

**Ohio Housing Finance Agency
Down Payment Assistance and
Home Buyer Education
for
Preparing Organizations to Lead in the
New Era of Homeownership
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Director of Homeownership**



**WE OPEN THE DOORS
TO AN AFFORDABLE
PLACE TO CALL HOME**

OHFA down payment assistance: two options in 2008

- Grant
 - 3% of purchase price
 - .5% increase in mortgage interest
- Second Mortgage
 - up to 4% of purchase price (raised from 3%)
 - fully amortizing 20 year loan
 - interest rate 2% higher than first mortgage rate

2008 Experience

7,168 loans

- January – 66% conventional loans
 - Grants – 9%
 - Second Mortgages – 11%
- October – 96% FHA loans
 - Grants – 38%
 - Second Mortgages – 38%

(based on monthly reservations)

re-assessment

- loan performance
 - Increased loan delinquencies
 - second mortgage loan performance - need cost benefit analysis
- market changes
 - Declining home values put high LTV borrowers at greater risk
 - 100% financing no longer available in the market

2009 program changes

grant

- 2.5% vs. 3%
- continue .5% rate bump
- ❖ require home buyer education
- prepayment hurdles – under consideration
- tighter underwriting – under consideration

second mortgage

- on hold

OHFA home buyer education

- focus group included counselors, lenders, real estate professionals, state and local government agencies
- considerations
 - borrower profiles
 - loan commitment and closing process
 - local counseling capacity
 - costs

focus group recommendations

- use HUD approved counseling agencies
- offer an online course (also available in pdf)
- homebuyer completes budget form and test
- results forwarded to local counseling agency
- one hour telephone counseling/ certificate

focus group recommendations

- OHFA staff provide back-up support
- \$75 OHFA administrative fee assigned to counseling agency at closing
- guide, budget and test can be found at www.ohiohome.org/homeownership

expected results

- 23 counseling agencies participating
- 60 active lenders
- 1,500 – 2,000 counseling sessions projected
- \$112,000 - \$150,000 additional income to counseling agencies

thank you

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