

**Down Payment Assistance Program
Input Sessions Results
February 2008**



**Department of Housing and
Community Development**

Purpose

The purpose of the input session process was:

- To gather information from the *Down Payment Assistance (DPA) Program* regional administrators on the DPA program, and
- To gather feedback on recent and proposed programmatic changes to the overall state-administered DPA program

Participants

Input session participants were DPA regional administrators receiving 2007-08 allocations through the Department of Housing and Community Development (DHCD).

A total of 28 input session and online survey respondents representing 22 regional administrators contributed input.

Methods

Data was gathered through an in-person meeting (input session) held in Richmond on February 13, 2008, and through an on-line survey that mirrored questions asked during the session. Due to schedules and inclement weather, seven individuals attended the in-person meeting via conference call and contributed input both via conference call and through the online survey.

All participants were invited to provide additional information through the online survey and to forward the online survey and meeting presentation to other program staff that were unable to attend.

The in-person sessions utilized OptionTechnology, a real-time survey tool that allowed DHCD to collect input through specific questions during the meeting. Session participants were able to review and discuss the question results during the session. In addition, open-ended responses and other comments were recorded in writing.

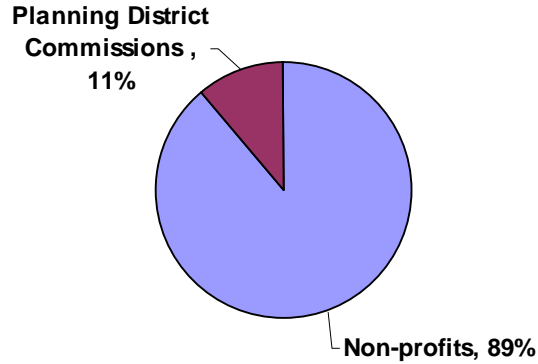
Grantees had until close of business on February 22, 2008 to submit input through the online survey version.

All input was analyzed. Summary results and trends are provided in this report for internal uses, as well as made available to the grantees.

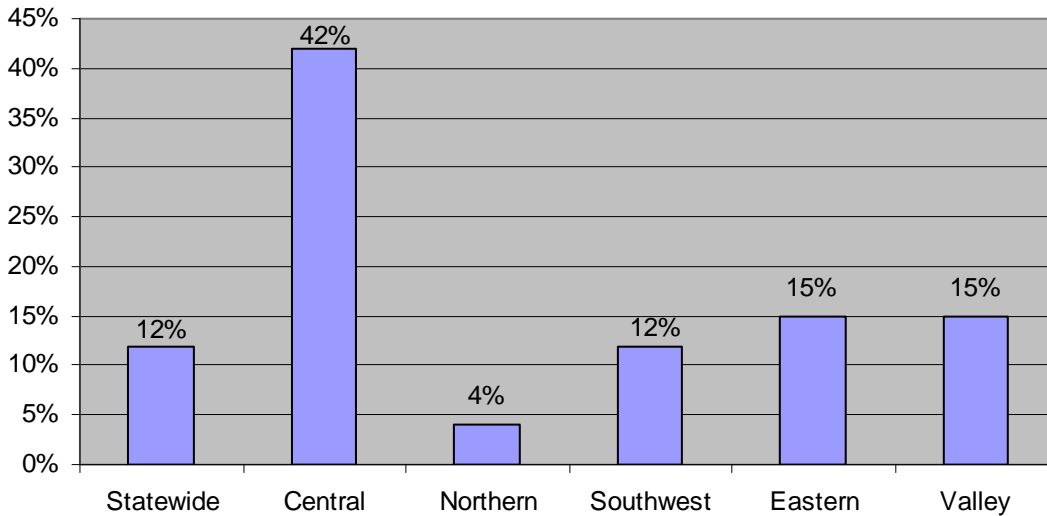
Summary of Findings

Most participants (89 percent) were non-profits, and the remaining participants were with Planning District Commissions. Almost half (42 percent) of participants were with organizations focused in Central Virginia.

