CONNECTICUT (Continued)

Underwriters: Salomon Brothers Inc.; The Connecticut Bank and Trust Company; The First Boston Corp.; Goldman, Sachs & Co.; Merrill Lynch White Weld Capital Markets Group; Morgan Guaranty Trust Company of New York.

A list of participating lenders was not provided in the official statement.

HAWAII HOUSING AUTHORITY $20 million

Home Mortgage Purchase Revenue Bonds, 1981 Issue A

a. Mortgage payments will increase by 3 percent each year during the first ten years. The interest rate is fixed at the stated rate of 12.875 percent so the entire amount of the increase in mortgage payment will constitute a reduction of principal. The mortgage payments remain constant from the tenth year to final maturity. As a result of the accelerated amortization of principal, each mortgage loan will be fully paid in approximately 16 years.

b. $237,000 in commitment fees deposited in a reserve fund; $837,000 of Authority general funds contributed to reserves.

c. The Authority is applying to HUD for a redetermination of target areas, under which less than 20 percent of funds would be reserved for these target areas.

d. The limits vary according to county.

e. Limits vary according to family size and refer to total income before taxes. There is also an asset limit equal to the income limit.

f. The Authority sponsors multifamily programs, but they were not described in the official statement.

(Continued)

g. As of June 30, 1981, audited. Refers only to the Single Family Mortgage Purchase Revenue Bonds Special Fund of the Hawaii Housing Authority.

Contributions from the Authority's general fund total $837,000, all of which are allocated to the reserve funds. A provision allows the Authority to withdraw funds from the pledge of the resolution once all other requirements are met.

Fees: Nonrefundable 1.5 percent commitment fee paid by lenders to the Authority. Up to 2.5 percent origination fees paid by the seller or buyer to the lender.

Underwriters: Merrill Lynch White Weld Capital Markets Group; Salomon Brothers Inc.; Dean Witter Reynolds Inc.

16 participating lenders.

<u>IDAHO HOUSING AGENCY</u> $30.1 million

Mortgage Revenue Bonds, 1981 Series A

a. Interest rate "buy downs" financed by third parties are allowed.

b. "Accelerated principal payment mortgages are mortgage loans in which, commencing five years from the date of the mortgage loan, the homeowner's monthly principal payment will increase by 7.5 percent each year until the ninth year after which monthly payments will remain constant. For a mortgage loan with an original principal amount of $40,000, monthly payments for principal and interest paid by the mortgagor would be approximately $427 for the first five years, $459 in the sixth year, $493 in the seventh year, $530 in the eighth year and $570 in the ninth year and each year thereafter. This shortens the life of a mortgage loan to 18 years." (Official Statement, p. 7).

(Continued)

IDAHO (Continued)

c. Agency contribution from its unrestricted funds.

d. There are no targeted areas in Idaho.

e. These purchase price limits are well below the Treasury "safe harbor" limits of $78,500 for new housing and $67,100 for existing housing.

f. Home improvement bonds.

g. As of June 30, 1981; audited. $12.565 million of the fund balance is pledged for the repayment of bond issues, $62,155 is restricted for operations of federally assisted programs, and $536,334 is unrestricted.

The Agency appropriation of $2.525 million from its unrestricted funds is for: $510,000 for the Capital Contribution Account; $1.815 million for the Capital Reserve Fund; and $200,000 for the Capitalized Interest Account.

The state has also authorized a continuing appropriation to restore the Capital Reserve Fund to its required level, when necessary.

5 percent of mortgage principal may be for home improvement loans.

Fees: 1 percent origination fee paid by buyer to lender; 2 percent participation fee paid by seller to lender; 3 percent commitment fee paid by lender to Agency, refundable upon delivery of committed mortgage loans.

Underwriters: Matthews & Wright, Inc.

11 participating lenders.

KENTUCKY HOUSING CORPORATION $36 million

Housing Revenue Bonds, 1981 Series A

a. The state pledges to restore the Debt Service Reserve to its minimum requirement, if necessary.

b. The Corporation will make an unspecified portion of bond proceeds available for mortgages in qualified census tracts.

c. Adjusted for dependents and status as head of household. The limit for Appalachian counties, counties the state considers economically distressed, is $22,000. There is also a liquid asset limit imposed by the state.

d. The total is not broken down as to multifamily and single-family shares, but over 80 percent of mortgages outstanding are for single-family houses. In addition, there is outstanding $51.5 million of construction notes.

e. As of June 30, 1981; audited.

There was no cash contribution from the state or issuer. The bonds are issued under the same resolution as $464 million of other bonds. If necessary, the Debt Service Reserve will be funded by a state appropriation.

Fees: No mention of fees in the preliminary official statement.

