TDHCA Governing Board Single Family Activities Committee Meeting Transcript*

1:00 p.m.
October 8, 2025

Thomas Jefferson Rusk Building
Room 320

208 E. 10th Street, Austin, TX 78701

** This document is an approximate transcription of a recording of the meeting and is not a certified transcription of the meeting. As such, it may contain errors when compared with the official video and audio recording of the meeting, which is retained by TDHCA and posted online as an official record of the meeting.*

BOARD MEMBERS: HOLLAND HARPER, CHAIR

LEO VASQUEZ III

ANNA MARIA FARIAS

SPEAKERS:

Beau Eccles

Bobby Wilkinson

Abigail Versyp

Scott Fletcher

Lisa Johnson

Diana Velez

Kristina Tirloni

Public Comment Speakers:

Tem Clayton

Holland Harper (0:00:13):
Good afternoon. It's one o'clock, and we're going to start the Single-Family Activities Committee of the governing board of the Department of the Housing Community Affairs. To my right is Ms. Farias and myself. We have Beau and we have Bobby.

Staff, guests, and everybody else, welcome to this weird meeting. Trying to . . . we're going to keep this pretty informal because this is a report-only meeting, but if we do have guests in the audience, if you'd like to speak, come up to the, we're going to come up to this table here with a single chair. Please tell me who you are, where you're from, and then we'll recognize you for a public comment. And with that, Scott would like to get started for us.

Scott Fletcher (0:00:58):
Sure, I guess...

Abigail Versyp (0:01:01):
Oh, were you first? I'm sorry.

Holland Harper (0:01:03):
Abigail, you want or we'll get started with you.
So we have Single-Family Homeless Progress report items.
Number one, presentation discussion by Texas Housing Trust Fund, Abigail Versyp.

Abigail Versyp (0:01:21):
Hi. Hi. I did move the podium because it seemed like it was going to be even weirder.

Holland Harper (0:01:28):
It did seem a lot.

Abigail Versyp (0:01:29):
It was kind of weird so. Good afternoon, committee members. I'm Abigail Versyp, Director of Single Family and Homeless Programs. Thank you for the opportunity to once again present information about the Texas Housing Trust Fund programs under the Single Family and Homeless Programs Division. At our last meeting, there was a clear emphasis on the importance of measurable outcomes, and today's presentation is built in response to that

feedback. So as presented in our last committee meeting, SFHP provides meaningful assistance for low-income Texans for their housing needs.

While we do oversee TDHCA's permanent programs that address homelessness, today our focus is only on Housing Trust Fund programs under the SFHP umbrella. Both of the programs offered under the Texas Housing Trust Fund serve different sectors of the population with different housing needs. As shown, Bootstrap is geared toward those Texans ready to buy a home but that need flexible funding that accounts for their circumstances. And the Amy Young Barrier Removal Program is primarily used by Texans with disabilities that need modifications to live in dignity in their current home.

The general process, so how does one get assisted under Texas Housing Trust Fund? The general process for administrators, which is what we call our subrecipients, to apply for funding, is similar across all Single-Family programs that operate on a reservation system. Any eligible entity can submit an application for a reservation or RRSP agreement at any time. They're accepted on an ongoing basis. The agreement then allows them to reserve funding for a specific household's activity when funds are available through a notice of funding availability.

If a household is in need of assistance, they would search the department's Help for Texans tool and locate administrators serving their area. They then apply to the administrator, who reviews their application when it comes up on their waiting list. Applications that the administrator approves are sent to TDHCA through our housing contract system, and successful submission includes reserving the amount of funds needed for the activity.

The availability of funding is driven by NOFAs, which are funds made available under the program rules and allocations. For Bootstrap, funds are made available in two pools. The larger pool is two-thirds of available funds and those may be reserved for households that are going to be, where the housing is going to be located in a low-income census tract. The remaining third is available statewide.

For Amy Young, funds are first allocated regionally, and then any funds that weren't utilized are going to collapse under the terms of the NOFA until they're eventually made available statewide.

Holland Harper (0:04:31):
Okay. I got a question for you. So what's the most likely way does it happen for the most first citizens? Does that go into their COGS? Does that go into their housing districts? Does that go in, what is driving people in?

Abigail Versyp (0:04:47):
So it's going to depend on the program. For Bootstrap, it's almost, it is right now exclusively Habitat affiliates utilizing the Bootstrap program. So not all Bootstraps participate, but those that do actively market this program for use by their clients. The Amy Young Barrier Removal Program is almost all nonprofit organizations. Some nonprofits, maybe cities, but it's almost always a local nonprofit. We don't really have COGS that administer either of these programs or like a

PHA or something like that. So they're local grassroots organizations or Habitats.

Bobby Wilkinson (0:05:30):
Could you remind us on annual funding amounts for Bootstrap and Amy Young?

Abigail Versyp (0:05:33):
Sure, I can. Yeah, we do have...

Bobby Wilkinson (0:05:37):
If it’s in it.

Abigail Versyp (0:05:38):
Yeah, yeah, I mean, that's okay. We maybe skipped back. So, Yeah, it's in the prior slide. Okay. So for Bootstrap each year, we have a statutory requirement to put 300, or, sorry, 300, to put $3 million into the Bootstrap program. So that's what, you know. So essentially $2 million available in low-income census tracts and then a million made available statewide per year. Amy Young, we're running about $1.7 to $1.8 million a year through that reservation system.

Holland Harper (0:06:15):

And you're going to get to Alex for executing on those?

Abigail Versyp (0:06:18):

Yes.

Holland Harper (0:06:18):

Okay. I'll let you get to that.

Abigail Versyp (0:06:21):

Okay. So we'll move forward to five. Okay. So in sitting here, you may wonder why we use a reservation system instead of contracts. No?

Holland Harper (0:06:36):

No.

Abigail Versyp (0:06:36):

All right. I'm going to skip the slide.

Holland Harper (0:06:37):

No, no, no, no.

Abigail Versyp (0:06:39):

Oh. So it's just, it's a lot of words. Right now, we use reservation system for all of our housing trust fund programs and for all of our Single-Family Home programs, except for Home-Single Family Development because that's required to have a contract. And we use contracts for Colonia Self-Help Centers. So both the application process for a contracted award and a reservation system agreement are essentially the same. We verify the entities eligibility, we do a previous participation review, get information about their program design. But with a contract that would award a set aside of funds, say $300,000 to Nonprofit A. And then let's say Nonprofit A doesn't use all that money, well then, it's hung up in this contract. And so Nonprofit B...

Abigail Versyp (0:07:28):

Nonprofit B wouldn't be able to access it for people that are ready to go. So the reservation system lets us provide funds on a real time basis is they're actually needed by a household and eliminates this kind of de obligation cycle where we put a bunch of money into a contract. We have a certain amount of time to use it, it doesn't get used, and now we're scrambling to get somebody to take that money and utilize it. So it just keeps us going year round, less cyclical. Our subrecipients like it.

The first one we're going to cover, and this is going to be covered in a little more depth because it's a more complicated program, is our Bootstrap Loan Program. We're going to talk in the Bootstrap program about its data, its measurable wins. The impact the program has had with respect to concern raised in a previous meeting, which is how do we move renters into a position of homeownership. We'll talk about Amy on barrier removal, but its goals are very different. This item in the committee book is also the information provided and this is included in a summary format in your BAR. And you also have a copy of the presentation for your reference.

So the Bootstrap program, Texas Bootstrap Loan Program, is the Single-Family Activity for buyers. When I say Single Family, I'm in my universe in Single Family and homeless programs with far and away the largest amount of activity for home ownership. It provides repayable loans of up to $45,000 with a zero percent interest rate. The $45,000 limit is set in statute. So Bootstrap is always used as a portion of the funding stack for self-help homebuyer housing.

Bootstrap is flexible in how funds can be used. So we can do construction loans if someone needs to rehabilitate a home. We can purchase existing mortgage loans. But most Bootstrap administrators, who are at this time exclusively Habitats for humanity, are using it for a purchase money loan after the self-help housing has already been completed as part of the sale to the qualified buyer.

At this time, all of the active affiliates are Habitats and they also provide a portion, usually the majority of the mortgage financing. Since Bootstrap is self-help housing, buyers have to contribute 65 percent of the labor to build the home. If a buyer, let's say, we have a buyer that's a person with a disability and they are not able to contribute that labor, that labor can be contributed by others on their behalf.

Sometimes we find that even though this contribution of labor has occurred, homes are still sold by the by the Habitat affiliate at full market value, which means that our buyers aren't necessarily obtaining that sweat equity that we think about when we think about self-help housing, but they are still getting a very real benefit in the form of flexible financing and a zero percent interest rate and almost all the time very reduced or no interest rate on their first lien mortgage as well.

So how does it work? It works on a loan commitment basis. So an administrator can submit an application for a household up to a year before they're ready to close. That way they know the money is set aside and it's going to be available to that household when it's time to close on the loan. That usually means that the current year's funding data isn't really calculated until the following year.

So that's why when you're looking at 2025, it's only sitting at 18. It's just the nature of the cycle. Using the data from 2020 to now, we can see that there have been about 232 projects completed, excluding ones that may have been completed in the last few days. 2021, you do see a sharp drop of only 26 projects compared to 63 the prior year. And that was a direct result of the COVID-19 pandemic.

A lot of program administrators have continued to face similar challenges since COVID-19, primarily with rising costs in labor, materials, and supply chain issues. And those have caused some substantial construction delays. Luckily, even with some labor and material costs remaining higher than those pre-COVID levels, we have seen a steady increase in projects being completed year over year.

We've also had a lot of administrators reach out to us recently about larger developments that they plan to use Bootstrap for. So we think that those average closings are going to meet or exceed those 2020 levels soon.

Holland Harper (0:12:21):
So we have $3.3 million available every year. The maximum amount you can use is 45k.

Abigail Versyp (0:12:27):
Mm-hmm.

Holland Harper (0:12:28):
Which means that if everybody takes the maximum amount, we should have 73 projects and change.

Abigail Versyp (0:12:33):
Correct.

Holland Harper (0:12:34):
And we haven't hit that yet.

Abigail Versyp (0:12:35):
No, we have not.

Holland Harper (0:12:38):
So we haven't used all the funds every year.

Abigail Versyp (0:12:41):

We have not. With the Texas Housing Trust Fund, however, is unique in a way because with our, it'll roll, right? With our federal funds, we can't roll it. But with Texas Housing Trust Fund, each year, we can take that prior year's unused allocation and essentially convert it to new year funding so that we're not losing any money. And this allows us to like actively go on and say we've got the money. If you have the development, we have the money. And we're starting to find some of the Habitat affiliates are wanting to take advantage of that. So they're going to want to set aside.

Holland Harper (0:13:16):

How much money do we have put back?

Abigail Versyp (0:13:20):

In total, how much money do we have put back? I would have to research that.

Holland Harper (0:13:24):

Okay. Do most people take 45k today?

Abigail Versyp (0:13:34):

Always. Almost always. I have not seen one that isn't 45.

Holland Harper (0:13:38):

So distribution-wise, how many people? Last year's 18. Let's say it gets better and it comes to 35. Let's do 24 because that's a closed year. 48 projects, where are they? Who's using this?

Abigail Versyp (0:13:53):

We've got slides.

Holland Harper (0:13:54):

All right.

Abigail Versyp (0:14:01):

So we did have those, the variations in the number of closings. But what did remain the same is the average age of the mortgagee at 39, the average household size of three, and the highest population of beneficiaries for Bootstrap are single, divorced, widowed, or unmarried. So that's very different than regular homeownership numbers. In a conventional homeownership situation, almost about 50 percent of buyers are single earning households. With Bootstrap, that number is 79 and a half percent. So we are serving a different population than is served by the regular mortgage market.

Bobby Wilkinson (0:14:47):
Do we track AMI?

Abigail Versyp (0:14:49):
We do.

Bobby Wilkinson (0:14:50):
Okay.

Anna Maria Farias (0:14:54):
I noticed that in the year 2020, you had the largest number of 63, it is also the height of COVID, is it because this was outside?

Abigail Versyp (0:15:04):
They were really put in motion in 2019. So the deals were already in progress in 2019, and they just closed the loan in 2020. So that's what happened there.

Anna Maria Farias (0:15:15):
Because I know I was in Alexandria, Virginia, at the time, and the only people that we saw working outside were all (indiscernible) was that...

Holland Harper (0:15:26):
It's that we're under contract and nobody, most people didn't have pandemics in their contract.

