Working With Homebuyers

Monte Franke

Under contract to NY DHCR/HTFC

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Agenda

- AM: Understanding the rules & the market
  - DHCR/HTFC requirements
  - Grasping our changing market
  - Understanding lending practices (incl predatory lending)
- PM: Working with buyers
  - The changing face of 1st time buyers
  - Processing buyers & working with lending industry
  - Structuring the buyer subsidy
  - Refinance, resubordination & prepayment

Review of HOME & DHCR Homebuyer Requirements

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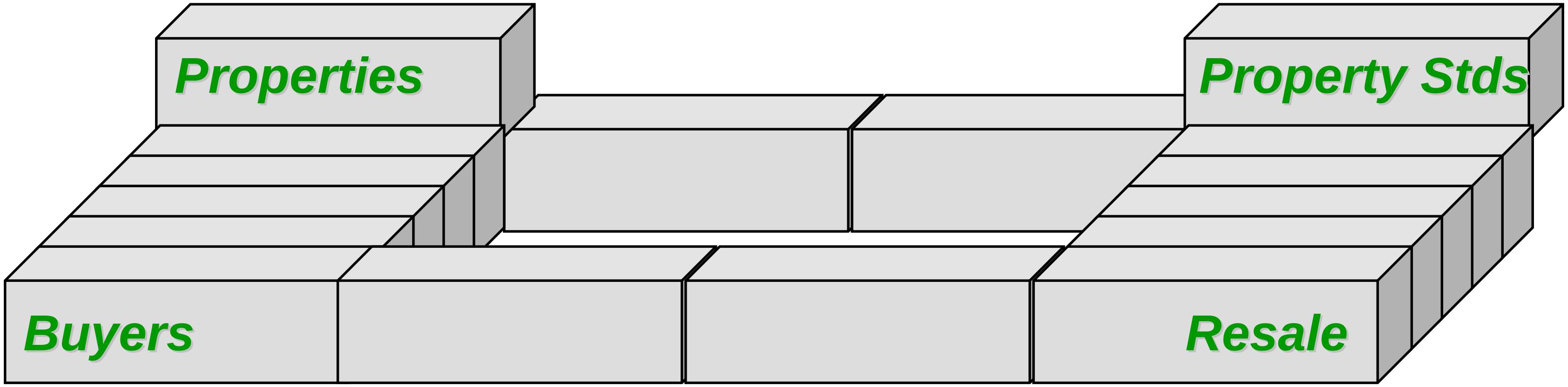
HOME Statutory Cornerstones



HOMEbuyer Requirements

1. Eligible buyers: less than 80% AMI
2. Eligible properties:
   - Single/family, 2 - 4 unit, coop, condo
   - Value less than FHA 203(b) limit *
   - Lease-purchase: complete w/in 3 yrs.

Homebuyer Requirements 2

3. Property Standards:

- ✓ PJ property standards
  - No health/safety violations at occupancy; all stds w/in 2 yrs
- ✓ LBP if pre-1978 (acquisition or rehab) – January seminar

4. Compliance requirements:

- ✓ Principal residency
- ✓ Resale to low income or recapture $
  - amortization optional
- ✓ Compliance period: 5 - 15 years
- ✓ <u>No</u> ongoing HQS or income certification

Resale/Recapture Options (92.254)

- Resale to another low income buyer
    - ✓ Affordable to buyer; reasonable return to seller
- Full recapture
- Declining balance recapture
- Shared equity
- Return of equity first

HTFC Homebuyer Asst. Prgms

- Eligible: "assistance to low-income purchasers of 1-4 unit housing, with or without rehabilitation, including housing developed by CHDOs"
  - direct purchase assistance to low-income buyers
  - new construction or rehab of units for purchase
  - CHDO: must be "development" component

HTFC Funding

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- Maximum award:
  - LPAs: $500,000
  - CHDOs: $600,000
- 2006 per unit:
  - LPAs: generally < $30,000/unit, with exceptions
  - CHDO: < $40,000/unit, $50,000 in high cost areas
    - ✓ Development requirement (e.g., rehab)

DHCR Buyer Subsidy Requirements

- Recapture method
  - Note & Mortgage
  - Declining balance recapture, with shared proceeds if insufficient to pay full amount due
  - Other options require DHCR approval (& maybe HUD)
- (Resale method if only development subsidy)
- Resubordination policy: later

Understanding Today's Market for Homeownership

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Major Market Trends

- Rising prices
  - But may have hit market top in June
- "Unaffordability" index
- Rising interest rates
- Possible impact on prices

Rising Prices

- National median price increase in 2004
  - Median home price (US): $220,000
  - Income needed to afford: $51,740
  - Average home is 3.1 times average income (record)
- Since 1996, 55% price increase (adj for inflation)
  - $18.5 T wealth; $6.5 T from last 8 yrs

Table 1 The Most Expensive And Cheapest Cities			
(By ratio of median home price to median income)			
Rank	Metropolitan area	2004	1989-1998 Average
1	San Diego CA	9.68	5.83
2	San Francisco CA	9.19	6.39
3	Los Angeles-Long Beach CA	9.14	5.80
4	Orange County CA	9.04	5.64
5	New York NY	8.62	5.29
6	Honolulu HI	7.78	6.81
7	Miami FL	6.84	4.06
8	West Palm Beach-Boca Raton FL	6.15	3.66
9	Boston MA-NH	6.11	4.01
10	Providence-Warwick-Pawtucket RI	6.05	3.67
101	Dayton-Springfield OH	2.42	2.35
102	Akron OH	2.39	2.13
103	Little Rock-North Little Rock AR	2.34	2.30
104	Peoria-Pekin IL	2.31	1.73
105	Rochester NY	2.22	2.25
106	Syracuse NY	2.21	2.22
107	Buffalo-Niagara Falls NY	2.19	2.20
108	Springfield IL	2.17	2.03
109	Fort Wayne IN	2.16	1.96
110	Wichita KS	1.98	2.02

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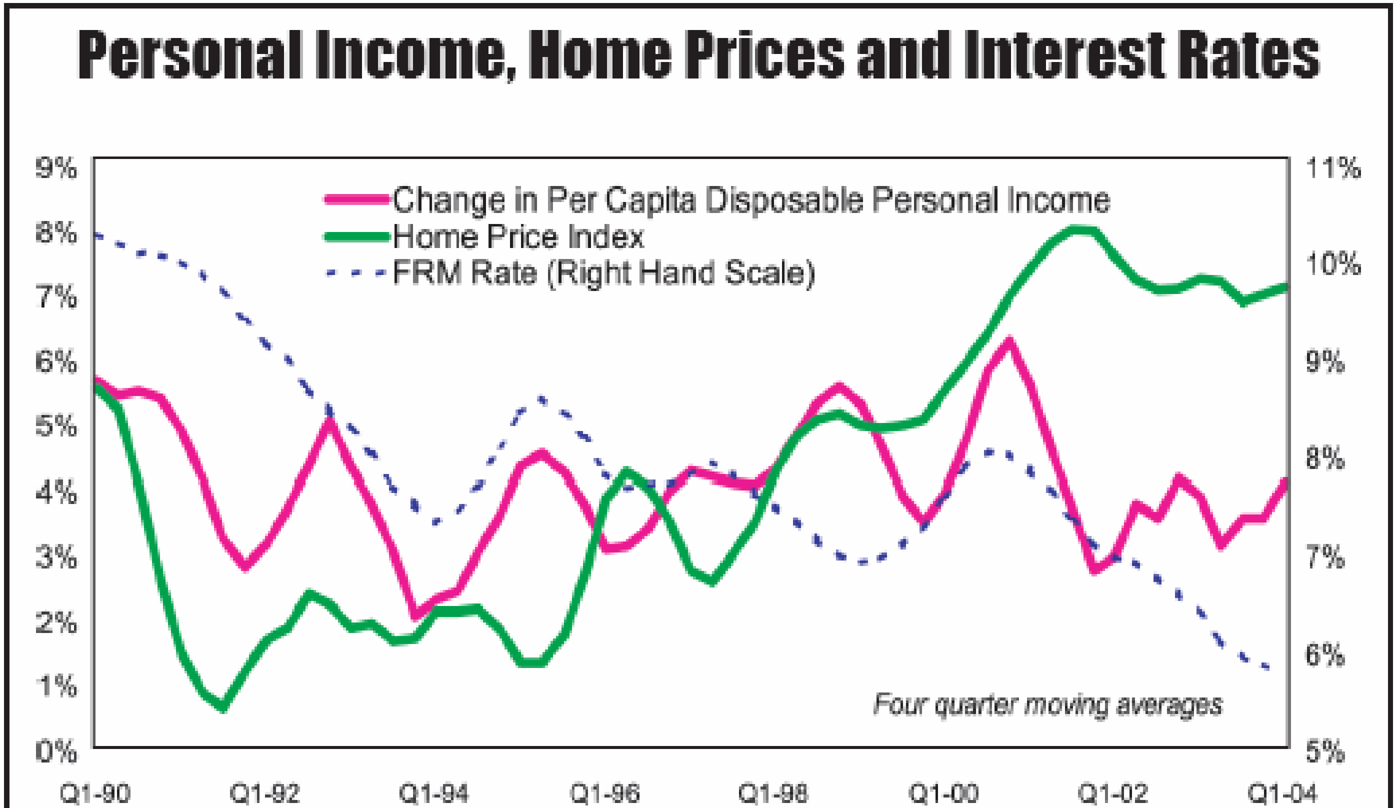
Most Overvalued			
Rank	Metropolitan area	Price/income ratio	Percentage drop required to regain average price/income ratio
1	Nassau-Suffolk NY	5.40	(41.0)
2	Miami FL	6.84	(40.7)
3	West Palm Beach-Boca Raton FL	6.15	(40.5)
4	San Diego CA	9.68	(39.7)
5	Fort Lauderdale FL	5.88	(39.3)
6	Providence-Warwick-Pawtucket RI	6.05	(39.2)
7	New York NY	8.62	(38.6)
8	Orange County CA	9.04	(37.6)
9	Los Angeles-Long Beach CA	9.14	(36.5)
10	Atlantic-Cape May NJ	4.04	(35.1)

Source: Joint Center for Housing Studies, Harvard University.

