

**2014 Entry Form**  
**(Complete one for each entry.)**

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

**Entry Name** \_\_\_\_\_

**HFA** \_\_\_\_\_

**Submission Contact** \_\_\_\_\_

**Phone** \_\_\_\_\_ **Email** \_\_\_\_\_

Qualified Entries must be received by **Tuesday, July 1, 2014.**

For more information about Qualified Entries, [click here to access the 2014 Entry Rules.](#)

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

HFA \_\_\_\_\_

Entry Name \_\_\_\_\_

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

## **Changing for the Better Initiative**

### **Homeownership: Empowering New Buyers**

When planning for the spring 2014 homebuying season, this HFA was faced with a daunting task: How to combat a sluggish real estate market in an economy that continues to lag behind the nation in a state with the highest unemployment rate in the nation?

With no new loan products on the horizon, this HFA played upon one of its strengths and parlayed that into a 45% uptick in our mortgage loan production January 1 through May 30 of this year. What was that strength you ask? Our ability to “change for the better” and shift our homebuying focus to an entirely new effort based on strengthening and expanding our Participating Lender partnerships. While we have seen the positive results of leveraging partnerships in other Rhode Island Housing activities, we have spent years it seems in competition with our Participating Lenders. With our own in-house retail loan department (the Rhode Island Housing Loan Center), much of our efforts had been on promoting our products through our in-house originators. This practice was limited in many aspects as we have 4 in-house originators trying to cover the entire state and without big marketing dollars for advertising campaigns, we struggled to reach our HFA targeted customers.

#### **Summary**

In a state that still struggles with the highest unemployment in the nation and the lingering effects of the recession, jumpstarting our homebuying efforts was critically important to this HFA, our state’s economic wellbeing and the customers we serve. Based upon a multi-pronged approach to engaging and providing improvements and expanded customer service to our Participating Lenders, Rhode Island Housing has witnessed a 45% uptick in our mortgages January 1 through May 30 of this year. The majority of this lending activity is based on our Participating Lenders, when for many years, the majority of lending activity had derived from our in-house Loan Center.

Under the umbrella of “Changing for the Better,” we rolled out within the past year a number of inter-related initiatives to improve lender participation and satisfaction and thereby expand our loan portfolio and reach within the state.

#### **Changing for the Better**

We began by **introducing a number of low cost financing opportunities**, including:

- **Low down payment:** As an HFA, Rhode Island Housing can continue offering 97% financing as well as providing closing cost and down payment assistance and deferred payment second mortgages. Borrowers qualifying for our down payment assistance can receive up to 105% financing.
- **Mortgage insurance savings:** Qualified buyers can take advantage of our no mortgage insurance product which can save about \$105 per month on a \$200,000 mortgage, versus an FHA loan. Additional product enhancements will include low premium mortgage insurance for borrowers who make a limited down payment.
- **Refinancing and new home products:** We now offer loan refinancing up to 97% of home value. Homebuyers who are moving up to a larger home or scaling down to a smaller one can also be served.
- **Home improvement financing:** Rhode Island Housing continues to offer its buy and fix-up mortgage which allows homebuyers to wrap the cost of home improvements into one mortgage.

Coupled with that, we made dramatic changes to **improve program flexibility for our lenders:**

- **More attractive pricing for our participating lenders.** We depend on our participating lenders to offer our products to homebuyers, so we began offering them more flexible and attractive pricing options for doing so.
- **Mortgage limits replace income limits.** To conform with the regulations of Fannie Mae, Ginnie Mae and FHA, we are switching to mortgage loan limits instead of income limits to allow us to serve more borrowers. This change also makes it faster and easier for borrowers, Realtors and lenders to determine program eligibility.
- **Improved systems.** We are making it easier for participating lenders to use our products by improving systems and forms to more closely follow private investor formats.

These program enhancements and increased flexibility were very attractive to our lender partners and we began to see increased interest from lenders who had not been offering our loans as well as an increase in loan volume from our existing network of Participating Lenders.