Anna Maria Farias (0:15:33):
Right. That’s why I'm curious.

Abigail Versyp (0:15:38):
Yeah. It's always kind of just running a year behind because of the closing process. So in this table, what we're looking at is the average mortgage payment for a participating household as well as the rent payment that was shown on their application. The monthly mortgage

payment for households generally remained competitive, usually within $100 of the average rent payment. Until we looked at the data and noticed that the averages were skewed because 26 households, or 11 percent of those 232 that we looked at listed zero percent as their, or $0, sorry, as their rent payment.

Since 89 percent of applicants did have a prior rental obligation, we recalculated it excluding those zero rent applicants. And so now we can see that households actually end up paying less than their mortgage than they did for rent. That is PITI, All-In. Their rental, their homeownership payment burden is less than their rental burden. So before we get into an example of how...

Holland Harper (0:16:45):
You're going to have to explain that to me.

Abigail Versyp (0:16:46):
Okay.

Holland Harper (0:16:47):

So if we look at '24, the average mortgage payment is 845 and 41 cents. And the average rent payment is $737 and 69 cents, which would mean that the mortgage is more expensive than the rent.

Unidentified Speaker (0:17:00):

Chad, you got to hit...

Abigail Versyp (0:17:02):

Hmm?

Unidentified Speaker (0:17:03):

You got to hit the mic.

Luis (0:17:03):

Oh, sorry. I did not know there was a...

Abigail Versyp (0:17:07):

It's a fancy slide. I'm sorry about that.

Luis (0:17:10):

No worries.

Holland Harper (0:17:12):
Okay. Thank you.

Abigail Versyp (0:17:15):
You're welcome. Thank you, Luis. Luis is our Single-Family Loan and Asset administrator, and he works on the day-to-day Bootstrap stuff. So I do want to share a little more information about rental statistics, our administrators, their service areas and the impact of that geographical location.

Holland Harper (0:17:36):
We are talking rent to mortgage, correct? Not taxes, insurance.

Abigail Versyp (0:17:40):
This is All-In. This is PITI.

Holland Harper (0:17:43):
The whole thing.

Abigail Versyp (0:17:43):
The whole thing.

Holland Harper (0:17:44):
Okay.

Abigail Versyp (0:17:50):
Okay. So this map was prepared with data gathered from census.gov. It illustrates the counties where there's a higher-than-average percentage of renters according to an average using county specific data.

And this is where you can see where our participating administrators have been within the past five years. So we have a smaller pool of administrators due to the self-help component. They are still, however, located in the areas that have the largest pool of renters, reinforcing the importance of providing homeownership in those areas.

And then kind of moving a little bit past data. I wanted to share some actual projects in the counties so we can really understand the communities that are being assisted. In Brazos County, that has the largest percentage of renters in Texas at roughly 48 percent, the Bootstrap program assisted a single mom of three boys to become the proud homeowners of the property you see in this slide. This family just closed in June and their payment at the time of closing PITI was 724.51.

In Tarrant County, a county where roughly 36 percent of residents are renting, Bootstrap assisted seven families on this street.

In McLennan County, where 31 percent of residents rent, Bootstrap assisted this household that was originally living in an apartment and paying 879 a month. At the time of their purchase, their mortgage payment, including PITI All-In was 465.

And lastly in Montgomery County, 13 different families in 2023 and '24 went from renting to becoming homeowners with Bootstrap supported loans on this street.

Holland Harper (0:19:48):
Let's talk about this. When somebody put an entire development together and then started bootstrapping all the products, does that all Habitat for Humanity, the entire thing?

Abigail Versyp (0:19:55):
Yeah. It would be a Habitat for Humanity development.

Holland Harper (0:20:00):
Okay.

Abigail Versyp (0:20:08):
So we can talk about the true purchasing power the program helps provide by comparing two scenarios that evaluate affordability and long-term financial implications. In Scenario A, we have an example of a traditional mortgage. Scenario B, we have a Bootstrap supported loan with zero percent interest. Both scenarios assume the same purchase price of 237k. Scenario B has a significantly lower monthly PITI payment, 658.33 compared with 1420. With the same escrow payments included in both scenarios, there's

still a 40 percent savings a month with Scenario B's total monthly payment.

Thanks to the program's flexibility with debt-to-income ratios, the required income to qualify for Scenario B is just $28,236 a year compared to Scenario A at 78, a little over $78,000 if you use the traditional 28 percent front end. Over 30 years, Scenario B pays zero percent interest, cutting the total cost of the home in half. Scenario B represents the typical Bootstrap loan structure. It not only provides more affordable payments, a massive reduction in required income to qualify, more favorable underwriting guidelines, and also offers long-term financial stability for buyers. So it's opening up homeownership to lower income bracket families that would normally be renting.

Holland Harper (0:21:41):

Who's covering the debt on Scenario B? Are we covering the debt on that?

Abigail Versyp (0:21:47):

We're only covering $45,000. So just the Bootstrap loan amount. The Habitats are providing the rest of the mortgage financing. And we can't, sorry, I was just checking the slide. We don't want to miss discussing a little bit about equity. As you can see, we're not providing just more favorable expenses. We're helping families build equity. The average price of homes that utilize Bootstrap was lower than the appraised value at the time of closing. That average...

Abigail Versyp (0:22:20):

Oh.

Leo Vasquez III (0:22:21):

(Indiscernible).

Abigail Versyp (0:22:24):

Hi. Good afternoon.

Leo Vasquez III (0:22:29):

(Indiscernible).

Abigail Versyp (0:22:37):
So with a purchase price that in 2021, our average buyer walked in with $8,000 in equity on the day that they closed. It's not a huge amount, but there are a lot of examples where substantial equity is created.

Holland Harper (0:22:50):
There's no equity in real estate rents, right?

Abigail Versyp (0:22:53):
That's true. I mean, it's $8,000. And if you look at a family making $28,000 a year, that's a lot. That's a lot. The picture of the home that we just viewed in McLennan County, the purchase price was $107,000 in 2022. The appraisal was at 157. So it was looked up on realtor.com and, give or take estimated value, the realtor, the value today was 182. So that's $75,000 of equity that that family has built since 2022. The equity is going to provide stability.

Holland Harper (0:23:35):
Is there any clawback? If you're doing a, if we were doing a 4 percent deal or 6 percent deal or if we're

doing an energy tax credit, if we're doing a new market tax credit, there's an amount of time that you might have to hold. Is there any holding period in Bootstrap program?

Abigail Versyp (0:23:53):
There's not a holding period in Bootstrap. I mean, the loan's repayable. So, if they sell, of course we're going to get our money. We're going to get our money back one way or another. Usually Habitat affiliates do have a holdback period, though, attached to their notes.

Holland Harper (0:24:09):
You could game the system.

Abigail Versyp (0:24:10):
You could game the system.

Holland Harper (0:24:12):
It's not a gift, it's a loan.

Abigail Versyp (0:24:14):
It's a loan.

Holland Harper (0:24:15):

The 45k comes back.

Abigail Versyp (0:24:16):

The 45k comes back. And in order to qualify, these families work for years to qualify so.

Holland Harper (0:24:23):

That's fine.

Abigail Versyp (0:24:24):

Yeah. We don't see a lot of sales. These stories and examples wouldn't be possible without Bootstrap. But as time passes, we have to give credit to those administrators because that 45,000 that we're allowed to lend by statute, it does not go as far as it did when this program was created, obviously. So our administrators, our Bootstrap affiliates, are coming up with the additional financing that they're providing often at zero percent.

You can see how much our loan has covered, the difference in what our loan has covered over time. Right now, we're covering under 20 percent of the total purchase price of the home. But it's a statutory limitation and they are working around it.

Bobby Wilkinson (0:25:15):
Do you ever get complaints from Habitat Texas or the affiliates on the cap?

Abigail Versyp (0:25:20):
We do, we do. And I know that they've approached legislature about increasing those caps. That hasn't happened. They were successful in...

Bobby Wilkinson (0:25:33):
In the AMI.

Abigail Versyp (0:25:33):
In the AMI because we used to be at 60 and below. Now we're at 80.

Bobby Wilkinson (0:25:37):

Yeah, that same year, they didn't even try to mess with the cap. Maybe they wanted to think about.

Abigail Versyp (0:25:41):

Right. I think that the AMI was a much bigger issue for them than the 45k. They like to make loans, too.

Holland Harper (0:25:53):

This is, payments by years are correct. But you said it, we can roll this funding.

Abigail Versyp (0:25:58):

We can roll the money, yes. We do roll the money. Once Bootstrap, always Bootstrap. We make a loan with it. It must stay in the program, so.

Holland Harper (0:26:10):

But not if you're allocated 3.3, spend 2.7. We don't get to push that. We either push the 600k forward?

Abigail Versyp (0:26:18):

Yes.

Holland Harper (0:26:21):
Where does it go?

Abigail Versyp (0:26:24):
I'm going to look, where does it go? It goes back into Bootstrap. So what we do is we release our initial notice of funding availability with the amount of money that we have and then we recoup what we didn't spend last year, roll it into this year, and then amend our NOFA to put more money into the program.

Bobby Wilkinson (0:26:41):
So our funds are outside the treasury, are managed by the Comptroller Texas Safekeeping Trust. And so they grow there lately by 4 to 5 percent.

Holland Harper (0:26:56):
But we're only allowed to push out 3.3.

Abigail Versyp (0:26:58):
No, that's a floor, not a ceiling.

Holland Harper (0:27:00):
Okay.

Abigail Versyp (0:27:01):
Yeah. So we put, we typically push out more than $3 million a year. Three million is the floor that we have to. And that's usually around where, around what's in our LAR. Yeah.

Holland Harper (0:27:13):
3.3 is what we have allocated?

Abigail Versyp (0:27:17):
Mm-hmm.

Holland Harper (0:27:17):
It's back to stay.

Abigail Versyp (0:27:20):
That's correct. But we, this money has to be used for Bootstrap. We can't use it for any other purpose. So we just, we don't want to hold it back. I mean, effectively we're holding it back because it doesn't get

utilized. It does, it isn't 100 percent utilized. But there's not another option in how to spend this money. This program is very restrictive in statute.

Holland Harper (0:27:42):

I don't disagree with anything you're saying, Ms. Versyp. It sounds like we have, I mean, Habitat is the horse that needs it. You got Habitats. I mean, I built Habitat houses many years ago, but it sounds good to have an education program getting more of these people to kick the money so we can put it back to work, because it seems like it's got a good mission in the system.

Abigail Versyp (0:28:07):

Administrators have to be nonprofits that run a self-help housing program, or they have to be Colonia Self-Help Centers. So at nonprofits that run self-help housing, it's a captive. It's a small group. It's, I mean, Habitat is the only type of group I can think of. Outside, I mean, there are maybe some...

Holland Harper (0:28:32):

I don't disagree with anything you said.

Abigail Versyp (0:28:34):

And we have had some in the past before that were not Habitat affiliates, that over time, their use for the fund declined, they ceased operations, they're doing something else entirely or changed their mission. So it's very much Habitat driven. Finding nonprofits that have that as their mission, that aren't Habitats, we advertise. How do we find them? Or what we've been focusing on is trying to locate more Habitat affiliates that will use our funds.

Holland Harper (0:29:14):

So that's my question to you: Do you have a name of every Habitat, every county in Texas?

Abigail Versyp (0:29:19):

Yes.

Holland Harper (0:29:20):

And do we reach out to them and say, hey, we have this program. We are giving away free money.

Abigail Versyp (0:29:26):

Yes.

Holland Harper (0:29:26):

Which is the finest thing. I mean, nobody gives that free money.

Abigail Versyp (0:29:30):

Yes, we do, we do that.

Holland Harper (0:29:32):

Like Lamar County, which is my county. I'm only going to go back to what I know, right?

Abigail Versyp (0:29:36):

Yeah.

Holland Harper (0:29:38):

They don't do it. And I know we build houses. I mean, because... I mean, more than half the time, I'm giving away free engineering to build them.

Abigail Versyp (0:29:46):

Well, we do outreach to all of the Habitats, and we have onboarded several new ones. Well, we do outreach to all of the Habitats, and we have onboarded several new ones. We also have granted money to Habitat Texas so that they can provide capacity building to Habitats to utilize these funds, provide education, and do outreach. They're supposed to be working, or they were working in coordination with us to do that. They haven't re-upped that contract. But we're still performing a significant amount of outreach to Habitat affiliates because, yeah, they're already doing it. Please, you use some of our money, too. It'll leverage your money, right? It's a win for everybody.