The Run-up In Home Prices

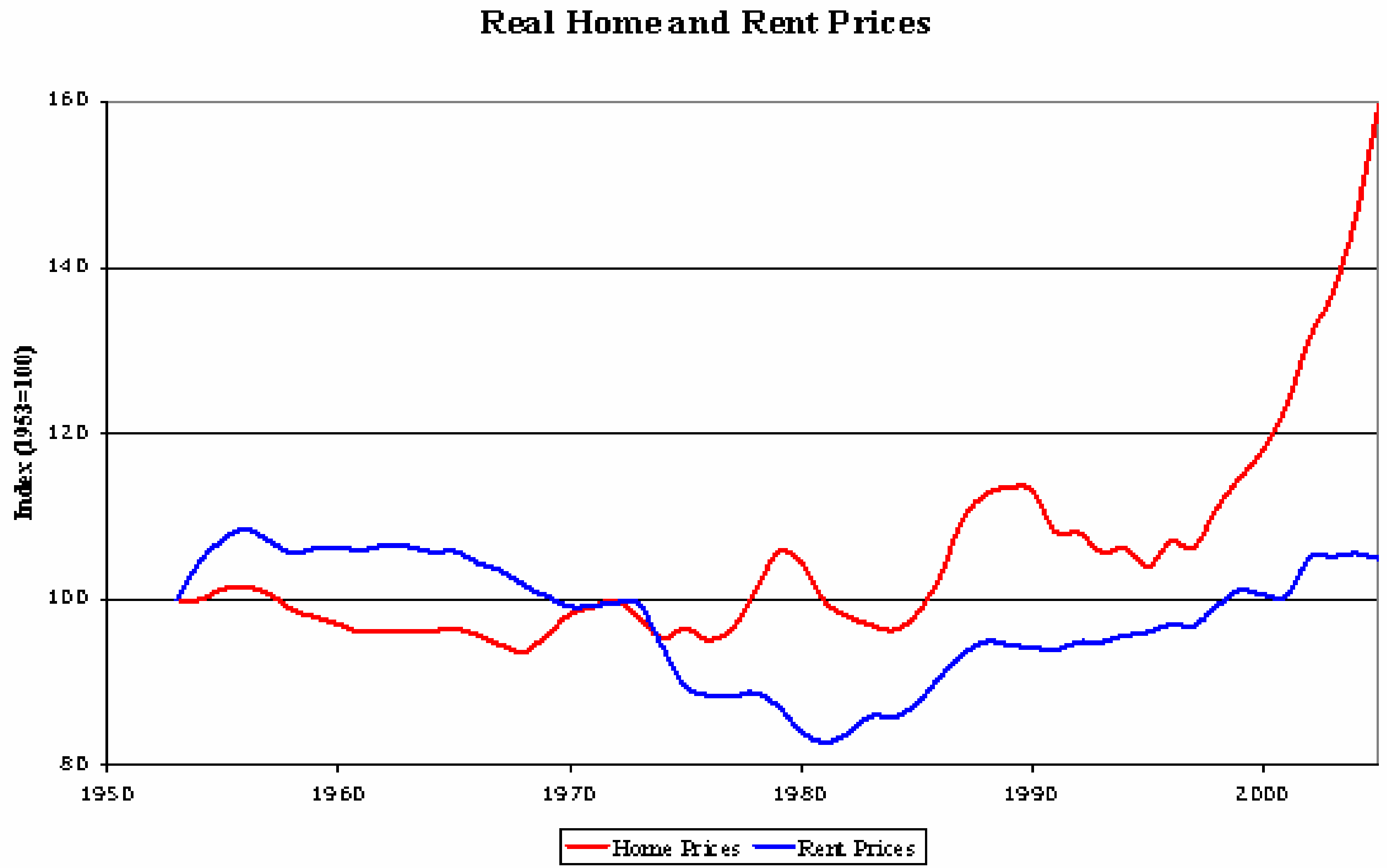
- Run-up not explained by income, pop growth, shortages
  - 2 M units built each yr; < 1.4 M HHs added ea yr
  - If housing shortages, would be reflected in rents going up: no
    - ✓ Ownership price index 51% higher than rent index last 8 yrs
- Fueled by:
  - Demand (1st time buyer push & 2nd home buyers)
  - Low interest rates
  - Relative attractiveness of real estate to other investments
    - ✓ Chicago Merc creating a housing futures market
  - "Expectation" of continued returns

Incomes Don't Explain It



Source: Bureau of Economic Analysis (U.S. Dept. of Commerce), Office of Federal Housing Enterprise Oversight

Household Growth Doesn't Either



Source: Center for Economic Policy Research,

The 2nd Home Phenomenon

- 38% US homes are 2nd homes: 43.8M of 115.9M
- 36% of 2004 home sales were 2nd homes
  - ✓ 23% purchased for investment; 13% vacation (investor side doubled)
  - ✓ Investment mortgages: doubled in the last year (9% up from 4.5%)
- Counties >10% seasonal s/f homes: $ up 59% in 3 yrs (v 33%)

2nd Homes, cont.

- Blame the Boomers! (asset accumulation yrs)
  - 2nd home buying "cohorts" doubling from 5.8M to 11.4M this decade
  - Age: 47; 2 – 4 hr driving time; 20% post-retirement primary res.
  - 25% affluent HHs: 2nd home purchase in 2-3 yrs
  - Average price willing to pay: $350,000
- Impact on land and home prices