Input Session Participants by Type of Organization



Input Session Participants by Region



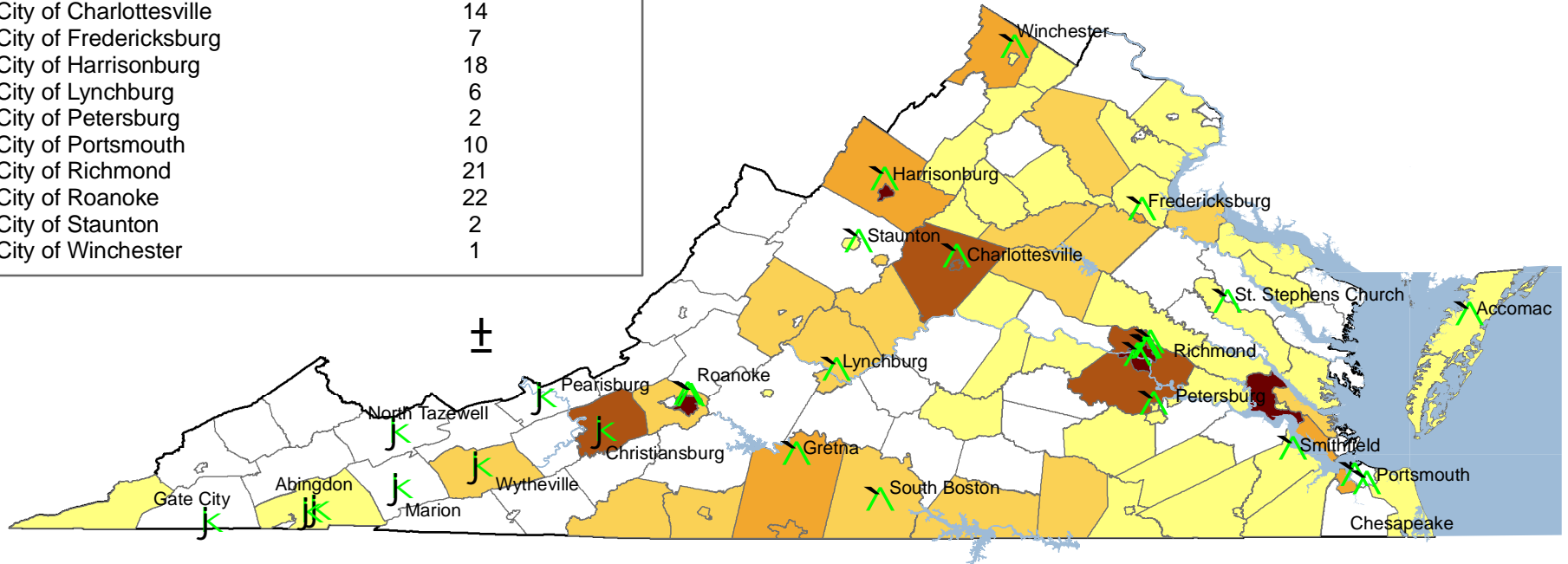
Virginia Homeownership Down Payment Assistance Program

Physical Locations of Program Administrators By Number of Households Assisted

July 1, 2006 - June 30, 2007

Number of Households Assisted in Localities Covered by Stars (administrator locations)

Locality	# of Households Assisted
City of Charlottesville	14
City of Fredericksburg	7
City of Harrisonburg	18
City of Lynchburg	6
City of Petersburg	2
City of Portsmouth	10
City of Richmond	21
City of Roanoke	22
City of Staunton	2
City of Winchester	1



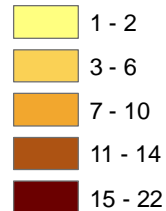
Localities Where Multiple DPA Program Administrators are Physically Located

Locality	# of Program Administrators
Richmond City	5
Roanoke City	2
Washington County (Town of Abingdon)	2

**** Federation of Appalachian Housing Enterprises (FAHE) is headquartered in Berea, Kentucky, and administers Virginia DPA funds through its member organizations located in Virginia localities.**

