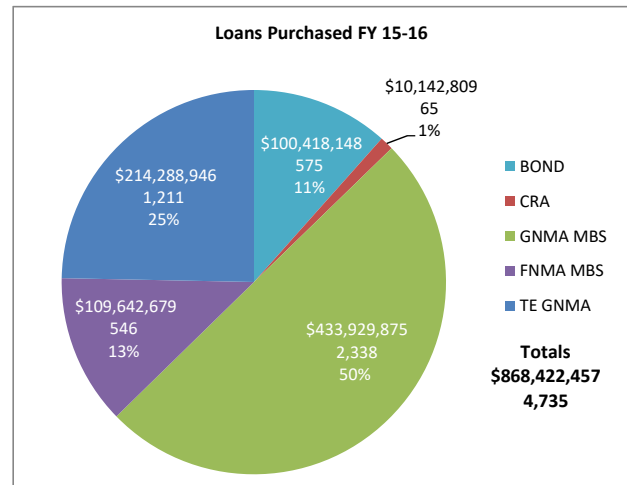
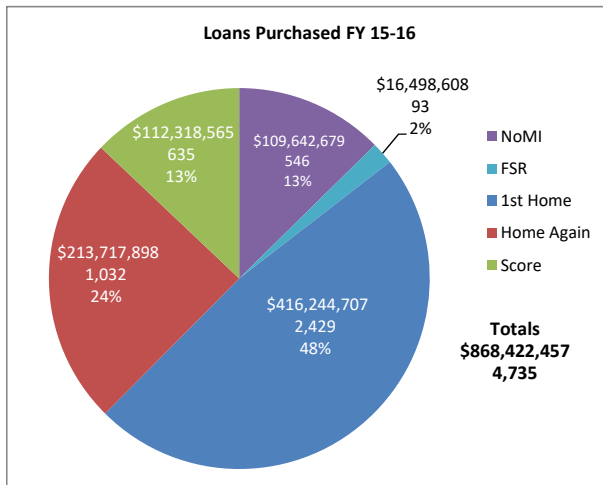
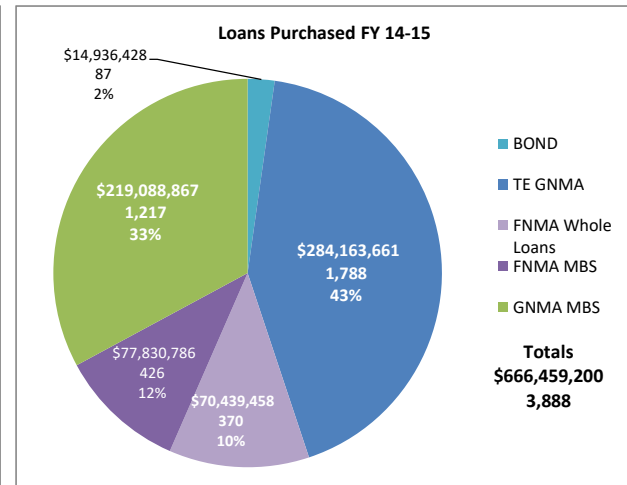