Housing as ATM

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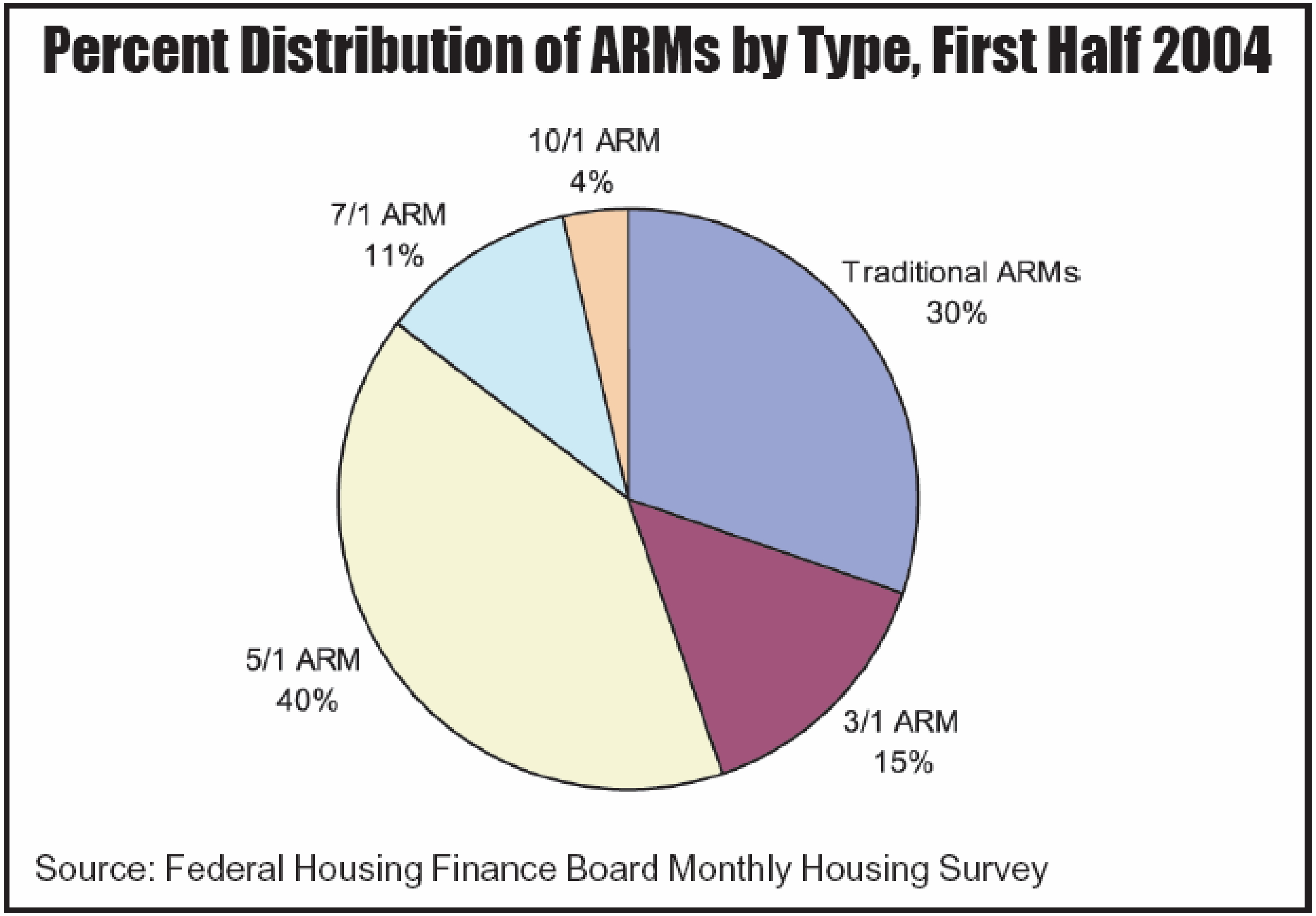
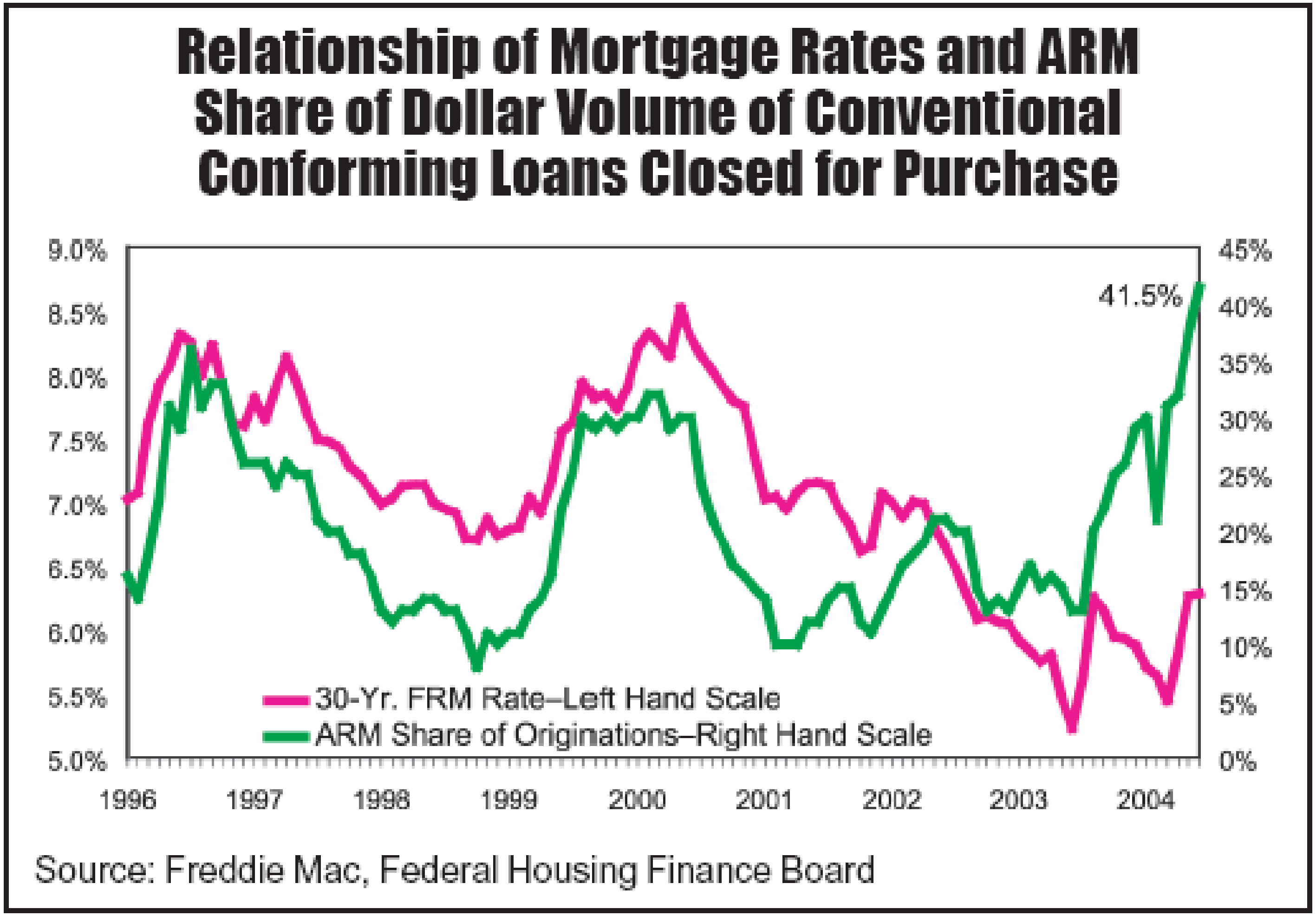
- Despite rising property value, consumers accessing equity at record levels:
  - Equity:value ratio near all time low
  - Negative real savings rate: -1.1% of disposable income
- The Refi Boom
  - 2nd Qtr 2005: Refi's were 42% of loan volume
  - 74% of refis were cash out (5%+)
  - $162 B equity takeout in 2005 (about = home impr)

ARMs – 34% 2004 Loans



Lower Rates & Rising ARMs?



Winds of Changing Markets

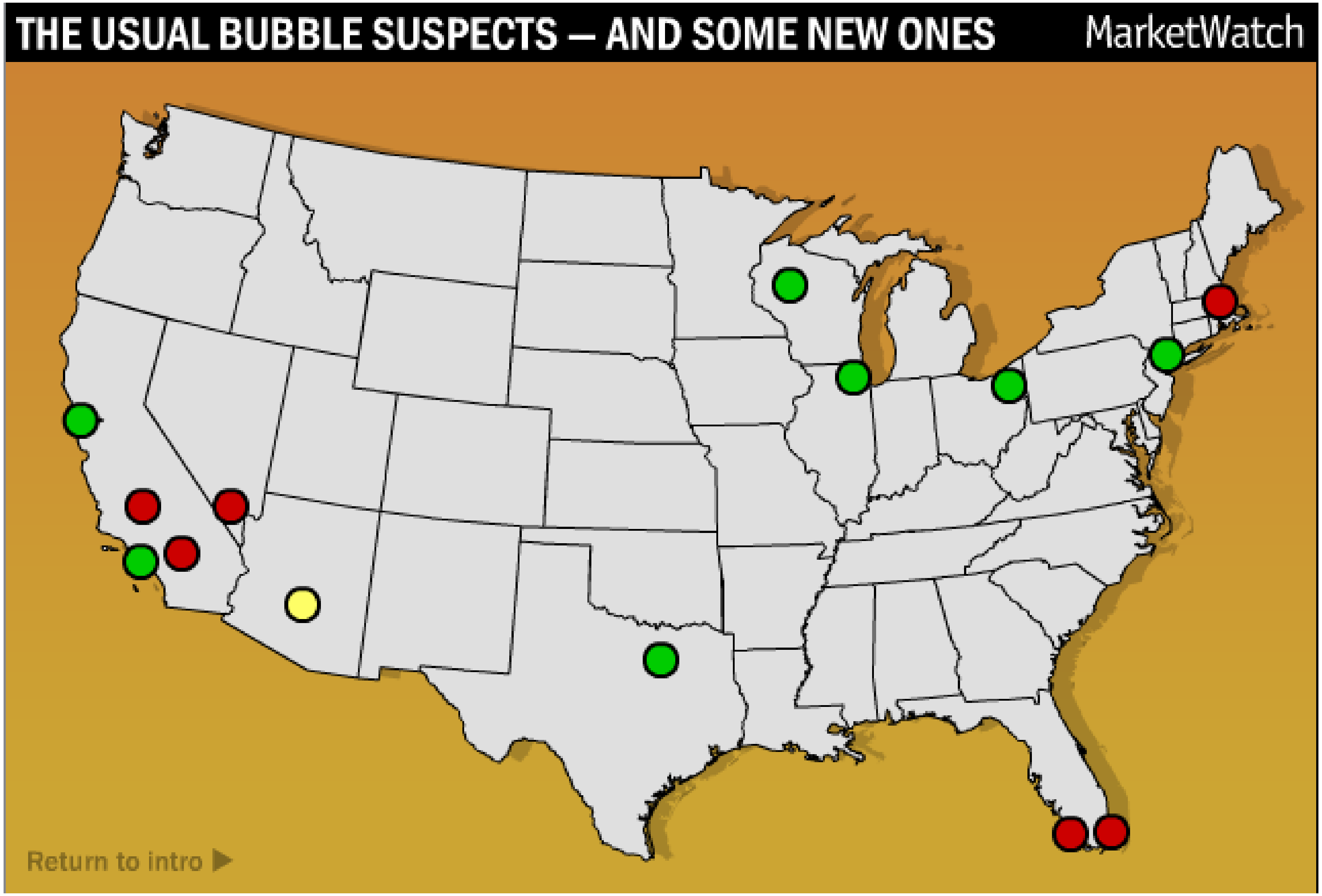
- Leading markets peaked in July
  - Price stagnation; longer listing times; growing supply
- Homeownership rates have hit plateau
  - 9/05: 68.8% down from 69.2%)
- Interest rates @ 6.3% & continuing to rise
  - Extensive exotic mortgage use
- Mortgage deductions "on the chopping block"
- Natural gas predicted up 48% this winter
- Late stage market dynamics: hot condo market

So What?

- Market impact?
  - bubble burst, slowdown or stagnation?
- Buyer/owner impact?
- Economic impact?