Tem Clayton (0:30:29):

I also think a lot more people would qualify with Habitat for the program, but people with disabilities don't qualify because disability payments don't reach that $28,000 cap.

Abigail Versyp (0:30:47):

It's not a minimum. I'm so sorry. If you haven't introduced yourself.

Tem Clayton (0:30:52):

I'm sorry. I'm Tem.

Abigail Versyp (0:30:56):

Okay. I need first and last name and who you represent just for the transcription.

Tem Clayton (0:31:00):

I don't represent anybody. I just wanted to sit in on the meeting to get information.

Abigail Versyp (0:31:03):

Okay.

Tem Clayton (0:31:04):

Okay.

Holland Harper (0:31:04):
So what you'll have to do if you want to speak is you need to come to that corner right there. Nothing and just say, hey, I am.

Abigail Versyp (0:31:12):
We're excited to hear you speak.

Holland Harper (0:31:14):
All the rest of it.

Tem Clayton (0:31:15):
Oh, I didn't realize...

Holland Harper (0:31:16):
Most these people are over there.

Abigail Versyp (0:31:17):
Yeah, it looks like a round table, but it's just a different procedure.

Tem Clayton (0:31:21):
So just write my name on here.

Abigail Versyp (0:31:24):

Mm-hmm.

Holland Harper (0:31:25):

Tem, where are you from?

Tem Clayton (0:31:27):

I am from, I live here in Travis County. I am originally from Jamaica. I've been living here in the United States since the recession. Came here to open a restaurant. Ended up losing a whole lot of money. Decided to stay because I love the country. I love the model. Became disabled during COVID after the shot. But that's a whole ‘nother different thing. Trying to work with that. Working with Doggett, Lloyd Doggett, Representative Doggett to try and get some kind of compensation going forward.

Holland Harper (0:32:17):

Hey, Tem, let's do this right here. We're going to go back to the conference. At the end of this presentation a little bit of public comment, and at that moment, we'll do that. Okay?

Tem Clayton (0:32:25):
Okay.

Holland Harper (0:32:25):
Because we just, we got, I don't know how many slides we got. We've got a bunch. So we'll just start.

Tem Clayton (0:32:29):
I just wanted to...

Holland Harper (0:32:31):
Thank you.

Tem Clayton (0:32:31):
Okay. Cool.

Abigail Versyp (0:32:31):
Thank you. So just diving back in. So after principal repayments are calculated, the program receives the remaining balance. A total minimum of 300,000 per year

for eligible activities through state GR and Bootstrap repayments. This shows the amount of principal repayments received from mortgages in the last five fiscal years. The allocation of how the funds are distributed does vary from year to year, but it's worth noting that these funds can only be distributed back into the Texas Bootstrap Loan Program.

Much of the Bootstrap program is funded primarily from self or from principal repayment on our loans. So last year's appropriation, 2.8 million of our 3.3 million allocation per year is estimated to come from Bootstrap repayment.

Holland Harper (0:33:38):

The one we selected, notes versus business, how much money do we have rolled in Bootstrap? We have not.

Abigail Versyp (0:33:43):

Yeah, I have a note. I don't have access to that at my fingertips, but yeah, we can get that for you quickly.

Holland Harper (0:33:52):
Okay.

Abigail Versyp (0:33:53):
Mm-hmm. So in the past five years, as we've said the number we've had 232 households become homeowners. We've used 12.5 million estimated in program funds. We provided homeowners with more financial stability in most cases reducing their housing expenses. We've provided wealth that can be passed on by building equity for low-income households. And lastly, statistics saved for the end. We've had zero foreclosures since 2020 and less than a 0.01 percent foreclosure charge off rate since 2010. And that kind of concludes Bootstrap. And we'll go ahead and move on to Amy Young unless we need to pause for questions.

Bobby Wilkinson (0:34:45):
So we're going to get back to them on how much is what kind of balance we have at the trust.

Abigail Versyp (0:34:51):
Right.

Bobby Wilkinson (0:34:51):
And then maybe ideas to up utilization.

Abigail Versyp (0:34:54):
Correct.

Bobby Wilkinson (0:34:54):
Okay.

Holland Harper (0:34:57):
Any questions?

Bobby Wilkinson (0:35:00):
Is the zero percent interest in statute as well?

Abigail Versyp (0:35:02):
Yes.

Bobby Wilkinson (0:35:03):
Okay.

Abigail Versyp (0:35:03):

Yeah. So we can't charge an interest rate on this. It's statute...

Bobby Wilkinson (0:35:07):

It's better for them. It doesn't grow the balance as much, but we're not using it anyways.

Abigail Versyp (0:35:10):

Right. And we get our interest that we're earning from the account where it's held. So there is some growth rate there. Not a lot, but some.

Bobby Wilkinson (0:35:21):

I'll just add off to kind of adjacent to Bootstrap. Habitat has had these efforts last few sessions to get a kind of a larger Evergreen fund. They wanted for us to be the pass-through for. There would be more like a neighborhood at a time. Like with the infrastructure and building, a little neighborhood, I guess, plumbing, drainage, all that kind of stuff. That would up their production and then easily help us utilize more.

Abigail Versyp (0:35:48):

Mm-hmm. One of their big concerns that they bring to us not just for this funding source but for other funding sources is that we can't pay for off-site infrastructure. And that's something that donors don't really, donors like to give to a person, right? When you're seeking private donations. And so it's not giving to the street fund does not have the same feel. So they're always seeking infrastructure funds.

Holland Harper (0:36:15):

I spend my money. Yeah. I don't disagree. I'd spend it on rooftops.

Abigail Versyp (0:36:25):

All right. So moving on. Amy Young Barrier Removal Program. This is a shorter presentation. It's a less complex program, but extremely impactful and meaningful for our citizens that need it. And I will say these slides are in your board book. So I know there's of a lot of text on them, but they are in your board book. The Barrier Removal Program or Amy Young, it provides grants to renter and owner households to make accessibility modifications to their home.

It can pay for some repairs that mitigate health and safety hazards. But the primary purpose has to be accessibility. So we install ramps, update bathrooms, install grab bars, chair-high toilets, roll-in showers, anything the household is going to need to make their home fully functional for them with their specific disability.

So one in four adults in the United States lives with some form of disability. But most homes weren't designed for accessibility. This means that many families face daily struggles just to move safely in and out of their homes or utilize basic spaces like their kitchen or their bathroom. Without support, these barriers can lead to falls, injuries, or even force people into institutional care facilities.

With the Amy Young Barrier Removal Program, we're able to remove those accessibility barriers, making it possible for people to remain in their home safely and independently and age in place. Every ramp, doorway, and modification restores freedom to live at home. So one of the things that we did want to highlight is that these grants at $22,500 can come at a substantial savings to the taxpayer. In addition to the quality of life for the people that we serve.

If we are keeping people from living in an assisted care facility, that's paid for partially with Medicaid, we're saving taxpayers a substantial amount of money with this program in addition to providing for our most vulnerable citizens.

So this chart shows the average household income of our program participants broken down by fiscal year. As you can see, these averages remain consistently low year after year compared to the state's median income.

It highlights two really important points. Primarily, we're reaching households that require the most assistance. And secondly, that despite inflation and rising costs, these families' incomes aren't keeping pace. This makes the support from this program even more critical. As costs rise and income remains low, the need for this program is just going to continue to grow.

Leo Vasquez III (0:39:19):
So why a big dip in 2020?

Abigail Versyp (0:39:24):
Just a dip in AMFI levels. These are the AMFI levels or the income levels reported by the administrators to us. We receive that information and income documentation for every applicant. So I couldn't say why the income was so low in that specific year.

Holland Harper (0:39:44):
What do they need to qualify?

Abigail Versyp (0:39:46):
They need to be below 80 percent AMI, but usually they're way under. Yeah, because often they're receiving SSI. So somewhere in the neighborhood of $800 to $900 a month.

So I know we had talked last time about renter households and I did want to highlight that out of the 421 Amy Young barrier activities, Arlen (phonetically spelled), our Amy Young program specialist, went through every activity and found that we've only served five renters. So 1.2 percent of the people that we served have been renter households. They're a very small share, but it is important to offer those services to them so that they can remain in their homes as well. It's just not heavily utilized for renters. It's mostly homeowners.

This chart shows the age breakdown of the persons that we serve. So unlike our Bootstrap participants who are average age of 39, we see participants in this program across all age groups and the majority are older adults age 60 and above. So as we age, of course, all of our chances of mobility limitation and disability increases.

Homes need these modifications to remain safe and livable. And these numbers remind us that aging does bring new challenges. We are working to ensure that people continue living with safety and independence so that they can age in place.

This chart shows the number of homes that we've served since 2020. The total number of homes that received assistance is 421. We have again fluctuations by year. We can see again there's a dip in number of household services significantly in 2024. It's important to emphasize that these numbers don't reflect the demand. They reflect how much funding we had available. The program consistently has more qualified families in need than we can serve. Our capacity is capped only by our available funding.

So how do we improve the program, right? How do we make it better? One of the ways that we try to do that is geographic dispersion. Since 2019, our program service area has increased. In 2019, we had 28 counties served. In 2021, we had 84 counties served. And now in 2025, we have 119 counties served.

Holland Harper (0:42:26):
How'd you do it?

Abigail Versyp (0:42:27):

Outreach. Outreach and advertising. These photos note the tangible impact of Amy Young Barrier Removal. On the left, the before photo shows a narrow bathroom in need of accessibility modifications. On the right, the after photo illustrates the finished project. Modified flusher, shorter tub, additional shower handrail, chair-high toilet. Clearly, the impact of the program is evident. The bathroom is now accessible for the family safe and designed to meet their needs.

This is another project. This is an image of a ramp. So this is the old ramp, front and side view. And this is the ramp that was installed with Amy Young Barrier Removal Program. Each ramp transforms homes into safer, more accessible spaces and improves daily lives of people who live there. That concludes our presentation, prepared remarks, and we're ready to talk.

Holland Harper (0:43:33):

Ms. Versyp? So you go back to your slide count. You've got 122 counties in Texas doing that. Who is the typical consumer? Is it administrator, contractor? It's not a homeowner, is it? And they're probably not doing this very often. Who's requesting the grant?

Abigail Versyp (0:43:51):
Administrators request that reservation agreement and they say, I'm a nonprofit and I'm in Jones County, Texas, so I'm going to serve Jones County, Haskell County, Taylor County and Throckmorton County.

Holland Harper (0:44:07):
Right.

Abigail Versyp (0:44:07):
And so they apply to us and say which counties they're going to serve. And then folks that live in those counties would apply to them. And the contractor is selected through a procurement process run by the administrator.

Holland Harper (0:44:24):
How many dollars are in this program?

Abigail Versyp (0:44:26):
About $1.7 million per year. We do get some additional funds because we have some old HTF programs, old Texas HTF programs. We had some multifamily developments and things like that that had a repayable loan. Since those were not Bootstrap loans, proceeds from that type of activity get funneled directly back into the Amy Young program.

Holland Harper (0:44:48):
Our yield on allocation to output where are we sitting?

Abigail Versyp (0:44:53):
We utilize all of the money, 100 percent.

Holland Harper (0:44:57):
Okay.

Leo Vasquez III (0:44:58):
The administrators are they, do they get exclusive territorial?

Abigail Versyp (0:45:03):
No, we have duplication, and in larger urban areas, that's helpful to have duplication. One of our big gaps and one that we've been working on is the Harris County area. We had an administrator serving Harris County, but their capacity just didn't allow them to actually follow through and complete projects. So households might call us from areas, might call our coordinator, or might email us. And if we don't have an administrator in the area, we might try to find one nearby to see if they'll pick up an additional county. In addition to courting new nonprofits.

Bobby Wilkinson (0:45:41):
Is Amy Young still just by rider and not statute?

Abigail Versyp (0:45:44):
Amy Young is still just by rider, not statute.

Holland Harper (0:45:55):
Do you have any questions?

Unidentified Speaker (0:45:53):

No.

Holland Harper (0:45:54):

And do you have questions (indiscernible)? As far as anything else to present?

Abigail Versyp (0:46:00):

No, that was it.

Holland Harper (0:46:01):

Before we jump off, let's open this up for public comments. We'll allow 2 minutes for public comment. If you'd like to speak on this, please come up to the table and we will take public comments for two minutes. If you'd like to speak on this item, you can make a decision.