= DPA FAHE-member Administrator Location**
 = DPA Program Administrator Location

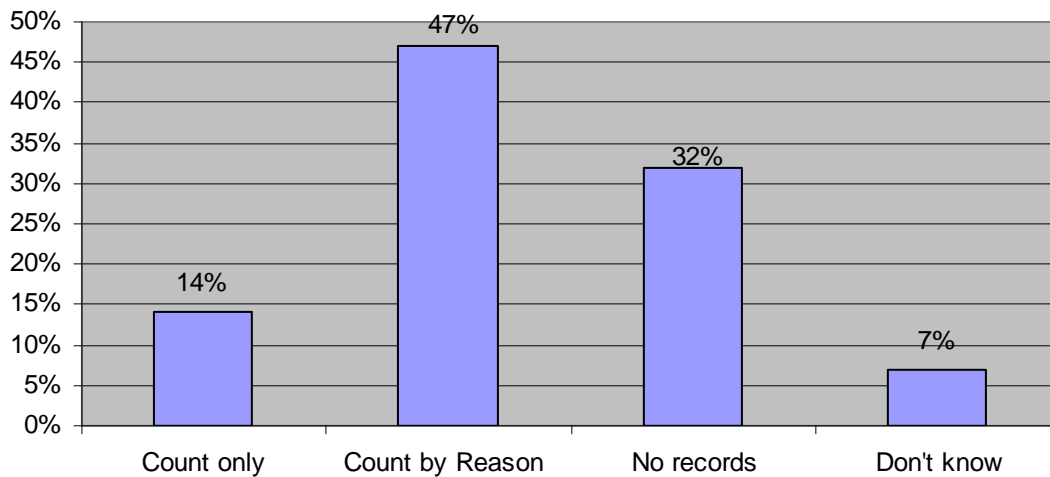
Number of Households Assisted, '06-'07



Modified April 8, 2008

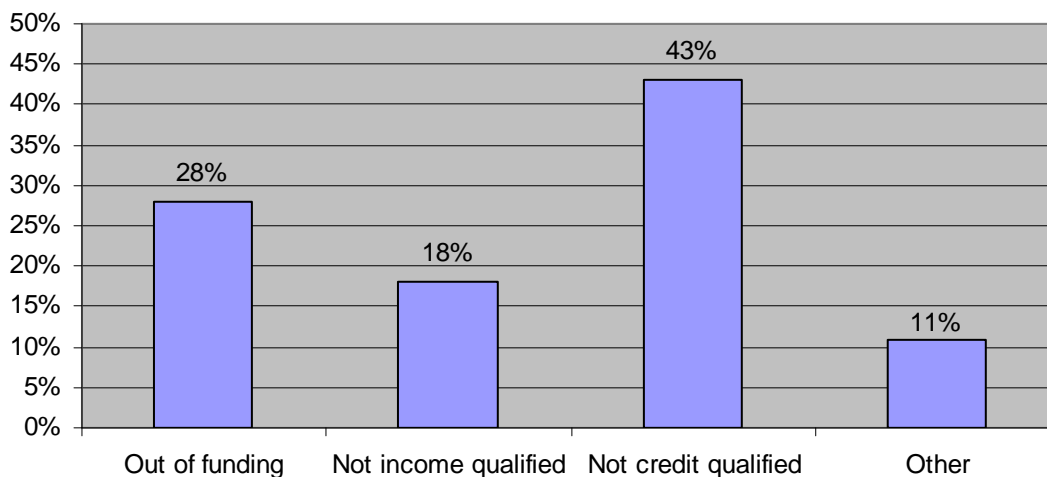
Almost half of participants reported keeping records of number of clients not served by reason. Another 32 percent indicated keeping no records at all.

Do you keep records on the number of households that you don't serve?



Credit tended to be the largest reason why a DPA administrator could not serve clients. Participants also noted that the lack of homes for sale in the borrower's price range was another reason why they were most often unable to serve a client.