Housing Market Impact

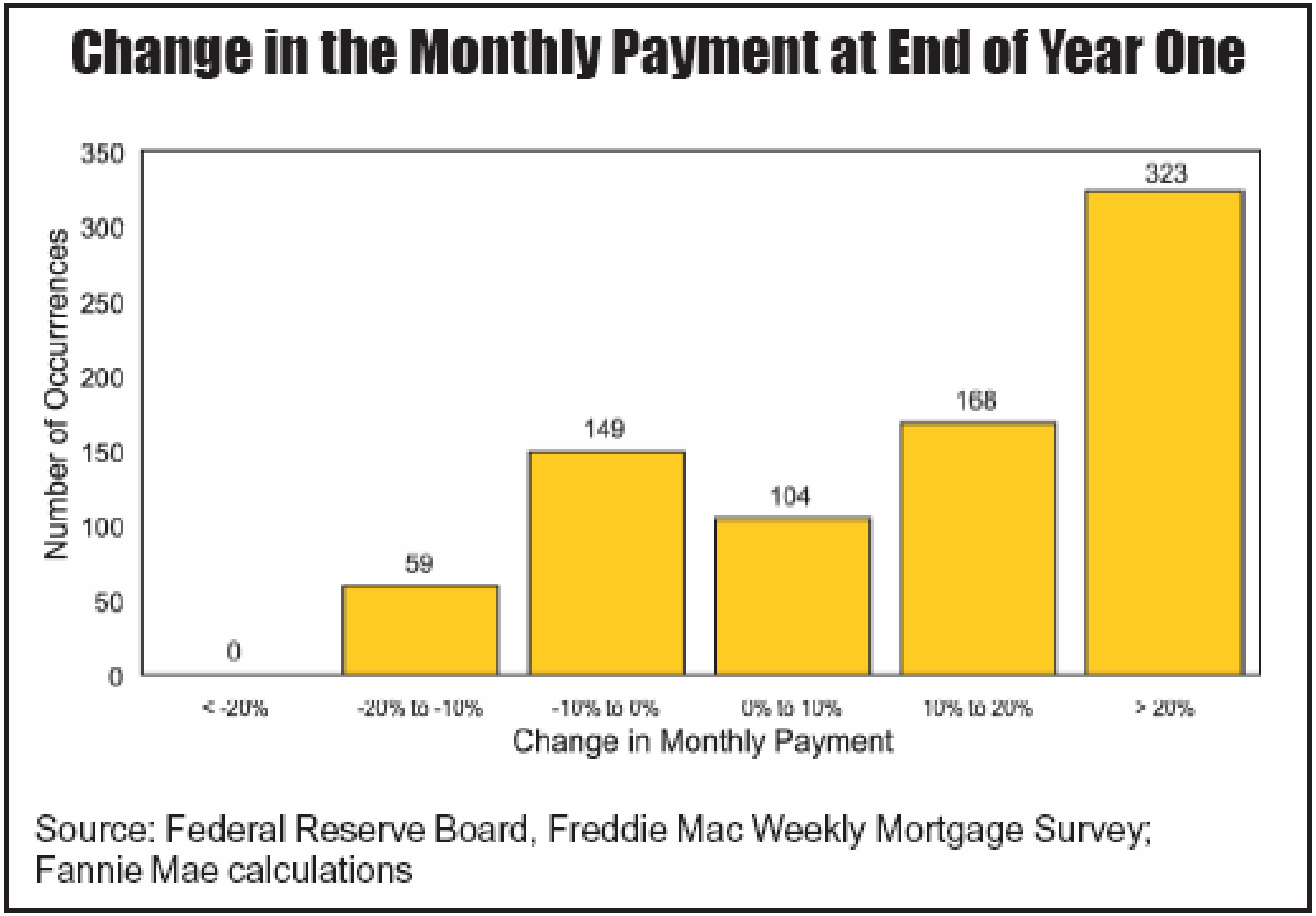
- Bubble conditions: 57 metros w/ 29% of US population
  - Bubble = 15%+ decline in prices
  - Markets w/ greatest appreciation relative to inc/pop growth
- Most markets likely to see pause or decline in prices
  - Increase in mortgage rates since July has reduced ability to pay for median house by $15,000; reduces the buyer pool
  - Over-leveraged borrowers with ARMs & interest-only = higher risks of defaults/foreclosures


THE USUAL BUBBLE SUSPECTS – AND SOME NEW ONES
MarketWatch
Return to intro

Buyer Impact

- Even if no bubble, over-leveraged “last ones in”
  - 140,000 HHs buy ea week, many at inflated prices
  - ARMs – increasing mortgage costs with rising rates
    - ✓ ARMs – 34% of loans in 2004 (majority hybrids)
    - ✓ Increase since July has added $50 to mortgage payment per $100,000 mortgage
  - Interest only: no equity growth; even negative equity

Impact of ARMs



Economic Impact

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- We will all feel some economic impact from declining prices
  - Construction is 5% of the economy
  - $1 housing wealth = 4 - 6 cents of annual consumption
  - If bubble bursts, potential 3.5 – 4.5% GDP drop & 5-6 M jobs lost

Understanding Mortgage Markets & Lending

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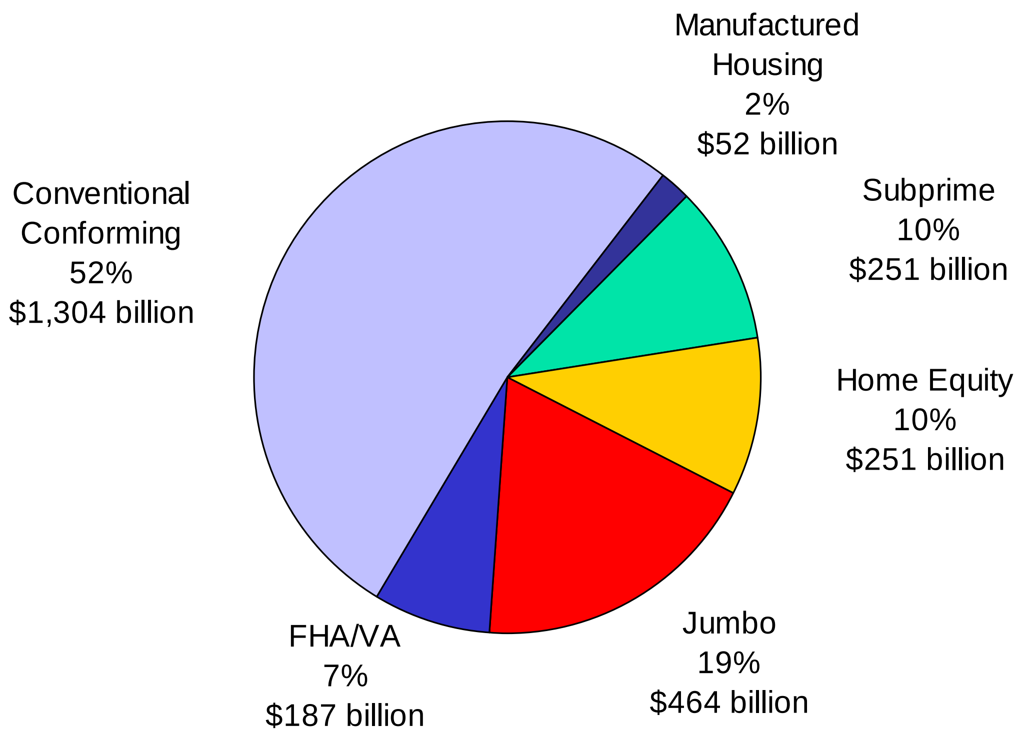
Key Topics

- Credit, automated underwriting, & credit scores
- Subprime market & predatory lending

Single-Family Originations in 2002



Total equals $2.507 trillion

Source: Freddie Mac analysis and HUD estimates of total originations

Mortgage Markets

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- Conventional mortgages: not insured by gov't
  - Conforming: loans at or below the Freddie Mac and Fannie Mae statutory loan limit of $359,650, 2-family $460,400, 3-family $556,500, 4-family $691,600
  - Jumbo: loans above conforming limit
- Government-insured or guaranteed
  - FHA, VA, FmHA
  - GNMA: government agency that guarantees securities backed by government-insured mortgages

Conventional Underwriting Metrics

- Capacity: income to obligations
  - ✓ Front-end ratio: housing cost as % of income; typically 28 – 33%; not used by all lenders
  - ✓ Back-end ratio: housing cost + other debt as % of income; varies 33% - 48%; more important constraint
- Cash: for downpayment & closing costs
- Collateral: LTV ratio
  - ✓ Mortgage insurance if LTV > 80%
- Credit history: likelihood of repayment
  - ✓ Credit scores

Credit: The Major Issue

- Poor credit is the leading factor in the rejection of mortgage applications
- Affects all income and racial groups BUT
- Minority borrowers are more likely than white borrowers to experience credit problems

Automated v. Manual Underwriting

- Automated dominates conventional lending: efficient processing of standard borrowers
- Automated "rejects" can still be manually underwritten
  - ✓ Also for non-traditional credit
- Automated lending has improved; claims superior results to manual underwriting

Automated v. Manual, cont.

