

**EAST BATON ROUGE
MORTGAGE FINANCE AUTHORITY**

**QUARTERLY REPORT
For the Quarter ended March 31, 2011**

Brief History and Organization

- The East Baton Rouge Mortgage Finance Authority (the “Authority”) was created through a Trust Indenture dated August 14, 1974, pursuant to provisions of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to issue bonds and to use the proceeds to provide financing for housing conducted in the public interest within the boundaries of East Baton Rouge Parish, Louisiana.
- Bonds issued by the Authority are special obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. Since 1979 the Authority has issued \$1.305 billion in single family mortgage revenue bonds, which ranks the Authority 4th nationally in volume of bonds issued. As of March 31, 2011, the Authority had \$145.249 million in bonds outstanding and \$120.155 in mortgage loans and Mortgage Backed Securities outstanding.
- The Authority is self-supporting and has never received any appropriation of funds from any governmental agency.
- The Authority’s activities to-date have consisted exclusively of providing below conventional market rate mortgage loan financing (taking into account the lack of discount points and the closing cost/downpayment assistance that is available to eligible borrowers) on single family residential owner occupied housing.
- Since 1982 (except on a special 1997 program), the Authority’s mortgage lending programs have been targeted exclusively to the first time homeowner market pursuant to a change in the federal tax code enacted in that same year. However, due to recent legislation passed as a result of Hurricane Katrina, the first-time homebuyer requirement was temporarily removed and the income and purchase price limits were increased. As of September 30, 2010, the Authority returned to pre-Katrina eligibility requirements.
- The Authority has made a major contribution to home ownership and economic development in East Baton Rouge Parish by providing approximately \$983.090 million in below conventional market rate mortgage loan funds to 15,263 low and moderate income households.
- The Authority’s Board of Trustees is empowered under the bond trust indenture and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the Authority and the programs it initiates.
- The Authority has employed Financial Consulting Services, Inc. (“FCSI”) as its Program Administrator since its inception in 1974 to provide administrative staff support for the Board of Trustees and its committees, general office administration for the Authority and program administration and supervision for each of its mortgage lending programs. FCSI is responsible for the development of each new bond issue and associated mortgage lending program. Once a bond issue is closed, FCSI supervises the origination process of the mortgage loans, underwrites (reviews and approves) the new mortgage loans for compliance with federal tax law and approves the mortgage loans for purchase, maintains computerized records on all mortgage loans and supervises the servicing and trustee functions for each mortgage lending program.

- Under each of its single family mortgage lending programs, the Authority utilizes Baton Rouge area financial institutions to originate the mortgage loans acquired.
- Bank of New York (formerly J P Morgan Chase) serves as the Authority's bond trustee of the separate bond programs for bond issues closed through December 31, 2006, the 2007B bond issue, the 2009A bond issue and the 2009 GSE issued closed at the end of December, 2009. The 2009 GSE issue bonds were placed in escrow when they were issued but the proceeds are currently be used to make mortgage loans. Regions Bank serves as the Authority's bond trustee of the 2007A bond issue closed during the first quarter of 2007. Each Trustee has the fiduciary responsibility for the custody and investment of all bond related funds.
- In 1995 the Authority began to further assist first-time homebuyers in purchasing their first home by offering funds of 3% - 4% of the original loan amount to be used toward the borrower's closing costs and down payment. In order to help potential homeowners take advantage of the federal tax credits, the Authority instituted a second mortgage loan program in the 2009A lending program. After the tax credit availability expired, the Authority began to offer 0.0% soft second mortgages (second mortgages that have no interest and no payments and are forgiven over a 5 year period) in the amount of 4% of the loan amount. This program continues for the 2009GSE program. Of the 5,862 loans made since 1995, 4,576 (78.06%) of those mostly first-time homebuyers received such down payment and closing cost assistance.

