

## **Rhode Island Housing Mortgages:** More than just for first-time homebuyers **Homeownership: Empowering New Buyers**

### **Summary**

With a mission of helping all the people who live and work in Rhode Island find and keep a home they can afford, Rhode Island Housing introduced new mortgage options – *More than just first-time homebuyers*. Launched in April 2012, we were able to expand our mortgage options because we could offer no mortgage insurance thus ensuring lower monthly costs. Additionally, the expansion included no mortgage insurance to first-time homebuyers who qualified as well as to non-first-time homebuyers who want to move to a new home or refinance.

**While the no mortgage insurance program is open to all HFAs, what makes ours stand out is the fact we offer extra assistance to first-time homebuyers. The extra assistance allows us to provide up to 100% financing in the form of a first mortgage and an amortizing second mortgage. Additionally, our no mortgage insurance program includes a closing cost assistance loan.**

*We can now say that our loan products can meet the full spectrum of homebuyers to those who meet the qualifications.*

### **Expanded Options/Program Enhancements**

Similarly to our FirstHomes100 and FirstHomes100+ mortgages, we offer this new program, which requires no mortgage insurance, through our lending partners and directly to consumers via Rhode Island Housing's Loan Center. The "no mortgage insurance" loans are also available to first-time homebuyers who qualify.

The new mortgages expand on Rhode Island Housing's already-existing loans of low, fixed-rate 30-year mortgages and 100 percent financing geared to first-time homebuyers. Additionally, Rhode Island Housing continues to offer a special loan, FirstHomes100+, that allows for funds to complete essential repairs and upgrades to the home, and a consultant to help you through the renovation - in one low, fixed-rate loan.

The expansion of loan products was designed to generate home-buying activity in the State of Rhode Island, one of the hardest hit in the nation. This new offering, in combination with existing programs, makes homebuying more affordable and accessible to more Rhode Islanders because it reduces monthly costs.

The borrowing limit is as high as \$415,000 and income guidelines do apply. They are \$87,800 for a household of one or two persons and \$102,400 for more than three persons. The guidelines are aligned with Rhode Island Housing's mission.

### **Lower Costs**

The new loan options are a lower-cost alternative because it will no longer require mortgage insurance for those who qualify. The savings will allow borrowers to have a lower monthly payment on a 30-year fixed rate mortgage. Although the interest rate will be a little higher, we will be able to offer mortgages that cost the homeowner with a 30-year, \$200,000 mortgage about \$166 less per month, which is a savings of nearly \$2,000 per year.

Because the new loans do not require Mortgage Insurance, they give homebuyers lower monthly costs and for first-time homebuyers who qualify, they can receive a loan with no MI, which lowers their costs. Additionally, for those who want to move or refinance, they can receive 97 percent financing. For first-time homebuyers, they can receive 100 percent financing (97 percent for 2-4 family homes.)

**Case Study:** Jessica and Joseph of Cranston, RI are first-time homebuyers, who, because of their good credit rating, received one of the first FirstHomes100 with no Mortgage Insurance mortgages. The nearly \$165 in monthly savings they received have given them flexibility with their budget and allowed them to do improvements on the home, which is a three-bedroom cape.

### **How it Works**

Traditionally, Rhode Island Housing has made funds available for first-time homebuyers from the sale of tax-exempt bonds to Lenders and Brokers for the purpose of purchasing qualified mortgages originated by Lending Partners on a first-come, first-served basis. Separate allocations are made for loans in targeted areas and for qualified low-income borrowers. Now, funding for first-time homebuyers and non-first-time homebuyers is available through a special national partnership between Fannie Mae (FNMA) and state Housing Finance Agencies (HFAs) such as Rhode Island Housing.

### **Consumer Awareness**

To raise awareness of our new loan offerings, especially as consumers are familiar with us as lenders for first-time homebuyers, we have worked closely with our community partners, realtors and others to ensure that prospective homebuyers are aware of our expanded offerings. To date we have employed the following outreach tactics:

- **Earned media:** The largest daily newspaper in Rhode Island has published several stories about it.
- **Advertising:** As more and more prospective homebuyers are using online resources to shop for a home, we have created an online advertising campaign and feature ads on sites such as Zillow, Trulia, etc. We also produced radio commercials, back-of-the-bus advertising and advertised in local English and Spanish newspapers.
- **Direct Mailing:** We sent a direct mailer to nearly 20,000 past customers as well as personalized letters to our vendors, and business and community partners.
- **Events:** We have introduced our new loan options at realtor breakfasts, homebuyer fairs and meetings that relate to real estate professionals.
- **Social Media:** We also feature all our advertising campaign materials on our website; we post them to Facebook and Twitter. We also utilize Constant Contact to share updates on our new loan product with a wide audience.