### **Internal Changes**

Additional improvements included the creation of a new staff position – Lender Services Manager. This new position acts as liaison between Participating Lenders and mortgage brokers and Rhode Island Housing’s underwriting and operations team, from loan submission to the finalization of the loan. The Manager also works with lenders and mortgage brokers to assure loans are properly structured and meet loan submission and secondary market guidelines, as well as communicating conventional and government loan guidelines and the current regulatory framework. Additionally, the position works to grow Rhode Island Housing’s network of lender and mortgage broker partners.

We also began an effort to increase our customer service to our lender partners. We assigned various staff to serve as additional liaisons to our lender partners, making themselves available to answer questions and provide a high level of attention and responsiveness to them.

### **Outreach and Partnerships**

We began having regular meetings with members of the Rhode Island Mortgage Bankers Association (RIMBA), as well as our current Participating Lenders and lenders that had not traditionally worked with us. Where traditionally lenders saw us as competition – due to the fact that we have our own in-house shop for loan origination – we wanted to work closely with lenders to break down these barriers as we recognized they were the key to expanding our loan portfolio and reach to targeted customers.

We had a lot of work to do in this regard. The Mortgage Bankers Association had expressed concern over the ability of our Loan Center to originate mortgages to non-first-time homebuyers (which we had introduced in 2012) and our own mortgages without IRS required income limits. The association approached the General Assembly and Governor to voice their concern. As a result, there was an effort to introduce legislation that would have limited our ability to offer refinance loans and loans at certain income limits.

To address this concern, we began negotiations with the mortgage bankers and introduced a resolution to our Board of Commissioners to limit the loans that our Loan Center could originate to first-time homebuyers only and with the IRS income limits in place. Since passage of this resolution, our relationship with this association has greatly improved and we now have a solid partnership with the mortgage bankers. We now refer customers who come to Rhode Island Housing, but who are over the income we are able to serve, to one of our top three lenders on a rotational basis.

### **Additional Improvements**

To further improve our relationships and offerings to Participating Lenders we have:

- Educated existing Participating Lenders on Rhode Island Housing's core competencies, including training sessions both in-person and via webinar format to lenders and their staff
- Held networking and informational events such as a spring Lender Breakfast for our network of lenders and those we are trying to sign on as Participating Lenders
- Crafted collateral marketing materials with lenders to highlight Rhode Island Housing loans and offered assistance and guidance on Lenders' print and television media campaigns.
- Participated in joint marketing events to create awareness of new institutional platform to real estate agents and Rhode Island homebuyers
- Expanded our Homebuyer Education offerings to allow more lenders to participate and thereby market to attendees at these classes
- Created our new Homeownership microsite, which highlights and markets the role of our Participating Lenders, with hyperlinks to their websites and contact information

### **Good for our Lending Partners**

- Provide lending opportunities only available through Housing Finance Agencies
- Increased lender compensation with fewer regulatory requirements
- Improved processing that is similar to other secondary market buyers
- Promote partnership, not competition

### **Results**

**Mortgage registrations for April reached a level of registrations not seen since 2009.** Even the introduction of new loan products in spring 2012 did not produce this level of loan volume. For the first time in many years, the pipeline of loans from our lender partners and brokers was larger than the pipeline for loans generated by the Loan Center. Registrations year-to-date from all channels are ahead of last year by 36%; closed loans are ahead of last year by 24% (even with the continued high unemployment rate and faltering economy). These numbers are in spite of difficult winter months and a statewide sales increase over the same period of less than 2%. The number of Participating Lenders who have funded loans has grown 21% year to date 2014 versus calendar year 2013 (1/1/14-5/31/14 versus all of 2013).

Throughout the winter and spring, lenders who had not traditionally offered our loans began to express interest in rekindling our relationship as a result of our changes and through the efforts of our Lender Services Manager. During this timeframe we also:

- Assisted existing lenders in implementation of product changes and new underwriting guidelines on their internal loan origination systems and product menus.
- Collaborated with 3 banks to add Rhode Island Housing's suite of Extra Assistance products to better meet customer demand
- Forged new relationships with 4 national lenders and one Rhode Island Mortgage Broker

As a result of these efforts, more Rhode Islanders are aware of our products and services, more Rhode Islanders benefited from these programs, relationships with Lender Partners were expanded and strengthened, we exceeded loan production goals (following several years of not meeting targets) and have built a solid foundation for future efforts.