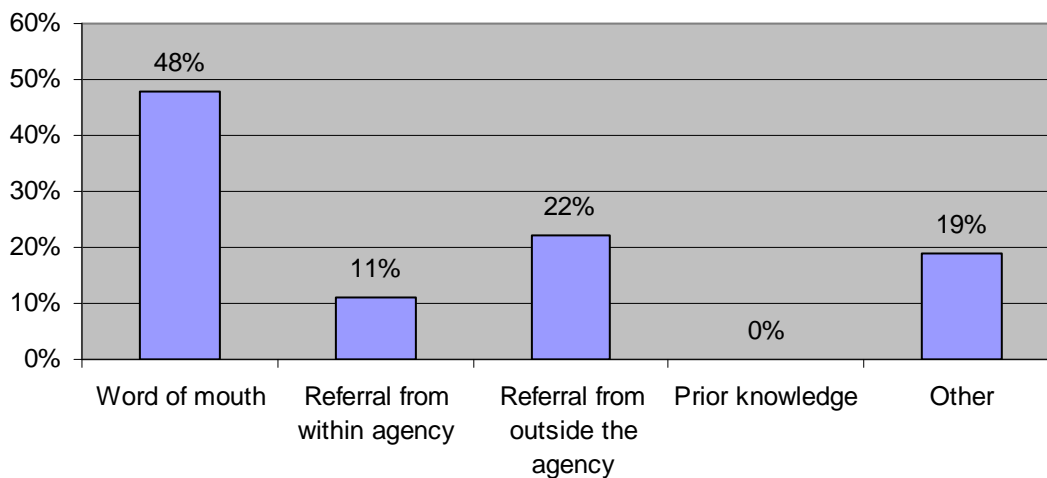
What most often explains why you don't serve these households?



When asked to describe an eligible client, participants indicated that beyond meeting basic program eligibility requirements the ideal client would have little debt and workable credit.

Reportedly, word of mouth tended to be the primary means by which clients found out about the program. Participants indicated that word of mouth was particularly important for reaching immigrant populations. “Other” reasons included referrals that come through realtors and bankers. Media such as radio, print, and public service announcements were also referenced as an important outreach method.

How do clients typically find out about your Homeownership Down payment Assistance program?

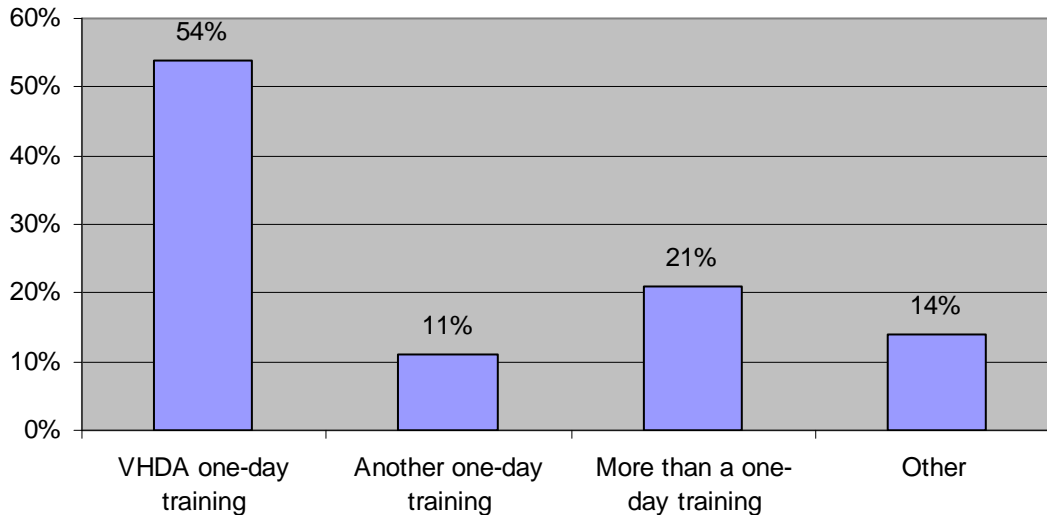


Most (71 percent) participants reported that clients were typically first contacting them at an early stage in the process, at a point whereby they were seeking homeownership information and counseling. Another 11 percent of participants reported that clients already had a sales contract in hand when they first contacted the program. “Other” responses include at the point of prequalifying or attempting to prequalify with the lender.

Additionally, administrators typically (82 percent) reported taking applications for assistance on a continuous or on-going basis. Only 15 percent of participants reported taking applications once a week or less frequently.