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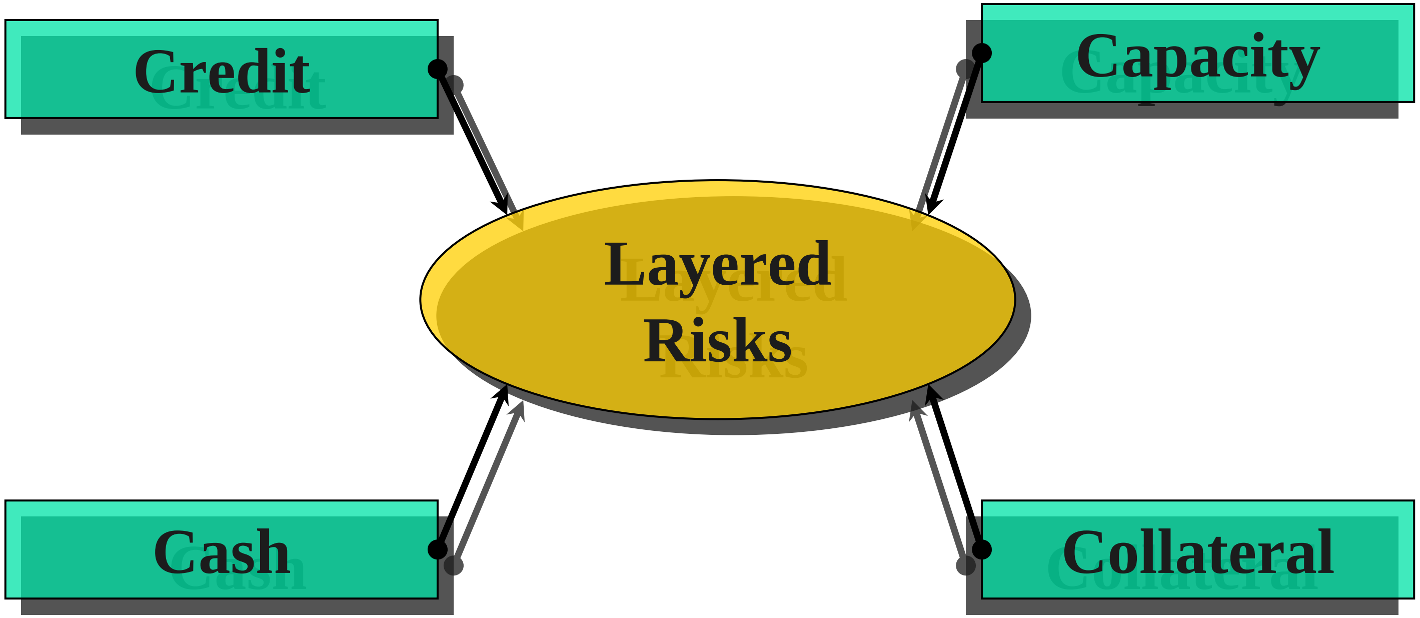
- Freddie Mac study of automated underwriting (1995-00)
  - Accurate:
    - ✓ Automated “yes”: 1/5 the national average default rate
    - ✓ Automated “no”: 4 time the default rate
  - Better predictor than manual underwriting:
    - ✓ Automated “yes”; manual “no”: 1/5 the default rate
    - ✓ Automated “no”, manual “yes”: 1.75 times the default rate
  - Automated approves more affordable loans than manual:
    - ✓ 36% higher approval among low-income applicants
    - ✓ 29% higher approval among minority applicants

Layering of Risks

- Understanding the “layering of risks” is key to making a quality decision



Credit Scores

- Statistical way of predicting the likelihood a borrower will repay a loan
  - Only one of several pieces of information lenders use
- Most common are FICO scores
  - Equifax BEACON
  - Trans Union EMPIRICA
  - Experian/Fair Isaac Risk Model
- myFICO.com website provides consumer information
  - Information on credit scores
  - Ability to obtain credit scores with credit report

Categories Evaluated

- Experian credit score based on (in order of importance):
  - Payment history (timeliness, delinquencies, bankruptcies)
  - Amount of outstanding debt
  - Length of credit history
  - New application for credit (inquiries)
  - Types of credit in use

Payment History

- What is applicant's track record?
  - Approximately 35% of score
  - Payment information on many types of accounts
    - ✓ Credit cards, retail accounts, installment loans, finance company accounts and mortgage loans
    - ✓ Late payments not an automatic "score-killer"
  - Public records & collections: bankruptcy, judgments, suits, liens, wage attachments and collections
    - ✓ Very important: more recent events have more impact

Amount of Credit

- How much is too much?
  - Approximately 30% of score
  - Owing money not necessarily a high risk
    - ✓ But size & number of accounts may indicate overextended & more likely to make payments late
  - Having a small balance and paying on time may be be better than having no balance
  - Closing unused credit accounts with no balance & in good standing will not necessarily improve score

Length of Credit History

- How established is credit?
  - Approximately 15% of score
  - Generally, a longer credit history will increase score
  - However, people with shorter credit history will get high scores if other factors look good

New Credit

- Is applicant taking on more debt?
  - Approximately 10% of score
  - People have more credit
    - ✓ shop for credit frequently & more unsolicited offers
  - Opening several accounts in short period represents high risk (esp. if no long-established credit history)
  - Doesn't count customer or marketing requests
  - Treats rate shopping inquiries as one

Types of Credit in Use

- Is it a healthy mix of credit?
  - Approximately 10% of score
  - Considers mix of credit cards, retail accounts, installment loans, finance accounts & mortgages
  - Not necessary to have one of each
  - How many is too many? Varies based on overall credit profile
  - Bottom line: don't open accounts you won't used

Interpreting Credit Scores

- FICO scores range 300-900, but really 400-850
  - Quintiles: <620, 620-690, 690-745,745-780,780-850
- Lending rule of thumb:
  - ✓ Over 660 is an acceptable credit risk
  - ✓ From 620 to 660 is a marginal credit risk
  - ✓ Below 620 is a high credit risk

Improving Credit Scores

- Reason codes are delivered with scores
- Advice:
  - Make sure the information in credit reports is correct
  - Don’t try to quickly maneuver credit scores; it won’t help to:
    - ✓ Suddenly close several or all credit card accounts OR
    - ✓ Spread a large balance from one card across multiple cards
  - Pay bills on time
  - Keep credit card balances below maximum limits
  - Apply for & open new credit accounts only as needed
  - Rate shop within a focused period of time

Non-Traditional Credit

- Low-income & minority households may not have enough traditional credit; can't establish credit score
- Non-traditional references include
  - Rent history
  - Utilities
  - Insurance
  - Personal property taxes
- Some lending programs permit non-traditional if:
  - Four tradelines and/or non-credit references
  - Non-credit reference must have existed for at least 12 mos.

Subprime Markets & Predatory Lending

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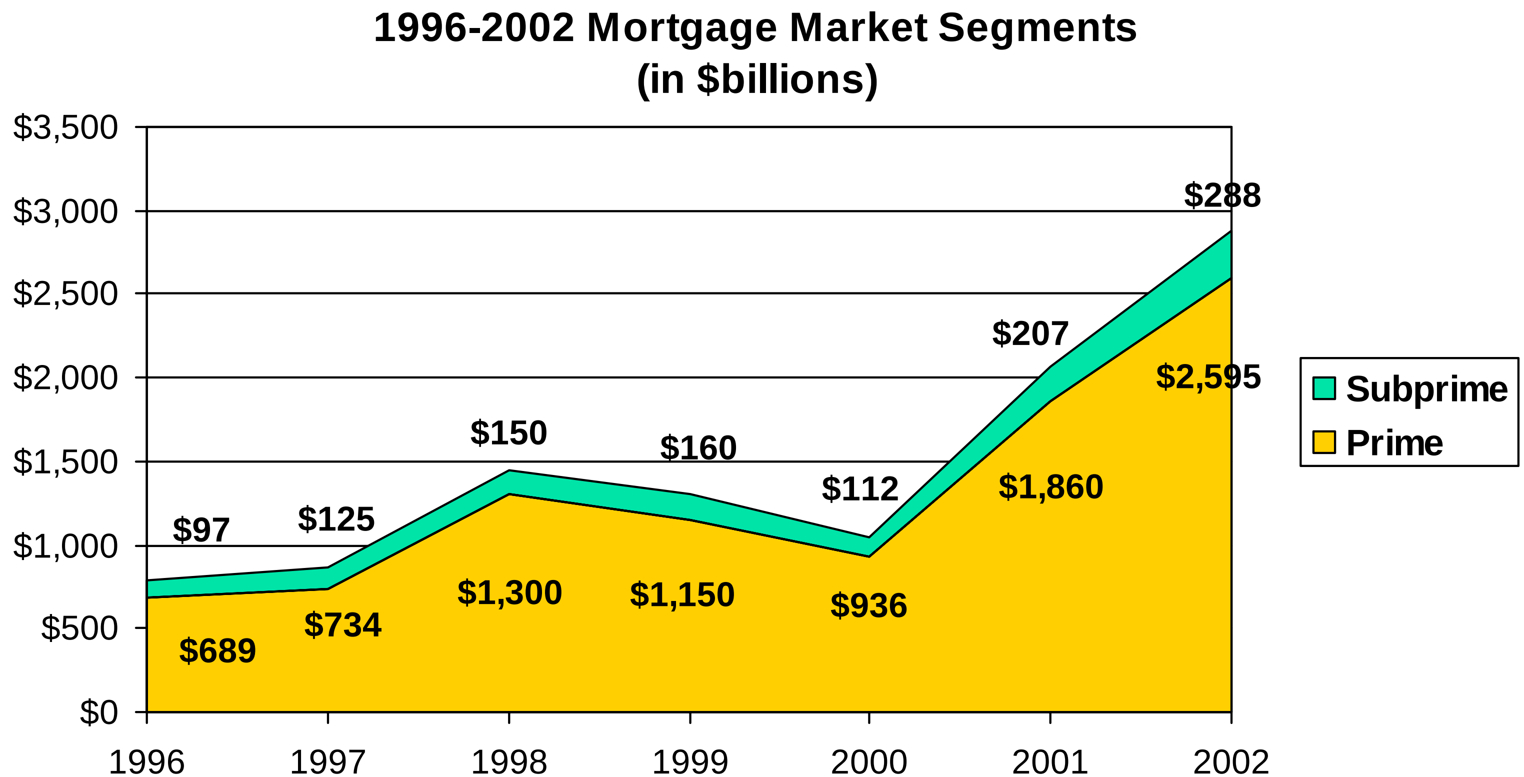
Prime v. Subprime Lending

- Prime lending market
  - Borrowers with good credit
  - Stable, regulated market (standardized terms)
- Sub-prime lending market: 10+% of loans
  - Borrowers with blemished credit
  - Higher cost & less favorable terms
  - Historical focus: refinances (80%) & 2nd mortgages
    - 45% debt consol; 30% other costs; 25% home impr.