MORTGAGE LOAN PROGRAMS

2009GSE

Loan Product	Loan Type	Mortgage Rate	Origination Fee	Discount Points	Down Payment & Closing Cost Second Mortgage Rate is 0.00%
First-Time Homebuyers	FHA VA RD	4.50%	1%	None	4% of Loan Amount
First-Time Homebuyers	Conventional	4.75%	1%	None	4% of Loan Amount
Frirs-Time Homebuyers	FHA VA RD	4.50%	1%	None	No Assistance
First-Time Homebuyers	Conventional	4.75%	1%	None	No Assistance

Down Payment & Closing Cost Assistance is in the form of a "Soft" Second Mortgage meaning there are NO payments and NO interest on the second mortgage and it does not have to be repaid as long as the borrower remains in the home for 5 years starting on the date of the mortgage.

For credit requirements or to schedule a mortgage loan appointment call:

Chase Home Mortgage	272-3053	Regions Mortgage	929-9428
	291-1580	SWBC Mortgage	292-2601
Hancock Bank	664-1314	Whitney Bank	376-4512
Homebuyers Resource Group	769-4663		
Iberia Bank Mortgage	923-5560		

**Lenders may be added or deleted at the start of each program, please make sure the lender you choose is still a participating lender.

Details of the Program:

1. Loans will be 30-year fixed rate first mortgage loans.
2. FHA, VA, RHS and Conventional loans - in East Baton Rouge Parish.
3. Maximum Household Income Limits (Present monthly income multiplied by 12):

	Non-Targeted	Targeted
1 - 2 person family	\$60,600	\$72,720*
3 + person family	\$69,690	\$84,840*

4. Maximum Purchase Prices of homes that may be financed:

	Non-Targeted	Targeted
New, never before occupied	\$255,190	\$311,898*
Existing, Previously Occupied	\$255,190	\$311,898*

5. Applicant(s) must occupy the home as his/her primary residence.

*Income and Purchase Price amounts are subject to change.

TARGETED AREA CENSUS TRACTS

2.00, 10.00, 11.04, 13.00, 15.00, 21.00, 22.00, 28.00, 31.02

LOAN ORIGINATION INFORMATION- BY QUARTER

2009GSE PROGRAM

Quarter	Loans in Process or Closed As of the end of the Quarter (Original Loan Amount)		Change from the Prior Quarter		Total Down Payment & Closing Cost Assistance Provided or Pledged
	#	\$	#		
Third, 2010	16	\$2,060,796	16	\$2,076,796	\$83,071
Fourth, 2010	33	\$4,151,715	17	\$2,090,919	\$166,069
First, 2011	82	\$10,232,514	49	\$6,080,799	\$409,301
Second, 2011					
Third, 2011					

Exhibit A shows a Parish-wide distribution of loans that have been approved for compliance and/or are closed in the 2009GSE program.

CURRENT CONDITIONS

Current Statistics for all programs combined for the quarters ended March 31, 2006, 2008, 2010 & 2011:

Year	Total # of Loans	30 Day		60 Day		90 Day		Foreclosures & Bankruptcies		Real Estate Owned	
		# of Lns	% of Lns	# of Lns	% of Lns	# of Lns	% of Lns	# of Lns	% of Lns	# of Lns	% of Lns
2006	2568	113	4.40%	25	0.97%	17	0.66%	18	0.70%	2	0.08%
2008	2422	81	3.34%	17	0.70%	14	0.58%	5	0.21%	1	0.04%
2010	1928	80	4.15%	28	1.45%	49	2.54%	24	1.24%	0	0.00%
2011	1595	82	5.14%	35	2.19%	43	2.70%	23	1.44%	2	0.13%

Mortgage Bankers Association National Delinquency Survey, Fourth Quarter, 2010

<u>Area</u>	<u>Number of Loans Serviced</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>Foreclosure</u>
<u>All Loans</u>					
Louisiana	469,992	4.77%	1.89%	3.73%	3.68%
United States	43,579,051	3.49%	1.49%	3.94%	4.63%
<u>FHA Loans</u>					
Louisiana	86,790	7.05%	2.83%	5.53%	3.11%
United States	6,136,364	5.69%	2.43%	5.16%	3.30%

These national figures include all levels of income and loan amount. The Authority's loans are limited to low and moderate income mostly first-time home buyers. The national "All Loans" numbers reflect a majority of conventional loans. The majority of the Authority's loans are FHA loans.