Tem Clayton (0:46:17):

Okay. So the question I had...

Holland Harper (0:46:20):

So we'll start out with, I need your name.

Tem Clayton (0:46:23):
Oh, sorry.

Holland Harper (0:46:23):
First name and last name.

Tem Clayton (0:46:27):
Tem Clayton. Resident of Travis County since 2014. So I have a company here, became disabled, couldn't work for the past four years. And that's how I kind of found out about this program. But it doesn't really allocate for people who really, really need it. A lot of people who live in RVs, they don't qualify. If you're disabled and you don't make a certain amount of income, you don't qualify. So for people who are, whether they're temporary disabled or permanently disabled, who just undergo sudden disability, a lot of people don't qualify.

So I was like shocked to see that there's leftover funds that could help people. Most people just don't qualify. I almost had to go into a nursing home, 44 years old, just to have a place to stay. That's tough. Going from making money, paying your own bills, employing other people, to almost be homeless. That's tough. So I'm wondering, what can you do for people who actually need the funds? Can you allow qualifications for some of those renovations for people who live in RV parks, in motorhomes?

Holland Harper (0:48:15):
Not with the programs that they just presented with.

Bobby Wilkinson (0:48:18):
So, Amy Young, you can put a ramp on a manufactured housing unit?

Holland Harper (0:48:23):
Yes.

Abigail Versyp (0:48:23):
You can.

Bobby Wilkinson (0:48:24):
Unlike federal funds.

Abigail Versyp (0:48:25):
Unlike federal funds, we can put a ramp on manufactured housing. And if the manufactured housing was built after a certain date, we can do interior renovations. An RV is a different scenario because it's a vehicle, it's not a unit of housing.

Bobby Wilkinson (0:48:42):
Right. It's not real property for them. Okay.

Leo Vasquez III (0:48:46):
Unfortunately, there's certain the ways some programs are structured. I mean, it's where...

Tem Clayton (0:48:51):
I get it.

Leo Vasquez III (0:48:51):
Our hands are tied. Here's the, but hopefully there's another...

Tem Clayton (0:48:54):
The majority of Americans now moving towards living in RVs because housing is just, especially for Gen Z, housing is completely unaffordable. So the majority of people are moving towards park models, towards RVs, towards manufactured homes, because that's all we can afford.

Holland Harper (0:49:17):
Thank you.

Tem Clayton (0:49:19):
You're welcome. Thank you.

Abigail Versyp (0:49:19):
Thank you.

Holland Harper (0:49:20):
All right. Ms. Versyp, thank you so much.

Abigail Versyp (0:49:22):
Thank you. Thank you, Chad.

(Background conversation.)

Scott Fletcher (0:50:32):
Good afternoon. We lost a lot of our audience there, so we'll dive right in. I believe you have the presentation as part of the board book so that I don't have slides, but you should have it in front of you. It's the one that says Bond Finance and Homeownership. We're going to start on page 2 of that document, which just recaps the programs. A lot of this is...

Bobby Wilkinson (0:50:55):
So I said we went to a Single-Family Committee marketing presentation.

Lisa Johnson (0:51:00):
That's good with me. That was later.

Bobby Wilkinson (0:51:02):
Okay, so...

Lisa Johnson (0:51:02):
It's in the report book.

Bobby Wilkinson (0:51:03):

Yours is just in the book.

Lisa Johnson (0:51:03):

In the report book.

Scott Fletcher (0:51:04):

It's just in the...

Bobby Wilkinson (0:51:06):

Okay. So you didn't need paper, right?

Scott Fletcher (0:51:07):

Yeah, I'm sorry. Yeah, just in the book.

Unidentified Speaker (0:51:08):

This is helpful. I printed this out because I heard about the AV issue. Each slide is the corresponding page of the board book, if you want to reference that.

Scott Fletcher (0:51:17):

Okay. Perfect. So page 26 in your board book. Thanks for doing that. I really appreciate that. Let me know when... Yeah. Perfect. Thank you. We were kind of limited on time last time and so we tore through pretty quickly on some of this. So I don't plan on spending a ton of time going over the actual, the describing programs, but just kind of get into the heart of the matter on each one and again just to kind of set the stage.

Bond Finance, we are mortgage revenue bonds and mortgage lending programs and responsible for managing the bond indentures. We finance below market rate mortgage loans to qualified Texas buyers through mortgage revenue bonds and TBA or market rate mortgage loans. All of our loans, regardless of funding source, receive some level of down payment assistance. And we also administer mortgage credit certificates, which are basically a dollar-for-dollar tax credit for some portion of the mortgage interest for the homebuyer each year.

And then homeownership is responsible for managing relationships with lenders, marketing the programs, et cetera, making sure we get the volume that we need.

So going to the next slide, slide 27. Production by year. This is the graph that I put together back in June. But the projected amount of $1.159 million in total loans this year was very close up by $47,001.112 and that's between Bond TBA and MCC.

Moving to the next slide. And please stop me at any time, just wanted to show the current mortgage rates. The current mortgage rates. The...

Holland Harper (0:53:15):

Back up for a second.

Scott Fletcher (0:53:15):

Yeah.

Holland Harper (0:53:16):

Back up one second.

Scott Fletcher (0:53:16):
Absolutely.

Holland Harper (0:53:17):
Offer a loan credit, mortgage credit.

Scott Fletcher (0:53:22):
I'm sorry, MCC.

Leo Vasquez III (0:53:24):
It's mortgage credit.

Scott Fletcher (0:53:25):
Yeah, mortgage credit certificate. Yeah. And it's basically a program where you can file at the end of the year on your taxes and you get a dollar-for-dollar tax credit on some portion of the mortgage interest you paid that year, which effectively lowers the interest rate on your loan.

Bobby Wilkinson (0:53:38):
2000-ish.

Scott Fletcher (0:53:41):
There's a 2000 or 2500.

Lisa Johnson (0:53:44):
There's no cap on the credit rate that we offer. We offer 20 percent credit rate, mortgage credit rate and there's no cap on the calculation of the mortgage interest. It's the mortgage interest you paid the previous year, tax year, at 20 percent. So you can write off. Well, you can (indiscernible - simultaneous speech).

Scott Fletcher (0:54:02):
But if we went with a higher percentage of deduction, you get capped out. So that's why we use the percentage that we do because it doesn't cap out for the borrower.

Lisa Johnson (0:54:10):
Correct.

Bobby Wilkinson (0:54:10):
How many people that don't itemize, they still get your credit?

Scott Fletcher (0:54:14):
It gets really tricky. Yep.

Bobby Wilkinson (0:54:17):
Some credits you can get even if you don't itemize, this is, do you know?

Scott Fletcher (0:54:21):
I believe you get the tax credit, right?

Lisa Johnson (0:54:23):
With the tax, you can qualify.

Scott Fletcher (0:54:24):
So you qualify for it, but you have to claim it. And that's I think the challenge of the program, right? We don't, we can't track on the backside who's filing what on their taxes. And so it's a, I think it's a tool that often gets used to qualify people for a mortgage loan because it shows a lower effective interest rate. But then those people have to actually utilize it and file it each year to take advantage of it.

Bobby Wilkinson (0:54:46):
Briefly talk about how we convert what $4 of bond cap comes to,

Scott Fletcher (0:54:51):
Absolutely. And that I had that later on. If that's, I'm happy to go, I'm happy to jump forward. Okay. And then you had a question, Mr. Harper, that was on the credit, mortgage credit. Okay. Submitting to slide. Thank you so much for doing this. Again, slide 28. This is just our current mortgage rates on for the My First Texas. So these are MRB loans, right? These are the first-time homebuyers and qualified veterans. The 4 percent, 3 percent, 4 percent DPA loans are about three-eighths of a point lower than we can get in the TBA market for similar DPA loans.

And then there's no really comparative for the unassisted loans. We essentially are looking at that as a buy-down of the interest rate. We just basically just provide a lower interest rate for people that maybe have other funds that they can use for down payment, so assisting the homebuyers that way.

The next slide is just our current rates as of the end of the month last year. And now we're going to kind of move on to the math portion. Go to slide 31 in your books, unless anyone has any questions on kind of the broad picture we just painted.

All right. So slide 31. Obviously, we've discussed this before. Bond Finance is entirely self-funded. No federal funds, no state funds, no local government funds. In fact, we make quarterly contributions to the department to fund our portion of, well, fund our salaries and our portion of the expenses and shared services.

Bobby Wilkinson (0:56:42):
Thank you.

Scott Fletcher (0:56:44):
It's our great pleasure.

Holland Harper (0:56:45):
You tax them pretty heavily?

Scott Fletcher (0:56:46):
It hasn't changed in a while, so maybe we should discuss that, Bobby. But basically right now we have about $3 billion in indenture assets and liabilities. We issue about $750 million annually in mortgage revenue bonds. We're working to ramp that up and we can discuss that. We finance over a billion dollars in mortgage loans across the programs. We fund around $50 million in down payment assistance annually and we also receive about an $8.7 billion mortgage servicing rights, rights book.

The phrase is "no money, no mission." So it's imperative that every program that we run not only supports mission, but is also financially viable and sustainable. And we're committed to enhancing our partnerships, modernizing approach, our approach to optimize our portfolio, create sustainable growth and expand our impact. But again, we are walking that fine line between program sustainability and fulfilling the mission. And that's about money. Next slide.

Actually have updated number here. 3.2 billion.

Leo Vasquez III (0:58:00):
I'm sorry, Scott.

Scott Fletcher (0:58:01):
Yeah, of course.

Leo Vasquez III (0:58:02):
Your first bullet about managing almost $3 billion in bond and indenture assets and liabilities. And we issue $750 million a year. So we are, if we did that for a couple years, we're going to be way over $3 billion. So we're still collateralized, selling them off and recycling.

Scott Fletcher (0:58:27):
Yeah. It's a great question. So you're looking at what's still outstanding, right? We structure, we do the bond deals and then we, in that same indenture, we're buying the mortgage loans, we're pulling, well,

pooling those mortgage loans into Ginnie Mae securities and buying those into the indenture.

And we do that at a, we are to maintain a one or two parity ratio. So we have to have assets in excess of one of 102 percent basically of the liabilities. Those are just matched up, right? And so that grows, as we do a bond deal that funds mortgage loans. As people make their mortgage payment, it brings the Ginnie Mae balances down that is used to pay off bonds.

So it's a kind of a revolving. You're looking at everything we have outstanding over the past several years. There are situations where we will have funds that have come in and we'll use that to pay down bonds and leave the mortgages. We'll have excess revenue in the accounts. We'll use that to pay down the bonds and leave the assets in there. So that just increases our parity ratio.

We have the option of pulling that out, but we'll leave it in the indenture. We can pull money out of the indentures if there are sufficient assets to cover the projected liabilities in the indenture. And that's considered excess revenue. And that's kind of our take on running this activity.

Leo Vasquez III (0:59:52):

Has the number that level been staying relatively consistent.

Scott Fletcher (1:00:00):

Yeah. This has grown pretty dramatically since, let's call it '22. If you go back and look at rates from historic perspective, right? We were in artificially low-rate environment for a long time for obvious reasons. And when you were in that low of a rate environment, the attractiveness of a bond funded mortgage loan versus what you can just get in the open market, it doesn't make sense to layer all the restrictions on.

So we were getting a lot of volume still because of the down payment assistance programs. But most of that was TBA activity. It was mostly just going straight out. We would make the loans and sell it in the marketplace.

No impact on indenture, just an impact on cash, right? Buy, sell, take the money.

With the increase in interest rates, bond-funded mortgage loans became much more attractive to '22 and '23. We have pretty high volumes in those years. Things kind of, I think, the market kind of slowed down in '24 and '25. I think a little bit of that had to do with pricing and affordability of homes and a little bit to do with the rise in interest rates impacting affordability of the mortgage payment.

Which is why we introduced that zero percent DPA program because we wanted to get that loan rate as low as possible to help the borrowers. Because there are some that maybe have the cash or can borrow the cash for the down payment, but it's the monthly that's impacting them.

So long answer to a short question, as I know I am famous for doing, but basically that value fluctuates, it will probably start to come off if we start to see a drop in rates, right? Because we'll see some refinance activity potentially. It's going to take about 100 basis points, I think, before we start seeing any sort of refi activity. But we should, it's kind of an ongoing thing and it'll fluctuate over time. The more we issue, the faster that, the more that's going to grow. So that is truly just the bonds and the mortgage securities, the Ginnie Mae securities in the portfolio that we own inside the indenture.