The bonds were sold by competitive bidding.

Participating lenders: 64 originators; 25 mortgage servicers/originators.

LOUISIANA HOUSING FINANCE AGENCY $150 million

Single Family Mortgage Revenue Bonds, Series 1981

a. Includes the initial fee for the letter of credit.

(Continued)

LOUISIANA (Continued)

b. Appropriation from the state.

c. Adjusted gross income.

d. "Moneys deposited in the Rebate Account shall be used . . . to make rebates to mortgagors or the United States Department of the Treasury." (Official Statement, p. 11)

e. The Agency issued $9.05 million in construction loan notes in May 1981.

This is the Agency's first bond issue. The Agency received a state appropriation for start-up expenses of $107,000 and an appropriation of $6 million for its single-family bond program. $3.1 million of this is being used in this bond issue, with an additional $200,000 pledged to secure the bonds.

$100 million of the bonds are option bonds which can be tendered at par for payment on September 1, 1986. Manufacturers Hanover Trust has issued a letter of credit under which it agrees to purchase the bonds on that date. As compensation, Manufacturers Hanover will receive a fee of $500,000, will be able to retain or sell the option bonds that are tendered, and will receive a portion of the interest paid on the option bonds. The option bonds will bear interest at a primary rate and a supplemental rate. The primary and supplemental interest will be paid to the bondholders, who will forward the supplemental interest to Manufacturers Hanover. Bond counsel, relying on the opinion of special tax counsel, is of the opinion that interest other than supplemental interest on the bonds is tax exempt, but issues no opinion as to the tax exemption of supplemental interest.

Lendable funds will initially be allocated to the parishes on basis of population.

Fees: Lenders will pay 3 percent refundable commitment fees and can charge sellers or mortgagors loan origination fees of 1 percent. The Agency will receive an operating fee at an annual rate of 1/8 of 1 percent of mortgage loan principal outstanding.

(Continued)

Underwriters: E.F. Hutton & Company Inc.; Howard, Weil, Labouisse, Friedrichs, Inc.; Manufacturers Hanover Trust Company; Scharff & Jones, Inc.; Salomon Brothers Inc.; Lehman Brothers Kuhn Loeb, Inc.; Goldman, Sachs & Co.

86 lenders.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY $25 million

Single Family Qualified Mortgage Revenue Bonds, 1981 Series A

a. Payments increase steadily from below normal levels in the first three years to a normal level in the fourth year to above normal levels thereafter. Accelerated amortization of principal shortens the loan term to approximately 17 years.

b. This includes a refundable deposit in the Commitment Fee Fund.

c. $950,000 of the Authority's unrestricted surplus funds is being contributed to various reserves. In addition, $552,669 is being put on deposit in the Commitment Fee Fund, which will be reimbursed to the Authority as the fees are collected.

d. These limits follow the Treasury "safe harbor" formula. The official statement mentions that previous loans have involved purchase prices substantially below these limits, and it foresees no difficulty in complying with the federal restrictions.

e. The program is limited to the financing of new homes.

f. The Authority is presently raising its maximum income limit from $24,044 to this level to enlarge its eligible borrower class.

g. Amounts listed here as single-family or multifamily were clearly identified as such in the official statement. The "other" category includes $31.930 million identified as home

(Continued)

improvement bonds and $408.775 million that includes both single-family and multifamily housing development bonds with no breakdown specified. In addition, the Authority has $25 million of short-term notes outstanding, which are not included in this table.

h. As of September 30, 1981; unaudited.

The Authority contributed $950,000 to reserve funds. In addition, the Authority will deposit $552,669 in the Commitment Fee Fund which will be used to defer interest for the mortgagors. The Authority will be refunded its deposit as commitment fees are collected. The state has also pledged to appropriate funds, if necessary, to maintain the Capital Reserve Fund at its required minimum. The Authority has received several state appropriations over 1978-1981.

Fees: 2.5 percent nonrefundable commitment fee paid by lenders to the Authority.

Underwriters: E.F. Hutton & Company Inc.; Merrill Lynch White Weld Capital Markets Group; Blyth Eastman Paine Webber; John Nuveen & Co.; Lehman Brothers Kuhn Loeb; First of Michigan Corporation; Manley, Bennett, McDonald & Co.

50 lenders.

NEW YORK STATE MORTGAGE AGENCY $104.75 million

Residential Mortgage Revenue Bonds, 1981 Series

a. Includes a letter of credit fee paid to Citibank.

b. The state contributes indirectly to the program by granting a credit against New York State franchise tax to the servicing banks for the equivalent of a 3/8 percent service fee.

