FLORIDA HOUSING RESPONDS TO THE FORECLOSURE PROBLEM

During the last few months, the nation has focused increased attention on mortgage defaults and foreclosures, which are climbing at an unprecedented pace throughout the country and, particularly, in Florida. According to a recent study by RealtyTrac, 72 of Florida’s zip codes fell within the top 500 for total foreclosure filings in the United States. All major economic forecasts are predicting a dramatic increase in foreclosures during the next two years.

Foreclosures are devastating on families. Borrowers who are foreclosed upon have few options because their credit is effectively destroyed. It is difficult for people with foreclosures to rent an apartment because most property owners pull credit reports. If a borrower goes into foreclosure due to a job loss, getting a new job may be more difficult because some employers pull credit reports prior to employment.

Most experts in the field agree that the majority of today’s foreclosures are the result of aggressive subprime lending practices. Many banks and mortgage brokers, large and small, have been part of the subprime lending business, and many of these entities have now exited the business or have gone under because of unwise business practices. At the end of 2007, it was clear that many parts of the financial system are under stress.

Florida Housing’s Approved Lender’s Help Make Homeownership Dreams Come True: Success Stories From Around the State

As a result of the hard work and perseverance of Florida Housing approved lenders and Realtors, many Floridians have achieved their dreams of homeownership. In addition, many of these committed institutions and individuals are involved in or hosting community events that help to educate consumers about the home-buying process. Florida Housing is pleased to highlight a number of these homeownership success stories.

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The Villages - Lender: Judy Bamundo, National City Mortgage

If ever there was a success story about first time homeownership, the story of Doug Miller is it. After attending Florida Housing’s 2007 Homebuyer Expo in Orlando, sitting through the homebuyer education class and receiving his homebuyer education certificate, all in the same day, Miller—who is legally blind and has a full-time caregiver—recently was able to purchase his own home!

Both Florida Housing approved lender Judy Bamundo, with National City Mortgage, and Realtor Adrienne Bushey, with Watson Realty, worked closely with Miller because he could not read any documents and did not understand exactly what he needed to do to file for disability homestead exemption and other disability benefits. “I have a very strong mind and a very good personality,” Miller said. “It’s the physical functions that don’t work right. My mind is 100 percent and I don’t want to be held back from using my mind and being with people.”

Miller’s home is in a retirement community—The Villages—which gives him the ability to move around town in a golf cart and gives him the freedom to do what he wants. Continued on page 3
industry have contributed to this problem, particularly because of permissive or negligent credit requirements. Homeowners, who initially benefitted from subprime loans as the housing market rose, either gambled that the market would continue to inflate or, in some cases, were uneducated about the risks in making a subprime loan.

In December 2007, Florida had $78.7 billion in subprime loans, the second highest in the nation. More than 20 percent were seriously delinquent. At the end of 2007, Florida had an estimated 10 percent of the nation’s subprime loans, but more than 11 percent of the nation’s seriously delinquent subprime loans.

The subprime mortgage problem has impacted the world’s economy, and will continue to be a problem through 2009 and potentially into 2010. The Mortgage Bankers Association (MBA) estimates that mortgage originations fell 14 percent in 2007 and will probably decline 34 percent in 2008.

Solutions to the subprime problem must be wide ranging and integrated to ensure that the economy recovers, and that homeowners with subprime mortgages have the best support possible to manage their personal situations. A number of federal and state strategies to provide relief to homeowners are in the works, including one proposal for a federal economic stimulus package that would lift the restriction on refinancing mortgages with tax-exempt bonds and provide additional bond allocation to states during the next three years.

Florida Housing uses tax-exempt bonds in its First Time Homebuyer Program with great success and has watched with interest as several states moved forward in 2007 with aggressive refinancing strategies to assist troubled borrowers with taxable bonds. New York, Massachusetts and Ohio made strong commitments in this regard, but have made few loans because the homes in question have lost too much value or the borrowers accumulated excessive debt, undermining the homeowners’ credit and making a new mortgage too risky to provide. Overall, state housing finance agencies have found this strategy to be unworkable for most borrowers in trouble.

