

UTAH HOUSING CORPORATION
Minutes of Special Meeting

March 17, 2015

PARTICIPANTS

Trustees:

Douglas DeFries, Chair
Kay Ashton, Vice Chair
Richard Ellis, Trustee
Ed Leary, Trustee
Lerron Little, Trustee
Jon Pierpont, Trustee
Robert Whatcott, Trustee

Staff:

Grant Whitaker, UHC President and CEO
Cleon Butterfield, UHC Senior Vice President and CFO
Jonathan Hanks, UHC Senior Vice President and COO
Chad Moore, VP of Financial Services

Guests:

Fred Olsen, Ballard Spahr, LLP

Trustees of the Utah Housing Corporation (UHC or Utah Housing) and UHC staff met in a Special Meeting on March 17, 2015, at 2:30 PM MDT in person and via teleconference at the offices of Utah Housing Corporation, 2479 S Lake Park Blvd, West Valley City, UT.

The meeting was called to order by Chair, Doug DeFries. The Chair then determined for the record that a quorum of Trustees was present, as follows:

Douglas DeFries, Chair
Kay Ashton, Vice Chair (via teleconference)
Lerron Little, Trustee (via teleconference)
Richard Ellis, Trustee (via teleconference)
Ed Leary, Trustee (via teleconference)
Jon Pierpont, Trustee (via teleconference)
Bob Whatcott, Trustee (via teleconference)

The Chair excused the following Trustees:

Lucy Delgadillo, Trustee
Mark Cohen, Trustee

Mr. DeFries began by welcoming the participating Trustees and staff. The Chair introduced President and CEO, Grant Whitaker and announced that he would be taking the Trustees through the Board Packet.

Mr. Whitaker reported that the Notice of the Special Meeting was given to all Trustees of Utah Housing and that material addressing the agenda items had been distributed to the Trustees in advance of the meeting.

Mr. Whitaker then acknowledged a Verification of Giving Notice, evidencing the giving of not less than 24 hours public notice of the date, time, place and summary of agenda of the Utah Housing Corporation Special Meeting in compliance with the requirements of the Open and

Public Meetings Act, Section 52-4-202, Utah Code Annotated 1953, as amended; together with the form of Notice of Special Meeting referred to therein; and also the required public notice of the 2015 Annual Meeting Schedule of Utah Housing will be entered into the Minutes.

The Chair called for the first agenda item.

1. Approval of the Minutes of January 29, 2015, Regular Meeting

The Trustees had been provided with a copy of the written minutes of the January 29, 2015, Regular Meeting in their board packets. The Trustees acknowledged they had sufficient time to review these minutes. Mr. DeFries asked for any discussion on the January 29, 2015, minutes as presented.

Following any discussion, the Chair called for a motion.

MOTION: TO APPROVE THE WRITTEN MINUTES OF THE REGULAR MEETING OF JANUARY 29, 2015.

Made by: Robert Whatcott
Seconded by: Kay Ashton
Vote: Unanimous approval

The Chair called for the next agenda item.

2. Resolution 2015-05 Selection of Independent Certified Public Accountants to Audit the Financial Records of Utah Housing Corporation

RESOLUTION 2015-05

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING THE ENGAGEMENT OF DELOITTE & TOUCHE, LLP TO ACT AS INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO AUDIT THE BOOKS AND ACCOUNTS OF UHC; AND RELATED MATTERS.

Mr. DeFries began by introducing Resolution 2015-05 to approve selection of Independent Certified Public Accountants to audit the financial records of UHC. Mr. DeFries asked Grant Whitaker to begin the discussions.

Mr. Whitaker began by explaining that UHC holds a periodic review of professional service providers. In 2009 UHC conducted a review and chose to issue an RFP for auditors for a five year period. Deloitte & Touche was selected with a five year contract and 2013-2014 was their final fiscal year. Mr. Whitaker stated that a new RFP was issued this year by staff after consulting with the Audit Committee. The RFP was distributed to five different firms that are in Salt Lake, four national and one regional. Only two firms submitted proposals, which meets our criteria for selection. The two firms that submitted proposals were Deloitte & Touche and Eide-Bailly.