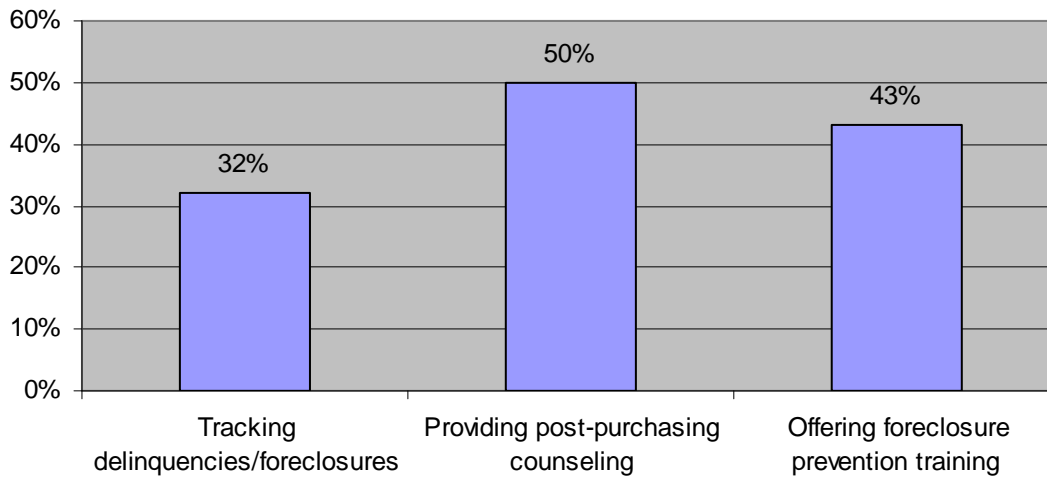
Just over half of participants indicated that they utilized the Virginia Housing Development Authority's one-day training for their required homeownership counseling. Another 21 percent said that they used another training program that lasted more than a day. The "other" responses included those that reportedly offer in-classroom training in combination with one-to-one in-person training.

What type of counseling does your program require?



Almost a third of participants indicated that their programs tracked delinquencies and/or foreclosures. Many noted that they ask clients to contact them if they were in trouble and that they review the newspapers for foreclosure notices.

Percent of participants who indicate that their programs do the following...



There were a number of training needs identified by participants. The top two training areas are:

- Post-purchase counseling training
- Foreclosure prevention training

Participants were asked for feedback on recent program changes:

- Restructuring of the recapture requirement (effective July 1, 2007)
- Enforcement of the “close-out documentation” requirement

Participants tended to indicate that the recent changes were “fair.”

Full recapture of assistance if resale/refinance prior to the end of the affordability period is fair. – Input Session Participant

Another respondent noted that the enforcement of the close-out documentation “helps” them to get these completed and returned to DHCD in a timely manner.

Participants were asked for feedback on possible changes:

- Encouraging post counseling component
- Encouraging foreclosure prevention training
- Addressing the Northern Virginia service gap

A couple of participants suggested that DHCD set aside a Northern Virginia allocation and leverage existing administrators to service the service gap.

Most participants were supportive of DHCD encouraging post counseling and foreclosure prevention but noted that financial support would be needed to fully implement these services.

*Given the economy I feel that post counseling and foreclosure prevention are great components to incorporate into our counseling. But remember we need monies to do it with. That would mean spending additional time with the clients. We already spend many hours helping clients clean up their credit and holding their hand through the home buying process.
– Online Respondent*

All input sessions noted general improvement in DHCD program management, including expressing appreciation for the opportunity to provide input.

On core performance measures, providers rated DHCD lowest on “understanding of DHCD’s funding process” and “returning email and/or phone calls in a timely manner.” These areas represent opportunities for significant improvement.

DHCD Performance Measures <i>As of July 1, 2007</i>	
<i>How strongly do you agree or disagree with the following statements?</i>	<i>Favorable Ratings “4” or “5”</i>
DHCD provides us the information we need to run our program.	81%
The Department of Housing and Community Development (DHCD) provides great customer services.	77%
DHCD provides us the information we need in a timely manner.	73%
DHCD is focused on results.	73%
The DHCD funding processes are fair.	73%
DHCD staff promptly returns emails and/or phone calls.	65%
I understand how DHCD makes funding decisions.	54%

Considerations

Based on the DPA program input session results, DHCD should consider the following items:

- Review methods of distribution to assure effective and appropriate distribution of funds to areas of need within the Commonwealth of Virginia (including addressing the Northern Virginia service gap).
- Assure that regional administrator reporting requirements align with meeting data needs.
- Identify training opportunities and other resources specifically related to post-counseling and foreclosure prevention activities.
- Consider developing formalized requirements related to foreclosure and delinquency tracking/reporting.
- Continue to monitor the impact of current housing market trends on the DPA program and the clients it serves.
- Continue to enforce timely submission of close-out documentation.
- Continue to monitor recent changes.