There are some Community Lending Products of FNMA and FREDDIE MAC that require the first-time home buyer training, but home buyer education is not a requirement for all of the Authority's loans. The Authority supports the home buyers' education programs and strongly recommends that first-time home buyers take advantage of the programs that are available.

Market Conditions:

As of March 31, 2011 area mortgage lenders were quoting mortgage loan rates of 4.875% for FHA/VA loans and 5.00% for conventional loans for their borrowers with the highest credit ratings.

GRANTS

On April 10, 13 & 15, 2007, The Board of Trustees of the Authority published in *The Advocate* a "Notice of Availability of Funds" for the 2008 fiscal year. The Notice invited interested parties to request the guidelines for submitting Concept Papers. Concept Papers are brief outlines of projects for which the interested parties may wish to request grants or make proposals for joint ventures with the Authority. Concept Papers were due no later than May 9, 2007. The Grants Review Committee of the Authority reviewed the Concept Papers and based upon available funds requested full proposals from the submitters of the selected Concept Papers.

Forty-five (45) entities and individuals responded to the "Notice of Availability of Funds" published in *The Advocate*. Nine (9) entities and individuals submitted Concept Papers for the 2008 funding year. The Committee reviewed all nine (9) Concept Papers using the scoring sheet to determine which would be invited to make a "Full Proposal". The Concept Papers which received a score of 70 or higher and therefore chosen to submit "Full Proposals" were:

- Baton Rouge Green
- Baton Rouge Area Foundation
- Chatsworth Condominiums
- MidCity Redevelopment Alliance
- Old South Baton Rouge Partnership

On August 7, 2007, the Grant Review Committee approved grants to be funded in January, 2008 and for some, during subsequent years. All those grants are completely funded.

On December 18, 2007, The Grant Review Committee reviewed two (2) additional requests for grant funds, one from Gulf Coast Housing Partnership and one from the Cypress Group. The proposal from the Cypress Group was tabled for further review and ultimately declined.

Gulf Coast Housing Partnership

The Board of Trustees of the Authority awarded the Gulf Coast Housing Partnership a total of \$150,000 to be paid \$50,000/per year for three (3) years. Gulf Coast Housing Partnership has projects all over the Gulf Coast. They have planned for Baton Rouge developing 2,500 units of housing in Baton Rouge by 2015. Redevelopment of OSBR, development of O'Brien House a single room occupancy (SRO) project for individuals with addictive disorders and renovation of Scott Elementary School into 60 SRO for homeless and homeless mentally-ill adults. This grant is now completely funded.

EBR Redevelopment Authority

At the July 10, 2008 Meeting, the Board of Trustees voted to grant \$3 million, in \$1 million increments, to the East Baton Rouge Redevelopment Authority. The grant is contingent upon the Redevelopment Authority completing its strategic plan. Due to this significant commitment of grant funds to the Redevelopment Authority, the Board of Trustees of the East Baton Rouge Mortgage Finance

Authority decided not to advertise for grant fund requests for the 2009 fiscal year. The EBRRDA makes quarterly progress reports to the Authority. As of March 31, 2010, \$2,400,000 has been funded.

On March 23, 2010 the Grants Committee met to review the following proposals for the fiscal year beginning January 1, 2011. Those requests were reviewed and voted upon at the April Board Meeting:

Baton Rouge Area Chamber

These grant funds will support BRAC's "*The Campaign for a Greater Baton Rouge*" which is a five (5) year capital campaign to support professional economic development activities serving the nine (9) parish area. Over the next five (5) years, BRAC seeks to build Baton Rouge's economic activities to a level that can compete in new areas of business and product development while continuing the successful practices established in the previous five (5) years. Some of the key areas that BRAC plans to focus on are: recruitment and retention of talent, international development, education leadership reform and ethics and workforce reform.

