



# Affordable Friday Series

January 19, 2024  
12-1pm ET

**Review of the Habitat for Humanity  
Loan Program for Lenders**

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MORTGAGE BANKERS ASSOCIATION

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# Join the Mortgage Action Alliance (MAA)



MORTGAGE ACTION ALLIANCE

- Free and easy to sign up with MBA
- Get notified of pending legislation
- Learn about the proposals that will impact our industry
- Get links to take action on important bills
- NYMBA is your voice in Albany, MAA is your voice on Capitol Hill in D.C.
- To join: [Mortgage Action Alliance \(MAA\) | MBA](#)

# Habitat for Humanity - NYMBA Loan Product Guidelines

Habitat Chapters needed to pivot from Financing their own Builds, as they were not in compliance with S.A.F.E. Act - no employees registered or licensed to provide compliant Loan Origination requirements.

Committee Developed in 2017 - Board Members from Various Lenders

Established Relationship with Habitat for Humanity of New York - Mary Robinson now CEO

Chapters were either financing themselves or utilizing USDA or SONYMA options.

Developing Loan Product Guidelines for Members would increase their lenin opportunities to more LMI borrowers - and free the Chapters from using their own funds for financing and put to better use building more homes.

# Habitat for Humanity - NYMBA Loan Product Guidelines

## ELIGIBLE PROPERTIES

1-2 Unit Owner Occupied

## INELIGIBLE PROPERTIES

Properties containing any commercial or industrial usage

Unimproved or income producing farm land, ranches or orchards

Cooperatives, Leaseholds

3-4 Unit Owner Occupied

1-4 Unit Non Owner Occupied

Second Homes

# Habitat for Humanity - NYMBA Loan Product Guidelines

## ELIGIBLE TRANSACTIONS

Purchase

## ELIGIBLE BORROWER

80% of HUD Area Median Income for Property Assessment Area

First Time Buyer & documented with past 3 Years personal Tax Returns

## AMORTIZATION

30 Year Term



# Habitat for Humanity - NYMBA Loan Product Guidelines

## LOAN TO VALUE

1-2 Unit Primary - 100%/115% max LTV/TLTV

## LOAN AMOUNTS

Minimum Loan \$30,000 - Maximum Loan \$500,000

## INTEREST RATE

1% discount to Daily Conforming Loan Rate for 0 point option

## LOAN FEES

Secondary Market Fees do not apply

# Habitat for Humanity - NYMBA Loan Product Guidelines

## DOWN PAYMENT REQUIREMENT

Borrower(s) must contribute \$500 from personal funds

## SELLER CONTRIBUTION

Unlimited

## DEBT RATIO

Maximum 43%

# Habitat for Humanity - NYMBA Loan Product Guidelines

## ELIGIBLE CREDIT

Minimum 640 Score

Lender should run through LPA or DU for Automated Validation

Non-traditional credit allowed with alternative sources of credit documented in loan file

## UNACCEPTABLE CREDIT

Max. 2 x 30 past 12 months

Max 1 X 60 past 24 months

BK discharge minimum 2 years

Medical Collections - written explanation of cause and not likely to recur

# Habitat for Humanity - NYMBA Loan Product Guidelines

## HAZARD & FLOOD INSURANCE

Must be escrowed. Maximum \$2500 deductible. No Insurance waivers allowed .

## ADDITIONAL REQUIREMENT SUGGESTIONS

Comprehensive face to face homebuyer education counseling by an approved counseling agency

Pre-Qualification or Pre-Approval prior to Habitat construction start

Habita Chapter Buy Back Provision if borrower is delinquent 90 days.

# Habitat for Humanity - NYMBA Loan Product Guidelines

## LOAN SERVICING AND LOSS MITIGATION AGREEMENT FOR 3RD PARTY RELATIONSHIP

This Loan Servicing and Loss Mitigation Agreement (the “Agreement”) as of , 202\_, by and among Habitat for Humanity of , the “Chapter” having its principal office at and (Insert company name here,, a Nationally Chartered Financial Institution having its principal office at (insert address), New York (insert zip).

WHEREAS, (insert company name) is engaged in the business of originating loans secured by first mortgages for 14 family residential dwellings:

WHEREAS, (insert company name) has established a Habitat for Humanity Loan Program to assist with the financing of new Habitat for Humanity home purchases in New York;

WHEREAS, subject to the provisions hereof, (insert company name) wishes to originate and service loans referred by the Chapter;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises and undertakings set forth in this

Agreement, the parties hereto agree as follows:

Section 1. (Insert company name) will execute an agreement with specific New York Habitat for Humanity Chapters within the Bank's defined New York footprint, which allows 3rd Party customer contact and information sharing between (insert company name) and the defined New York Habitat Chapter, as follows:

(a) (Insert company name) will retain the New York Habitat for Humanity Loan and retain the loan servicing rights. Loans will be serviced through our department located in (insert city), NY.

(b) In the event of Borrower payment delinquency, (insert company name) Retail Collections Department will use the following guidelines in the Loan Collection process of Habitat loans in accordance with their Collection Policy.