The staff conducted an analysis of the proposals and submitted that to the Audit Committee, chaired by Bob Whatcott, who along with Richard Ellis and Ed Leary serve as the committee. The Audit Committee reviewed the staff's analysis and fee schedules. Mr. Whitaker then turned the time over to Bob Whatcott for discussion.

Mr. Whatcott stated they had a teleconference with staff to review the proposals that were received. Based on the information provided by the review and analysis it was a simple selection process. The Audit Committee made the decision to continue another five year contract with Deloitte Touche. Mr. Whatcott explained that Deloitte Touche has the expertise, especially working with swaps and the governmental entity that UHC is. They were willing to put in the time with more hours than the other proposal, which is required in order to conduct the audit adequately. Their cost per hour was right in line with the other bid and they have an excellent rapport with the UHC staff.

Mr. Whitaker turned the time over to Cleon Butterfield for comments and discussion. Mr. Butterfield said that UHC has been very well served by Deloitte Touche and he believes they would be the best choice in the significant things that UHC does. The Audit Committee's recommendation would be to retain Deloitte Touche for the next five years.

Mr. DeFries asked if there was any further discussion or statements on Resolution 2015-05. With no further discussion Mr. DeFries called for a motion to adopt the resolution.

MOTION: TO APPROVE RESOLUTION 2015-05 OF UTAH HOUSING CORPORATION SELECTION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO AUDIT THE FINANCIAL RECORDS OF UTAH HOUSING CORPORATION.

Made by: Robert Whatcott
Seconded by: Ed Leary

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

Richard Ellis	No interest to disclose
Ed Leary	No interest to disclose
Jon Pierpont	No interest to disclose
Douglas DeFries	Yes, as filed with UHC
Kay Ashton	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Robert Whatcott	No interest to disclose

The President confirmed that each of those Trustees who so indicated such interest had a Disclosure of Potential Interest statement on file with Utah Housing that it includes current

pertinent information regarding his or her potential interests and that those statements are available for inspection and would be incorporated into the minutes by reference.

Following further discussion, Mr. DeFries called for a vote in this matter:

Vote: Approved Unanimously

The Chair called for the next agenda item.

3. **Resolution 2015-06 Authorizing the issuance of an additional amount not to exceed \$200,000,000 Ginnie Mae MBS**

RESOLUTION 2015-06

A RESOLUTION OF UTAH HOUSING CORPORATION AUTHORIZING THE PURCHASE OF NOT TO EXCEED \$200,000,000 OF SINGLE FAMILY MORTGAGE LOANS, THE EXCHANGE OF SUCH MORTGAGE LOANS FOR GINNIE MAE MORTGAGE-BACKED SECURITIES, THE SALE OF SUCH GINNIE MAE MORTGAGE-BACKED SECURITIES AND AUTHORIZING ALL DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND RELATED MATTERS.

Mr. DeFries introduced Resolution 2015-06 to authorize the issuance of an additional \$200,000,000 of Ginnie Mae Mortgage Backed Securities (MBS). He then asked Grant Whitaker to begin the discussions.

Mr. Whitaker began by stating that our total loan reservations to date are \$119 million. Last year on the same date we were at \$90 million, which is 32% more this year than last year so far. Mr. Whitaker explains that this resolution is virtually the same as the Board has seen before, authorizing another \$200 million of Ginnie Mae MBS.

Mr. Whitaker explained that the primary need for this is to get ready for the next item on the agenda, which authorizes refinancing of our own first mortgage loans. This \$200 million will be added to the authorization that was given in January. Mr. Whitaker stated that they believe this will be enough to handle the normal Ginnie Mae TBA's done through loan purchases, plus an amount that will be required for refinancing through the next scheduled Board Meeting. He explained that this resolution also authorizes the making of second mortgage loans from UHC retained earnings. Mr. Whitaker recommended that the Board adopt Resolution 2015-06.

