

NCSHA 2015 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 10, 2015

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact Matt Cunningham at mcunningham@ncsha.org or 202-624-5424.

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

Use this header on the upper right corner of each page:

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

NCSHA Annual Awards of Excellence Nomination

Homeownership: Empowering New Buyers

Alabama Home Buyer Initiative Assists More Than 1,600 Home Buyers

Overview of program

The Alabama Home Buyer Initiative, which began in March 2014 and ended one year later in March 2015, was an immensely successful program that provided private mortgage insurance (PMI) at no cost to the borrower. AHBI paid the up-front single PMI premium, saving the average homebuyer approximately \$120 to \$150 per month. This unique option was designed to complement AHFA's Step Up mortgage program by pairing Step Up's 30-year, 97% fixed-rate financing and 3% down payment assistance with no PMI costs for the homebuyer.

In order to promote more new construction, \$100 million was reserved for the first six-month period of the program for proposed construction cases. Each loan received a four-month commitment of funds during the home's construction period.

AHBI could be accessed through a statewide network of participating lenders.

Program Details:

- Total household income could not exceed \$97,300
- Homeowners had to complete a homeownership education course to qualify
- Both newly constructed residences and existing homes were eligible
- Eligible loan area: the entire geographical limits of the state
- 97% LTV through Fannie Mae HFA-Preferred product for conventional loans
- AHFA-provided down payment assistance up to 3%. This assistance was a second mortgage amortizing over a 10-year period at the same interest rate as the first mortgage.
- By combining AHFA financing with a Mortgage Credit Certificate, homebuyers could save even more
- Lender requirements were consistent with the Step Up program requirements established by AHFA
- AHBI fund paid the PMI premium in an up-front single premium

Background

AHBI was created through a collaboration between the Alabama Housing Finance Authority and the Home Builders Association of Alabama. The groups advocated for the initiative as an economic stimulus program centered on home buying and the real estate market, and the fund received a one-time contribution of \$6 million from the Alabama Capital Improvement Fund.

The funds were to be held in the Alabama State Treasury and administered through AHFA. Former Governor Bob Riley signed the legislation into law in March 2009.

AHFA then created a task force of homebuilders, Realtors and lenders to brainstorm ideas on how to utilize the money most effectively. They came up with a self-insurance fund using the \$6 million contribution as seed money that would eliminate PMI costs for homebuyers. Unfortunately, in 2009, the real estate market was in the height of its instability, and the structure of the program made it difficult to sell because investors were not willing to buy the securities.

In 2014, the groups crafted a more marketable solution that would resurrect the program – AHBI would pay the upfront PMI premium for homebuyers, hopefully encouraging them to return to the market at a time when it was beginning its recovery.

In order to implement the program's new guidelines, the initiative's legislation had to be changed. The new legislation made its way through the House and Senate without a single dissenting vote, and was signed into law by Governor Robert Bentley on March 3, 2014.

In order to effectively utilize resources, AHFA created a bid process to identify the mortgage insurance company that would give the best rates. Genworth Financial, Inc. was the successful bidder and joined the list of other collaborators in implementing and promoting the program, which also included the Home Builders Association of Alabama, Alabama Association of Realtors, Mortgage Bankers Association of Alabama, and Alabama Bankers Association.

Results

At a key time when the real estate market was struggling to secure a rebound, AHBI turned the fund's initial \$6 million commitment into approximately \$243 million in home sales by allocating allotted funds to more than 1,600 homebuyers. 10.31% of the total home sales generated were new construction.

The borrower averages were as follows:

- Average Household Income: \$68,258
- Average Primary Borrower FICO Score: 726
- Average Family Size: 2
- Average Primary Borrower Age: 33

AHBI was the first program in the country to eliminate PMI costs for homebuyers, and when combined with the Fannie Mae, HFA-preferred Step Up program providing 97% financing and 3% down payment assistance, the program opened up doors for potential homebuyers like AHFA had never seen before.

Other states can replicate AHBI by securing funds to pay the PMI costs as well as comparable collaborations with real estate organizations that would also see the benefits to all groups involved with a program like this.

Conclusion

The Alabama Home Buyers Initiative was a resounding success in terms of meeting both of its initial strategic objectives:

1. *Creating an economic stimulus program centering on home buying and the real estate market*: AHBI generated approximately \$243 million in home sales in 11 months and helped more than 1,600 homebuyers purchase a home. Such activity in the housing industry also generated significant sales taxes, ad valorem taxes, and other economic stimulus outcomes across the state.
2. *Increase awareness of AHFA and its programs, particularly Step Up*: By collaborating with the Home Builders Association of Alabama, Mortgage Bankers Association of Alabama, Alabama Bankers Association and Alabama Association of Realtors to promote AHBI, many homebuilders, Realtors and lenders were made aware of AHFA and its programs that they could in turn inform their customers about. Pairing AHBI with the Step Up program also ensured these audiences would become more knowledgeable about AHFA's premiere home financing product.