Prime vs. Subprime Originations



Note: Based on Freddie Mac Estimates

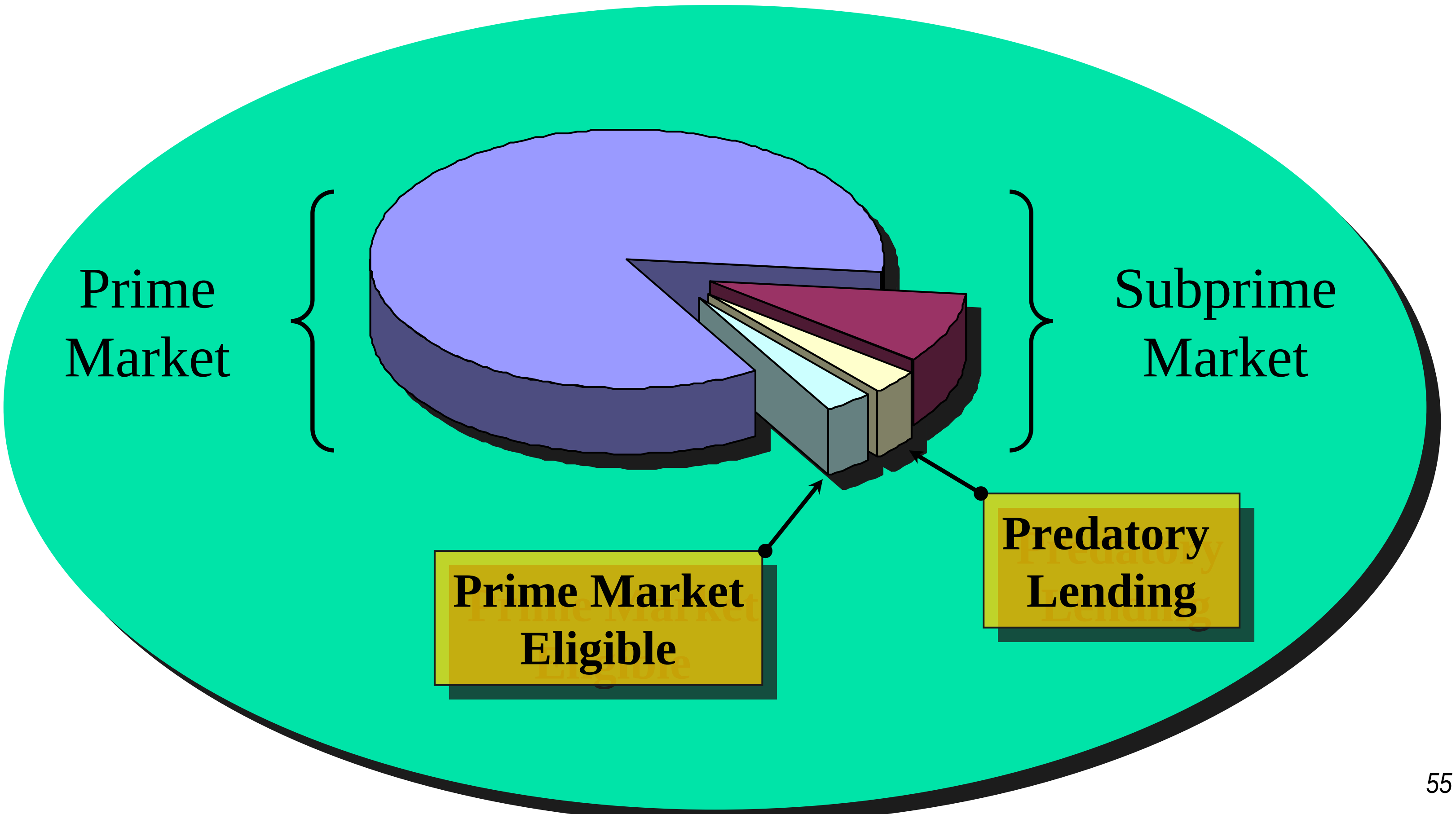
Why Be Concerned?

- Subprime market is necessary
  - ✓ Benefits borrowers without access to prime market
  - ✓ Many reputable lenders have subprime lending units
- But largely unregulated & non-standardized
  - ✓ Borrowers may end up paying more than necessary (given risk factors)
  - ✓ Borrowers can get “tracked” into subprime market by location, income & race
  - ✓ Predatory lending primarily a problem of the sub-prime market – more on that later

Subprime Borrowers: Minorities & LI

- Subprime lending more likely in low-income and minority areas
- HUD study of subprime lending: subprime loan (v. prime loan):
  - ✓ 3 times more likely in low-income area
  - ✓ 5 times more likely in Black area
  - ✓ 2 times more likely for upper-income Blacks than upper-income whites

Prime & Subprime Lending Markets



What is Predatory Lending?

- Intentional, systematic selling of over-priced loans without full information to borrowers
  - High interest rates (HOEPA = 8/10 points over T-bill)
    - ✓ Yield spread premiums
  - High fees (HOEPA = 8 points, including opt. debt protection)
  - Traps—terms that force refinance or foreclosure
  - Linking of unnecessary products/fees to loan
    - ✓ Single premium credit life insurance
  - High pressure sales tactics and obscured information
- No good estimates of the size of problem

Predatory Practices

- Targeting of vulnerable populations
  - Limited borrowing experience and access
  - Central city, minority, low-income and elderly populations
- Obscured information provided to borrowers
  - Lack of knowledge about
    - ✓ Choices and competing lenders
    - ✓ Consumer rights of disclosure
    - ✓ Freedom to reject and/or cancel the loan
    - ✓ Pre-closing disclosures of rates and costs

Predatory Lending Traps

- "Flipping" (unnecessary refinancing)
- Prepayment penalties
  - ✓ 70% of subprime loans have penalty
- Refinance traps
  - ✓ Balloons = 10% of subprime loans
- Negative amortization or high LTVs
- Single premium credit life insurance
- Yield spread premiums
- Not reporting payments to credit bureaus

Regulatory Response

- Truth in Lending (TIL) Act and RESPA
  - Basic lending disclosure and rights to cancel
- Home Ownership and Equity Protection Act (HOEPA)
  - http://www.ftc.gov/bcp/conline/pubs/homes/32mortgs.htm
  - Affects refinance and home equity installments
    - ✓ Not purchase money, reverse mortgages or home equity letters of credit
  - Fed Reserve (12/01) lowered rate/fee thresholds of 1st mortgages
  - Statutory amendments under consideration

What Can You Do?

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- Educate homebuyers and <u>homeowners</u>
  - ✓ Public awareness campaigns
  - ✓ Counseling
- Monitor business practices of lenders
  - ✓ Seek prime and legitimate subprime lenders
- Report loan performance to credit bureaus
- Don’t subordinate or re-subordinate to
  - ✓ High rate, high fee loans
  - ✓ Loans with single-premium credit insurance