Holland Harper (1:02:16):

Yeah, I think so.

Scott Fletcher (1:02:20):

Any other comments? Okay. So let's see if there's anything really important on slide. I don't know if the page never got lost on that one. Lovely.

Holland Harper (1:02:32):

Highlights.

Scott Fletcher (1:02:35):

Perfect. So right now we've got about 375, we'll call it the DPA portfolio. We get servicing rights on that book of about $1.6 million a month is what comes into the indenture or, yeah, into the indenture that is kind of tied up in the indenture because it's related to, a lot of it's related to actual mortgage loans or bond funded mortgages. Sorry.

And I've shared this previously, but just to reiterate, we are winding down the Single-Family indenture and moving exclusively to the RMRB indenture. A couple reasons for that. One, it's a newer indenture. The language is more modern; it's more current. The other reason we're transitioning to a single indenture is for clarity for the marketplace where when we go to issue, they know what we are. They don't need to look at the thing, oh, this is single-family and this is residential. What's the difference? And it just, it's confusing for the marketplace.

Bobby Wilkinson (1:03:36):

It's weird to have two, right?

Scott Fletcher (1:03:37):
It's unusual to have two. There's some history there in terms of why another indenture was created and it was certainly before my time. I want to say, '08 maybe, which kind of maybe explains why another indenture was done. But we can avoid that history unless it's helpful. I can dig it up and give you a better picture.

Leo Vasquez III (1:04:03):
I'm curious, as we're talking about trying to distinguish between Single-Family and RMRB.

Scott Fletcher (1:04:08):
Yeah.

Leo Vasquez III (1:04:09):
Does TSAHC issue another similar type of indenture as well?

Scott Fletcher (1:04:18):
They have their own indenture. They will issue occasionally. They are more focused on the TBA programs than they are on the bond program...

Leo Vasquez III (1:04:31):

And MCC.

Scott Fletcher (1:04:31):

And MCC. And there are a couple obvious reasons for that. Number one is just the state allocations. We get 33 percent of the Single-Family volume cap. They get 10. You need volume cap to either issue mortgage revenue bonds or MCC programs. So they just have less capacity than we do. So they really need to make their TBA program kind of their flagship program. And that's where they are very focused.

Leo Vasquez III (1:05:02):

I'm just, I think everyone's heard me mention it for a little bit. Did see here and there that. I'm really concerned about TSAHC programs confusing the market against our TDHCA programs.

Scott Fletcher (1:05:18):

Yeah. You know...

Leo Vasquez III (1:05:20):
Sounds like one more on that list of potential.

Scott Fletcher (1:05:24):
Yeah. So the last time TSAHC issued mortgage revenue bonds was this January or February of '24. So it's been almost two years since they issued MRBs. And they issued MRBs in about, I think I want to say it was $64 million. And then maybe they had some taxable that they tacked onto that. Excuse me, so they had around, I want to say around 75 to 80 million in mortgage revenue bonds that they had available in the marketplace. Those funds obviously went pretty quickly and they have not issued, and I have not seen where they're looking to issue again though I wouldn't be surprised to see it early '26 issuance.

Leo Vasquez III (1:06:11):
I just want the department, everyone, to keep a little bit better track of where are these overlaps and when we get to approaching that session, we'll talk more on.

Scott Fletcher (1:06:29):

Certainly. Yeah, certainly, we look at mission, we look at statute and try and make determinations in terms of what we're doing and staying in line with that. There is a definite competition in the TBA market in state in terms of the TBA loans that are priced on a daily basis.

Want to do cover accomplishments quickly. Some of this we've talked about briefly but certainly wanted to go through these again just to give you opportunities to ask additional questions. We continue to expand the local housing finance corporation partnership program. We've grown the number of participants each year and we have documented tie back to those funds being actually utilized in those jurisdictions.

That's incredibly important to me that when we're taking volume cap from Harris County, we're taking volume cap from Tarrant County, that I make sure if I took $62 million in volume cap, I made $62 million in loans back in your jurisdiction. That is the important driver of this program because it's very easy to look at this and say TDHCA is hoarding volume cap.

TDHCA is administering volume cap the most efficient way possible that some of these HFCs cannot do and they know they cannot do it. And they'd have to have bond programs take on risk, hire staff. There's a lot of layers to that.

And so I think it is a brilliant part of code in this state that the legislature saw the opportunity to create efficiencies in this process and it has worked incredibly well. It's been a really important part of what we do because without those contributions we'd be doing a lot less. Those funds would probably be going to waste.

So we transitioned, as we've discussed before, to a continuous lending program. Again, that's a little bit about, it's mostly about risk management. It's mostly about keeping sure your mortgage loans are tied to the current market interest rate. You're competing with TBAs constantly. And so you want to have a constant issuance and be issuing to market not turning the spigot on and off and expending funds at some fixed rate that may or may not be on market.

We've initiated the volume cap recycling program as you know just to kind of update you. We're now right around 90 million that we've recycled since we issued that. That's a number that will continue to grow. But that's a savings in volume cap, right? If we're getting 400 million a year in volume cap from the state, we're recycling another 90 to 100. That's 25 percent increase in volume cap. So that's, it's material.

Leo Vasquez III (1:09:24):
It is recycling per year.

Scott Fletcher (1:09:26):
Per year. Per year. And that will grow as we kind of grow these indentures or shrink as these indentures. Actually if we get prepayments, it's a lot more money that we would actually use for recycling because it's dollars that are coming in early. So it eventually kind of catches up with us. But it's an ongoing program. As you know we've established a new financial advisor

relationship that's working out very well for us. They've been great partners. They're good not only on the Single-Family side, but also the multifamily side as well.

We've established master servicer relationship that was effective in February of '25. Certainly, no transition is without its hiccups. But the hiccups have really been on the recording side more so than the process side. Process side has been really smooth and really beneficial to us and to our borrowers.

Leo Vasquez III (1:10:17):
Clarify again, is this an additional servicer?

Scott Fletcher (1:10:21):
Great question.

Leo Vasquez III (1:10:22):
Or is it a replacement servicer?

Scott Fletcher (1:10:29):

So we have been with Idaho Housing Finance since 2016. We have a continuing book with them. So we are continuing the relationship. We're not doing any new loans with the old servicer. All new loans are going through the new servicer. And at this time, I don't envision a scenario that we would start doing loans with our previous servicer.

And one of the big differences here is that the servicing relationship, they are paying us for our servicing upfront rather than over time. So when we talk about the $1.6 million a month that we're getting in ongoing servicing fees on that $8.7 billion book that's from a retained servicing model. And we're capturing some basis points on that overall book each month.

This is different where we're actually getting our cash up front. They take the servicing and we don't end up in a perpetual relationship with someone.

Leo Vasquez III (1:11:28):
Perfect.

Scott Fletcher (1:11:29):
Okay. And then we have, at the beginning of the year, we initiated a servicer oversight initiative partnership. We're very close to completion on that.

Holland Harper (1:11:39):
On that, selling those loans or are they just going to pay us a cash value discount, cash rate on those loans?

Scott Fletcher (1:11:46):
They are going to, they are selling the loans generally, but then they're retaining the servicing. So the loans are getting sold, they're just servicing the loans. And so it's like if it's a mortgage revenue bond that's getting pulled into Ginnie Mae securities, purchased into the indenture, it's a TBA loan, it's getting sold out into the marketplace and they're managing the servicing. Next slide.

Initiatives. We're kind of continually working to enhance and optimize the TBA program. It is a, I always say we're playing a competitive game, wearing state shoes. And so we're constantly looking at this TBA program and how we can enhance not only our pricing, but how we value our DPA, how we fund our DPA, how we market the program, how we're managing relationships with lenders. So there's a lot of moving parts that impact how effective these programs are. But the TBA program at the end of the day is not only providing down payment assistance and mortgage loans for folks, it also should be a revenue positive endeavor for the department. And so we wouldn't do it if it wasn't providing mission and sustainability. Do you have any questions?

Just some other things that I'm kind of working on Single-Family, we're really working to improve internal data and reporting. We've got a few things that we're looking at on that front in terms of layering on existing platforms and exploring new platforms to do that, but also internal processes and ways that we can manage our data better.

Leo Vasquez III (1:13:40):
Don't tell me how it works, just tell me what's the name of the platform. What platform...

Scott Fletcher (1:13:44):
So we have MIDAS (phonetically spelled) is our accounting platform and there are data or initial additional pieces that you can layer on and that will do more and store data in different types of data for us. It's what our accounting group has used for...

Lisa Johnson (1:14:02):
It has different modules, as an agency we have never developed and so they have like an origination module that would provide us a place for our data to pull reports and benchmark.

Scott Fletcher (1:14:14):
And a loan servicing module. And we're exploring what we need and what we don't and when we will need it and whether we will.

Leo Vasquez III (1:14:21):
Do you how long we've used that system?

Lisa Johnson (1:14:24):
The agency's had it for 20 years or so. Our loan servicing division has been working hard to get up to the most recent versions that MIDAS has developed already. It's quite a big lift to do that. And financial services has been fully operational for several years on the most robust version. So we're hoping to enter that in discussion with them as well. So that we can have our data in-house. That's the most important thing, not have it residing at different places.

Leo Vasquez III (1:15:00):
So you're not using Excel structures.

Scott Fletcher (1:15:02):
Well...

(Laughter.)

Leo Vasquez III (1:15:04):
As your main database of record? All right...

Scott Fletcher (1:15:07):
Can't say that. We are, and interestingly, not to change the subject here, but in taking on the multifamily piece and kind of seeing some of the stuff that's going on over there, seeing the systems that are utilized over there, I'm getting a much bigger picture of this that kind of is having is starting me already thinking about how do, where are we overlapping, what would work together.

And so there's kind of more work to be done there just from a kind of discovery process and analysis process so that we can kind of create some efficiencies there potentially down the road. But there's a lot of work being done on both the Family and Single-Family side in terms of, I don't want to say, staying ahead, keeping up or catching up, I'm not sure.

Lisa Johnson (1:15:57):
So building infrastructure.

Scott Fletcher (1:16:00):

Yes. That's a nicer way to say it. Working on some DPA securitization, alternative funding methods. Identifying CRA lending opportunities is probably one way to do that. Potentially expanding the Home Loan Bank relationship. But I'm working on a lot of things to kind of either lower our cost of funds on our down payment assistance or potentially securitize that DPA right away so that the PB math changes. Because I get money now rather than money years from now.

So there's a lot of work happening there. The math that we use right now, we fund an issue at a premium and use that money to fund down payment assistance, right? So we borrow money at 5 percent to lend it out at zero percent. And it's not good math. So we're working on ways to do that. And it's part of mission certainly. But that's there are more efficient ways for us to be doing that.

Looking at secondary market execution to optimize cross calling. Working on expanding investor relationships and possibly even direct placement relationships. Had conversations with, having conversations with both Home Loan Bank and Freddie Mac in terms of being potential buyers for our bonds.

Leo Vasquez III (1:17:24):
I think a few on the slide there.

Scott Fletcher (1:17:24):
Uh-oh.

Leo Vasquez III (1:17:24):
TDHCA will be a best-in-class state housing finance agency.

Scott Fletcher (1:17:32):
Well...

Leo Vasquez III (1:17:32):
I thought you said we are best-in-class. Will be?

Scott Fletcher (1:17:38):

So I love that and you know what? I mean, I'll take this one. I'm going to own this because I know that we can do better in our department. I see what some of the really strong state HFAs are doing and these are things that we can replicate, and I think that we have no excuse to not be one of the top HFAs in the country.

Holland Harper (1:18:08):

These are some pretty high-level goals, right? So let's be specific with what we're going to do for the next three years.

Scott Fletcher (1:18:18):

Well, we've kind of covered some of it in terms of initiatives. There's additional, there's constantly additional work being done in terms of our programs, in terms of how we're funding. As we've discussed previously, there's work in terms of potential sale of assets, leveraging those assets, the dollars that come from that into enhancing programs, being more competitive on programs.

And even to the point where if we can get this thing where we need it, where we can get a little bit more liquid using those dollars to fund additional programs, maybe even outside of just related to mortgage loans, where we can actually have funds, where we make them available across the broader agency, create new programs.

This is all kind of stuff that we haven't had extensive discussions about because there's not money there yet. But it's in my head in terms of what we do when we start getting a little bit cash heavy here.