Review the distribution of households assisted (2006-07 and 2007-08) as compared to need to identify existing service gaps for the DPA program. Note that five of the 22 or 23 percent of the regional administrators are located in Richmond city. Fourteen percent of all households assisted during 2006-07 were in the Greater Richmond area (Richmond, Chesterfield, and Henrico). Consider the methodologies for increasing the number of households assisted in Northern Virginia as well as in other relatively underserved areas within the state. Feasibility consideration should include housing trends such as costs and other local resources for meeting affordable housing needs within these areas.

Participants reported that they were already making efforts in response to emerging client needs related to post-counseling and foreclosure prevention. DHCD should consider supporting their efforts and identify resources including training opportunities that would effectively aid in the development of these initiatives.

Participants also noted their efforts to track delinquencies and foreclosures. DHCD should review best practices related to HOME homeownership assistance programs for methods or practices that may help to improve and formalize these efforts.

DHCD should consider reviewing program parameters and housing market trends quarterly to assure that the DPA program is meeting current housing market needs.

Overall, the timely submission of the close-out documentation from DPA administrators has improved. Continue to encourage this trend.

Continue to monitor all recent program changes for effectiveness and their impact of the overall DPA program and its clients.

Open-Ended Responses

This includes all open-ended responses from each input session and from each survey completed online.

What most often explains why you don't serve these households (other – responses)?

Lack of affordable housing –there is no house in the area where they want to be located that is in the affordable price range.

All of the above.

Please describe an ideal client.

Low-income and credit worthy or almost credit worthy.

Low income not credit worthy

Ideal client would be an individual with credit score of 700, income at 80% AMI depending on household

Little debt and workable credit.

An ideal client would be a prospective first-time homebuyer; a household with adequate and stable income within 80% AMI, has a small amount of credit managed well, and who has savings strategies in place.

Person with strong work history, established credit history, and moderate debt to income ratio. Person should have a realistic outlook on what is affordable for their income level and family budget.

Not enough funding, not currently in our service area, not enough staffing to accommodate the need, ideal client: is one who changes behaviors regarding their finances, starts savings, paying bills on time, achieves homeownership or education goals.

Housing Authority resident or client from city's housing program

Low income family that qualified for Habitat home according to set guidelines used for qualification process.

They have a credit score of 620 or higher and debt free

Income qualified but may need credit help to become lender ready

Low to moderate income, mortgage ready

An ideal client is one who has taken advantage on pre-purchase education and both the client and the lender realizes that the process for obtaining down payment assistance is not "overnight"

Speaks English

Credit qualified

Enough income for where they want to live.

They have little debt.

No new car payments within the past five years.

They have limited down payment funds.

There is no ideal client. All clients need some form of understanding about housing needs. I do not turn any one away. Where the credit is bad or workable, I stop to take the time to work with them at their level.

How do clients typically find out about your program (other – response)?

All of the above

All listed

From various sources. Outside agency and word of mouth.

Radio, newspaper media and public access

Word of mouth –especially with the immigrant population

Through our partnerships with other agencies

Banks and realtors

Typically at what stage are clients when they first make contact with the program (other – responses)?

When they prequalify with lender

Mixture of both

When they are attempting to be pre-qualified by a lender.

What type of counseling does your program require (other – responses)?

Classroom education as well as face-to-face pre-purchase counseling

VHDA intro to homeownership class & one-on-one counseling is required to explain the program benefits / restrictions

I use VHDA training and extensive one-on-one assistance

Tell us about your financial contribution requirements.

Client has to contribute one percent and then we have a loan product that is often associated with it to make up the difference in SPARC funding. We only finance 80 percent with SPARC funds

Some of the jurisdictions require the client to have one percent of their own funds

Homeowner is required to contribute \$500 down payment as required by Habitat

We require that the family contribute a minimum of \$1,000 toward the purchase of the home.

One percent or more

Depends on the program funding source (\$500 – up to one percent or \$1,000)

We require a one percent contribution, unless that would be a hardship.

There is a minimum, but up to a certain percent of client's savings based on a budget.