The Changing Face of the 1st Time Buyer

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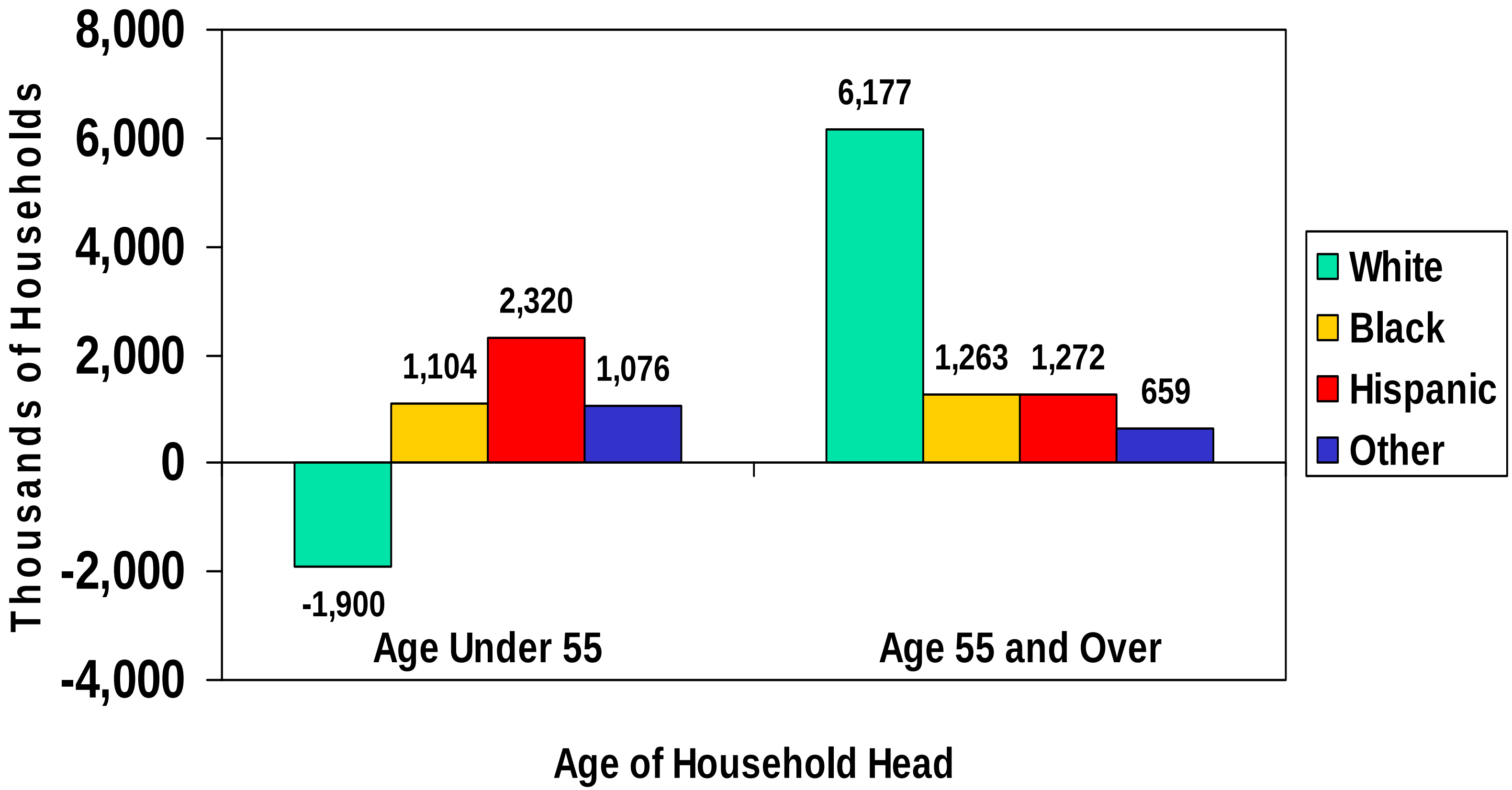
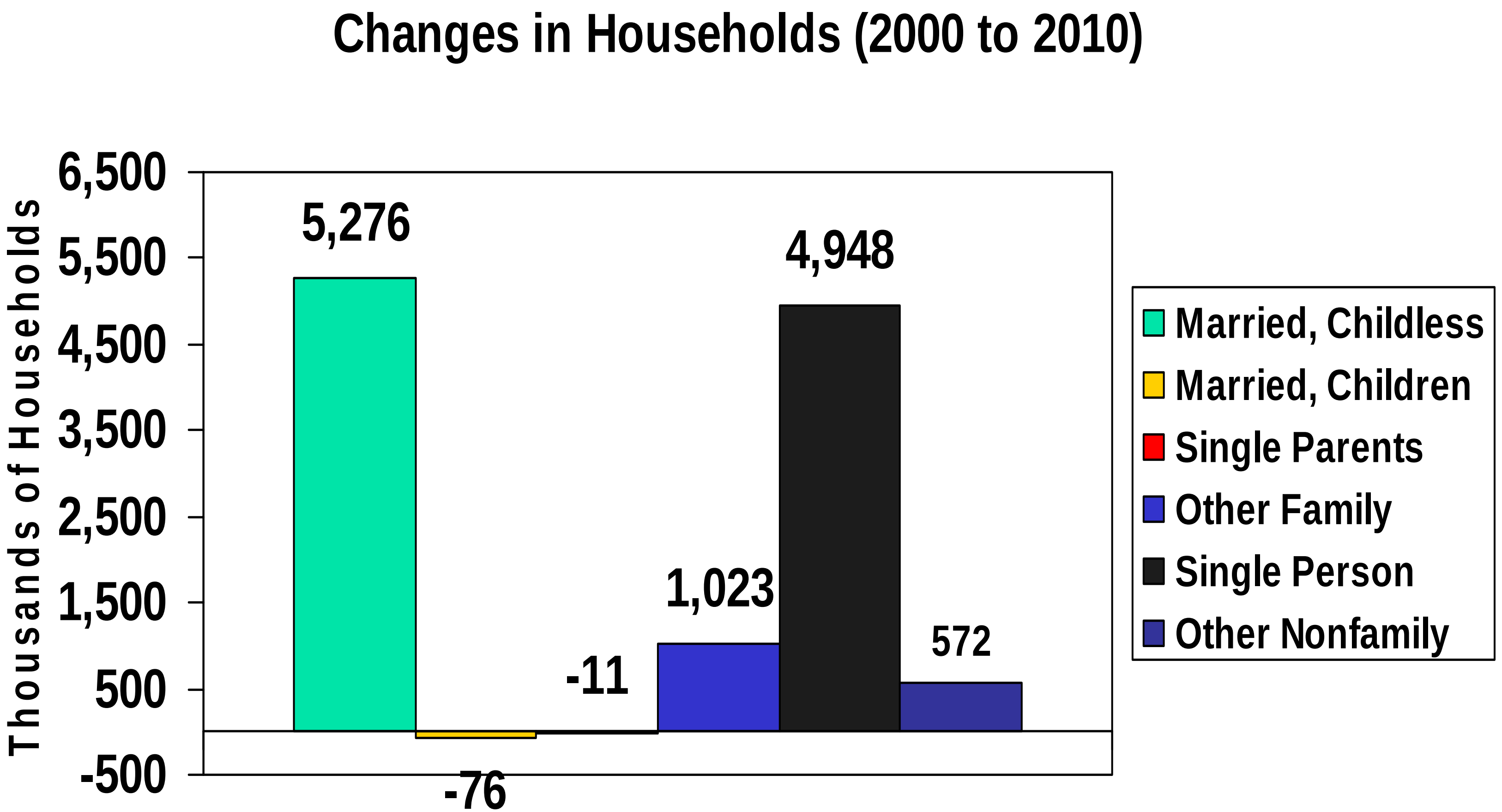
Major Demographic Trends

- Rising homeownership rates
  - But plateau due to rising prices (9/05: 68.8% down from 69.2%)
  - Minority ownership rising at faster pace but still lags
- Expected demographic trends:
  - Aging population
  - Childless households
  - Minority/immigrant HH growth/formation dominates
- Bottom line: changing face of the 1st time buyer

Growth in Over 55 HHs (2000-2010)

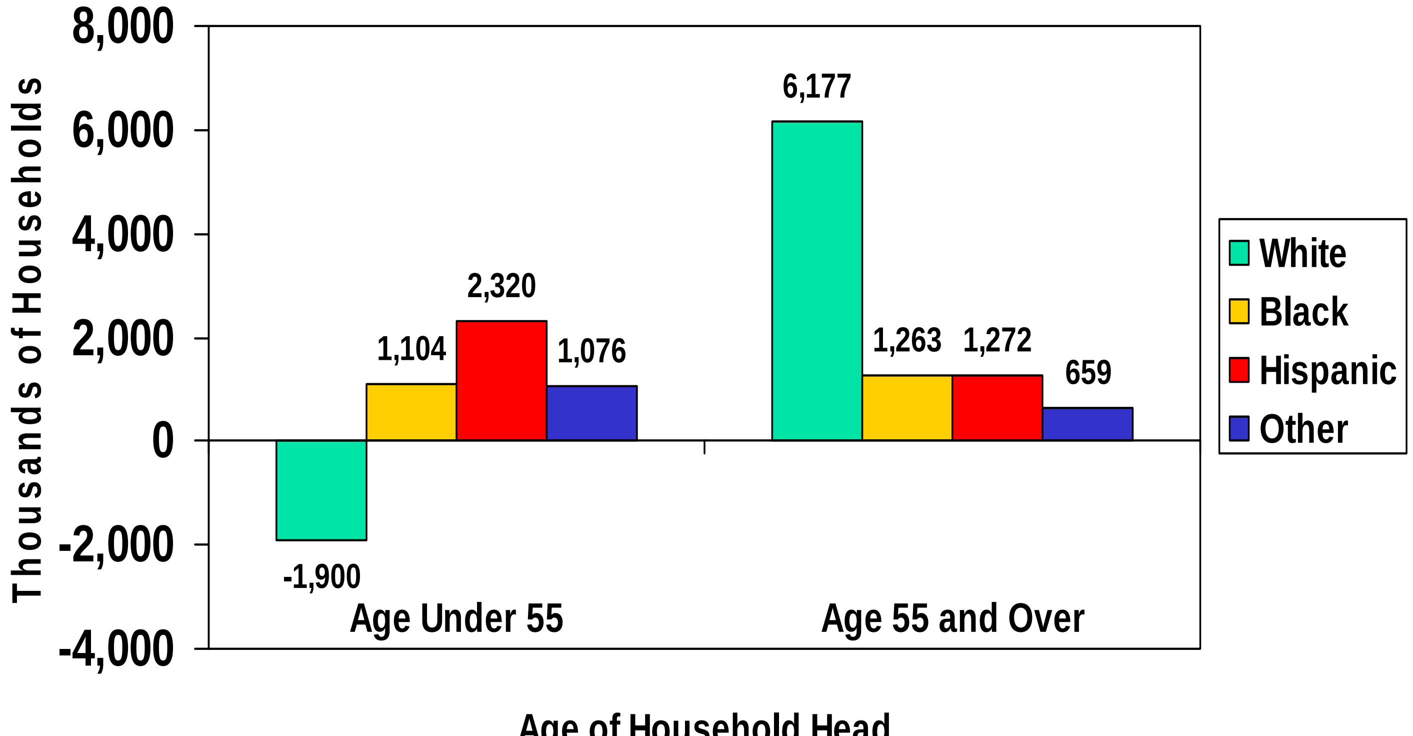


Childless Households Dominate



Household Growth: Ethnic Groups

- Minorities will account for <u>65%</u> of net household growth (2000 – 2010)



Immigration: Major Growth Source

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- 11% of U.S. population is foreign-born
- 44% of foreign-born have entered U.S. since 1990
- 27% of total household growth in next decade will result from immigration
  - Maybe larger because of difficulty in counting illegal immigrants
  - Immigration will be concentrated in Gateway Regions
- Hispanic household growth will be largest contributor
  - 51% of foreign-born are from Latin America

