THE HFA INSTITUTE 2019

Affordable Housing Industry Transformation (AHIT)

Lender Perspective

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HOME and Housing Trust Fund
JANUARY 13 – 15

Housing Credit
JANUARY 15 – 17

MRBs and Other Federal Homeownership Programs
JANUARY 16 – 18

Section 8 and Other Federally Assisted Multifamily Housing
JANUARY 16 – 18

NCSHA
National Council of State Housing Agencies

Goal

- Offer more programs to help more low-to-moderate income first time homebuyers achieve dream of homeownership

HOMEOWNERS

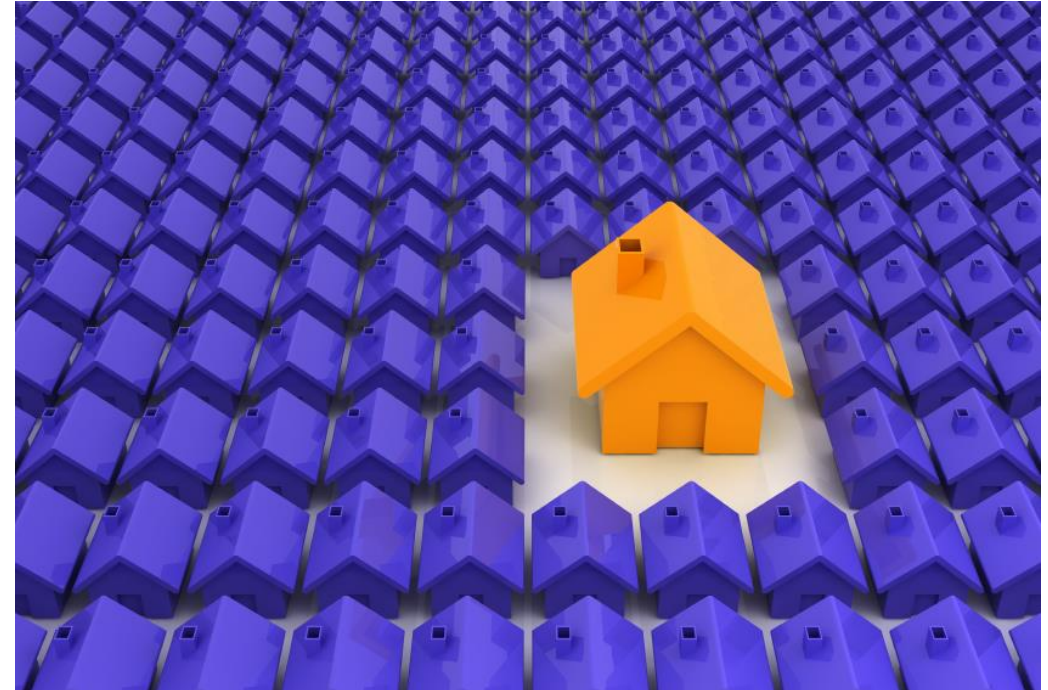# Lender Participation Obstacles

- Program Structure Varies
  - Most programs have some unique characteristics which can create ambiguity and uncertainty
  - Lenders don't understand why parameters aren't the same from DPA program to DPA program
  - Various program types (CSP, Grant, EAH, Deed Restriction, MCC, etc) with varying structures for HFAs causes confusion
  - Varying second mortgage loan terms (balloon, forgiveness, deferral, interest) and layering capabilities misunderstood

Lender Participation Obstacles

- Borrower Eligibility Varies:
  - FTHB definition
  - Targeted areas
  - Income limits by program (household size, county, one set limit)
  - Sales price limits vs loan limits by program
  - Special Incentives for veterans, teachers or firefighters, etc

Lender Participation Obstacles

- Varying Guidelines
  - Lack consistency
  - Differences between HFA, Loan Product and Servicer
    - Risk for unpurchaseable loans
  - Guideline Layout
  - Complete information for lending departments:
    - Sales
    - Locks
    - Disclosures
    - Processing
    - Underwriting
    - Funding
    - Post-Closing
    - Secondary
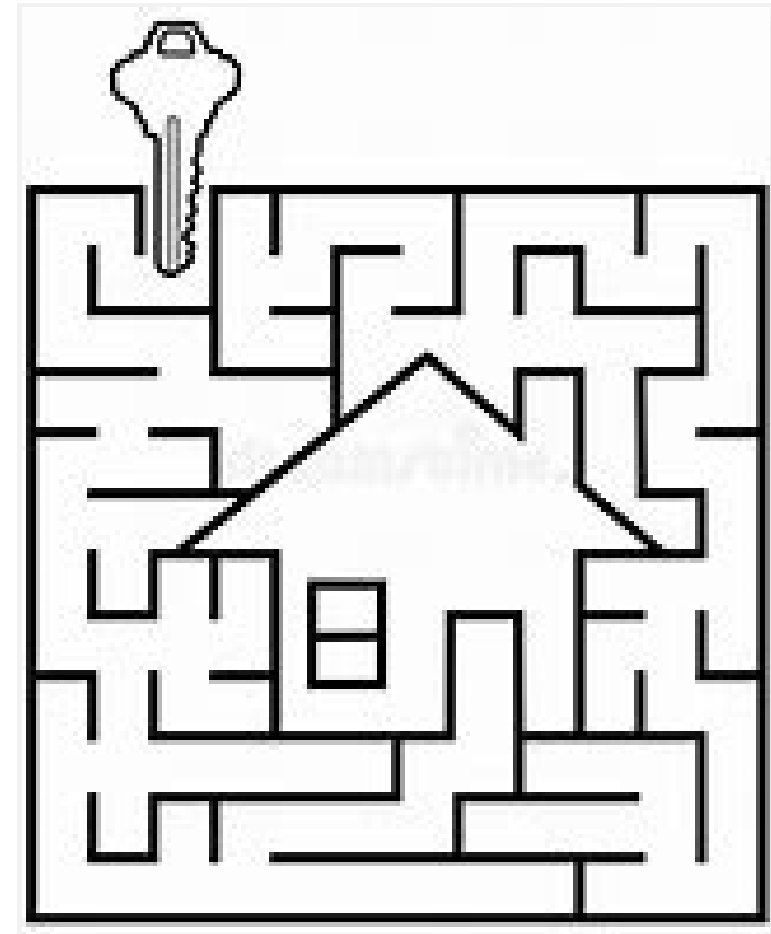
Win-Win-Win

- AHIT HFA Program Template is user friendly for all parties
  - Lenders
    - Confidence in system implementation
    - Greater adoption of programs due to understanding of clear and concise parameters
    - Increase lenders share of first-time homebuyer loans
  - HFAs
    - Improve speed to market relative to lenders approving affordable housing programs
    - More lender participation/less training
    - Higher quality loan delivery
  - Homebuyers
    - More homebuyers served due to increased awareness