Please briefly discuss the other programs that your agency provides. (Duplicated responses removed)

Home repairs

We do CDBG projects

Homebuyer development

Default counseling

Fair housing training

SPARC and section eight

Homebuyer counseling course

VIDA –financial literacy training

IPR (indoor plumbing rehabilitation program)

SF Housing, Commercial Lending, Equity funding, development consulting.

Ongoing credit and budget counseling. 12 month class, Home repair loans and grants, homeless program

HIP; SECTION 8; CDBG; IP/R; HOUSING COUNSELING; SPARC; ETC
Pre-purchase counseling and homebuyer education whether funds are available or not

Financial assistance with rent/security deposit. Education and counseling. Loss mitigation. Affordable housing development. First time homebuyer program. Housing Choice Voucher Program including HCV Homeownership. Rental properties. Home repair for low income families and the elderly.

Comprehensive Housing Counseling Services, Financial Literacy, VIDA

Whatever the client needs are.

First mortgage financing

Planning District

Homeowner education and credit counseling and continuous training after purchase of home. State office is trying to set up VIDA for Habitat applicants.

DEAFULT COUNSELING HECM COUNSELING RENTAL COUNSELING
TRANSITIONAL LIVING DAY CARE WEATHERIZATION EHR UTILITY
ASSISTANCE RENTAL PROPERTY EDUCATION & TRAINING EX-OFFENDER
PROGRAM

Homebuyer Education Classes

FSS, Voucher homeownership, credit counseling, pre & post purchase classes,
loss mitigation counseling, soon- reverse mortgage counseling

We have the VIDA Program and we are currently preparing a CHDO Application,
homeless intervention budgeting, credit counseling, mentoring

Fair housing complaint/intake and investigations; mortgage default and predatory
lending counseling; tenant training and education.

What other types of service providers do you coordinate most frequently
(duplicates removed)?

Other non-profits, VHDA

Department of Social Services

CoC group

Lenders

SPARC

Neighborworks

Supportive housing programs

Rehabilitation

To other housing agencies that are better suited for client (i.e. Habitat), IDA
providers, lenders, Realtors, City Housing department, other down-payment
providers

Financial literacy education

On-going credit counseling and housing counseling

Provide references when needed for legal assistance such as wills and also
credit counseling for those who need budget planning for 3-6 months

Employment, mortgage services, reverse mortgages, DSS services

Refer to Habitat for Humanity, Rural Development, local community college

Consumer Credit Counseling, Housing Opportunities Made Equal, The Improvement Association, local Social Services

CDC's and other housing providers.

Tell us about how you are monitoring delinquencies/foreclosure.

We do postcard follow ups at six months and 12 months.

Monthly and quarterly follow up meetings

Monitor newspaper notices

We service the primary mortgages in some instances so we know what is happening from that perspective.

Letter sent from attorney.

It is not a formalized system but I maintain contact with clients on a regular basis for the first five years of loan because they have other products we offer where I see them monthly or quarterly.

The only time I'm aware of a potential delinquency/foreclosure is when a former client contacts me. I'm not certain all of them do.

Notification of a foreclosure is received because of the Deed of Trust that is recorded at time of sale.

We have a set time we do follow up with all clients, like a check in six months and one year. They receive our newsletter and are on mailing list for events.

Affiliates are required to contact our office when a homeowner becomes delinquent to assist in trying to help resolve the financial issues before having to foreclose on property. Affiliates counsel those who may become delinquent in an effort to bring the homeowner current.

If I am notified by the lender that the client is delinquent and I check local newspapers daily for clients in foreclosure.

So far, we have had 15 foreclosures, we plan to give post housing counseling seminars as a proactive means to stop foreclosures.

We contact clients after they have been in their new home for one year. We send them a survey that inquires about the status of their mortgage as well as overall client satisfaction. We also conduct follow-up interviews with the clients.

Please discuss any training needs that your program has that would help improve overall management of the programs.

Program Manual needed

Foreclosure and delinquency training

MORE POST-PURCHASING COUNSELING AND FORECLOSURE PREVENTION TRAINING

Even though our program does not have a "formal" post-purchase or foreclosure prevention component, these are heavily addressed in pre-purchase counseling mainly by addressing ways to prevent problems by developing a savings strategy to always have reserves to fall back on.

None needed at this time.