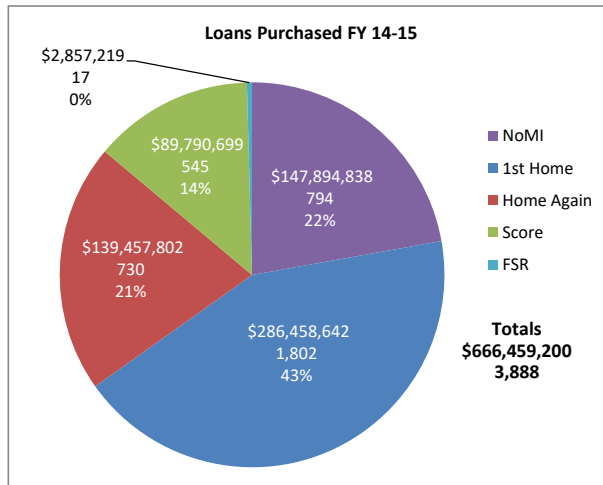
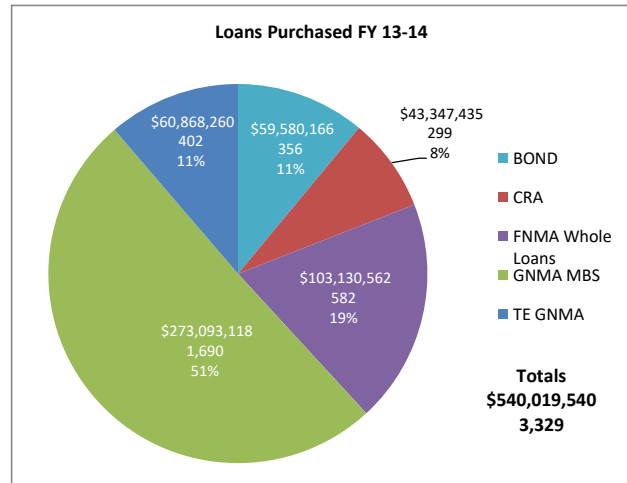
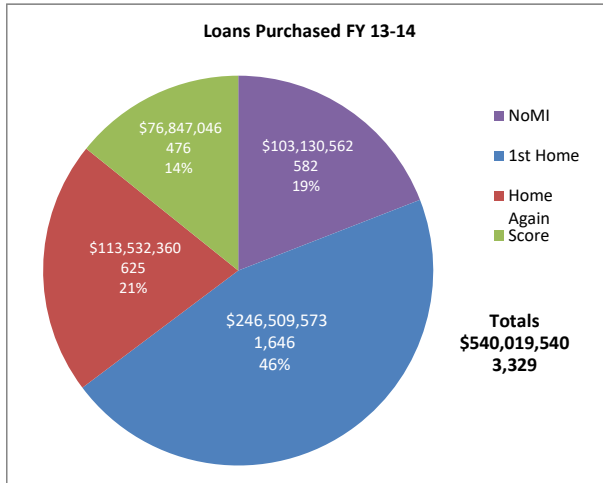