(Continued)

c. In a special provision applying only to this Agency's mortgage purchase programs, the Tax Act specifies that the loan eligibility requirements of Section 103A apply to the reinvestment loans in lieu of the mortgages purchased by the Agency. In addition, the arbitrage restrictions imposed by Section 103A(i) do not apply to the bonds; the arbitrage restrictions of Section 103(c) of the Internal Revenue Code, however, do apply.

   The state has imposed a $100,000 loan maximum on the loans it will purchase. The newly created loans are required to follow the purchase price limitations according to the Treasury "safe harbor" calculations.

d. As of November 1, 1981.

e. As of July 31, 1981; unaudited.

New York State contributes indirectly to the program by granting a credit against New York State franchise tax to the servicing banks.

The holders of the $100 million of option bonds have the right to tender these bonds at par once each year, beginning on November 1, 1987. The obligation to purchase all outstanding option bonds is guaranteed by a Citibank letter of credit, for which the bank is paid semiannually .45 of 1 percent of the principal amount of option bonds outstanding.

In addition, to the extent that funds are available after all bonds are paid off and all other expenses met, Citibank will receive a termination fee. Except for the Revenue Fund and Cost of Issuance Account, all funds and accounts are to be invested at Citibank pursuant to an investment agreement.

New York State's loans-to-lenders program follows a special transitional rule. With the proceeds of the issue, the state finances the purchase of existing mortgages from financial institutions and requires that the financial institutions reinvest the proceeds in new mortgages within 90 days. 50 percent of the loan money must be used for mortgages with a downpayment of 10 percent or less.

(Continued)

Fees: No mention of fees in the official statement.

Underwriters: Goldman, Sachs & Co.; Salomon Brothers Inc.; Bear, Stearns & Co.; The Chase Manhattan Bank, N.A.; Citibank, N.A.; The First Boston Corporation; Smith Barney, Harris Upham & Co., Inc.

51 participating lenders.

NORTH CAROLINA HOUSING FINANCE AUTHORITY $30 million

Home Mortgage Revenue Bonds, 1981 Series A

a. $2 million contribution from the state for deposit in the Debt Service Reserve Fund.

b. 20 percent of loans equals $5.4 million. The Agency has committed $4.0 million to mortgage lenders and has reserved the remainder for subsequent allocation to lenders.

c. These limits calculated from non-targeted area limits. (NTA x 1.222 = TA)

d. The lower income limit refers to a single mortgagor, the upper limit refers to a family of four. $500 may be added for each additional family member above four. The range also takes geographical location into account. There are also net asset restrictions for mortgage applicants.

e. As of June 30, 1981.

The state has appropriated $2 million to fund partially the Debt Service Reserve. The Agency was also granted $4 million in 1974 by the state. That grant funded reserves on earlier bond issues, and half of the earnings of those reserves supplement support of the Agency's operations.

(Continued)

Fees: 2 percent refundable commitment fee paid by lender to the Agency.

Underwriters: Salomon Brothers Inc.; Alex. Brown & Sons; First Union National Bank of North Carolina; North Carolina National Bank; Wachovia Bank & Trust Company, N.A.; First Charlotte Corporation; Interstate Securities Corporation.

27 participating lenders.

OKLAHOMA HOUSING FINANCE AGENCY $100 million

Single-Family Mortgage Revenue Bonds, 1981 Series A

a. $2.925 million of 3 percent participation fees paid by lenders (to be reimbursed by mortgagors' payment of loan origination fees) and a $450,000 cash contribution from the Agency.

b. The target areas consist of qualified census tracts and areas of chronic economic distress already approved by the Secretaries of Treasury and HUD.

c. Limits are safe-harbor limits and vary depending on location within the state.

d. Income limits are higher in other parts of the state: Tulsa SMSA: $42,000 for nontarget areas, $46,200 for target areas; Oklahoma City SMSA: $40,000 for nontarget areas, $44,000 for target areas. These income limits refer to 1980 gross income, less certain credits, such as a $1,000 credit for each household member other than the head of household and a credit of up to $2,500 for half the earnings of secondary wage earners.

e. As of June 30, 1981 the Agency had outstanding $191.6 million in bonds and notes. It had issued $150 million in bonds for

(Continued)

single-family mortgages in June 1980, and $55 million loan-to-lender construction notes in September 1981.

Because the lenders are required to contribute nonrefundable commitment fees of 3 percent, on the date of bond issuance there will be $100 million in bonds outstanding and $100 million in assets (deposits in reserves and in the mortgage acquisition fund). The $450,000 cash contribution of the Agency subsidizes the issue, and the lenders will receive unusually low servicing fees of 21 basis points annually (standard fees are between 25 and 37.5 basis points). Lenders are allowed to charge mortgagors loan origination fees of 4 percent, leaving 1 percent to cover costs of loan origination after recouping the 3 percent commitment fees. Lenders are exposed to the risk of forfeiting their commitment fees to the extent that they cannot place mortgages, and may have to purchase at a price of 100 percent of unpaid principal mortgage loans found subsequently not to meet the requirements of the Tax Act.