Changing Face of 1st Time Buyers

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- The 1st time buyer is changing
- Minority & immigrant households will be the predominant 1st time buyer
  - ✓ Largest portion of growth
  - ✓ Larger portion of younger households (homebuyers)
  - ✓ Lower ownership rate (disproportionately large portion of non-owners)

Barriers to Minority Homeownership

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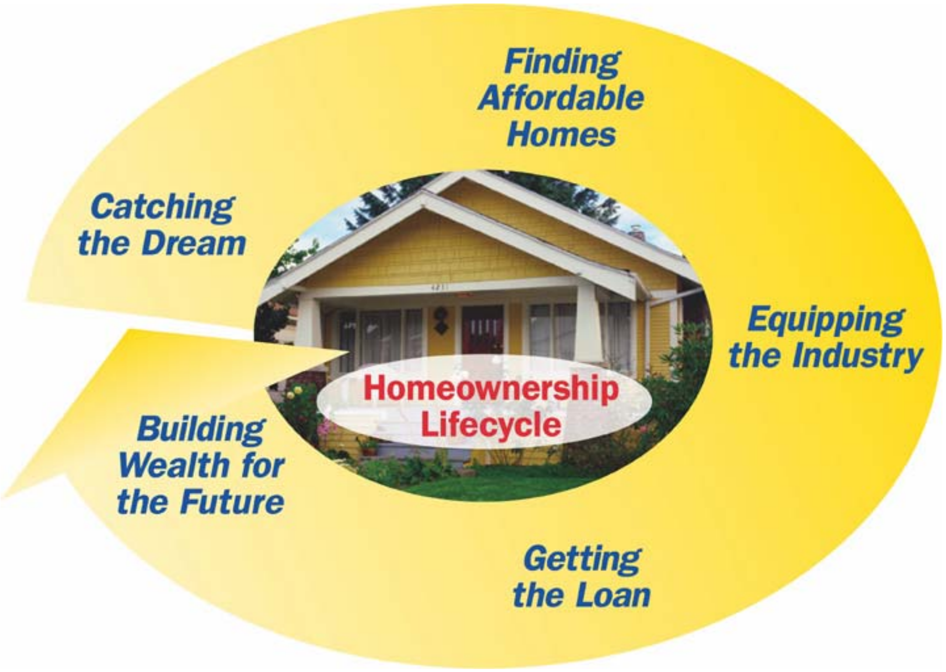
- Minorities face numerous barriers to homeownership
  - Lack of understanding of the home buying process
  - Language and cultural barriers
  - Lack of banking relationships & credit history
  - Nontraditional or blemished credit
  - Difficulty accumulating funds for down payment
  - Shortage of affordable housing
- The problems are systemic and require a comprehensive response

Systemic Approach Required

- Address barriers throughout the entire homeownership continuum
  - Education
  - Opportunities
  - Products
  - Counseling/closing assist
  - Post-purchase support

Freddie Mac's Catch the Dream



What going on in your market?

- Prices & affordability
- Mortgage product trends
- 2nd home trends
- Growing, stable, shrinking population?
- Aging?
- Immigration?
- Minority homeownership?
- Other demographic shifts?

Processing Applicants & Buyers

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Processing Buyers: Pipeline

- Marketing & Advertising
- Intake
- Loan pre-qualification
- Pre-purchase counseling
- Purchase contract, earnest deposit, down payment
- The final walk-through
- Pre-close counseling: document review
- Loan closing

Counseling/Training

- Reduced 90-day delinquency rate by 19%:
  - ✓ 39% if by nonprofits; 26% lenders; 12% gov't
  - ✓ 21% self-study; 26% classroom; 34% one-on-one
- Counseling agencies/programs:
  - HUD-approved counseling agencies:
    - ✓ http://www.hud.gov/offices/hsg/sfh/hcc/states/newyork.txt
  - New York Mortgage Coalition (metro area)
    - ✓ http://www.anhd.org/programs/programs.html
  - Upstate: http://www.nysar.com/files/affordable.html

Types of Counseling/Training

- Information needed at several stages:
  - Pre-screening education (credit awareness, debt counseling & repair)
  - Home search/home buyer training
    - ✓ Search process, mortgage shopping, closing
  - Post-purchase counseling
    - ✓ Home maintenance, budgeting, credit, pred lending
  - Foreclosure prevention/intervention

Moving Buyers into Borrowing

1. Prepare buyers:
   - Debt counseling & debt reduction
   - Stress **back-end** ratios
   - Help buyers document alternative & foreign credit
2. "Optimize" (v. maximize) the 1st mortgage
   - Fixed v. ARMs; debt ratios; cash after closing
3. Investigate alternative products & terms
   - Portfolio loans & CRA; GSE alt. products: A- & affordable loans
4. Steer buyers away from predatory lenders

Loan Closing

- Truth-in-lending statement
- HUD-1 (Settlement Statement)
  - ✓ down payment and closing costs
  - ✓ pre-payments and impounds for property taxes, insurance and other assessments
- Subordinate/subsidy loan documents
  - ✓ Make sure they know in advance what they are signing
- LBP disclosures if pre-78

Working w/ Buyers: Post-Closing

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- Post-purchase counseling
  - ✓ Household budgeting & credit management
  - ✓ Maintenance
  - ✓ Predatory lending & avoiding foreclosure
- Inducement to participate in post-purchase
- Supporting maintenance & repairs
  - ✓ Tool lending, emergency repair funds, owner assns.
- Loan servicing & delinquencies
- Foreclosure intervention

Structuring the Buyer Subsidy

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Subsidy Issues

- Amount of gap
- Source of gap money & related rules
- Relationship to primary lender
- Resale/recapture
- Protection against loss in foreclosure

Amount of the Gap

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- Local limits: variable v. fixed assistance
  - ✓ Fairness of “subsidizing” other debts
- The basis: dev cost or fair market value (FMV)
  - FMV is HOME policy under recapture method
  - “Excess” public $ = “development subsidies” not mortgaged to buyer OR basis for equity sharing
- “Gap” = FMV – buyer funds (mortgage + DP)
- Supplemental assistance: DPA + CCA

Optimizing the 1^{st} Mortgage

- "Gap" determined by size of 1^{st}
  - Back-end ratio: 1^{st} affected by amount of other debt
- Setting minimum PITI – so you don't pay indirectly for consumer debt and mismanagement
- Setting maximum PITI – may want conservative end of range

Source of the Buyer Subsidy

- HOME/ADDI the most likely source
- Consider impacts of regs:
  - ✓ Income or 1st time buyer requirements
  - ✓ Property type or value limits
  - ✓ Property standards
  - ✓ Compliance periods; recapture

Assume The (2nd) Position

- Public loans subordinate to 1st mortgage
  - ✓ Enforcement subject to approval of 1st mortgagee
  - ✓ Use restrictions may terminate upon foreclosure/DILOF
- May be other limits on 2nd mortgage:
  - ✓ TLTV limits (E.g., Freddie Mac 105% or 120% for certain purchase-rehab)
  - ✓ Balloons

Closing Reconciliation of Public $

- Reconciliation of dev advances at closing:
  - ✓ Buyer subsidy: FMV – buyer DP + 1st Mort.
  - ✓ Payment of closing costs & developer fee
  - ✓ Partial/full repayment of Public Dev Advances
  - ✓ Write-off as development subsidy (excess dev costs)
  - ✓ CHDO Proceeds
- Sometimes additional subsidies for buyer @ closing
  - ✓ Closing costs
- Worksheet

Refinancing, Resubordination, Prepayment

Franke Consulting Group

The HOME as ATM

- Owners expect to be able to refinance
  - Your borrowers expect to be able to do the same
  - Refi's were 42% of last qtr loan volume; 74% involved cash out
- But equity takeout increases risks of foreclosure and can jeopardize collateral of subsidy mortgages

DHCR/HTFC Policy

- Notice 03-02 (9/23/03)
- Policy:
  - No equity takeout; only pay off 1st (and HOME if…)
  - Must lower costs to owner & owner must be current on all obligations (e.g., taxes)
  - Requires DHCR approval

Would You Resubordinate to...?

- Better loan terms w/ no equity takeout
- Equity takeout for:
  - Home improvements
  - Family employment or medical emergency/hardship
  - Education
  - Debt consolidation
  - Other use
- LTV limit?

Prepayment

- What if they want to pay off the loan? Do you allow prepayment?
- Prepayment restrictions:
  - Prohibitions against prepayment
  - Time periods
  - Prepayment counseling
  - Interest due?

Final Thoughts

1. Understand the changing local conditions
2. Understand trends in mortgage credit (e.g., credit scores)
3. Understand the changing face of first-time buyers
4. Focus on credit as primary barrier to homeownership
5. Provide homebuyer education and counseling
6. Manage the pipeline – for winners & losers
7. Try to move borrowers toward the prime market
8. Use post-purchase counseling & predatory lending watch
9. Implement resubordination/prepayment policies
10. It's a tough market.   Let's be careful out there!

Wrap Up

- Final questions
- Please complete the evaluation
- For clarifications: MLFranke@aol.com
- Future seminars:
  - January: LBP Refresher

Safe travels. See you at the next seminar!

Nat. City Hsg Value Assessment

- Actual v. "model" prices
  - Model explained by density, interest rate, income, price:income constant for market
- 30% over model = overvalued
- 56 of 299 metros overvalued (32% of pop)

Albany	11.71%
Binghamton	-3.70%
Buffalo	-5.96%
Kingston	36.83%
Nassau/Suffolk	43.98%
New York	26.83%
Poughkeepsie	37.95%
Rochester	-9.89%
Syracuse	-4.19%
Utica	-3.42%