The FOUNDATION that Supports the Housing Market

Utah Housing Funded 10.98% (#) all Utah Mortgage Loans in 2016



Single Family Loan Production



UHC Loan Program

Monthly Payment Comparison

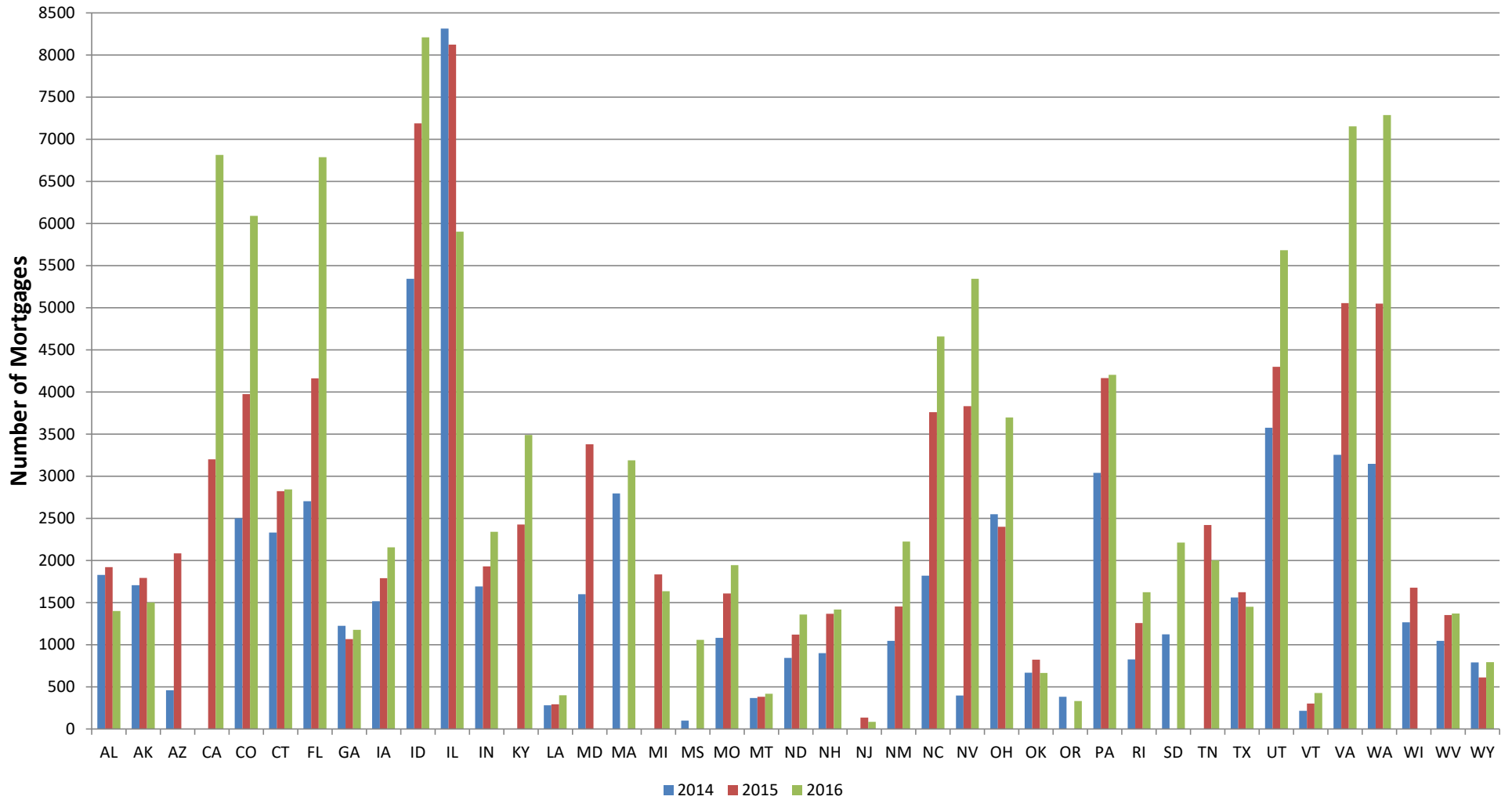
	FirstHome FHA Mortgage 660+ Credit Score	HomeAgain FHA Mortgage 660+ Credit Score	Score FHA Mortgage 620-659 Credit Score	NoMI Conventional Mortgage (97% LTV) 700+ Credit Score
Sales Price (example)	\$196,800	\$ 196,800	\$ 196,800	\$ 196,800
Base First Mortgage (FHA 96.5% LTV)	\$189,912	\$189,912	\$189,912	\$190,896
MI Premium- Up-front MIP	1.75%	1.75%	1.75%	0
MI Premium- Annual %	0.85%	0.85%	0.85%	0
Gross First Mortgage (includes Up front MIP)	\$193,235	\$193,235	\$193,235	\$190,896
Note Rate	3.95%	4.250%	4.875%	5.125%
Monthly P&I Payment	\$916.97	\$950.60	\$1,022.62	\$1,039.40
Monthly MI Payment	\$136.88	\$136.88	\$136.88	\$0.00
Total monthly payment (does not included monthly property tax or hazard insurance)	\$1,053.85	\$1,087.48	\$1,159.49	\$1,039.40
Amount required for downpayment	\$6,888	\$6,888	\$6,888	\$5,727
Production percentage (since 08/01/2013)	39%	35%	11%	14%
DPA	6%	6%	4%	5%
Capital funding sources	1, 2, 3 or 4	1, 3, or 4	1, 3, or 4	5

Sources of Capital:
 1 GNMA MBS
 2 GNMA Tax-exempt MBS
 3 Industrial Bank Participation Pools (CRA)
 4 Taxable Bonds
 5 Fannie Mae