East Baton Rouge Redevelopment Authority The EBRRDA is requesting a funding commitment in the amount of \$4.5 million to be available to be drawn down over a five (5) year period on an as needed basis. These funds will be used to supplement three (3) of its existing programs including supporting the strategic use of resources to eliminate blight and revitalize communities, public outreach and recovering sustainability from Hurricanes' Gustav and Ike. There would be no change in the way the funds are currently drawn down and all draw downs will be requested and approved by the EBRMFA as is the current procedure. The EBRRDA is focusing on Land Banking, Gap Financing and Small Business Façade Improvement. As of March 31, 2010, \$600,000 has been funded for the purchase of property.

CPEX

CPEX requested \$65,000 per year for two years to support the ongoing programs that implement the Old South Baton Rouge ("OSBR") Neighborhood and Economic Revitalization Strategy, specifically, the OSBR Homeowner Rehabilitation Grant Program.

CPEX

CPEX requested \$37,500 to support the ongoing programs that implement the Old South Baton Rouge ("OSBR") Neighborhood and Economic Revitalization Strategy, specifically, the Commercial Façade Improvement Grant Program.

Gulf Coast Housing Partnership

GCHP requested \$300,000 to be funded over a three year period. GCHP is working in conjunction with the Capital Area Alliance for the Homeless and St. Vincent de Paul on the construction of a “One Stop Homeless Services Center” to serve and assist the chronically homeless. The facility will have 36 single room occupancy units and 20,000 square feet of community service facilities for the homeless. GCHP is also working with the Center for Planning Excellence to acquire properties for redevelopment consistent with the Old South Baton Rouge Plan.

Due to the significant dollar volume of the approved grants the Authority is not currently soliciting for new grant proposals. The Authority does remain open to review requests should any be submitted, however will delay taking any action on those requests until the update of the Strategic Plan is completed.

CAPITAL & OPERATING ACCOUNT

(The Authority's Unrestricted Fund)

For the quarter ended March 31, 2011, the Authority realized approximately \$482,310.65 in investment income, issuer fees and other receipts (on its unrestricted fund balance investment portfolio). (These numbers are unaudited).

This level of net revenues of the unrestricted fund (the sources of which are from investment income and issuer fees) permit the Authority to effectively produce its annual mortgage lending programs without significantly drawing upon the corpus (i.e. principal) of the unrestricted fund balance.

Significant reductions in the principal balance (corpus) of the unrestricted fund will seriously impact the Authority's ability to finance its mortgage lending programs.

Since 1989, the unrestricted fund balance has grown from its initial deposit of \$6.049 million to its current *market value* level (as of the December 31, 2009 audited financial statement) exceeding \$27.257 million. The audited financial statement for the year ended December 31, 2009 was completed in late June, 2010. The 2010 audit is underway and should be complete by mid-June 2011.

The Authority's Program Administrator has administered, coordinated and managed all aspects of refundings, restructurings and asset releases which have in aggregate contributed \$17.75 million in unencumbered funds deposited to the Capital and Operating Fund balance.

Relying on the Program Administrator's recommendations and implementation, the Authority has financed its annual mortgage lending programs utilizing its operating revenues discussed above.

The Authority's Capital and Operating Account is audited annually, as are all of the Authority's bond issue programs, by an independent nationally recognized accounting firm.

In June 2010, the Authority's independent auditors, Deloitte & Touche, LLP, issued its 30th consecutive unqualified opinion that the Authority's financial statements presented fairly in all material respects the financial position of each of the individual Authority programs and the unrestricted fund balance of the Authority for the year ending December 31, 2009.

Deloitte & Touche, LLP further stated that they did not consider that any matters represented material weaknesses in the Authority's internal controls in regards to financial reporting. The Authority's finance reporting functions are implemented and performed by the Program Administrator.