Lisa Johnson (1:19:24):
He's going to reach into his own pockets and give us money.

Scott Fletcher (1:19:32):
So I look at, again, it's the playing of private sector game, wearing public sector shoes, right? How do you manage some of this stuff? And I think that there are really strong solutions out there that we've just never

taken a look at that we haven't just historically either been in a position to or...

Holland Harper (1:20:03):
Do you charge points on the FHA housing authorities to manage their mind?

Scott Fletcher (1:20:09):
To manage their money to the HFCs?

Holland Harper (1:20:13):
Yeah, the HFCs.

Scott Fletcher (1:20:13):
No, we actually pay them because they're providing us with volume cap and we pay them four and three quarters basis points. But we're using those dollars then to make mortgage revenue bonds where we're making 0.8, right? But we're also administering the program. We're also doing all the legwork. Where we have bond council, so there's, it's...

Holland Harper (1:20:35):
Do we have everybody we want?

Scott Fletcher (1:20:38):
We're getting very close to having everybody we want. There are a couple issuers. El Paso is one that decided to issue their own debt last year. Yeah, I guess it was this year that they actually issued. But they used volume cap from the last deal, last round. So there...

Bobby Wilkinson (1:20:56):
There's someone else coming in?

Scott Fletcher (1:20:58):
Yeah. We just got, we had actually a couple new ones this year. Seth gave us volume cap this year. They have historically run their own programs. It was kind of a last-minute thing. Andy, if I'm not mistaken, that they decided that they would assign volume cap tests this year. We also added City of Houston HFC.

Between those two, it's about $120 million in volume cap that came over. We have some North Texas, North Central

Texas, I'm sorry, has chosen to do their own program this year, I think only for 25 million though. And so there are some of the folks that will try to do their own program, test the waters. They're doing it with relatively small amounts and I support it.

I'm very happy if they can do that and create their own program. And I offer my assistance for them to do that. But yeah, it's about a billion dollars over the last several years that we've gotten. And that's actually a HFC calling right now. And it's a program that I think is just, it's really working and the HFCs are very happy with it.

And we continue to figure out ways to really add value to those partnerships in terms of some of the stuff that Lisa's going to be going over in terms of our marketing efforts, which we're making an investment in, real investment in marketing for the first time in really a long time in terms of a genuinely focused marketing effort around our mortgage loans programs.

So I don't want to spend a lot more time going into, I guess it's in your books. It's slide 36, really the mortgage revenue bond process. I think you all know what this is. There is a flowchart there of the process. And I really kind of want to move forward in this deck to the economics slide, which is in your decks, number 38.

This is the last. The deal we did before this, last deal that we'll report on tomorrow at the board meeting. But it was a blended deal with some taxable, some tax exempt. But we're doing this analysis and looking at, where the dollars are going, uses of funds, sources of funds, expected loan summary.

And you go to the next page and you kind of see how the math plays out on those loan assumptions. And then you go to the slide 40 in your books and really across the top it's the yield summary. And that's where I want to focus.

So the taxable mortgage rate at the time we did this deal was 707. We issued debt and based on the expectations on how we issued and the mortgage loans we expected to make, we were going to have 1.121 and an eighth basically just shy one and an eighth in spread on our tax-exempt deal that is capped by federal law at 1.125. We're below that.

On the taxable portion, we're making 1.3 percent, that is not a capped number. And so we're netting 1.2 percent on that deal basically 1.19. So on that $250 million that we lent out or that we borrowed, I should say, we'll fund mortgage loans, they'll be pooled and we'll make around $3 million a year on those mortgages that we have outstanding.

So that kind of just quick and dirty math on the math on a bond deal that's 3 million per year obviously as long as the debt is outstanding. Average life on the mortgage-backed securities right now probably closer to 9 percent that there could be higher rates, so that that could probably shift as low as 7.

The average life of that pack that we did, I want to say was five and a half a year, average life on that pack.

So our debt is shorter than our asset. So we should be in good shape there in terms of cash flows and managing those cash flows.

But I'm going to kind of stop there. Any questions? That's just clean, quick and dirty math. I don't think anyone wants to get any more details on that. But certainly happy to answer any questions.

Next section is your slide number 44. This is the TBA process. Again really simply we are looking at the market every day. We know where the market is pricing, and we set our rates based on the economics, our economics of where we're going to be able to sell those loans in the marketplace.

And that includes our how much we're paying the lenders to make the loans, it includes our down payment assistance, and then where we plan to sell those loans in the marketplace. Another flow of funds on this. But I really think, wanted to focus on the economics.

And one of the reasons I want to focus on the economics and that is slide 46 is because, we've had conversations about well, this is repayable DPA and this is forgivable DPA and why are we giving money away? And I think there are really valid questions, but at the end of the day, we're actually not giving money away because on a repayable loan we'll get about 54 cents. The present value of those dollars is 54 cents.

We're giving away a dollar today for down payment assistance. And the present value, expected present value of that is 54 cents on the dollar. So we incorporate that in the model, right? And so when we issue a 6 and 5, 8 mortgage loan rate, you see it at the top with a 2 percent repayable DPA on 200,000. We're going to go ahead and we get a lot. We're going to actually pool that at 6 percent as a 6 percent mortgage loan. And that servicing of 62 and a half basis or 60, yeah, 62 and a half basis points, we're getting compensated for that.

So the pay up for the mortgage we're getting two and three-eighths of a point basically. We pay hilltop to manage the risk on that. And our loan margin is about $3,000, right? Then we've got the, here's the math on the bottom is we're making almost $3,000. We're getting two points in servicing release from the servicer. So we're sitting at $7,000. But we're paying $8,000 out 2 in DPA and 2 percent in lender comp and a small loan admin fee. So we're net at settlement, it's costing us $1,000. But the present value when we get that DPA back is $2,100. So we net our book, our net on the business is $1,100.

And it's very similar on a forgivable loan because the rate is higher on a forgivable DPA, right? If you have a forgivable loan, you're going to pay a higher rate. And so we're going to sell that mortgage loan for more in the marketplace. The more the additional funds that we were paid makes up for the fact that we're only going to get 12 and a half cents back on the dollar for that forgivable DPA that we put out the door.

And I'll stop there and answer any questions or address any comments.

Okay. Really quickly, I think we kind of covered it, down payment assistance. There are various ways that we fund it. Most of the time, as I said earlier, we're funding it for premium on bond deals. The DPA that we fund on TBA loans, we're funding for balance sheet essentially. But we're getting that money back. But it also speaks to why I'm so focused on how we fund that DPA. Because if I can change that 54 to 60 and I can change that 12 to 15, it means better pricing, it means better margins.

And so there's a lot of factors that are going into kind of the math that we do on a daily basis and why we're so focused on enhancing our TBA programs.

And now MCC, again, dollar-for-dollar tax credit. This does take volume cap to administer an MCC program. The eligibility requirements are basically identical to our First-Time Homebuyer Program. So if you want a bond funded mortgage loan, the eligibility requirements are basically identical. You can't double dip though. You can't use our First-Time Homebuyer and our MCC program, you'd have to do that either through a combo loan or a standalone MCC.

Bobby Wilkinson (1:30:05):
You can combine TBA and MCC.

Scott Fletcher (1:30:07):
You can combine absolutely. And we call that a combo loan. Yeah, sorry for not being clear on that. A little bit of math on, see if I got numbers here. 30, slide 53 in your books. Just quick and dirty math. This is first year of the mortgage loan, right? First full year, assuming you got your mortgage on January 1st. But it's keeping the math simple. A 7 and an 8th mortgage rate, which seems high, but there'd be $14,000 in interest expense. 20 percent MCC credit would give you $2,800. Lowering your effective mortgage, your effective interest to 11.4, which is an effective rate of about 5.7 percent on the mortgage.

So you can see how dramatic that MCC program is in terms of lowering that rate. Again though, we have no way of tracking the back end of this. We have no way of knowing that our borrowers are actually utilizing this. And so it's part of the Homebuyer Education to say, hey, if you're going to do an MCC, there's a reason you want to do that and you actually want to claim this and you actually want to get those dollars because otherwise all you've done is qualify and you've kept your mortgage artificially high. And so it's part of making sure not only do we get people in houses, but we get them to, we keep them in those houses.

What you'd ask about earlier, Bobby, on the volume cap math, basically it's a 25 percent credit rate. If you divide your total volume cap by four and then you multiply your, I forget it's been so long since, yeah, four to one basis. So for a million dollars in volume cap, you need 250,000 of authority. But then you divide that by your credit rate and that gives you the amount.

So what we're looking and what we're presenting tomorrow is we've got, we're going to try and allocate $250 million in volume cap. We're going to use a credit rate of 20 percent, which should enable us to make $312 million worth of loans with MCC. And that's probably, MCC waxes and wanes in terms of popularity and usage.

But in trying to make sure we're really utilizing our volume cap as efficiently and effectively as possible because it's only good for two years, two calendar years, I'm committed to kind of doing smaller amounts until we get closer to running out and then redoing a program rather than just kind of committing, hey, we're going to do half a billion or half, yeah, half a billion dollars in volume cap for this and then have it not be used, right? So I'd rather go through the process of re-issuing this every so often than going with unused MCC dollars.

Leo Vasquez III (1:33:08):
But we're still doing fewer issuances per year compared to five years ago.

Scott Fletcher (1:33:13):
Yeah. I have the MCC math. I just looked at it this morning. We have been focused on using primarily combo loans, but yeah, it's definitely, less than what we're

doing in our other certainly mortgage revenue bonds, certainly TBA, just straight TBA without MCC. So we've got room for the next few years to do about 300 million.

Lisa Johnson (1:33:42):
Also, the demand for MCCs seems to have been waned over the years, the past three years or so. So Scott's math is in alignment with kind of the market on that for whatever reason.

Holland Harper (1:33:56):
Do you have any idea why?

Lisa Johnson (1:33:58):
Interest rates education probably. The loan originators not promoting it. It's more interest rates than anything probably.

Scott Fletcher (1:34:12):
So, I think, it probably doesn't merit going into the specifics on volume cap recycling unless you want to, the packet that I provided in June was really intended to be more of a comprehensive packet just to kind of a

reference point for you guys on a go forward basis. I also have a section on private activity volume cap that is available, but I don't think it merits a discussion unless anyone has questions on either one of those items. I'm happy to answer any questions, but other than that, I'm going to segue over to Lisa and let her discuss marketing.

Okay. And again, I think the, one of the things that I'm sure that Lisa will start talking about is, we have never committed resources to specifically marketing these programs, and they've always kind of just been ancillary. We're kind of running these things. We're doing these things, but never going out there and really promoting these things. There is a lot of demand out there. We know there's a lot of demand out there. We're tapping, we're not tapping nearly what we should. We certainly have volume cap constraints, but we have TBA program. We're going to have assets to support down payment assistance. And so the objective that I gave Lisa when talking about marketing is I'll say when, keep going until I say when. And that's kind of where we are.

Lisa Johnson (1:35:47):
And we vet for more data. So we're going to do that hand in hand.

Scott Fletcher (1:35:52):
I will step aside.

Lisa Johnson (1:35:54):
Thank you. Thanks. Never ever. Hi, everybody. Lisa Johnson, Director of Texas Homeownership Division. Thank you for being here. We appreciate your input. So just as a recap, Homeownership Division is the, we work hand in hand with Bond Finance. Well, we would not be here without the funds that they provide and protect for the state of Texas. We are the outward facing, forward facing arm of using the Bond Finance funds.

We integrate with homeowners directly. We hear from them personally, lenders, realtors, housing counselors. So we're the most real world of any division really at this agency. It's really helpful that we get a lot of feedback directly from the public and that guides us in a lot of ways to give Scott feedback of different programs and things to talk about today.

So our presentation is in the board book. I did give color copies in case you want to follow along that way. It looks like a really long agenda and I tend to really just go through it really quickly. Today's topic, it can often lead into demographics and things, but we're just going to focus on what we've done marketing-wise, since the last Single-Family Committee.

There was a lot of interest in that. So the summary overview of the marketing strategy really boils down to marketing. And there's a lot of layers to that education. We consider ourselves an education first division. That's the most important thing for sustainable homeownership. Homebuyer qualifications is a part of this marketing effort that we've never had the luxury to really hone in on. We'll drill down on that a little bit more. That funnels into an introduction to a qualified loan officer and/or a very robust way of identifying other qualified TDHCA loan officers.