Homeowners are provided extensive training in the expectations required to receive the DPA and we are available to assist homeowners with advice before refinancing or falling prey to scams or becoming victims of predatory lenders.

NONE

Marketing

Foreclosure prevention

Our agency is expected to take advantage of foreclosure prevention training in 2008

Housing Opportunities Made Equal is a partner and has been use in the past

Additional Suggestions or Comments

Website could use some improvements

It is hard to find what you need on the website.

DHCD needs to review the statewide distribution of this funding (where is the money going)?

DHCD needs to increase the amount of HOME funds that goes to the down Payment Assistance program.

We would like the option to not forgive the money fully but to index the money to affordability and potentially recapture some or all of it depending on level of AMI.

I feel they should focus on results but at the same time focus on the administrators and the clients.

I am glad to have the opportunity to complete this survey. I find it difficult to communicate in input sessions because of many people with different agendas so this has been the only positive way I feel my opinion has a chance to be heard.

None noted.

n/a

Without these funds being made available to our homeowners their first mortgage would be higher. The cost to build has increased and we are thankful for all funds received.

In comment #25, DHCD has always assisted me in acquiring funding for Down Payment Assistance, however the details on how it is decided upon is not totally clear to me. There was an initial process that my agency went through and to tell the true, it has been the blessing my non-profit needed to give hope to rural communities. I just wish there was a large sum granted to my agency to help more families realize their dream of home ownership. I do apologize for being late, but I thank you for your time.

Recent Program Changes (feedback)

Full recapture of assistance if resale/refinance prior to the end of the affordability period is fair.

The changes were fair.

I think the assistance should be forgiven after the affordability period.

It has helped me with close out because of shortage of staff, makes me follow through with completion and all docs are in.

WONDERFUL IDEA

I think they are fair and needed.

I agree with both policies.

Post counseling, agreed by client and agency before closing.

Encourage post counseling.

The decision to make the entire subsidy repayable at the time of transfer needs to be revisited. Homebuyers have expressed concerns about using HOME funding for this purpose verses using another type of support for closing cost assistance with fewer limitations. If the homeowner is making timely payments during the period of affordability, repayment of the HOME subsidy should be forgiven on a pro rata basis.

I think in some cases there will be circumstances beyond the homeowner's control such illness and if the homeowner has almost completed the affordability period I think it should be taken into consideration.

I agree

Feel it is only fair.

Seems fair.

Proposed Program Changes (feedback)

Consider a pool of funds for Northern Virginia area that could be accessed by any of the administrators (or set of administrators).

Maybe give Fredericksburg a set aside specially for serving Northern Virginia clients.

Given the economy I feel that post counseling and foreclosure prevention are great components to incorporate into our counseling. But remember we need monies to do it with. That would mean spending additional time with the clients. We already spend many hours helping clients clean up their credit and holding their hand through the home buying process.

Currently there is not enough admin money to provide post counseling and foreclosure prevention

Great!

AGREE COMPLETELY

I have found no reasonable way of enforcing post counseling unless it is done on the pre-purchase side. It would be great if those who get behind on payments

were required to return the agency for counseling. We definitely have the training and resources to provide foreclosure prevention training to our clients who have purchased, but don't at this time, have staffing or financial resources to offer to the general public.

Post closing counseling and foreclosure prevention training will be implemented by this agency in the Spring. The RFP process is cumbersome and seems unnecessary. Agencies with VHDA loan funding should be allocated DAP funds automatically.

We currently partner with local agencies to provide foreclosure training. Since most of our projects have 3rd and 4th liens from the city or PHA's we typically know when the property is in danger of foreclosure.

Adding a post purchase delinquency counseling component to the program would enhance overall services to the homebuyer and should be considered as a part of a holistic approach to homeownership counseling. DHCD needs to undergird this effort with administrative funding.

We encourage post counseling and encourage homeowners to contact us before becoming delinquent and have very few foreclosures.

I would need training, but I think it is a good idea.

Our post purchase counseling will be up & running 4/1/08

Good idea

I understand Encouraging post counseling and foreclosure components and prevention training and I totally agree, however, Northern VA service gap (RFP process) , I do not understand

We are already doing these things. As long as you give programs the flexibility to conduct post-purchase groups verses seeing each client individually, I think it's a good idea.

Consider a roaming provision.