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## **MEDIA RELEASE**

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### **Missouri Housing Development Commission Provides Millions in Mortgages and Assistance to First-Time Homebuyers**

Kansas City – Even in the face of a challenging economic environment, Missouri Housing Development Commission (MHDC) continues to provide quality affordable housing to the low- and moderate-income residents of Missouri. In addition, due to innovative programs and partnerships, MHDC has been able to continue its lending programs for first-time homebuyers with mortgage revenue bond financings and a commitment to homebuyers for assistance with down payment and closing costs.

During periods of exceedingly difficult municipal capital markets, MHDC partnered with the Federal Home Loan Bank of Des Moines (FHLB), privately placing \$55 million in housing bonds. These bond financings provided quality, fixed-rate, 30-year mortgages to Missouri borrowers. During this same period, some housing finance agencies suspended their single family lending programs. Due to its success, this private placement program won a national award for excellence from the National Council of State Housing Finance Agencies (NCSHA) in the “Management Innovation: Financial” category.

In 2009, with some improvement in the capital markets, MHDC had successful single family mortgage revenue bond sales totaling \$115 million. MHDC achieved this with its “AAA” rated bonds and strong support from the Missouri retail market. These capital resources provided over 1,100 first-time homebuyer mortgages, thereby bolstering further support for Missouri’s housing market.

During 2009, in addition to quality mortgage products, the commission provided 3% cash assistance in the form of a second mortgage to homeowners to use at the closing table. From its remaining reserve funds, MHDC will be providing \$19.4 million in down payment and closing costs in 2010.

MHDC administered two alternative down payment assistance programs in 2009 as well: the Tax Credit Advance Loan (TCAL) program and the Neighborhood Stabilization Program (NSP). The TCAL program monetized the federal first-time homebuyer tax credit, allowing homebuyers to use the credit for down payment and closing costs. The program provided \$6 million in funding for qualified Missouri buyers. Like the private placement program with FHLB, TCAL also won a national award for excellence from NCSHA in the “Homeownership: Empowering New Buyers” category. This program was created by MHDC staff, and Missouri was the first state to implement the program that was subsequently used by numerous housing finance agencies throughout the United States.

The NSP program was funded by \$4.2 million in federal dollars to be used by homebuyers purchasing foreclosed homes for their principal residence. TCAL and NSP together assisted over 1,600 Missouri residences with home purchases.

In July 2009, the commission committed an additional \$3 million in funds to provide assistance for a refinance program. With this program, borrowers can receive assistance of 3% for closing costs and down payment assistance, as well as an additional amount of up to \$10,000 to assist those owners in a negative equity position. The total amount of assistance available to a qualified homeowner is \$13,000.

The Obama administration announced the New Issue Bond Program (NIBP) in October 2009. With this new initiative for state housing finance agencies, using the authority provided by the Housing and Economic Recovery Act of 2008 (HERA), the Treasury will purchase Fannie Mae and Freddie Mac securities backed by housing revenue bonds. By participating in this innovative program, MHDC was able to complete the sale of \$260 million in NIBP program bonds in December 2009. This financing will be coupled with \$174 million in market bonds sold in the capital markets during 2010, and will provide mortgages for 4,300 Missouri homebuyers. With such capital resources in place, MHDC is able to currently provide quality, fixed-rate, 30-year mortgages with a 5.125% interest rate (5.625% for borrowers receiving down payment and closing cost assistance). More information regarding MHDC's program is available at [www.mhdc.com](http://www.mhdc.com).

In total, MHDC sold \$390 million in single family mortgage revenue bonds in 2009, and committed \$34.7 million in resources to provide further assistance to borrowers. In 2010, Missouri's first-time homebuyer market will be well-served as a result of MHDC's success in securing alternative funding sources and the establishment of innovative programs during 2009. All factors considered, MHDC is poised to significantly support the Missouri housing economy in 2010.

MHDC is an instrumentality of the state of Missouri, which constitutes a body corporate and politic. It is governed by a board of directors that includes the governor, lieutenant governor, attorney general, state treasurer and six commissioners appointed by the governor. The commission makes funds available for rental housing developments, preservation of affordable rental housing, home mortgages, home improvement loans, grants to neighborhood housing groups and other housing programs. MHDC functions as a bank, providing financing directly to developers or through a network of private lending institutions.

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**NOTE TO EDITORS:** Media questions can be directed to Andi Benson, communications administrator, at 816-759-6658 or [abenson@mhdc.com](mailto:abenson@mhdc.com). If you would like to receive this release by e-mail in rich-text format, please email [abenson@mhdc.com](mailto:abenson@mhdc.com) and provide the e-mail address.