

MEMORANDUM

To: Utah Housing Corporation Participating Lenders
From: Jonathan A. Hanks, SVP/COO
Date: Monday, December 4, 2017
Re: Tax Legislation Effects on Utah Housing Loan Purchases

First, a sincere thank you to those of you who responded to Utah Housing's "call to action" distributed on November 9, 2017 by contacting Utah's Congressional delegation in an effort to retain the tax-exempt private activity housing bonds (PABs) in the tax reform legislation being considered in Congress. The Senate-version of the bill (which passed this past weekend) did not contain the same provision as the House legislation that eliminates PABs. The House and Senate will now work to reconcile the differences between the two bills and we are hopeful that the provision eliminating PABs will be removed from the final bill.

Second, with the potential for PABs to be eliminated in the tax reform legislation, some concern has been raised with regard to Utah Housing's ability to continue to fund its single family mortgage program. The purpose of this correspondence is to assure Utah Housing's lending partners that although the ongoing availability of PABs is somewhat in question, PABs have funded less than 30% of its production since January 2015. Furthermore, had PABs not been available previously, 100% of Utah Housing's production would have been securitized and sold on the secondary market or funded by other capital sources available to Utah Housing. Therefore, while the preservation of PABs is critical in allowing Utah Housing to offer its lowest mortgage interest rate for the FirstHome product, the lack of PABs does not and will not affect Utah Housing's ability to purchase mortgages should the final tax legislation eliminate PABs.

Additionally, Utah Housing's downpayment assistance program (DPA) is not affected by whether PABs are eliminated or not because those loans are funded from Utah Housing's earnings.

I appreciate the partnership Utah Housing has with its participating lenders and look forward to another great year in providing first mortgage financing and down payment assistance for low to moderate income Utah households and excellent customer service to each of you. Please contact Deon Spilker, VP Mortgage Banking dspilker@uthc.org or via telephone at 801-902-8200.