Lenders do reach out to borrowers once a mortgage is delinquent. However, most borrowers never respond to these efforts. Industry studies show that borrowers who are delinquent in their mortgage payments rarely contact their lending institutions. However, many borrowers can avoid foreclosure if they are aware of the options available to them or aware of their rights. Options for borrowers include: refinancing; forbearance (i.e., postponement of loan payments by a lender for a temporary period); interest-rate modification; short sale (i.e., sale of a home at less than what is owed on the mortgage); or deed in lieu of foreclosure.

After evaluating various strategies to address the foreclosure crisis, Florida Housing decided to focus on foreclosure prevention. In the summer of 2007, we began work on a Foreclosure Prevention Strategy to provide support to non-profit agencies statewide in the provision of foreclosure counseling and intervention services. The strategy will involve marketing efforts to borrowers who face delinquent mortgages and collaboration with lenders, servicers, counseling agencies, and local governments throughout the state to address the growing level of delinquent mortgages.

To assist the state in this work, Florida Housing will take advantage of a national foreclosure mitigation program created by Congress and funded with $180 million. Funding will be provided through competitive grants to HUD-approved housing counseling intermediaries and state housing finance agencies. Florida Housing will use these funds to assist homeowners through a network of local housing counseling agencies that have a proven track record of providing foreclosure prevention services.

However, there are not enough of these agencies to provide services throughout the state. Recognizing this, we also expect to conduct regional trainings and technical assistance will be provided to support the work of fledging agencies. We expect to begin implementation of this strategy in early 2008.

What is a “SUBPRIME” loan?

Typically, subprime loans are made to borrowers who do not qualify for the best interest rates because of problems with their credit. During the last few years, the nature of subprime loans has expanded to include a variety of exotic products, including interest-only and negative-amortization loans. Many of these loans were made without adequate documentation of income and credit. Many of today’s subprime delinquencies and foreclosures stem from these products or adjustable rate mortgages that were offered at initial low teaser rates. While the borrower was capable of paying the lower rates, the interest rate hikes that are set to occur two to three years later often put the mortgage payment out of reach for the homeowner. With the rising property values of a couple years ago, borrowers simply would have sold their homes or refinanced them when the interest rates reset. In today’s declining market, lower property values have made these options impossible.

While all subprime loans are not “predatory” loans, predatory lending is often targeted to higher-risk borrowers who are not financially savvy. Predatory lending practices include lending terms that the borrower can never meet, prepayment penalties and high fees for a variety of services, needed or not, related to these loans.
Success Stories continued

the chance to work a part-time job. The programs Miller used were Florida Housing’s Florida Advantage Program, in addition to receiving $10,000 in down payment assistance. He bought a two-bedroom/two-bathroom, 1,100-square-foot condo with a garage, a screened entrance and a patio!

“Mr. Miller will be an asset to the community,” said Bamundo, who works with National City Mortgage. She has been in the mortgage business more than 25 years, focusing on first time homebuyers. She conducts workshops and training seminars for local Realtors, builders and counseling groups, and to date, has placed more than 4,000 buyers in homes. She also has been an award-winning lender with Florida Housing for 17 years. “I truly want to give back to the community that has blessed me with a very wonderful and fulfilling life and career,” she said.

Tallahassee - Lender: Pat Gaver, BB&T
Participating lender Pat Gaver, and The Gaver Team at BB&T, has participated as an approved lender in Florida Housing’s First Time Homebuyer Program since September 2003. The Gaver Team, along with Realtor, Wallisa Cobb, recently helped Tamela Nelloms, a mother of three, purchase her first home in Tallahassee. Nelloms used the First Time Homebuyer Program along with down payment assistance from Homeownership Pool (HOP) funds and the Tallahassee Lenders’ Consortium (TLC).

Nelloms was able to purchase a 1,513-square-foot house with four bedrooms/two bathrooms! “If I didn’t have the assistance from Florida Housing, my family would not be in our new home, and possibly renting much longer than I expected,” Nelloms said. “I needed to have a home that would allow my family to live comfortable. Thanks to finding a HOP builder, we have all the space we need for now.”

Gaver is one of Florida Housing’s award-winning, top-producing lenders. He has been in mortgage lending for nine years, primarily working with first time homebuyers. His wife, Sandy, assists with their business, and they have a 9-year-old son, Zach.

“She (Nelloms) is truly deserving of the assistance,” Gaver said.