East Baton Rouge Mortgage Finance Authority

Board of Trustees

5555 Hilton Ave., Suite 200
Baton Rouge, LA. 70808
225-771-8567 (Phone) 225-771-8573 (Fax)

www.ebrmfa.org

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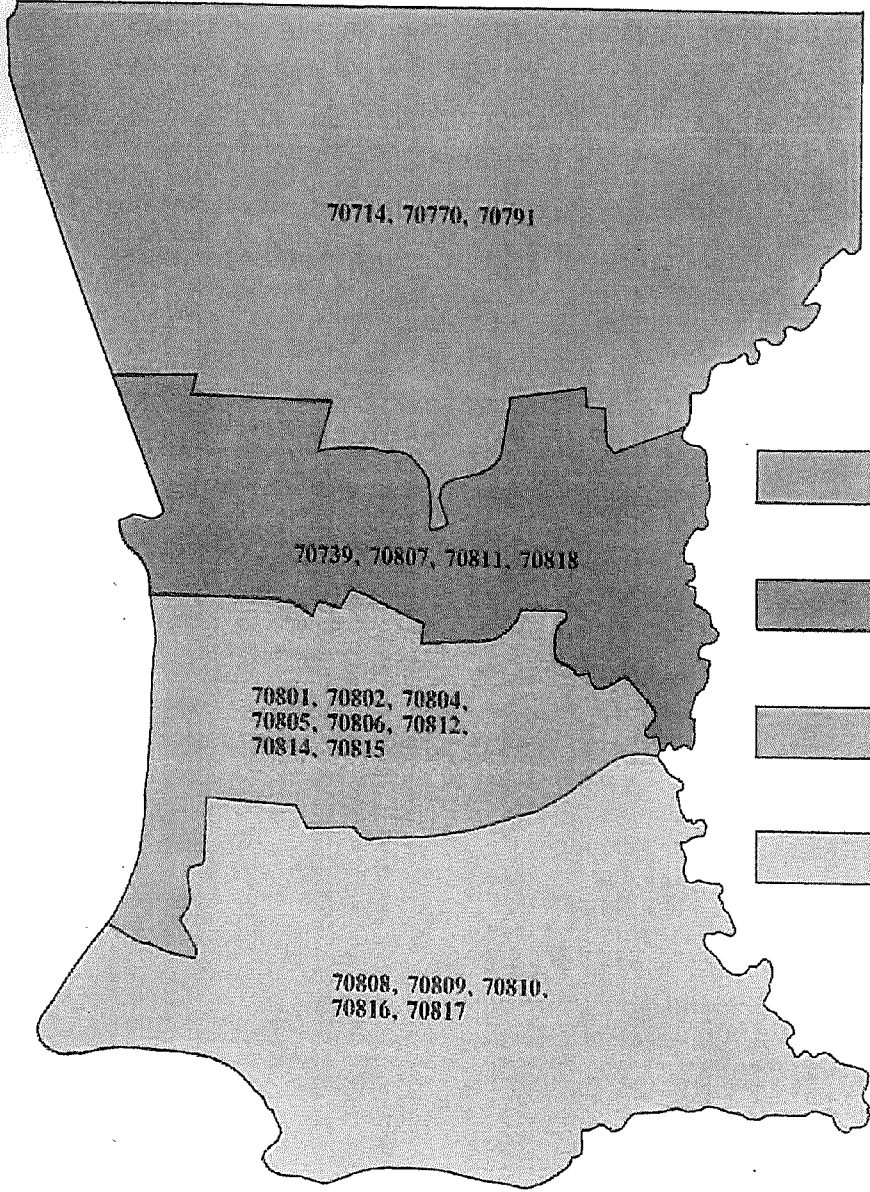
Director of Finance

Program Administrator:

Financial Consulting Services, Inc.
225-922-5111
225-922-5114 Fax

Contact: Vickie Theriot
vickie.theriot@fcsiebr.com

EAST BATON ROUGE PARISH



2009GSE Issue

As of April 14, 2011

	New	1	\$ 196,879
	Existing	6	\$ 611,912
	New		\$
	Existing	4	\$ 422,210
	New		\$
	Existing	27	\$3,333,631
	New	1	\$ 183,700
	Existing	27	\$3,390,723