And then finally, another luxury that we will be experiencing with this new marketing program is really robust tracking of everything from where did the marketing start to did it result in a closed loan for TDHCA? So there's a robust reporting function that's going to be on the back end.

So as Bobby mentioned in his executive notes from the September board meeting, we're excited to announce that we're rebranding the name of the program from, what was it? From the Texas Homebuyer Program, which was introduced maybe five years ago. That was a rebrand. It has never, to be honest, really gained traction in terms of marketing.

And since we were building out this whole robust marketing, it became apparent that we really needed, we felt strongly that we needed to bring the TDHCA name into our logo and our program. This came about with anecdotal things. We would be at homebuyer fairs. We have our banners up, they're professional, they look great. And the question we often got was, what do you do? And you're like, okay. So we had a whole big spiel of saying what do we do? And everybody's interested. But we're realizing that some of our competitors, they have their name branded. People know exactly what they do.

So with that on page, it should be perhaps on page 4 of your presentation. Is that the right page? You should see logos. That is our official new logo, the TDHCA Homebuyer Program. We will use it in different ways. You'll see one has the actual Texas Department of Housing and Community Affairs underneath it. There are other instances where we just need to brand TDHCA into it. And then additionally, we revamped our colors for our actual program below.

What else? Then after that so we have started a lender ambassador designation that our top performers are going to be earning. They're going to be a TDHCA loan ambassador. They'll enjoy co-branding with TDHCA and be included in a rotation of qualified homebuyer introductions that are going to be generated through the marketing efforts.

On the next page, you should see a new logo for the TDHCA Real Estate Specialists, and it'll follow a very similar function on our website as a source for homebuyers to find trained real estate specialists. There's often a lot of phone calls that we get are from homebuyers and they have no idea where to start to look for a qualified real estate specialist or especially a qualified lender. And through our programs, you must be an approved lender and go through a robust process to do that. So we knew it was important to do that.

Then moving on. Another initiative we started was the Lender Advisory Panel. We had our first meeting with Bond Finance, and it's meant to be a permanent source of lenders that are ready, willing, and able to really help us build our programs for the benefit of our borrowers. And we held our first one, and it was really highly successful.

It's meant to be a trusted source. If we're bouncing ideas for new programs or ideas, what do you think? How will this impact it? Is it something you can that's going to be beneficial to your borrowers?

Next is social media. Everybody was super excited about that. Used correctly, social media is part of meeting the community where they are. Like it or don't like it, that's where our community is. We intend to use it responsibly. Working with Kristina and Michael Lyttle with DPPA our staff has created most of the visuals for this and copy, Kristina keeps us out of trouble and make sure we're going in the right direction and make sure it lands in the right places.

Additionally, I believe it was Kristina that recommended. If you look at the top, this is a banner that's on the TDHCA website. So if you're on the TDHCA website, you will see the Texas Homeownership Program, especially Homebuyer Education.

Okay. And then going past. So there were several social media examples. Should be on page 10, you'll see an example of, there are four sets of different email marketing assets that our marketing firm has created for us that they've worked with us.

We've vetted all the copy and all that. So what's going to happen with those? There's going to be an email drip campaign that homebuyers will opt in for and they will have the opportunity to receive four different sets of marketing assets starting with the Homebuyer Guide. It's meant to be the most comprehensive of the pieces, followed by the Homebuyer Education piece, the Homebuyer Checklist and the TDHCA Homebuyer Program information, which goes into a lot of detail about our programs.

So the homebuyer can opt in or opt out at any given time. It's all meant to drive the homebuyer to a Quick Check eligibility tool. And let's see what page that's on. That should be on page 24 of your packet as an example.

Let's see. So in that when you get to the Quick Check, it goes to, well, it starts with the landing page of are you ready to buy a home in Texas? You can enter the Quick Check. You answer a series of questions. This is all opt in. There's no PII, no personal information in there to be worried about. But it is a basic prequalification and then at the end of that process you'll get a results screen.

And it doesn't promise that anybody that you're qualified for a loan. What it does is say these are the programs that you may qualify for. And it outlines things like how much down payment assistance, if any, depending on the program exists. What are your income limits? Just basic information. These are questions that we get asked on a daily basis. And all these tools are meant to keep the homebuyer engaged longer. We have such a small staff. We get just, it's like running in ER and we love it. But we can only get to homebuyers so much and it helps keeping them get educated and engaged until they can get pre-qualified and then actually turn into a responsible loan.

Any questions so far on that? And that's pretty much almost everything.

Holland Harper (1:45:48):
It looks way better than it did before. And at the very end, you've got some comments from the people that are

servicing these loans and putting that together. How are we working on outreach to get more lenders to take our product to get there? Can you talk through that a little bit more?

Lisa Johnson (1:46:06):
Absolute, absolute. So we're about two years in. There's so much infrastructure this past year in particular that we've as a staff needed to do to get ready to do that more, more routinely. We've admin work like cleaning up the lender list, making sure the lenders that are approved are actually doing business with us. They're doing good business with us. They're not having a lot of cancelations or buybacks or anything like that.

And also, we've had our marketing and business development person. We only have one person dedicated to that and it takes a long time to get up to speed to know all of our guidelines and go out and market. Luckily, her name is Rosa Liscano and I do want to give her credit for the logo. It's the logo idea of how it ended up. There were a lot of ideas bounced around.

She's highly talented and was the one that was responsible for that concept. So we appreciate that she could do that.

We're out there. So to answer your question more directly, we're trying to get to more homebuyer fairs, more of the HFCs out personally. Diana Velez is our program manager. And we're just small but mighty, but just hustle every day. We do have one more FTE to hire and we intend for that person to be a robust, another robust marketing person.

And then this marketing effort itself that Bond Finance has given us the funds to do will help that because we just can't get everywhere with the state of Texas. We do intend to really work with our lenders. Like, I have a lender list right here. But the lenders that are bringing us the most business, a lot of this marketing effort is designed to help them. Well, it's multifaceted.

First of all, we want our loans to be successful. We want our homebuyers to get to the right lenders that care the most to put them in the right loan. I was a mortgage loan originator. I've seen a lot of malfeasance. I'm still a realtor. A lot of incompetence, a lot of people that don't care. That sounds like something out of our control, but it's kind of not. If we can help the lenders that help the most people in the right way to market their programs, that that's one way we hope to have more loan originations. Does that make sense?

Holland Harper (1:49:04):

Last time, you had about 58. Just from memory, how many lenders do we have that are signed up with us today?

Lisa Johnson (1:49:10):

We have about just shy of 150 approved lenders currently. I would say 25 or 30. Well, maybe a good 20 are the bulk of the loan originations. So with the Lender Advisory Board, we hope to integrate with them more often and get their ideas and improve our programs based on some of the feedback that we get from them. Scott is very willing to listen. And...

Holland Harper (1:49:41):
How do you go about marketing to the lenders today?

Lisa Johnson (1:49:44):
As far as marketing to lenders, we go to a lot of industry functions where they are. They ask us to participate in events that they do, and so that we support them in those. We really have no lack of...

Diana Velez (1:50:00):
We offer trainings, we partner with a lot of the real estate agents at work directly with lenders, and we'll post online, try to do that at least once a month. So they're inviting the people that they work with. So a lot of the times when a homeowner comes around, they're working with a real estate agent, they want to buy a house, they'll say, well, do you recommend somebody?

So that's one of the other ways we're getting through, is by bringing on the realtors or real estate agents, can't say realtors. They're able to bring in their loan officers. So we're giving the real estate agents our at-risk designation and then turning around and saying, Okay. Now you know about TDHCA. Who are you working with? Who are you directing your clients with? Right now you have a client that's interested in this. Are you sending it to Billy? And is Billy working with us? If you're not working with us, then there's no point. So it's trying to bring him in through that route.

And then also offering constant trainings for them to be interested in saying, look at these, look at our interest rates. They're really great. This is what we do. A lot of it has to do with down payment assistance. Even though some people might have a little bit of savings, they hear down payment assistance and they want to come to us. Even though they might end up not even getting assistance. They go with the zero-assistance program because it's a better rate. But that brings people our way.

And the loan ambassador program, that'll help as well, because the top performers, that's something they're always watching. Why am I not on your website? What do I have to do to get there? Or what are you doing for me? Why should I come to you and not go to TSAHC? So those are one of the things, looking at our guidelines to making sure that they're comparable or better so that they don't have to go elsewhere, trying to find either down payment assistance or a competitive rate.

Because we're also competing not only with TSAHC for competing with other lenders where why do I have to go here? Their bank statements look okay. I don't have to go get assistance elsewhere or builders. So we're definitely trying to think of more innovative ways to bring them on in that way. But we're currently not going just to lenders themselves. It's more making ourselves look really great so they can continue to come and then we can go through. And that was part of the cleaning up of the list. Who's used us, who's a new lender. And said, okay. You've been with us a month, why haven't you originated a loan? What's going on? You need training.

Holland Harper (1:52:21):
Who's our number one?

Lisa Johnson (1:52:23):
CMG Mortgage would be the number one, Fairway, Everett, which is really a supreme lending. Those are the top...

Bobby Wilkinson (1:52:35):
We have LoanDepot and Rocket?

Lisa Johnson (1:52:36):
We do. We have LoanDepot.

Bobby Wilkinson (1:52:38):
Not Rocket.

Lisa Johnson (1:52:38):
Rocket does not purchase.

Bobby Wilkinson (1:52:39):
Land em.

Lisa Johnson (1:52:39):
Okay. We'll go get them.

Bobby Wilkinson (1:52:42):

Or someone.

Lisa Johnson (1:52:43):

A lot of what we do and of course, it's at the loan level. We'll get a loan officer that'll call and they go, I haven't done a loan with you. I kind of prefer TSAHC. And we convert them, we work really hard and they keep coming back because of what you see on the two little testimonials. It's our customer service. That's our edge. We answer the phone, we solve problems, even if the problem comes up, we work really hard. Our staff works really hard at that and that adds up. But we have to get to them.

Diana Velez (1:53:16):

Closing also last year, which is the market. So a lot of banks closed or merged and a lot of layoffs with one officer. So we've gone to see a lot of people go from working with CMG to creating their own brokerage and trying to find avenues through that. But it's been very volatile for them as well. I would say 2023, 2024. But big names that have just, they're not working or they just cease to exist.

Lisa Johnson (1:53:43):

We also look at just different ways, guideline-wise or system-wise, process-wise. We go to Scott all the time and say, can we tweak this or that to make it easier to do business with TDHCA? That's part of what we heard in the lender advisory was we need what would attract me more as a lender? They said marketing. So we're solving that problem, making it easier to do business by getting rid of not things that are going to hurt a borrower or create a delinquency, but just process-wise. And so we have a newish relationship with our new master servicer. Sometimes little process things get sideways and so we work really hard at cleaning those up so people don't have to think twice about coming to do business with us.

Holland Harper (1:54:33):

You're pushing $250 million of mortgages out a year or a quarter of a billion dollars a year. It's not really a problem.

Scott Fletcher (1:54:43):
I know someone that's doing 3 billion a year in TBA loans.

Bobby Wilkinson (1:54:49):
In TBA, in this interest rate environment. All right.

Lisa Johnson (1:54:54):
We're competitive. We want to do more quality loans.

Holland Harper (1:54:58):
Are you familiar with the Independent Bankers Association of Texas?

Lisa Johnson (1:55:02):
Of course.

Scott Fletcher (1:55:03):
I have not had had...

Holland Harper (1:55:04):
You are.

Lisa Johnson (1:55:04):
I am.

Holland Harper (1:55:04):
So my cousin's now the president of that organization. So I'm going to attack him on that. Try to see if we get more people educated to get that organized.

Lisa Johnson (1:55:17):
I'm writing it down.

Holland Harper (1:55:20):
Not, not saying us, I'm just saying friendly person that just got elected to it. So let's see if we can make it work for us.

Lisa Johnson (1:55:26):
Absolutely.

Diana Velez (1:55:27):
These are some of the gaps that we're missing. Even reaching out to our old board members or our own staff

who we know, getting that in sometimes because some of them will say, oh, we don't want to use the state funds. And it's like no, we're not nonprofits where it's not, you're not giving free money away in the same way. There's not restrictive. It's a real loan, real interest rate. You're going to make money. There's ledger compensation. Oh, okay. But it's just because someone heard something at some point or when we transitioned to TMS. Oh, we're not using anymore because you're going to use TMS. Why? Oh, and then sure enough, they're writing loans again. It's just sometimes just perception. But we have to get in, in the weeds of it and make those connections, make those calls and we're going in on infrastructure.