Mortgages will be privately insured so that the uninsured portion of each loan does not exceed 65.5 percent of the property's value. In addition, there will be a mortgage pool insurance policy with advanced claims coverage, and a mortgage servicer indemnity bond.

Fees: Lenders pay nonrefundable commitment fees of 3 percent to the Agency and may charge mortgagors loan origination fees of 4 percent.

Undewriters: Stifel, Nicolaus & Company, Inc.; Salomon Brothers Inc.; Goldman, Sachs & Co.; Dean Witter Reynolds Inc.; R.J. Edwards, Inc.; Leo Oppenheim & Co., Inc.; Woolsey & Company, Inc.

52 participating lenders.

(Continued)

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION $40 million

Residential Mortgage Revenue Bonds, 1981 Series 1

a. Gradual increase of principal payments beginning in the third year with a fixed interest rate (13.75 percent) allows full amortization of the mortgage loans in approximately 16.5 years.

b. These percentages are calculated from total funds, including the Corporation's contributions, but excluding the costs of issuance, another Corporation contribution of unspecified amount.

c. Includes $537,312 deposited into the Capitalized Interest Account and the required Mortgage Reserve deposit (calculated from Mortgage Reserve Requirement -- 1 percent of original outstanding principal amount of bonds), both contributions from the Corporation. Does not include costs of issuance, also a Corporation contribution, because the amount is unspecified.

d. Unspecified, but the Rhode Island HMFC says that it will comply with the Section 103A rules.

e. As of June 30, 1981; audited. Of the $42.301 million fund balance, $41.165 million is restricted.

The Corporation has agreed to contribute the costs of issuance, a deposit of $537,312 to the Capitalized Interest Account, and a deposit of $400,000 to the Mortgage Reserve Fund. No reserves are funded with bond proceeds. Each lender is required to maintain its own non-interest-bearing escrow account in an amount equal to 1.5 percent of principal outstanding on mortgages originated by that lender. The Corporation may withdraw funds from those accounts to cover mortgage payments on delinquent loans and to make up losses from defaulted mortgage loans.

Fees: 1 percent origination fee paid by buyer/seller to lender.

Underwriters: Kidder, Peabody & Co.; Carolan & Company Inc.

No list of lenders is supplied for this bond issue in the official statement. Ten lenders participated in at least five of the Corporation's eight previous bond issues.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION $25 million

Residential Mortgage Revenue Bonds, 1981 Series 2

a. Gradual increase of principal payments with a fixed interest rate (14.6 percent) allows full amortization of the mortgage loans in approximately 16.5 years.

b. $243,125 deposited in reserve accounts and $406,875 deposited into the Capitalized Interest Account by the Corporation. The Corporation is also paying the costs of issuance but the amount is unspecified. The percentage distribution of the application of funds therefore does not take costs of issuance into account.

c. Unspecified, but the Corporation says that it will comply with the Section 103A rules.

d. As of June 30, 1981; audited.

The Corporation is contributing funds from its unrestricted funds to pay the costs of issuance, establish a reserve fund, and deposit funds into the Capitalized Interest Account. The total contribution is $650,000 plus the costs of issuance. These bonds are issued on a parity with the 1981 Series 1 Bonds issued two weeks earlier.

No reserves are funded with bond proceeds. Each lender is required to maintain its own non-interest bearing escrow account in an amount equal to 1.5 percent of principal outstanding on mortgages originated by that lender. The Corporation may withdraw funds from those accounts to cover mortgage payments on delinquent loans and to make up losses from defaulted mortgage loans.

Underwriters: Kidder, Peabody & Co.; Carolan and Company, Inc.

No list of lenders was provided.

TENNESSEE HOUSING DEVELOPMENT AGENCY $50 million

Single Family Program Bonds, 1981 Series A

a. Contribution from the Agency's general fund, intended to "buy down" the interest rate on the mortgages to 12 percent.

b. Areas of economic distress have already been designated by HUD and the Treasury for this issue.

c. These limits vary according to family size and apply to non-urban areas. The limits for urban areas also vary according to family size and range from $15,500 to $25,000

d. As of September 30, 1981; audited.

The Agency contributed $8.6 million from its general fund to this issue.

Annually, the Agency must inform the state Governor and the state Commissioner of Finance whether the Debt Service Reserve Fund is below minimum. Although it is not bound to, the state may then appropriate funds to make up the shortfall.

The Agency received $450,000 in state appropriations in 1973-74 and repaid it in 1978.