### **Attachments:**

Changing for the Better

# Rhode Island Housing's Mortgage Programs Changing for the Better

At Rhode Island Housing we have made some changes to our mortgage programs that are...

- Good for homebuyers and homeowners
- Good for our lending partners
- Good for the sustainability of our programs and services

## **GOOD FOR HOMEBUYERS AND HOMEOWNERS**

- Wider array of home loan options
- Up to 105% financing with our down payment assistance
- Opportunities for low down payment AND no mortgage insurance
- Low rates and low down payments also available to homeowners looking to refinance or move to another home
- Local servicing by Rhode Island Housing

## **GOOD FOR OUR LENDING PARTNERS**

- Provide lending opportunities only available through Housing Finance Agencies
- Increased lender compensation with fewer regulatory requirements
- Improved processing that is similar to other secondary market buyers
- Promote partnership, not competition

## **GOOD FOR THE SUSTAINABILITY OF OUR PROGRAMS AND SERVICES**

- Reduces financial risk to Rhode Island Housing
- Creates jobs for Rhode Islanders and promotes homeownership in Rhode Island
- Sustains programs and services for low-income homebuyers, very low-income renters and the homeless

To learn more, or if you have any questions about our homeownership programs, please contact Peter Walsh by phone at 457-1148 or via email at [pwalsh@rhodeislandhousing.org](mailto:pwalsh@rhodeislandhousing.org).

**WHY IS RHODE ISLAND HOUSING MAKING CHANGES TO ITS PROGRAMS?** For many years, Rhode Island Housing funded its single family mortgages with tax-exempt bonds. Recent turmoil and Federal Reserve intervention in financial markets has interrupted the rate advantage of tax-exempt bonds. At the same time, federal agencies have recognized the importance of state housing finance agencies (HFAs) like Rhode Island Housing and offered special programs and concessions for HFAs and their participating lenders. Rhode Island Housing is adapting to these federal agency and financial market changes, and preparing to respond to whatever the future of housing finance may bring. Our goal is to always offer the best possible financing opportunities to Rhode Islanders.

**WHAT CHANGES ARE HAPPENING?** In addition to our traditional First Homes program, we are increasing mortgage opportunities for homebuyers, homeowners and participating lenders.

### 1. More low cost financing opportunities.

- **Low down payment:** As an HFA, Rhode Island Housing can continue offering 97% financing as well as providing closing cost and down payment assistance and deferred payment second mortgages. Borrowers qualifying for our down payment assistance can receive up to 105% financing.
- **Mortgage insurance savings:** Qualified buyers can take advantage of our no mortgage insurance product which can save about \$105 per month on a \$200,000 mortgage, versus an FHA loan. Additional product enhancements will include low premium mortgage insurance for borrowers who make a limited down payment.
- **Refinancing and new home products:** We now offer loan refinancing up to 97% of home value. Homebuyers who are moving up to a larger home or scaling down to a smaller one can also be served.
- **Home improvement financing:** Rhode Island Housing continues to offer its buy and fix-up mortgage which allows homebuyers to wrap the cost of home improvements into one mortgage.

### 2. Increasing program flexibility.

- **More attractive pricing for our participating lenders.** We depend on our 36 participating lenders to offer our products to homebuyers, so we are offering them more flexible and attractive pricing options for doing so.
- **Mortgage limits replace income limits.** To conform with the regulations of Fannie Mae, Ginnie Mae and FHA, we are switching to mortgage loan limits instead of income limits to assure that we are serving low- and moderate-income homeowners and homebuyers. This change also makes it faster and easier for borrowers, Realtors and lenders to determine program eligibility.
- **Improved systems.** We are making it easier for participating lenders to use our products by offering an online portal where lenders can upload loans and more closely follow private investor formats.

**3. More improvements to come.** Working with our partners, we are always looking to make buying and owning a home more affordable and accessible to Rhode Islanders.

