

Weathering the Storm: Stabilizing Communities in the Wake of Foreclosure

Session: Breakout Session A

Title: *Making Credit Available in the New Mortgage Market: What's the Impact for Borrowers?*

Presenters: Mike Haley, Minnesota Housing, Anthony Lucente, AIG United Guaranty, Makr Spaetz, Freddie Mac, Stephen Cummings, Bank of America, Jayna Bower, Moderator

All presenters discussed the tightening guidelines for accessing mortgages. Loan-to-value ratios and credit scores have increased. Borrowers must have a down payment and qualifying ratios are lower. In some cases, alternative credit is not allowed, but in others it still can be. There is also an issue of originating loans in what are defined as declining markets. This can further tighten underwriting guidelines. PMI websites have information on what they define as declining markets. FHA loans are a possibility for new homebuyers, although Fannie Mae and Freddie Mac still have loan products available. There is also a movement back to requiring pre-purchase homebuyer education and counseling. If this had still been required, there might not have been the crisis that there is today. Rates, however, are still low, so this can help with home purchase. Overall, credit is still available, but it is back to basics on underwriting. Counseling is critical. There is a need to help educate and encourage clients to reflect new market realities.