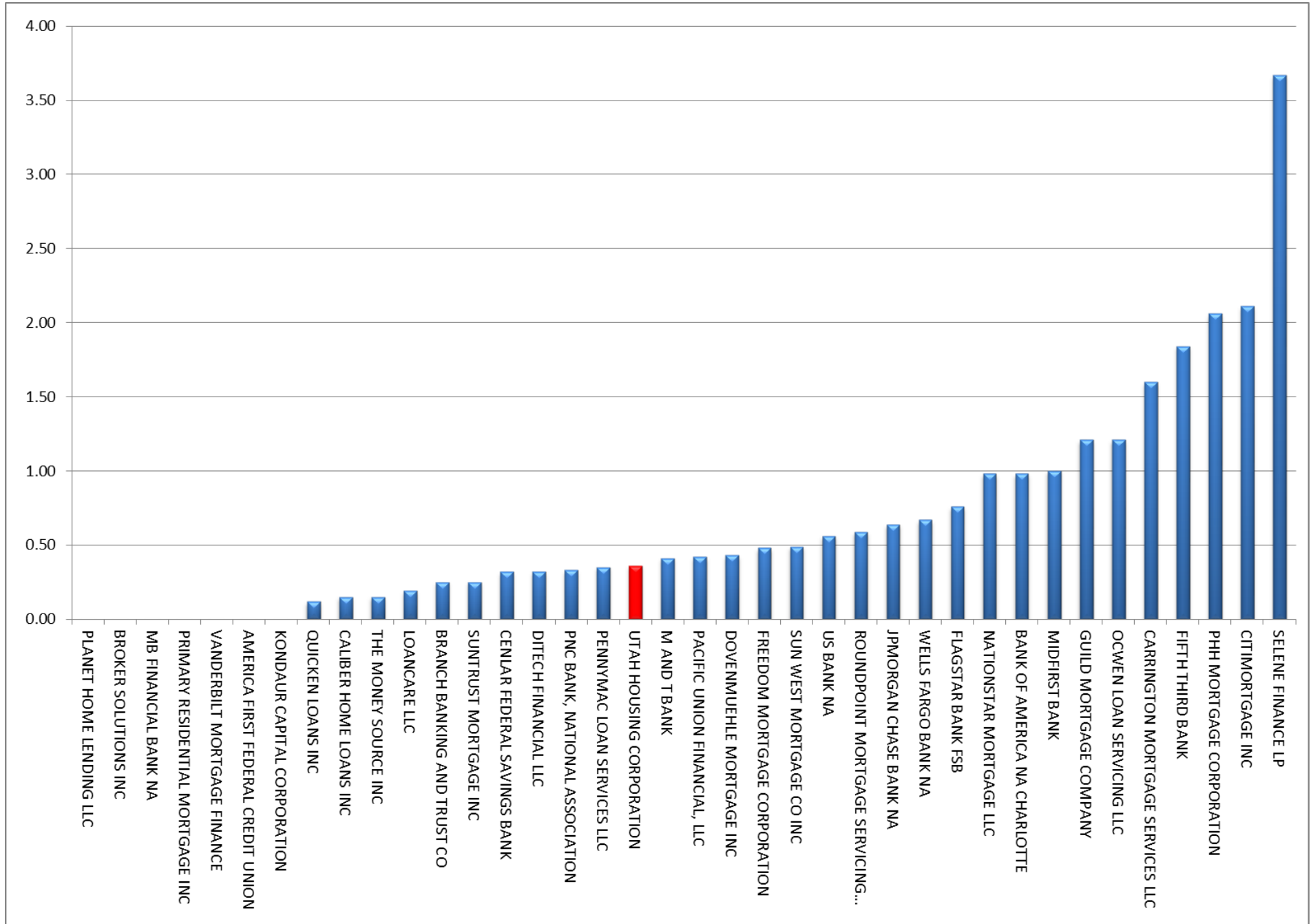
County Distribution of UHC Single Family Loans

