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# What does the Housing Division Do?

Primary Statutory control NRS 319

1. It makes home loans to Nevada families whose income averages 80% of Area Median and whose home price is limited; it funds the mortgages with money from tax-exempt bond proceeds. All bonds are not an obligation of the State of Nevada;[***It averages over 1,000 loans per year since 1990***]

2. It makes apartment mortgage loans but only if they are guaranteed or insured by a 'AA or AAA' rated bank, bond insurer or federal governmental institution and rents are restricted; [***It averages over 1,200 apartment units per year since 1996***]

3. It issues 'AA' rated Letters of Credit to banks to help provide security on portfolios of down payment assistance loans or small unique apartment projects which cannot obtain traditional financing at affordable rates;[***It averages over 200 Down Payment Assistance Loans per year since 2000***

4. It administers $$millions per year for the Federal Tax Credit program, the Federal D.O.E. Weatherization program, the State's Low Income Housing Trust Fund;

ASSEMBLY GOVERNMENT AFFAIRS
DATE: 4/25/03 ROOM: 3143 EXHIBIT C, 1 of 2
SUBMITTED BY: Lon DeWeese

# S.B. #78 as Amended
## Summary Section-by-Section

•§1§§3[e] Existing programs require the following commercial sub-systems and electronic interfaces for which Nevada DOIT has no in-house expertise: Loan Origination; Loan Servicing; Bond cash flow management; Tax Credit Regulatory Compliance; Energy consumption.

•§2 §§1 & 2 Letters of Credit to be effective **must be of investment grade [>BBB+].** Thus, setting the criteria to be dependent upon investment grade levels, will **ensure only viable Letters of Credit are issued**. The Federal Home Loan Bank wrap mechanism requires that the underlying Letter of Credit be investment grade quality.

•§3 §§5 The **5th time debt issuance limit has been raised in 25 years.** Ensures that only investment grade debt is issued. [Over $500 million issued in past 3.5 years.]

•§4 [g] Adds Housing Division to list of other 'exempted agencies' with highly specialized DP systems.

•§5 Removes sunset on elements created in 2001 Legislature's unanimously approved S.B. 552. Worry is that granting authority, purchasing authority would expire just when it becomes critically needed. **The test of safe uses has been met.**

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