The pool insurance policy provides that the pool insurer will review loan documents to ensure that requirements of The Tax Act are met. It provides coverage for losses due to defaults that occur because of the failure of loans to meet the Tax Act requirements.

Fees: 1 percent origination fee paid by buyers to lenders; 1 percent refundable commitment fee paid by lenders to the Agency; 3 percent program participation fee paid by the sellers to the Agency.

Underwriters: Salomon Brothers Inc.; The First Boston Corporation; The Cherokee Securities Company; Equitable Securities Corporation; Morgan, Keegan & Company, Inc.; UMIC, Inc.; J.C. Bradford & Co.; Cumberland Securities Company, Inc.; First Tennessee Bank N.A. Memphis.

121 lenders.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY $100 million

Home Mortgage Bonds, 1981 Series A

a. Most mortgages will be 30-year, level-payment mortgages, but mortgagors have the option of a graduated payment schedule which provides for lower monthly payments over the first five years.

b. Bond Service Fund deposit.

c. The applicable limit depends on location.

d. Adjusted annual family income.

e. Energy conservation and rehabilitation bonds. In addition, $152 million of multifamily construction loan notes was outstanding as of September 30, 1981.

f. As of September 30, 1981, audited.

These bonds are equally and ratably secured on a parity with $406.9 million of outstanding bonds. The Authority must report shortfalls in the Capital Reserve Fund, for which the Assembly may choose to appropriate funds, although it is not bound to do so. All amounts so paid by the State are advances to be repaid with no interest charged as soon as program operating surpluses occur.

Fees: A 1 percent commitment fee will be paid by the builder or the lender. This fee will sometimes be charged to the buyer instead. In addition, buyers may be charged an origination fee of 1 percent.

Underwriters: Salomon Brothers Inc.; Craigie Incorporated; Blyth Eastman Paine Webber; Wheat, First Securities, Inc.

95 lenders have participated in the Authority's program in the past. No list is specified for this issue.

STATE OF WISCONSIN $10.1 million

Veterans Home Loan Revenue Bonds, 1981 Bonds

a. Underwriters' discount and costs of issuance total 3.3 percent. The breakdown between the two is unspecified.

b. Contribution from the state to buy mortgage loans and for deposit in the reserve fund.

c. Adjusted gross income. There is also a limit on assets.

d. There are no figures listed for amount of bonds outstanding. The Wisconsin Housing Finance Authority issued $61.945 million bonds between September 1974 and December 1979. The State of Wisconsin issued $1,000 million of bonds during the same period, and the state issued $80 million in revenue bonds in April 1980. All of these issues financed mortgage loans for veterans, making the Department of Veterans Affairs the biggest single family mortgage lender in the State in at least 4 of the past 5 years.

e. Sum of revenues in excess of expenses for the Department of Veterans Affairs' Direct Home Loan Program, unaudited for the period July 1, 1975 to December 31, 1980. Surplus funds were all deposited into a self-insurance account to insure loans made from previously issued bonds.

The state appropriated $437,900 to fund the acquisition of mortgage loans and the Reserve Fund. This amount just equals the costs of issuance, including underwriters' discount.

In addition, amounts available from earnings of bonds previously issued by the Wisconsin Housing Finance Authority will be available to purchase put bonds that are tendered. $9.855 million of the bonds are put bonds, which their owners can tender for redemption at par on August 1, 1986 and once each subsequent year until April 1, 1991.

Lenders must supply letters of credit of 1 percent of their loan commitments.

(Continued)

Underwriters: Goldman, Sachs and Company; Robert W. Baird and Company; Dain Bosworth Incorporated; Piper, Jaffray and Hopwood Incorporated.

28 committed lenders mentioned in the official statement and more were sought.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY $75 million

Single Family Mortgage Revenue Bonds, 1981 Series A

a. Includes a $4 million contribution from the Authority to the Special Reserve Fund and participation fees collected from the sellers.

b. There are no targeted areas in Wyoming.

c. Even though there are no targeted areas now designated in Wyoming, the Authority is applying for designation of some economic distress areas that would be retroactive to this issue.

d. Income limit may be waived by the Authority.

e. As of September 30, 1981; unaudited.

The authority contributed $4 million from its General Fund to form a special reserve fund.

The mortgage pool insurance policy has an advance payment rider under which the insurer steps in to make mortgage payments on mortgages delinquent 60 days or more. The pool insurer will also review each mortgage loan for compliance with the Tax Act provisions.

Fees: 1 percent origination fee paid by buyers to lenders; 3 percent participation fee paid by seller to lenders; 1.5 percent commitment fee paid by lenders to Authority and the lenders sell

(Continued)

their mortgages to the Authority for 98.5 percent of their value, so total lender fees equal 3 percent. Lenders must pay damages of 4 percent of mortgages that they fail to deliver.