Holland Harper (1:56:12):
Who is we?

Diana Velez (1:56:13):
Oh, me and Lisa.

Holland Harper (1:56:15):
Okay.

Diana Velez (1:56:15):
And Scott.

Bobby Wilkinson (1:56:19):
We are one more in the new budget.

Lisa Johnson (1:56:23):
We have one more in the new budget that we need to hire and we intend for that person to be, so we want to expand into to more consistent Homebuyer Education webinars and so that'll be done. We want to expand into state employees marketing to state employees. They have jobs.

Holland Harper (1:56:46):
How many jobs, so your social media marketing campaign, how are y'all doing that today?

Kristina Tirloni (1:56:51):
Now it's unpaid.

Holland Harper (1:56:53):
Okay.

Diana Velez (1:56:53):
Everything's unpaid. With creating an in-house shuffling it through once we get going with, the biggest purpose was the eligibility tool. So there will be a good landing page because to us we want to track where it's coming from. But not only that, we want the borrowers to come in and actually be able to go to somebody versus just getting dropped off or say well I called Billy from CMG, and he never called me back and now they are talking to somebody else. So that's the whole purpose is to tracking to see what happened, did it close, did it go to us, what happened.

Bobby Wilkinson (1:57:28):
What's the timeline on Happy Medium being started on actual?

Diana Velez (1:57:31):
So right now the tool itself is already testing it.

Lisa Johnson (1:57:36):

We're testing it.

Diana Velez (1:57:37):

In the next month or so. So once we have that, we'll go deep into the market, the email drip campaign and then keep with social media and targeted ad placements. So the targeted app placement could be just like our picture. But with the help of them, we'll be able to do the Google AdWords, go to regions where we already have HFC partnerships that we already have to report and say how many people we serve with that money.

So let's target those regions. There's some areas that may not be so feasible like Blanco County. Blanco County, it's just so expensive that even with our income limits, there's no maybe two houses that are being sold within our income limits. So, we're not going to go there. So it's more targeted to where we know we can get in, get more feedback, get borrowers through the door, get the lenders on board.

Bobby Wilkinson (1:58:26):

They were at,

Holland Harper (1:58:28):

Any paid search for your companies? I'm going to tell you a little story about paid search that I had no idea that started four months ago. $10,000 earned me 2 million views in social media. It's pretty cheap.

Diana Velez (1:58:45):

We've had to meet. I'm sorry, I'm Diana Velez. So they've been doing some Facebook like they've sent me stuff and we put it in the rotation the last couple of months. When it gets to the paid part of it, it'll definitely make a difference.

Lisa Johnson (1:59:00):

Correct.

Diana Velez (1:59:01):

We've had the discussion like two weeks ago. We had the meeting marketing firm to discuss some of that and I'll coordinate with them on getting that put out there. The unfortunate thing about unpaid media, social media, is that for tracking purposes you get very little. Facebook has a, there's an algorithm. You have to get so many. You have to get a percentage of people reacting to your post in order for it to start tracking in the next going out there, right?

And so as THCA, we don't typically have that happen unless there's something that was really big that's happened. So the ones that have posted so far, they've gotten a little traction but, yeah, the paid will definitely make a difference.

Holland Harper (1:59:44):
So if we can really work on getting more lenders out there, getting educated and I like the branding that works pretty well.

Lisa Johnson (1:59:52):
Thank you.

Holland Harper (1:59:52):
I'll reach out to where, so back up a little bit there.

Lisa Johnson (1:59:56):

Thank you.

Holland Harper (1:59:57):

And let's see if we can drive velocity and make Scott sell some more bonds.

Lisa Johnson (2:00:02):

That sounds lovely. We appreciate your support. Any ideas? We're always welcome to give it a whirl.

Holland Harper (2:00:08):

But I think that if we have, I'm just curious, why are you chasing builders just out of curiosity?

Diana Velez (2:00:16):

We're not.

Lisa Johnson (2:00:17):

Wait.

Diana Velez (2:00:17):

We're not chasing them. It's, we can't really compete with them in that level right now because they offer so many buy-downs and so many concessions. And here's 40,000 and you pick this and pick that, so that's an...

Lisa Johnson (2:00:29):

Yeah, we don't really try. We don't go after them as a breed to market to. We do try to accommodate them and sometimes the loans work out beautifully with enough seller concessions. Scott's looking at different buy-down options that the builder would fund because they have excess cash right now in order to get their sales price. But other than that, that would be a creative way to get that market because it's competitive. It's hard just on the...

Diana Velez (2:01:00):

They have preferred lenders that they work with. So why is a borrower going to come to us whenever the builder's offering their own financing and giving them all these extras, so it's more of a competition on trying to make ourselves come to us. Use your own loan officer that uses THCA versus using the builder financing that they don't need from us.

Lisa Johnson (2:01:20):

Often sometimes builders, I mean sometimes the consumers that are going with builders get stuck because they've been promised things that don't materialize and they panic and they come to us at the last minute and say how can we make this work? If it's a builder, that's already signed up, then we can make that work.

Scott Fletcher (2:01:38):

So we have been analyzing the buy-down where the builder could forward those dollars to us and we would use that to buy down that rate. I would only do this as a, I don't want to do a temporary buy-down. I only want to do it as a permanent buy-down because the math gets too messy otherwise. But a permanent buy-down, that math is really straightforward. And so we're working on finalizing that so we have it available.

Lisa Johnson (2:02:06):
The other thing, homeownership, that's not direct marketing to lenders but is working with other cities and entities and nonprofits that have their own down payment assistance to layer their, Diana's been working with City of Fort Worth. There are certain entities that will take a third lien. As long as we're either in first or second lien position, we will allow them to layer as deep as they can go. And that's starting to pay off. We've seen several layer loans of 25,000, an extra $25,000 come in and all that does is help lower the mortgage payment for the borrowers, so.

Holland Harper (2:02:50):
So we have 158 people that administer our loans today. How many did we have last year, same?

Diana Velez (2:02:55):
They have a little bit less than 150. Last year was, and I'm just going based on what I remember on the recertifications, it's a little bit less this year than we had before. But that's because some converge.

Holland Harper (2:03:11):
Consolidation.

Lisa Johnson (2:03:12):
A lot of consolidation.

Diana Velez (2:03:13):
And so that's, it's a little bit less than that. But we also want to focus on people that are using us. So trying to, do you already have a contract? Let's, you have so many loan officers, why are only two doing business with us.

Lisa Johnson (2:03:25):
And getting and getting more business from each lender and because there are specialists at each one of these but attracting more business from the ones that are...

Diana Velez (2:03:35):
It’s the documents, they know how to submit the loans to us already. It's easier. The support team's there. The support staff for them is just getting the loan officers to...

Lisa Johnson (2:03:43):
And it's fascinating because it's not just the loan originators that we need to talk to. It's that there's so many layers. There's the closers, there's the production people. There's, depending on which lender it is, they have somebody deciding what products they're going to allow their loan officers even to operate with.

So there's a lot of different layers of interest. And even within our lender advisory panel, we'll hear from loan originators or branch managers. And they have different motivations, especially on compensation. Branch manager, they're looking at the bottom line; originators like where's my check? What is it going to look like? So there's a lot of considerations to feed into our programs.

Diana Velez (2:04:32):
To answer your question from before, we're doing well with the money. You can see the money flying out. There's still so much need. We get phone calls where I only have $5,000 and it's like, well, you're. We can

help you. But that part of the education, you're still going to have to give a deposit. You have to start an escrow. You have to, there's so much more. And maybe that person is not ready right now, but they will be in six months if they know how to save or they have certain things. But the need is definitely still there. The it's so unaffordable.

So that's the biggest motivation is hearing these homeowners calling or future homeowners saying we need our own house, rent's so high. Or I find a home for my parents because now they can't afford it. We're trying to find a house together or we're relocating. We're military, now we're relocating back to Texas. How can they make this work? We're not right now. But it's too expensive. Even if they go USDA, it's tricky. There's a lot of need regardless of how much money Scott spending for us. But it's really a great need.

Lisa Johnson (2:05:44):

Affordability is the thing. It's just so expensive. The more we can layer other people's money, the better for the homebuyer. That's our goal.

Leo Vasquez III (2:05:57):
Have you all seen the TSAHC commercials on streaming services and such in Houston? I don't know what system we were on like doing Samsung TV or something. TSAHC commercial started coming up. It's embedded. I mean repeating over and over. It's just nonstop.

Lisa Johnson (2:06:18):
Is it on cable? I'd be curious to know. I've saw it once.

Leo Vasquez III (2:06:24):
Cable or stream or we've got somehow...

Lisa Johnson (2:06:26):
Chair, I've seen some of their social media things. Their stuff tends to come and go, but yeah, it's something.

Diana Velez (2:06:36):
They're very active marketing.

Lisa Johnson (2:06:37):
They're very active.

Diana Velez (2:06:38):
With marketing. That's the truth.

Lisa Johnson (2:06:40):
It is.

Scott Fletcher (2:06:40):
I do feel like it's the set of, the thing that sets them apart is they've done a really good job for many years focusing on marketing their programs.

Bobby Wilkinson (2:06:52):
Spending more.

Scott Fletcher (2:06:52):
Spending.

Lisa Johnson (2:06:52):
Oh, yeah.

Bobby Wilkinson (2:06:54):
Fernando?

Lisa Johnson (2:06:55):
That's right.

Scott Fletcher (2:06:56):
These dollars are actually coming as part, set aside from our bond deals that we have been doing over, really been doing it for a couple years. Credit where credit's due. Monica started that. So there was some balance there. We continued doing that and then worked with our financial services group to actually figure out how we could move the dollars to actually spend them to support the program. And we will have metrics also.

Lisa Johnson (2:07:28):
Absolutely. That's something we've never had either.

Scott Fletcher (2:07:30):
Some stuff I think is difficult to quantify to dollars. But certainly when we start looking, we are going to

have the ability to tie actual production to the marketing effort and therefore we can put dollars on the production that generates from the dollars that are committed to the market.

Bobby Wilkinson (2:07:50):
The Happy Medium people showed up at the NCHA annual meeting. They seemed very excited and gung ho and the principal some of our top people.

Scott Fletcher (2:08:01):
They're working with Iowa Health and Finance Authority and have been for a couple years.

Lisa Johnson (2:08:06):
Oh, about eight years. They have eight years of history that they're basically giving us all their learned lessons. And of course we're different. We're Texas and they're learning how special we are and how we don't prepay for anything like, no, no, mm-mm can't do it. But they're very enthusiastic and it's great that they have learned so much from the other HFAs that we get to benefit from. So that's good. What else?

Holland Harper (2:08:43):
If we can educate the market and drive what our product through there, we should be able to sell more products and put more people in their own homes instead of renting, right?

Lisa Johnson (2:08:50):
It's really. Yeah. Simple.

Holland Harper (2:08:52):
It's our mission.

Lisa Johnson (2:08:53):
That's our mission. More quality loans. Not just more, right?

Holland Harper (2:09:04):
Down payment assistance. Fair interest rates, first-time buyer. What we're doing is it builds equity in people's homes, right?

Lisa Johnson (2:09:13):
Correct.

Holland Harper (2:09:17):
It breaks the cycle of poverty.

Lisa Johnson (2:09:18):
It does.

Holland Harper (2:09:20):
We got to figure out how we can do more of this, so if we're doing a billion now, we want to do a billion in five.

Lisa Johnson (2:09:24):
Sounds good. And Homebuyer Education is built into all of this. We did change our primary Homebuyer Education to a company called Finally Home, and they offer robust financial literacy in addition. So it's required to take Homebuyer Education to access our funds. But they also have additional financial literacy courses that are free add-ons, life-of-the-loan counseling that their counselors actually follow up with our homebuyers and

just to make sure they're still secure. That's an added benefit we haven't had before.

Holland Harper (2:10:05):
Any other questions? Looks good.

Leo Vasquez III (2:10:08):
Good direction.

Lisa Johnson (2:10:09):
Thank you for your time.

Holland Harper (2:10:10):
Thank you very much.

Lisa Johnson (2:10:11):
Appreciate you.

Holland Harper (2:10:15):
There is no vote on this. This continues the reporting session from the staff. So any comment from the public? Hearing none, we're going to conclude the meeting. Thank you. We'll adjourn.

* * * * *