

**Ohio Housing Finance Agency  
Down Payment Assistance and  
Home Buyer Education  
for  
Preparing Organizations to Lead in the  
New Era of Homeownership  
February 18, 2009**

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# 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](http://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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PLACE TO CALL HOME**