

# MORTGAGE UPDATE

By David Griffin

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## Today's First Timers

Mortgage financing has changed considerably over these past months and is continuing to evolve in this new financial environment. How do these changes affect first time homebuyers (FTHBs)? FTHBs are those individuals who have not owned a home in the past 3 years, or never. By and large, the opportunities presently available for FTHBs are better than I've ever seen. Yes, credit quality requirements have been tightened across the board for all borrowers, but we all now know that it serves no good purpose to put people in homes and mortgages they can't afford and for which there is no good likelihood of success.

The first and primary positive for today's FTHBs is the \$8,000 gift from the federal government for purchasing a home this year PRIOR TO December 1<sup>st</sup>. Nobody gave me \$8,000, no strings attached, after I purchased my first home. As discussed last week, this gift would be obtained from Uncle Sam when amending the 2008 tax return or when filing in 2009. (Getting a "tax credit anticipation loan" for those funds in advance of closing is still a murky picture.)

Although we have lost all standard conventional 100%, "no down payment" loan programs, other similar programs still exist. Principal among those are the USDA Rural Housing loans, which are not limited to FTHBs. Like the name says, these loans are made for homes in rural areas and there are maximum income limits. For more information about USDA, visit [usda.gov](http://usda.gov) and click on Rural and Community Development.

VA loans are available providing 100% financing for qualified veterans, service members and reservists, whether FTHB or otherwise ([va.gov](http://va.gov)). FHA loans provide 96.5% financing (3.5% down payment) with no income limits for FTHBs or otherwise ([fha.gov](http://fha.gov)). The benefit of FHA is that the down payment funds can be a gift from a relative or family member.

Added to this mix of programs are loans from the Georgia Department of Community Affairs ([dcaloans.com](http://dcaloans.com)). DCA loans, also known as the Georgia Dream Homeownership Program, are tax-exempt bond program loans and are what we old mortgage lenders referred to as GRFA loans through the Georgia Residential Finance Authority. DCA loans are made only to FTHBs unless the property being purchased is in a designated targeted area.

A new and very interesting addition to DCA lending is their "Neighborhood Stabilization Program". This program provides \$14,000 to eligible borrowers purchasing foreclosed properties in eligible areas. Funds are disbursed in the form of a second mortgage lien with no interest and no monthly payments. The lien is released over a period of five years and six months. (This means that the loan is forgiven over time and you do not have to pay it back. Woowee!) Funds may be used for required repairs and/or down payment assistance.

For additional support, advice and guidance, FTHB workshops are held monthly at HomeFirst Housing Resource Services in Macon ([homefirstga.org](http://homefirstga.org) or 478-803-2373). A free "Business and Housing Expo" will be held all day Friday, June 12<sup>th</sup> at the Middle Georgia Technical College in Warner Robins. Visit [dca.ga.gov](http://dca.ga.gov) and click on the Expo logo for more information.

So, FTHBs now get paid to buy a home. What a country! Be sure to speak with a local lender member of the Mortgage Bankers Association of Georgia ([mbag.org](http://mbag.org)) for financing assistance. Don't trust this important and complex matter to a nameless, faceless Internet entity.

*David Griffin has been financing homes in Macon, Warner Robins and all of Middle Georgia since 1983 and is a member of the Mortgage Bankers Association of Georgia, [mbag.org](http://mbag.org). For an archive of past articles visit [mbag.org/ML\\_Update.htm](http://mbag.org/ML_Update.htm).(6/4/09)*