### **2012 Ad Campaign**

Rhode Island Housing is celebrating a major expansion of its loan options beyond first-time homebuyers and lower costs to first-time homebuyers. Our ad campaign – *Take the next step with Rhode Island Housing* – is designed to spread the word that borrowers who are interested in buying a new home or refinancing can now receive a mortgage from Rhode Island Housing.

Our new ad campaign features the following components:

- Radio ads
- Bus ads
- Ads in local media outlets, consumer-oriented trade journals
  - All advertisements appear in both English and Spanish to reflect our state's demographic

## Results

As we enter the second month of providing our expanded loan options to more Rhode Islanders, the interest and excitement continues among our lender partners and real estate professionals. The advertising campaign began this month with English and Spanish radio spots; English and Spanish print ads; and online banners at homebuying-related websites such as zillow.com. The last week of June, we will be mailing information to 20,000 former customers. A similar mailing went to nearly 400 of our vendors. Our executive director met with the Greater Providence Board of Realtors to discuss our new options and answer questions about underwriting. We launched the event at a breakfast for real estate professionals. Attendance numbered nearly 200. Additionally, the loan option was featured during the weekend of June 9 during the Rhode Island Realtors' Statewide Open House Weekend. The Rhode Island Association of Realtors hosts the event to showcase their properties to potential buyers. We have already held meetings and had discussions with our lending and real estate professional partners to inform them about this exciting new program, and other changes we are instituting to make our lending products as affordable and accessible as possible. The feedback from these partners has been favorable, and we are looking forward to working with them to create more affordable lending opportunities for Rhode Islanders.

Most importantly, by the end of May, **we had closed 41 mortgages, a 20% increase in activity from May 2011.**

## Fulfilling our Mission

Rhode Island Housing is committed to serving homebuyers, homeowners and the entire real estate industry. We are re-dedicating our commitment to excellence and, after 5 tough years, we are working extra hard to restore the joy, which comes from buying and owning a home. We can now say that our mortgages meet the full spectrum of homebuyers in today's housing market. From first-time homebuyers, to those looking to "move up" or refinance, our mortgages now truly meet the needs of all Rhode Islanders.

To empower lower-income homebuyers purchasing deed restricted properties, our no mortgage insurance option provides 100% financing in the form of an 85% first mortgage and a 15% silent second mortgage plus a closing cost assistance loan. Our new loan options are a major step for Rhode Island homebuyers and homeowners and aligned with our work to help stabilize neighborhoods and improve the economy by creating loan options that will help more Rhode Islanders buy a home.



# Mortgages for All Rhode Islanders

## More than Just First Time Homebuyers

### First Time Homebuyer

- 100% financing (97% financing for 2-4 family homes)
- Funds for closing costs

**NEW**

- **Lower monthly costs**  
*No Mortgage Insurance Required*

### First Time Homebuyer, Homes Needing Repairs

- 100% financing to purchase property (96.5% financing for 2-4 family homes)
- Finance purchase AND repairs in one loan up to 110% of completed value
- Funds for closing costs
- Includes distressed properties and foreclosed homes

**NEW**

### Move-Up (non first time homebuyers)

- 97% financing
- **Lower monthly costs**  
*No Mortgage Insurance Required*

**NEW**

### Refinance

- Up to 97% Loan to Value (LTV)
- **Lower monthly costs**  
*No Mortgage Insurance Required*

**NEW**

### Home Inspections

- Not required as part of loan approval process

### All Rhode Island Housing Loans:

- Available directly from Rhode Island Housing or a participating lender
- Fixed-rate, 30 year term
- Serve household incomes as high as \$87,800 for 1 or 2 persons or \$102,400 for more than 3 person households
- Borrow as much as \$415,000

### Comparison of 4% FHA loan and 4.5% No MI loan

\$200,000 30 year term

	4% FHA*	4.5% no MI*
Mortgage Payment	\$971.54	\$1,013.37
FHA Insurance	\$208.20	\$0
Total Monthly Payment	\$1,179.74	<b>\$1,013.37*</b>
	*APR 5.090%	*APR 4.611%

**\*Savings of \$166.37/month**  
**Savings of \$1,996.44/year**





**Rhode Island Housing**  
working together to bring you home

## **Mortgages for all Rhode Islanders** More than Just First Time Homebuyers

Rhode Island Housing offers a line of affordable products and services designed to help homebuyers safely buy and keep a home.



## FirstHomes

Our FirstHomes line of products and services include everything from safe, low-interest loans to down-payment and closing-cost assistance along with local servicing. Our **no mortgage insurance** option for first-time homebuyers who qualify is a lower-payment alternative (for loans with an LTV of more than 80%).

NEW

## Beyond FirstHomes

Beyond FirstHomes are our newest mortgages for individuals or families who have already purchased their first home and are interested in either buying a new home or refinancing. We offer a lower-payment alternative (for loans with an LTV of more than 80%) because they require **no mortgage insurance** and provide financing up to 97%.