Underwriters: The First Boston Corporation; Dain Bosworth Incorporated; Kaiser and Company of Wyoming; Boettcher and Company.

50 participating lenders.

COUNTY OF FRESNO, CALIFORNIA $40 million

Housing Finance Revenue Bonds, Issue A
(FHA-Insured Mortgage Loans)

a. Sellers may "buy down" the interest rate on the mortgage loans, if they wish, subject to certain restrictions.

b. $1.16 million paid for AMBAC bond insurance premium.

c. $1.46 million in lender/developer commitment fees and a $1.80 million contribution from the County and City of Fresno.

d. Based on estimates of average area purchase prices prepared by Laventhol and Horvath. These estimates exceed the Treasury Department "safe-harbor" estimates by $600 for new houses and $9,600 for existing houses.

e. $32,670 is the income limit for people buying new houses, $27,225 for existing houses, and at least half of the funds for mortgages on existing houses must go to people with incomes below $21,780 (80 percent of the state median).

The bonds are insured by AMBAC, and all mortgages must be insured by the FHA. Pursuant to an investment agreement with Crocker National Bank, all reserve accounts will yield interest "at the rate of interest equal to the yield on the Bonds" for the first ten years, and at the rate of 12 percent annually thereafter.

(Continued)

COUNTY OF FRESNO (Continued)

PMI Mortgage Corp. will serve as administrator of the program and will review all loan documents for compliance with the provisions of the Tax Act and monitor servicer performance. It will receive an annual fee of 7/100 of 1 percent of outstanding loan principal.

Fees: Lenders or developers must pay nonrefundable program participation fees of 4 percent. Buyers must pay origination fees of 1 percent.

Underwriters: Goldman, Sachs & Co.; Shearson/American Express Inc.; Crocker National Bank

6 lenders and 12 developments.

COUNTY OF RIVERSIDE, CALIFORNIA $21.57 million

Single-Family Housing Revenue Bonds
Issue of 1981

a. All loans must be insured by the FHA, under Section 203(b) or Section 245. Loans insured under Section 245 may be graduated payment loans, but those under Section 203(b) are level payment.

b. Costs of issuance include the premiums for municipal bond insurance, fees for bond counsel and special tax counsel, initial trustee fees, printing and rating agency expenses, and some miscellaneous expenses.

c. $1.08 million in developer commitment fees of 5.5 percent.

d. The opinion letter of bond counsel states: "With respect to making mortgage loans in 'targeted areas' the County has made provision for the required amount of bond proceeds to be made available for use in the two census tracts which constitute targeted areas within the jurisdiction of the program." (Official Statement, p. 25) The only other reference in the offi-

(Continued)

cial statement to targeted areas is in the section describing the bond reserve fund: "up to $15,000 may be used to purchase mortgage loans with respect to residences in 'targeted areas'." (Official Statement, p. 8)

e. Bond proceeds are being used to finance new houses in six developments.

The developer commitment fees are being used along with bond proceeds to make mortgage loans. The bonds are insured by AMBAC, and all mortgages are insured by the FHA.

Results of a market demand study for bond-financed mortgages in Riverside County were summarized in the official statement. The income limit imposed by the state of California is $34,344, which is 120 percent of the median income in the state. 71 percent of the households in Riverside County are estimated to have incomes below $34,344. This income was compared to the minimum income needed to qualify for a mortgage on a $65,000 house with a 10 percent downpayment. The minimum income to qualify for a level-payment mortgage at 13.5 percent on that house is $28,413, and only 11 percent of the county population has income between $28,413 and $34,344. If the mortgage were a graduated payment mortgage at 13.5 percent, the minimum income to qualify would be $23,805, and 22 percent of the county households would potentially qualify for participation in the program.

Fees: 5.5 percent developer commitment fees.

Underwriters: Shearson/American Express, Inc.; Bateman Eichler, Hill Richards.

3 lenders and 6 developers.

LARIMER COUNTY, COLORADO $8 million

Single Family Mortgage Revenue Bonds, 1981 Series A

a. Purchaser's discount.

b. Nonrefundable commitment fees paid by lenders and recouped with fees charged buyers and sellers.

c. There is no mention of targeted area requirements in the offering memorandum. Presumably there are no targeted areas in the county.

d. The county will stay within the 90 percent of average area purchase price limit, but mentions no specific price limits.

e. Adjusted family income. Credits for family size, temporary earnings, earnings of minors or handicapped, excess uncompensated medical expenses, 50 percent of secondary adult incomes up to $2,500. 15 percent of the proceeds are reserved for loans to mortgagors whose income is under $25,000 and 15 percent to those whose residence has high energy efficiency or solar energy features.

f. No financial statements are included in the offering memorandum.