County	2015 Population	% of Population	FY 2017 Loans	FY 2017 Distribution	77-17 Loans	77-17 Loan Distribution
Beaver	6,354	0.21%	3	0.05%	50	0.06%
Box Elder	52,097	1.74%	93	1.59%	1,333	1.55%
Cache	120,783	4.03%	144	2.46%	3,334	3.88%
Carbon	20,479	0.68%	34	0.58%	639	0.74%
Daggett	1,109	0.04%	0	0.00%	3	0.00%
Davis	336,043	11.22%	742	12.67%	11,646	13.54%
Duchesne	20,862	0.70%	15	0.26%	666	0.77%
Emery	10,370	0.35%	12	0.20%	229	0.27%
Garfield	5,009	0.17%	5	0.09%	57	0.07%
Grand	9,516	0.32%	0	0.00%	49	0.06%
Iron	48,368	1.61%	46	0.79%	643	0.75%
Juab	10,594	0.35%	19	0.32%	236	0.27%
Kane	7,131	0.24%	7	0.12%	117	0.14%
Millard	12,645	0.42%	13	0.22%	157	0.18%
Morgan	11,065	0.37%	4	0.07%	86	0.10%
Piute	1,517	0.05%	0	0.00%	8	0.01%
Rich	2,311	0.08%	0	0.00%	30	0.03%
Salt Lake	1,107,314	36.96%	2,095	35.78%	33,735	39.23%
San Juan	15,772	0.53%	0	0.00%	51	0.06%
Sanpete	28,778	0.96%	14	0.24%	371	0.43%
Sevier	20,984	0.70%	18	0.31%	281	0.33%
Summit	39,633	1.32%	4	0.07%	86	0.10%
Tooele	62,952	2.10%	273	4.66%	1,613	1.88%
Uintah	37,928	1.27%	65	1.11%	702	0.82%
Utah	575,205	19.20%	930	15.88%	14,685	17.08%
Wasatch	29,161	0.97%	20	0.34%	192	0.22%
Washington	155,602	5.19%	274	4.68%	1,821	2.12%
Wayne	2,692	0.09%	0	0.00%	15	0.02%
Weber	243,645	8.13%	1,025	17.51%	13,161	15.30%
Total	2,995,919	100.00	5,855	100.00	85,996	100.00