Lake Worth - Lender: Cynthia Fink, Wachovia
New homeowner Ernest Rocco is grateful for a lot! Approved lender Cynthia Fink, a mortgage consultant with Wachovia Mortgage, helped Rocco buy a three-bedroom/two-bathroom house. The home also has a family room, dining room, two-car garage and more than 2,000 square feet of living space on a quarter acre corner lot.

Rocco was able to use Florida Housing’s Florida Plus Program, which applies 4 percent of the loan amount toward the borrower’s down payment and closing costs.

“The biggest barrier was the seller because [the home] was a foreclosure,” Fink said. “They were just very slow to respond and insisted on closing in 20 days. Florida Housing’s program and my Bond Processing Team are so great that we had no problem closing on time.”

Fink has been an approved lender with Florida Housing since March 2006. She started her lending career as a consumer loan clerk in 1973 and has done every job available in consumer lending, including repossessing cars, product development, managing 25 loan officers and managing processing for the State of Florida at the previous banks where she was employed. Fink has formed relationships with several Realtors who understand and also are committed to helping families attain homeownership. “As you can see,” Fink said, “I have a great job and a great life.”

Tallahassee - Lender: Dana Cummins, BB&T
Shelby Putnam and her daughter got their wish of being in their own home. Dana Cummins, an approved Florida Housing lender, helped Putnam achieve her American dream through Florida Housing’s Florida First Program; as a result, she was able to purchase a 2,000-square-foot home.

“She (Putnam) is truly deserving of the assistance,” Cummins said.

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“She is a single parent and has home-schooled her only child, who is now enrolled in the gifted program at a local high school,” Cummins said. “Her total payment turned out to be cheaper than her rent!”

Cummins works with BB&T and has been a loan officer for one year. She started in the industry in 1995 as a processor/closer, and made the move to origination in January 2007.

Sanford - Lender: Cheri Wight, Urban Trust Bank
With Florida Housing’s programs, prayers can be answered and miracles can happen. At least this is what first time homebuyer Hazel Posely and her family believes, as their prayers where answered… and then some! Posely, a bus driver and grandmother of three, moved into a four-bedroom/two bathroom house, with 1,600 square feet of living space and a fenced in backyard.

The Posely family had been looking for an affordable home for more than a year, but kept coming up short of what they needed and could afford. “Then, God sent an angel,” Posely said. “It was divine appointment. The (lender) did all the work for me—she set everything in place from inspection to closing.” Posely said. “All I had to do was follow directions; I went to the closing table with a check for $3.95!”

Wight, who works with Urban Trust Bank, helped Posely get on the right track. Posely used the Florida Heroes program, $10,000 in down payment assistance from the Florida First program and local government SHIP funds, as well.

Cheri has been working with Florida Housing’s program since 2000. “The best surprise for the Posely family came when Best Buy donated a brand new washer and dryer! God bless all of us for making this dream of homeownership a reality for those who truly deserve it,” Wight said.

Cape Coral - Lender: Kim Nabors, Wachovia
Florida Housing’s programs have the ability to help interested homebuyers from all walks of life purchase their first homes. In her short time as an approved lender, Kim Nabors with Wachovia Mortgage has helped many people purchase their first homes. Homeowner Matthew Vassiago recalls how easy the process was for him.

“Toward the Florida Housing’s First Time Homebuyer (FTHB) program from state Rep. Nick Thompson’s district legislative aide,” said Vassiago. “The process was fairly easy. I [called] Florida Housing Finance Corporation’s toll-free number. They took some information from me and matched me with a participating local lender.”

Vassiago started looking for a home approximately three months before finding the right house; and he received the best care from his Realtor, Christy Abrams at Miloff Aubuchon Realty in Cape Coral. With her help, he was able to purchase a 825-square-foot condominium in Lee County with two bedrooms/two bathrooms.

“As a state employee working for Rep. Gary Aubuchon, I am in a position to inform our constituents about the availability of grants such as these,” said Vassiago.

Nabors has been in the mortgage banking business for 10 years; in addition, she worked for a law firm in Tallahassee for 10 years doing real estate closings and as a real estate agent for five years. “All of my customers use the 4 percent grant available with Florida Housing,” Nabors said. “It enables them to have a monthly payment lower than they would pay in rent in many cases. It is a great benefit to them and they are very excited to know the help is out there.”