# Habitat for Humanity - NYMBA Loan Product Guidelines

## Collection Timeframes

### 11 – 30 Days Past Due

Retail Collections utilize either Live Collection Agents or 3 rd Party Auto Dialer to connect or leave reminder messages for customers and allows the customer to connect to live agent.

- Cell phones are filtered out automatically.

### 31– 60 Days Past Due

Collector agents manually call customers to inquire on the reason for delinquency, offer available options to customers (see Extensions below); including Loss Mitigation assistance, and request a promise to pay or take phone payments from customers.

### 31-75 Days Past Due

Notification to designated representative from the Chapter of borrower inability or unwillingness to pay. Letter generated regarding Habitat home and sent to the customer which notifies the borrower of the amount to cure and date payment is required to cure the account to avoid further repossession action.

### 75-89 Days Past Due

The Chapter makes decision on right to purchase loan once it hits 90 days delinquent.



# Habitat for Humanity - NYMBA Loan Product Guidelines

## 91-119 Days Past Due – Real Estate Secured

The Chapter must proceed with purchase if they will take over the loan. . If the Chapter chooses to purchase the home back and pay off the existing (insert company name) Bank mortgage, they will receive a payoff from the Bank that will include the current principal loan balance, interest due, late fees due, delinquent property/school/municipal taxes, and any legal fees due.

If the Chapter does not exercise the right to purchase, NBT will order property appraisal of the collateral. Pre-Foreclosure Worksheet is completed at the beginning of the Foreclosure Process. Collector agents manually call borrowers to offer Loss Mitigation assistance to customers, send out a Financial Package (Loss Mitigation Application) and request a promise to pay or take phone payments from the borrower.

## 120+ days – Real Estate Secured

(insert company name) Bank commences Foreclosure process.

## Extensions

(insert company name) does not offer extensions.

# Habitat for Humanity - NYMBA Loan Product Guidelines

**Section 2. Representations and Warranties of the Chapter.** The Chapter hereby represents and warrants, as of the date hereof and as of the date of the issuance of each Loan, as follows:

**Section 3. Indemnification**

**Section 4. Termination**

**Section 5. Miscellaneous Covenants**

**Section 6. Contract Provisions Re: Chapter Obligations Regarding Confidential Information**

**Section 7, Customer Service**

# Habitat for Humanity - NYMBA Loan Product Key Take-Aways

Chapters should no longer be handling the homeowner financing

Lenders should add as a Portfolio Product and build in their own criteria as an approved CRA credit eligible loan

Lenders should determine best pricing option. Chapters used a 2% interest rate - this is not feasible in a 6+% rate environment, but consider discounting a minimum of 1% below daily pricing

Contact your local Chapters for sit down with Executive Director to understand their current financial directives, opportunities, etc.. Most are only building 1-3 houses annually and seeking lender partners for expertise with Financial Education as well as Loan Financing.

# Q&A

# Legislative Priorities

- **Increase access to homeownership**
  - Manufactured home titling issues
  - Financial literacy in high school curriculum
  - First time homebuyer property tax credit
  - Zoning policy changes
- **Increase inventory**
  - Support policies to grow construction labor force
  - ADU incentives
  - Oppose Good Cause Eviction



# Good Cause Eviction Provisions

## Key Provisions

- Rent increases capped at greater of 1.5 times CPI or 3% per year
- Limits on ending lease in spite of terms of agreement
- Most actions require court intervention

## Impact

- Relief hard to get by overburdening already underfunded courts
- Lack of secondary financing available
- Lower quality housing
- Significant decrease in production of new housing



# 2023-2024 NYMBA Committees & Chairs

## Affordable Housing & Community Investment

- **Brian Garis** – Catskill Hudson Bank [bgaris@chbny.com](mailto:bgaris@chbny.com)
- **Sherri Eckles** – Norcom Mortgage [sherri.eckles@norcom-usa.com](mailto:sherri.eckles@norcom-usa.com)

## Marketing & Communications

- **Jodi Gaines** – Insight One Solutions [jodi.gaines@ionesolutions.com](mailto:jodi.gaines@ionesolutions.com)
- **Jeff Schotz** – Earthvisionz [jeff@earthvisionz.com](mailto:jeff@earthvisionz.com)

## Convention

- **Mike Pulver** – Genesee Regional Bank [mrpulver@grbbank.com](mailto:mrpulver@grbbank.com)

## Education

- **Elizabeth Cheney** – Homestead Funding [echeney@homesteadfunding.com](mailto:echeney@homesteadfunding.com)

## Legislative

- **Sherri Eckles** – Norcom Mortgage [sherri.eckles@norcom-usa.com](mailto:sherri.eckles@norcom-usa.com)
- **Jacki Goralczyk** – DeAngelus Goralczyk, PLLC [jacki@dglawny.com](mailto:jacki@dglawny.com)

## Loan Servicing

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- **Adela Martinez** – Planet Home Lending [amartinez@planethomelending.com](mailto:amartinez@planethomelending.com)

## Membership Value

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- **Bill Kennedy** – National MI [bill.kennedy@nationalmi.com](mailto:bill.kennedy@nationalmi.com)

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