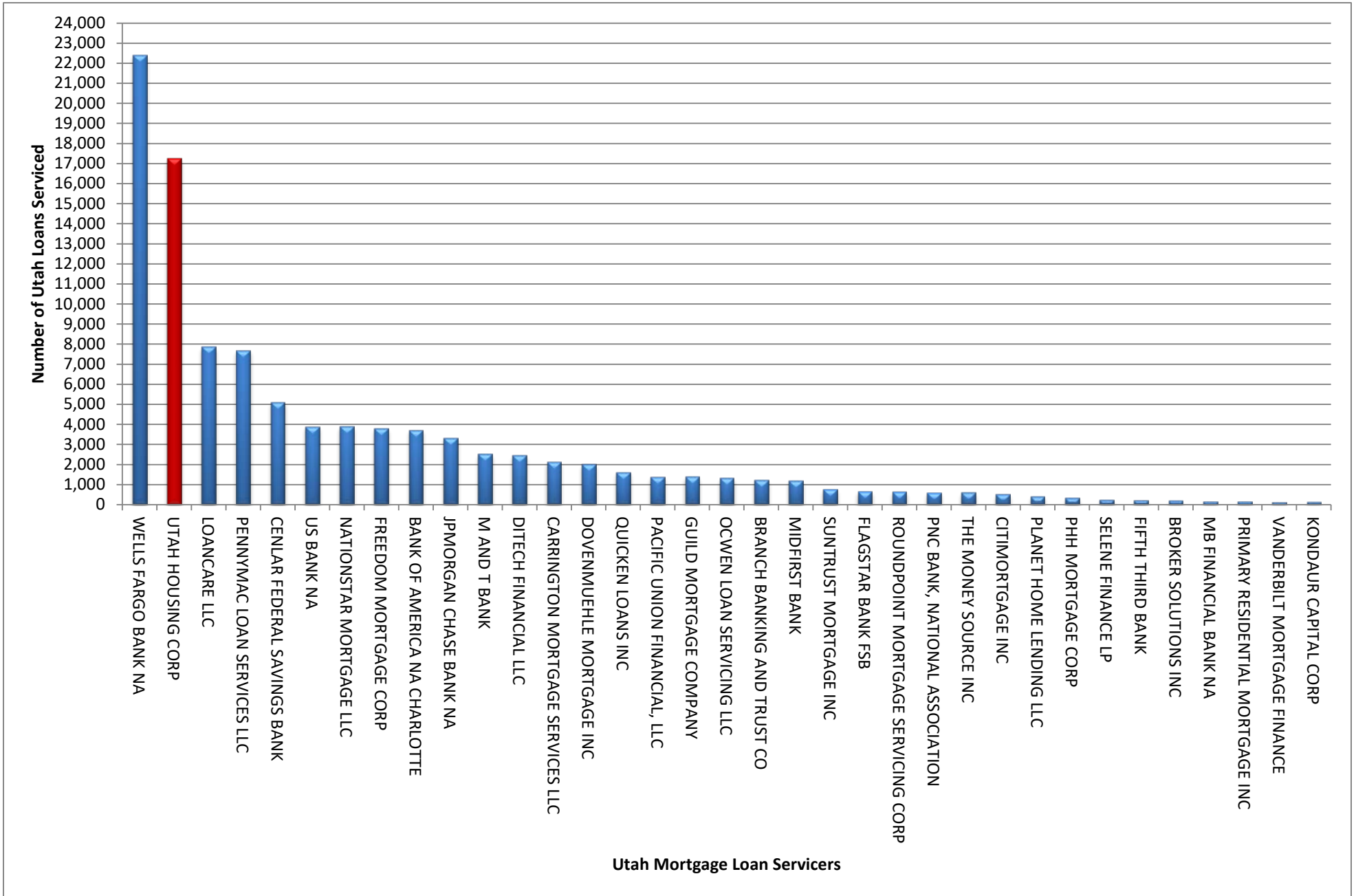
Number of Single-Family Mortgages, by State HFA, 2014-2016



HUD Data: FHA Loan Foreclosure Rates for Utah as of June 30, 2017



Utah FHA Mortgages Serviced as of May 31, 2017



Example:
Multifamily Housing Development
46 Units, Rural (2017 9% Project)