For details on our homebuyer products and services, visit our website at [www.rhodeislandhousing.org](http://www.rhodeislandhousing.org) or call us at 401-243-0000.



# RHODE ISLAND HOUSING'S **NEWEST LOANS** OFFER OPTIONS TO MORE RHODE ISLANDERS

Rhode Island Housing has expanded beyond first-time homebuyers to homeowners who are interested in moving or refinancing. This is a new opportunity for more Rhode Islanders to take advantage of even lower monthly payments as well as Rhode Island Housing's fixed rate, 30-year term. Because Rhode Island Housing services all of its loans, you will get local, knowledgeable assistance.

**To learn more, call: 401-429-1440,  
email: [loancenter@rhodeislandhousing.org](mailto:loancenter@rhodeislandhousing.org)  
and/or visit: [www.rhodeislandhousing.org](http://www.rhodeislandhousing.org).**

TAKE THE **NEXT STEP** WITH  
RHODE ISLAND HOUSING



NEW

## MOVE UP (NON FIRST-TIME HOMEBUYERS)

For well qualified borrowers

- 97 percent financing
- Lower monthly payments
- No Mortgage Insurance required

NEW

## REFINANCE

For well qualified borrowers

- Up to 97 percent
- Lower monthly payments
- No Mortgage Insurance required

## FIRSTHOMES 100

- FirstHomes100 mortgages are low, fixed rate, 30-year mortgages for single-family homebuyers with 100 percent financing

NEW

- **For well qualified borrowers:** Our No Mortgage Insurance option for first-time homebuyers who qualify is an added lower-payment alternative
- Rhode Island Housing will service your loan and provide free counseling, education and support

## FIRSTHOMES 100+

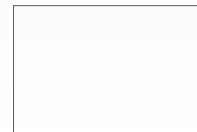
- This special loan provides all the benefits of FirstHomes100 PLUS all the funds to complete essential repairs and upgrades to the home, and a consultant to help you through the renovation - in one low, fixed rate loan



**RhodeIslandHousing**  
working together to bring you home

Our loan specialists are standing by to help you take the next step with Rhode Island Housing. **To learn more, call: 401-429-1440, email: [loancenter@rhodeislandhousing.org](mailto:loancenter@rhodeislandhousing.org) and/or visit: [www.rhodeislandhousing.org](http://www.rhodeislandhousing.org).**

**Rhode Island Housing**  
44 Washington Street  
Providence, RI 02903





**LOAN OPTIONS**  
**FOR MORE RHODE ISLANDERS**

**MOVE IN** **MOVE UP** **REFINANCE**

TAKE THE **NEXT STEP** AT  
**RhodeIslandHousing.org**

RHODE ISLAND  
**BUS-123**

# Example of Rhode Island Housing's 2012 online campaign

The screenshot displays the Trulia website interface for a real estate search in Providence, RI. The top navigation bar includes the Trulia logo, a search bar with "Providence, RI" entered, and links for "HOMES", "Buy", "Rent", "Advice", "Mortgage", "Local Info", "Find a Pro", "SIGN UP", "Log in", and "Help".

The main content area is titled "Providence Real Estate & Homes For Sale — 1,735 homes found". It features a "List" view and a "Sort by" dropdown set to "Featured".

On the left sidebar, there are sections for "LOCATION" (Providence, RI), "REFINE SEARCH" (with filters for Price, Beds, Baths, and Listing type), and "Search Within" (Location). There are also links for "New listings email alerts", "Save this search", and "Contact local agents".

The main listing area shows three featured properties:

- \$144,900** 30 Farm St, Providence RI (3 br / 1 full, 1 partial ba / 1,335 sqft / \$109/sqft). Single-Family Home, Mount Pleasant (02908). Coldwell Banker Residential. Includes a photo and "16 photos" link.
- \$139,000** 25 Rosebank Ave, Providence RI (6 br / 2 ba / 2,306 sqft / \$60/sqft). Multi-Family Home, Elmhurst (02908). postlets.com. Includes a photo and "5 photos" link.
- \$289,000** 24 6th St, Providence RI (4 br / 2 ba / 1,800 sqft / \$161/sqft). Single-Family Home, Hope (02906). Residential Properties. Includes a photo and a "REDUCED by \$10,000 (3.3%) on May 18..." notice.

Two promotional banners are present on the right side:

- MORE LOAN OPTIONS FOR HOMEOWNERS**: Encouraging users to "MOVE IN", "MOVE UP", or "REFINANCE" with an illustration of a family and a house. Below it, it says "TAKE THE NEXT STEP AT RhodelslandHousing.org".
- WELLS FARGO HOME MORTGAGE**: Promoting homebuying services with the text "Your homebuying questions answered in one place" and an illustration of a laptop displaying a website.