Pensacola - Lender: Denise Kristiansen, Bank of America
Demeko Parker in Pensacola received the best gift she could have wanted. With the help of approved lender Denise Kristiansen with Bank of America, Parker was able to buy a new construction 1,493-square-foot single-family home with three bedrooms/two bathrooms, a two-car garage, backyard and covered patio! Parker used Florida Housing’s Florida Plus program (which includes 4 percent of the loan amount used for down payment and closing costs).

“I remember when I called [Parker] and said, ‘Demeko, guess how much you have to bring to closing….zero,’ ” Kristiansen said. “She started screaming with excitement and said, ‘Can you tell me that again?’; and then she started screaming with joy again. It made me feel so good!”

Kristiansen has been an approved lender with Florida Housing since March 2006. She specializes in and enjoys working with first time homebuyers. “The part I enjoy the most is calling that client that did not think they would ever be able to buy a house and listen to their excitement when I say YOU’RE APPROVED!”

Palm Harbor - Lender: Richard Nolet, Bank of America
Donna MacKenzie, a new homeowner, is excited about the condominium she purchased using Florida Housing’s First Time Homebuyer Program. “I was ready to give up,” MacKenzie said. “I had been looking for a home since February 2007 and I was not eligible until I heard about Florida Housing’s programs.”

Approved lender Richard Nolet with Bank of America stepped right in. He was able to get connect MacKenzie with Florida Housing’s Florida First 30-year fixed-rate mortgage along with $10,000 in down payment assistance, and $25,000 in down payment assistance from the City of Largo.

Nolet has been an approved lender with Florida Housing for nearly a year, and has been in the mortgage industry for 16 years, specializing in first time homebuyers and affordable mortgages. “I love to see
the faces of my borrowers once they receive the keys to their new homes,” Nolet said. “My reward is helping them realize their dreams of homeownership.”

MacKenzie purchased a one bedroom/one bathroom condo in Bell Harbor. “None of this would have happened if it were not for Richard Nolet, this program and low interest rates!” she said.

Crestview - Lender: Amber Ellis, Wachovia
Amber Ellis, a Florida Housing approved lender working for Wachovia, gave the best holiday gift ever to a recent homebuyer. Julie Floyd was able to buy her three-bedroom/two-and-a-half bathroom townhome with no problems!

“With the help of Amber and Joanie, my Realtor, it was a wonderful process,” Floyd said. In addition, she received assistance from the Okaloosa County SHIP department to help with the down payment.

Joanie Pate, with Eglin Realty, was Floyd’s Realtor. “I am very familiar with Florida Housing’s programs,” Pate said. “The program is very helpful and we would not know what to do without it.”

Ellis has been working with Florida Housing’s programs for two years. “I would like to thank my Government Team in Dallas for an awesome job well done,” Ellis said, “along with Linda at Chotcow Title, who also made the closing happen by the closing date. I couldn’t have done this without them.”

For more information on becoming an approved lender with Florida Housing, or if you have questions about Florida Housing’s homeownership programs, contact Single Family program staff at (850) 488-4197. To submit your homeownership success stories and events, contact Taylore Maxey, marketing & communications coordinator, at taylore.maxey@floridahousing.org.

IMPORTANT Resources & Links

For more information on Florida Housing’s First Time Homebuyer Program, go to www.floridahousing.org.

To become a participating lender, go to www.floridahousing.org, click on “Housing Partners,” then click “Lenders” and complete the application.

For complete Bond Program Training at no cost to you or your institution, contact Patt Denihan of eHousing Plus at (954) 430-6072.

For brochures and other promotional materials to distribute to potential clients, contact Natalyne Zanders at natalyne.zanders@floridahousing.org. Please specify your quantity and language desired (English or Spanish).

For Florida Housing’s SHIP Program Directory, go to www.floridahousing.org, click on “Housing Partners”, then click on “Local Governments (SHIP).”

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If you would like to submit a story for consideration in our next issue please contact Taylore Maxey at taylore.maxey@floridahousing.org.

Florida Housing was created more than 20 years ago by the Florida Legislature to finance affordable housing for very low, low and moderate income Floridians.