

Program may lower mortgages

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New state assistance effort could offer to cut payments for thousands

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The State

The state housing authority has unveiled a new mortgage assistance program it says could offer even lower payments than existing programs and help thousands more qualified residents buy a first home.

The SC Housing Homebuyer Program is a conventional loan product — rather than the agency's typical FHA-insured home lending packages — and the agency says it could lower the cost of a home over the life of a loan.

The new program offers a 3.75 percent fixed rate on FHA loans or a 4.25 percent fixed rate on conventional loans, as well as down payment assistance from \$5,000 on existing homes to \$8,000 on newly constructed homes.

The program "offers those who qualify more options to transform their dream of homeownership into a reality of homeownership," said Valerie M. Williams, executive director of the State Housing Finance & Development Authority. "For those who choose this route to homeownership, payments may be even lower than with our traditional loans."

The Housing Authority down payment assistance may be combined with down payment assistance from other funding sources, the agency said, and both conventional and FHA loan rates can change with market conditions. All potential borrowers also must meet the Housing Authority's mortgage underwriting requirements for items such as household income, credit scores and the price of the home being purchased.

The Housing Authority, begun in 1971, is chartered with creating quality affordable housing opportunities for South Carolina residents.

The agency's vision is that all residents have the opportunity to live in safe, decent and affordable housing, according to its mission statement.

In nearly 44 years, the agency — known for

low, fixed-rate mortgages and significant down payment assistance — has made more than 40,000 first mortgages available to South Carolinians, for a total investment of more than \$2.5 billion.

It also has made more than 15,000 down-payment assistance loans accounting for more than \$40 million.

"For many years now, all our programs have been FHA programs, which is good for most borrowers, but can be higher in the long term due to mandatory Mortgage Insurance Premiums that stay attached for the life of the loan and can be expensive," explained Clayton Ingram, SC Housing spokesman.

"In a conventional loan, the Private Mortgage Insurance is cancelable when the balance of the loan reaches 80 percent of the original loan value — and the premiums are often much lower.

The FHA also requires a 1.75 percent up-front fee (to be) added to the loan; that is not required in a conventional loan," Ingram said.

Borrowers have to compare loan types to decide what loan best suits their needs, Ingram said. Because FHA loans have more flexible underwriting standards, it may be easier to qualify for many borrowers, especially those who may not have lengthy credit or employment history, he said.

However, a conventional loan product, while carrying a higher interest rate and down payment initially, may actually work out to be a lower cost loan, depending on the circumstances of the individual borrower, according to Ingram.

Potential homebuyers should contact their lender or real estate agent to find out if they qualify for a loan under the SC Housing Homebuyer Program.

SC Housing is self-sustaining and receives no state appropriations.