Mary Bland is one of the more than 1,600 Alabamians who benefited from AHBI. Single mother and long-timer renter, Bland wanted more space for her teenage son, a varsity athlete, to practice. She said her 16-year-old son had always wanted a backyard to play in. "He is a great kid and does not ask for much," she stated. After being encouraged by her lender, Bland applied for AHBI, and the combination of no PMI costs, along with Step Up's financing and down payment assistance made it affordable for her to purchase a home. She noted that her house payment is only slightly higher than the rent she had been paying. Bland said, "This was the easiest and most rewarding experience. I have told everyone I know that this was a piece of cake. This was easier than purchasing a car." Bland and her son moved in on the same day her loan closed and are enjoying their home as much as they had hoped. Bland said, "My son and I go into the backyard and throw the football around. We love our new home."

By eliminating the PMI premium, thereby saving homebuyers anywhere from \$120 to \$150 per month, AHBI enabled many Alabamians like Bland to make their dream of buying a home a reality.

Alabama Housing Finance Authority
Alabama Home Buyer Initiative Assists More Than 1,600 Home Buyers

AHBI Bill Signing: 3/3/14



Front of AHBI Flyer



New Mortgage Initiative to Cover PMI for Homebuyers

For a limited time, homebuyers can benefit from a new mortgage enhancement--the Alabama Home Buyer Initiative--that will provide private mortgage insurance (PMI) at no cost to the borrower. This special offering is available through the Alabama Housing Finance Authority.

The initiative will pay the up-front single PMI premium--saving the average homebuyer approximately \$150 each month.

This unique option is designed to complement AHFA's Step Up mortgage program by providing 30-year, fixed-rate financing and down payment assistance with no PMI costs for the homebuyer. The initiative is only available with Step Up conventional loans through Fannie Mae's HFA Preferred product. Eligible borrowers may earn up to \$97,300 in total household income and must also complete a homeownership education course to qualify.

For proposed construction cases, \$100 million has been reserved for the first six-month period of the initiative. Each loan will receive a four-month commitment of funds during the home's construction period. Rate locks (15- and 30-day) will be available during the 120-day commitment period.



Back of AHBI Flyer

ALABAMA HOME BUYER INITIATIVE FACTS:

- Private mortgage insurance (PMI), underwritten by Genworth Mortgage Insurance and provided at the expense of the initiative, will insure the first mortgage.
- The Alabama Home Buyer Initiative enhancement is designed to complement AHFA's Step Up financing product.
- Step Up provides 30-year, fixed-rate financing and down payment assistance for borrowers earning less than \$97,300.
- Step Up is able to offer 97% LTV financing through Fannie Mae's HFA Preferred product for conventional loans.
- AHFA provides down payment assistance up to 3%. The assistance will be a second mortgage amortizing over a 10-year period at the same interest rate as the first mortgage.
- Homebuyers must complete a homeownership education course to qualify.
- Proposed construction, new and existing homes will be eligible to participate.

What is the Step Up program?

Step Up is a homeownership program designed specifically for moderate-income home buyers who can afford a mortgage, but need help with the down payment.

The down payment funds are secured by a 10-year second mortgage and are combined with a 30-year, fixed-rate first mortgage. Since the loans are serviced by ServiSolutions, a department of AHFA, homeowners have only one check to write each month. Program participants must complete a homebuyer education course to qualify.

Participants may earn up to \$97,300, regardless of household size or location.



P.O. Box 242967 334.244.9200 phone
Montgomery, AL 36124-2967 334.244.9214 fax



News Release

For Immediate Release
March 30, 2015

Contact: Kristi Gates
334.244.9200 | kgates@ahfa.com

Alabama Home Buyer Initiative Ends Year-Long Run *Program Paid PMI Costs for More Than 1,600 Borrowers*

MONTGOMERY – The Alabama Housing Finance Authority is announcing the end of the limited-time Alabama Home Buyer Initiative (AHBI). AHFA allocated allotted funds to more than 1,600 homebuyers, generating approximately \$243 million in home sales since the initiative’s introduction in March 2014.

AHBI was a mortgage enhancement fund enacted by the Alabama Legislature, held in the Alabama State Treasury and administered through AHFA that provided private mortgage insurance (PMI) at no cost to borrowers. AHBI paid the up-front single PMI premium, saving the average homebuyer approximately \$150 each month.

“We are pleased the initiative spurred impressive housing activity and home sales, while also generating significant sales taxes, ad valorem taxes and economic stimulus across the state,” said AHFA Executive Director Robert Strickland. “We thank the Home Builders Association of Alabama and the Alabama Association of Realtors, which were instrumental in helping create this economic stimulus program, as well as all of our participating lenders for making the initiative a great success for Alabama homebuyers.”

AHBI was designed to complement AHFA’s Step Up mortgage program by adding no PMI costs for the homebuyer to Step Up’s already 30-year, fixed-rate financing and down payment assistance. Although AHBI has come to an end, borrowers can still utilize and benefit from the Step Up program.

AHFA, established in 1980 by an act of the Alabama Legislature, is a self-supporting public corporation dedicated to meeting the needs of the state’s low- to moderate-income citizens. It has helped more than 105,000 households—serving as Alabama’s affordable housing resource.

Come on home, Alabama.