These bonds were not rated and were privately placed with the Gibraltar Savings Association.

Fees: 2 percent nonrefundable commitment fee paid by lender. Lenders are reimbursed through 2 percent participation fee, at least half to be paid by the seller and the remainder by the buyer; 1 percent origination fee paid by buyer.

A list of lenders was not provided in the offering memorandum.

BROWARD COUNTY HOUSING FINANCE AUTHORITY, FLORIDA $34 million

Home Mortgage Revenue Bonds, 1981 Series A

a. Mortgage loans will have maximum terms of about 16 years. Each mortgage will be a "Growing Equity Mortgage Loan" with annual increases in the monthly payments for the first ten years of the mortgage, and level monthly payments thereafter. The annual increases will be 3 percent of the monthly payments of principal and interest on the mortgage loan during the prior year. Because each mortgage loan has a fixed interest rate, all increases in payments constitute payments of principal.

b. The percentage for costs of issuance is included in the percentage for underwriters' discount.

c. Authority contribution of $300,000 is allocated to reserves. Lender commitment fees of $750,000 and Administrator/Servicer fees of $37,500 are also allocated to reserves.

d. No mention of targeted areas is made in the official statement. Presumably there are none in the county.

e. This is the principal amount issued. The amount still outstanding is not provided.

The Authority contributed $300,000 from outside funds for deposit in the Program Reserve Account. This contribution coupled with the lender commitment fees is about equal to the costs of issuance and underwriters' discount.

The Authority has contracted with a mortgage service corporation for servicing of the mortgage loans at an annual fee of one-fourth of 1 percent of outstanding principal. This corporation will also review each mortgage loan for compliance with provisions of the Tax Act and deposit an initial fee with the Authority of .125 percent of total mortgage principal to be originated.

Fees: A total of 4 percent origination fees paid by buyer/seller to lender; up to 2.5 percent subcommitment fee paid by realtor/builder to lender; 1.5 percent commitment fee paid by lender to Authority, nonrefundable.

(Continued)

Underwriters: Merrill Lynch White Weld Capital Markets Group; Bache Halsey Stuart Shields; Bankers Trust Company; Shearson/American Express, Inc.

10 lenders applied for commitments.

HOUSING FINANCE AUTHORITY OF DADE COUNTY, FLORIDA — $40.9 million

Single-Family Mortgage Revenue Bonds, 1981 Series A

a. $40 million in senior bonds and $0.90 million in junior bonds.

b. This is the net interest cost for the senior and junior bonds combined.

c. Lending institutions are allowed to set up pledged accounts consisting of deposits made by the seller, buyer, or any other party, and then use amounts in the pledged accounts to pay a portion of the mortgagor's monthly payments during the first few years.

d. The percentage for costs of issuance is included in the percentage for underwriters' discount.

e. Program participation fees of 2.5 percent will be used to make mortgages. Maximum potential program participation fees total $938,308.

f. $3.55 million is being set aside for mortgages in targeted areas. Targeted areas consist of five qualified census tracts, which contain about 1.5 percent of the population of Dade County.

g. Purchase price limits for two-family houses are: $89,799 in targeted areas and $73,472 elsewhere; for three-family houses: $108,699 in targeted areas and $88,935 elsewhere; and for

(Continued)

four-family houses: $126,403 in targeted areas and $103,421 elsewhere.

h. Dade County issued $150 million in bonds for single-family housing in May 1980, but the amount outstanding is not specified.

Proceeds of the Series A and Series B bonds are being pooled to make mortgage loans, fund reserves, and so forth, but the Series B bonds are unrated and are subordinate to the Series A bonds. Interest and principal on the Series B bonds can be made with sources pledged to the Series A bonds only after all Series A bonds are fully paid. Once the single-family bonds issued in 1980 are fully paid, remaining surplus from those bonds may be used to pay principal and interest on the Series B bonds, and other sources not pledged to payment of the Series A bonds may also be used to pay debt service on the Series B bonds.

Each mortgage loan will be 100 percent insured by a mortgage guaranty insurance policy. The premiums for this insurance are paid by the homeowners and will amount to, depending on the loan-to-value ratio, up to 0.6 percent of loan principal at closing and 0.6 percent of outstanding principal per year.

Fees: Lending institutions are required to deliver a commitment fee in the form of a letter of credit for 2.5 percent of the principal amount of loans that they agree to originate. The issuer will only collect these fees only on loan principal that the lender fails to originate. The lending institutions are to collect from sellers program participation fees of 2.5 percent that are then forwarded to the trustee. Lenders may reserve a portion of their allocations for builders or realtors and charge the builders or realtors a reservation fee of 1.5 percent of the amount of principal reserved. In addition, lenders may charge sellers or buyers loan origination fees of 1.5 percent.

