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## **Mortgage Finance Regulations Expected to Increase Consumer Interest in Homeownership Programs**

ATLANTA, GA—AUGUST 21, 2013--Two federal regulations scheduled to be implemented concurrently in January are expected to increase consumer interest in the nation's homeownership programs administered by state and local Housing Finance Agencies (HFAs). First-time homebuyers remain disproportionately challenged by today's mortgage approval process. As a result, more consumers will turn to both homeownership assistance programs and affordable first mortgages, putting unprecedented pressure on these resources.

In a message to real estate and housing finance professionals, Rob Chrane, president of Down Payment Resource, urged them to prepare now for the implementation of the final QM (Qualified Mortgage) and QRM (Qualified Residential Mortgage) rules by the Consumer Financial Protection Bureau (CFPB). QM is already finalized and outlines the steps lenders are required to take to ensure a homebuyer's ability to repay. QRM will address risk retention, requiring lenders to keep a certain percentage of mortgages on their books. Loans that meet the QRM definition will be exempt and can be sold in the secondary mortgage market.

"Some 25 percent of homebuyers in 2011 would have been unable to obtain mortgage financing based on the new QM rules, according to the CFPB's own estimates," said Chrane. "Any homebuyer whose qualifications are outside QM guidelines will find their best options through HFAs and their participating lenders."

Chrane expects the private market credit policies to strictly adhere to QM and QRM standards to avoid repurchase risk. Importantly, the CFPB has already issued exemptions in the QM rule for HFAs and their lender partners and could do the same for QRM. As a result, it is likely that HFAs will assume a greater role in home financing, especially for first-time homebuyers.

"Down payment assistance and affordable first mortgage information will transition from 'nice to have' to 'must have' as more real estate agents and brokers will seek alternate ways to serve a large segment of buyers. Greater homeownership program awareness among consumers will create grass roots pressure for agents, brokers and lenders to provide market-rate alternatives to lenders who are making only qualified loans under the QRM rule," Chrane said.

According to the January to June 2013 REALTORS® [Confidence Index surveys](#), 46 percent of first-time buyers had down payments of 3-6 percent, compared to the 46 percent of repeat buyers who put down more than 20 percent. The numbers demonstrate that first-time homebuyers are much more dependent on the credit markets and low down payments than that of other buyers.

In fact, [June home sales](#) data shows that first-time homebuyers are down to 29 percent of the market. In the past 30 years, they have averaged 40 percent of sales.

Chrane believes now is the time for brokers and agents to prepare for the forthcoming mortgage regulations and the January 2014 implementation. The [2013 National Housing Pulse Survey](#) found renters are now thinking more about owning a home and say that homeownership is a top priority. Half of renters say that eventually owning a home is one of their highest personal priorities, up from 42 percent to 51 percent. However, the obstacles to homeownership remain unchanged over the years; low wages, student loan debt, and little savings for a down payment and closing costs continue to make it difficult for many otherwise qualified buyers to become homeowners.

“Homebuyers’ use of down payment assistance programs and affordable first mortgages by HFAs and their lender partners can help offset today’s tight lending environment,” said Chrane. “By becoming aware of the full scope of lending options, including homeownership programs, brokers and agents can prepare for pending mortgage finance regulations and potentially higher down payment requirements.”

On June 4, Down Payment Resource launched [DownPaymentResource.com](#), the first and only website that provides consumers information and access to more than 1,500 programs administered by over 1,000 different agencies nationwide. To maintain program information accuracy, the company works with program administrators across the country. Currently, 96 percent of programs monitored by Down Payment Resource are funded.

#### **About Down Payment Resource**

Down Payment Resource (DPR) was developed by Atlanta-based Workforce Resource®, a web-based software company with a mission to connect people with hard-to-find financial resources for better living. DPR helps potential homebuyers become qualified buyers by connecting them to down payment assistance funds they may not have otherwise known existed. DPR, winner of the 2011 Inman News Innovator “Most Innovative New Technology” award, is available primarily through Multiple Listing Services and Realtor Associations in select markets across the country. For more information, please visit [www.DownPaymentResource.com](#).

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