Following any discussion, the Chair called for a motion.

MOTION: APPROVE RESOLUTION 2015-06 OF UTAH HOUSING CORPORATION AUTHORIZING THE ISSUANCE OF AN ADDITIONAL AMOUNT NOT TO EXCEED \$200,000,000 GINNIE MAE MBS.

Made by: Lerron Little
Seconded by: Kay Ashton

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

Richard Ellis	No interest to disclose
Ed Leary	No interest to disclose
Jon Pierpont	No interest to disclose
Douglas DeFries	Yes, as filed with UHC
Kay Ashton	Yes, as filed with UHC
Lerron Little	Yes, as filed with UHC
Robert Whatcott	No interest to disclose

The President confirmed that each of those Trustees who so indicated such interest had a Disclosure of Potential Interest statement on file with Utah Housing, that it includes current pertinent information regarding his or her potential interests and that those statements are available for inspection and would be incorporated into the minutes by reference.

Mr. DeFries called for a vote in this matter:

Vote: Approved Unanimously

The Chair called for the next agenda item.

4. Resolution 2015-07 Single Family FHA Streamline Refinance Program

RESOLUTION 2015-07

A RESOLUTION OF UTAH HOUSING CORPORATION AUTHORIZING CHANGES TO ITS SINGLE FAMILY MORTGAGE PROGRAM, AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO IMPLEMENT CHANGES CONTEMPLATED BY THIS RESOLUTION AND RELATED MATTERS.

Mr. DeFries introduced Resolution 2015-07 and asked Grant Whitaker to discuss the Single Family FHA Streamline Refinance Program.

Mr. Whitaker began by explaining that on January 9, 2015 HUD issued Mortgagee Letter 2015-01, in which HUD reduced the annual FHA mortgage insurance premium from 135 basis points

to 85 basis points. At the same time, HUD stated that loans that are currently outstanding with endorsement dates after May 31, 2009 could be refinanced and take advantage of the lower premium. The effect of the lower premium on an average Utah Housing loan with a balance of \$165,000 is about \$70 per month, without taking into account any possible reduction in interest rate.

Mr. Whitaker then explained that Utah Housing loans made in that nearly 6 year period could easily be streamline refinanced by other methods except for Utah Housing's second mortgage loan, which is outstanding on about 96% of those loans. To maintain collection control of those second mortgages, UHC policy is to not re-subordinate to another first mortgage that UHC will not be servicing. If somebody wanted to refinance they would have to pay off that second mortgage.

Mr. Whitaker stated that Resolution 2015-07 creates the opportunity for our own borrowers to refinance, allowing them to pay the lower premium and for UHC to maintain its second mortgage loan and re-subordinate to a new first mortgage. This allows UHC to continue to have that collection control and a revenue stream for the first and second mortgages. He explained that this is UHC's first effort at offering refinancing. Mr. Whitaker turned the time over to Kay Ashton, who is the chair of the Housing Committee.

Mr. Ashton explains that it helps Utah Housing retain the second mortgages, it specifically targets those people that are not in a position to pay off the second mortgage but it allows them to take advantage of lower rates. Mr. Whitaker asked Jonathan Hanks for any additional discussion.

Mr. Hanks stated that they are excited about the new program. They have been requested to offer this product for years because there are borrowers who would like to refinance. He explained that the streamline refinances are without an appraisal, making the documentation minimal. A credit report is required to be pulled on any of our Score Loans that are refinancing, the purpose being that some of the Score loan borrowers may have improved their credit and would enable them to get the lower refinance rate available.

Mr. Whitaker recommended that Resolution 2015-07 be approved by the Board.

Following any discussion, the Chair called for a motion.

MOTION: TO APPROVE RESOLUTION 2015-07 OF UTAH HOUSING CORPORATION SINGLE FAMILY FHA STREAMLINE REFINANCE PROGRAM.

Made by: Kay Ashton
Seconded by: Robert Whatcott

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