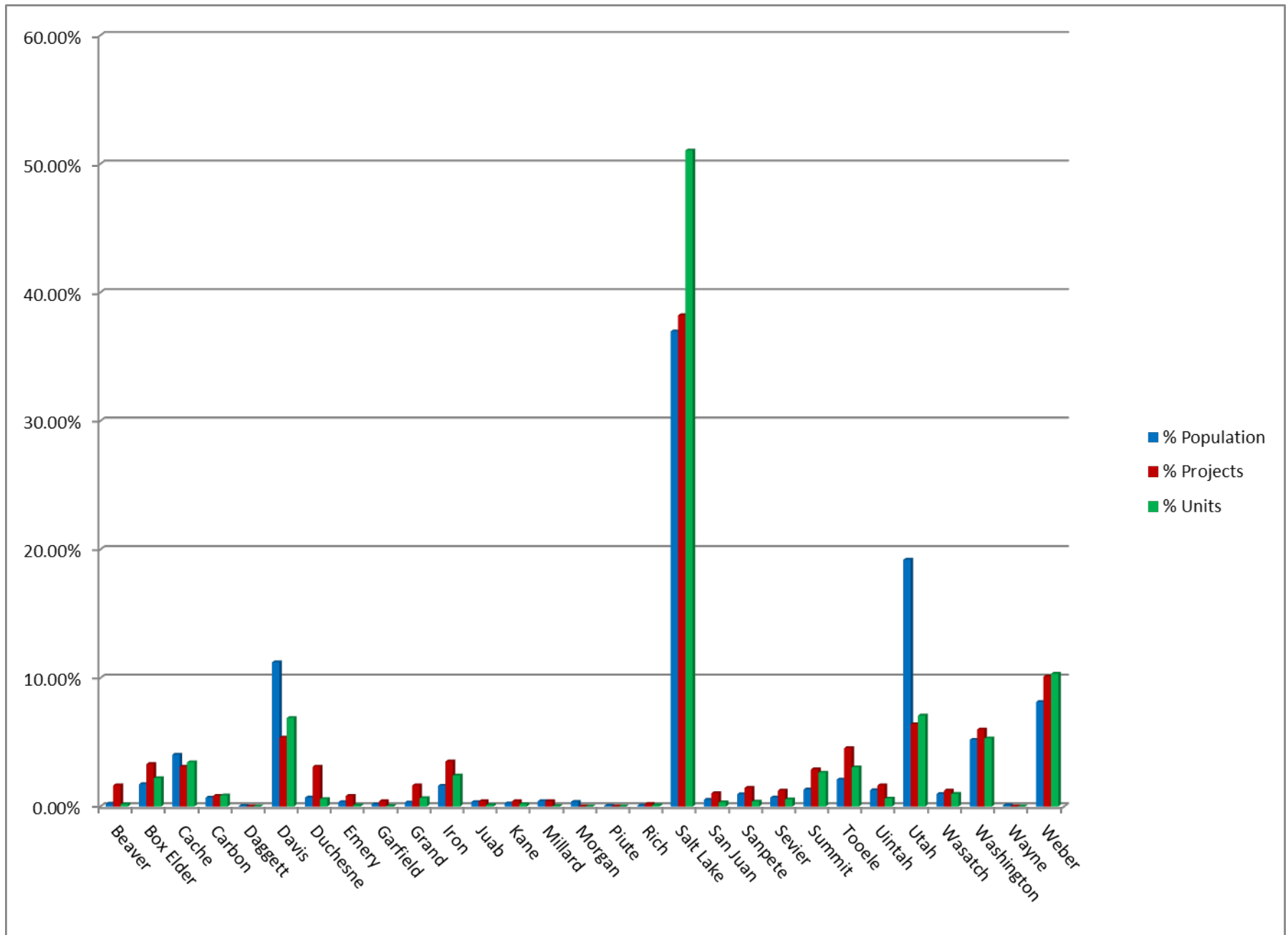
<u>Conventional</u>		<u>Affordable</u>
\$8,789,751	Total Development Cost	\$8,789,751
\$1,757,950 (20%)	Equity	\$7,641,430 (87%)
\$7,031,801	Debt	\$1,148,321
\$39,926	Monthly Debt Service 5.5%, 30 year	\$6,520
\$867	Per Unit Share of Monthly Debt Service	\$142



County Distribution of UHC MultiFamily Units and Projects

County	Number of Projects	Number of Units
Beaver	8	43
Box Elder	16	560
Cache	15	874
Carbon	4	218
Daggett	0	0
Davis	26	1,751
Duchesne	15	148
Emery	4	23
Garfield	2	9
Grand	8	165
Iron	17	613
Juab	2	28
Kane	2	47
Millard	2	6
Morgan	0	0
Piute	0	0
Rich	1	24
Salt Lake	185	12,984
San Juan	5	82
Sanpete	7	98
Sevier	6	141
Summit	14	671
Tooele	22	774
Uintah	8	157
Utah	31	1,799
Wasatch	6	250
Washington	29	1,347
Wayne	0	0
Weber	49	2,627
TOTALS	484	25,439

Percentage of Population, Projects, and Units by County for FY 2017



\$2.64+ Billion Invested in Affordable Rental Housing Development 1987-2017

Dollars by U.S. Congressional District
in Millions

