

**Mortgage Lending Roundtable Recap
 January 23, 2020**

On January 23rd MCBC hosted the first Mortgage Lending Roundtable of 2020, kicking off a four-part series on down payment assistance (DPA) programs. Roundtable attendees, including representatives from Mass Bankers Association, CHAPA, National Consumer Law Center, area banks, realtors, and community organizations.

Jim Wilde, Executive Director of the Merrimack Valley Housing Partnership (MVHP), shared the results of an extensive survey on the DPA programs sponsored by cities and towns in the Commonwealth undertaken by his organization last summer. Overall, MVHP determined:

- 47.4% of Massachusetts residents live in an area covered by a DPA program.
- 32 DPA programs cover 67 (19.1%) of the Commonwealth’s 351 cities and towns.¹
- The programs successfully provide assistance to roughly 432 people annually.
- Federal and state sources - most commonly HUD’s HOME and Community Development Block Grant (CDGB) programs and the State’s Community Preservation Act – provide funding that is administered locally by either the municipality or a third-party nonprofit organization
- A number of cities and town did not exhaust their allocation of funding last year.
- Assistance amounts, asset caps, and debt ratios vary considerably between programs.
- Roughly half of the programs allow housing quality issues to be resolved post-closing.
- Some third-party DPA program administrators or lenders advance funds at closing and get reimbursed 2-3 weeks post-closing by municipalities.

Observations and possible action steps discussed included:

Short-term	Long-term
Keep MVHP’s information current & accessible	Develop a centralized DPA program clearinghouse
The Roundtable agreed the work undertaken by MVHP was a worthwhile resource that should be kept current and shared amongst industry stakeholders. Attendees encouraged MVHP to consider the charitable activities of Mass Bankers and/or the Mass Mortgage Bankers Association potential sources to fund these research efforts and keep the information current.	A centralized DPA program clearinghouse could help increase the efficiency of some municipal programs and encourage DPA program participation by additional cities and towns. A trusted third-party working at scale with the ability to close within a 45-day window and guarantee funds could significantly simplify the process for borrowers and lenders.
Overcome DPA program discouragement	Develop a consumer- and lender-friendly DPA online search tool
Educate homebuyers about DPA programs –get to them first, before they can be dissuaded by lenders or realtors. Screen first-time homebuyers for DPA	MHP’s website maintains a list of DPA programs under Homebuyer Resources. MHP’s web resource includes a list of organizations that offer

¹ MVHP received information from 31 of the 32 programs.

<p>programs as part of the homebuying class curriculum. Educate realtors on DPA programs in their markets; note that some DPA program administrators can advance funds at closing and get reimbursed 2-3 weeks post-closing.</p>	<p>DPA, contact information and website URLs. MHP organizes the resources by geography. CHAPA, MassHousing and MHP are working to migrate and expand the current DPA program resource to the MyMassMortgage.com website.</p>
	<p>Attendees agreed it is a best-practice to organize DPA program information by locality so that consumers can match programs with geographic interests. Additionally, current information on program allocations and characteristics was encouraged.</p>
	<p>Ideally, consumers would complete a financial profile and the online directory would qualify them for DPA programs in towns or cities where funding was available. “Empower the consumer” was a common refrain on this topic.</p>
<p>MassHousing and the Federal Home Loan Bank DPA program results</p>	<p>Resolve housing quality standard requirements</p>
<p>See discussion below.</p>	<p>HUD’s housing quality standards require repairs to be resolved prior to closing. Too often, the requirements can’t be resolved. In 2019, MVHP reported at least 10 closings didn’t move forward due to \$2-\$4k of repairs. Local sponsorships, philanthropic or CPA funds could be utilized to help first-time homebuyers with pre-closing repairs.</p>

The Roundtable also inquired as to MassHousing and the Federal Home Loan Bank DPA program results.

At the end of last year, MassHousing announced the expansion of its DPA program. DPA programs will be available to borrowers with higher incomes, allowing the use of DPA loans for the purchase of multi-family properties, and increasing the maximum size of a DPA loan to \$15,000 or 5% of the purchase price.

According to MassHousing’s press release on the topic, **MassHousing Executive Director Chrystal Kornegay** noted “DPA has been a powerful tool in addressing the state’s racial homeownership gap, and this program expansion will further enhance MassHousing’s ability to make sustainable homeownership possible for families across Massachusetts.”

In the press release, it was reported that since the program’s inception in March 2018, DPA has helped 1,877 households attain homeownership. The 1,877 loans represent \$13.8 million in down payment financing (an average of \$7,350 of assistance per household). One-third of MassHousing’s DPA loans were used by homeowners of color – a rate the press release notes is more than twice the statewide average for minority home purchase lending.

MCBC Board Member and Mortgage Lending Committee Co-Chair Gonzalo Puigbo, CRA Officer at People’s United Bank reached out the Federal Home Loan Bank and asked them to share the results of its DPA programs in 2019. (See next page)



Massachusetts Community & Banking Council

2019 Equity Builder Grants (Below 80% HUD Median Income)

EBP 2019 Overview						
State	Total Homebuyers	Sum of Disb Amt	Average Contract Sales Price	Average Earnest Money Down	Average Cash Back	Average APR
MA	141	\$ 1,678,339	\$ 177,504	\$ 3,232	\$ 5,457	3.85%
CT	55	\$ 755,449	\$ 145,823	\$ 2,123	\$ 5,311	3.90%
VT	29	\$ 372,489	\$ 182,394	\$ 1,281	\$ 8,855	4.29%
ME	26	\$ 335,000	\$ 106,496	\$ 577	\$ 4,358	5.00%
NH	9	\$ 130,980	\$ 98,756	\$ 1,642	\$ 2,849	4.86%
CA	9	\$ 53,000	\$ 363,487	\$ 25,709	\$ 34,518	2.57%
NY	1	\$ 15,000	\$ 120,000	\$ 1,000	\$ 1,028	4.93%
RI	1	\$ 14,707	\$ 140,000	\$ 1,000	\$ 250	5.39%
Grand Total	271	\$ 3,354,964	\$ 167,996	\$ 3,220	\$ 6,240	4.02%

2019 Housing Our Workforce Grants (80.01% to 120% AMI)

HOW 2019 Overview						
State	Total Homebuyers	Total Grant Disbursed	Average Contract Sales Price	Average Earnest Money Down	Average Cash Back	Average APR
MA	85	\$ 1,192,010	\$ 268,792	\$ 9,577	\$ 12,585	4.10%
CT	19	\$ 294,120	\$ 210,286	\$ 8,153	\$ 22,939	4.05%
VT	14	\$ 176,820	\$ 230,456	\$ 7,751	\$ 12,400	4.25%
ME	10	\$ 148,160	\$ 123,590	\$ 7,408	\$ 4,621	4.69%
NH	6	\$ 84,900	\$ 229,404	\$ 9,033	\$ 3,824	4.10%
RI	1	\$ 20,000	\$ 246,000	\$ 10,000	\$ 912	4.18%
Grand Total	135	\$ 1,916,010	\$ 244,379	\$ 9,005	\$ 12,890	4.15%

Roundtables are to encourage industry professionals to network and discuss CRA-related topics. These sessions are designed to encourage an informal and collegial exchange of ideas and insights. Each roundtable is facilitated by MCBC's leadership as well as attendees who volunteer to guide discussions and share their expertise. **Membership in MCBC is encouraged to help sustain our efforts, but is not a requirement to attend roundtable meetings. Come check us out!**