Underwriters: E.F. Hutton & Company, Inc.; William R. Hough & Co.; Shearson/American Express Inc.; Drexel Burnham Lambert Inc.; Lehman Brothers Kuhn Loeb; L.F. Rothschild, Unterberg, Towbin; First Equity Corporation of Florida.

7 lending institutions.

DUVAL COUNTY HOUSING FINANCE AUTHORITY $18.615 million
(Jacksonville, Florida)

Single Family Mortgage Revenue Bonds, 1981 Series A, C, and D.

a. $17.5 million Series A Bonds and $1.115 million Series C and D bonds combined.

b. This is the net interest cost for the Series A, C, and D bonds combined.

c. The costs of issuance percentage largely represents $543,256 for a bond insurance premium.

d. Program participation fees of 5.7 percent, paid by the sellers.

e. The limits vary according to whether they are one-, two-, three-, or four-family residences.

f. These limits are 150 percent of area median income, to be adjusted for inflation.

g. This is the total sum of bonds issued. The official statement does not provide figures for bonds still outstanding.

The Series A bonds are insured by AMBAC as will be the Series B bonds, and all mortgage loans are insured by the FHA. The FHA insurance premium is 0.5 percent annually.

Proceeds of the Series A, Series C, and Series D bonds will be combined for investment in mortgages and reserve funds and to pay costs of issuance and underwriters' discount. The amount of the Series C and D bonds together is roughly equal to the costs of issuance, underwriters' discount and AMBAC insurance fee--the "non-asset" bonds. No later than June 2, 1982, a portion of the Series C bonds will become Series B bonds. The amount of C bonds that convert to B bonds will be chosen so that the Series A and B bonds will, six years later, be backed dollar for dollar by mortgages and investments in reserve funds. No interest can be paid on the Series C or D bonds until none of the Series A or B bonds are outstanding (although interest on the Series C bonds will be paid during the loan origination period). Series C and D bonds may be redeemed while Series A and B bonds are still outstanding if funds

(Continued)

become available from any of a number of sources, including funds remaining after payment in full of previously issued Series 1980 and Series 1980A bonds.

Fees: 1 percent origination fee paid by buyer/seller to lender; 5.7 percent participation fee paid by seller to the Authority.

Underwriters: E.F. Hutton and Company Inc.; Shearson/American Express Inc.

11 participating lenders.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND — $75 million

Single Family Mortgage Revenue Bonds, 1981 Series A

a. Includes $440,250 to be paid to the underwriters.

b. Collected commitment and processing fees totaling 2.25 percent of mortgage principal paid by the lenders and developers.

c. The targeted area requirement is said not to apply to this program. There are no target areas in the county.

d. $65,000 is the county-imposed limit. The purchase price limit following the Treasury "safe-harbor" formula would be $80,000.

e. The limits vary according to size of household.

f. Outstanding as of November 1, 1981.

g. The Commission finances the construction of multifamily housing, for which it has issued $51.36 million construction loan notes and $5.50 million bond anticipation notes.

(Continued)

MONTGOMERY COUNTY (Continued)

h. Unaudited, as of September 30, 1981. This fund balance refers only to the Commission's Mortgage Purchase Program. The Commissions other activities, if any, are not described.

These bonds are being issued on a parity with $108.6 million outstanding single-family mortgage revenue bonds.

Fees: 2 percent fees paid by buyers/sellers to lenders; 1/4 percent participation fee paid by lenders to the Commission; 1 percent nonrefundable commitment fee paid by lenders to the Commission; 1 percent nonrefundable commitment fee paid by developers to the Commission.

Underwriters: Merrill Lynch White Weld Capital Markets Group; Alex Brown and Sons.

23 lenders expressed an interest in participating. The Commission expects to select at least 10 of them.

COUNTY COMMISSIONERS OF WASHINGTON COUNTY, MARYLAND $9 million

Single-Family Mortgage Revenue Bonds, Series 1981

a. The mortgages will be level payment, but may, in some cases, be made from a combination of graduated payments on the part of the mortgagor and payments made from an account held by the lender.

b. $500,000 is a contribution from the county to fund a reserve fund, and $85,000 is from nonrefundable commitment fees of 1 percent paid by the lenders, for which they will be reimbursed by fees paid by the sellers.

c. The county contains two qualified census tracts. 5.5 percent of lendable funds are being set aside for mortgages in target areas. This amount is 40 percent of the average annual principal amount of mortgage originations in the qualified census tracts over the past three years. The county is also setting

(Continued)