

Five Questions With: Peter Pagonis

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By Mary MacDonald, PBN Staff Writer

Peter Pagonis is Rhode Island Housing's director of homeownership, which he has held since 2015. He also is the director of the Rhode Island Mortgage Bankers Association. Pagonis joined R.I. Housing in 2013 as the lender services manager, working with participating banks and lenders, while managing client servicing and business development. Previously, he was an assistant vice president at Bank Rhode Island and a loan officer at Bank of America. He holds an MBA with an emphasis in finance from Boston University.

PBN: Explain the loan process briefly for Rhode Island Housing. Who does the agency award loans to? When does it refer to other lenders?

PAGONIS: Borrowers in Rhode Island have the option of whether they prefer to go through one of our 35 participating lenders, or whether they prefer to go through our loan center. Our participating lenders range from large, international banks that prefer to do business in Rhode Island, to small Rhode Island-based mortgage brokers. It's up to the borrower who they ultimately choose to access. There are slight differences that are involved that can determine whether the borrower goes through Rhode Island Housing, or through one of our participating lenders. Through our loan center, there are loan limits. They have a purchase-price limit of \$407,195. For our participating lender channel, they have a loan limit of \$424,100. That is a conventional loan limit nationwide.

PBN: What are the requirements for R.I. Housing in choosing participating lenders? Do they have to be a certain size? Do they have to agree to not lend money at high interest rates?

PAGONIS: We look at their track record. We look at their financial statements. We look at whether they have procedures in place to safeguard customers' information. We look at how their loans perform, post-closing. Our lender partners are only able to offer interest rates that are consistent with the rate sheets we offer to them. Every morning, we offer rate sheets to our lenders. All our first mortgages are very responsible and safe mortgages, 30-year fixed. We do not offer adjustable-rate mortgages.

PBN: 2016 was a record year in R.I. for homebuying. How much volume did R.I. Housing turn in loans?

PAGONIS: The good news for Rhode Island Housing was we registered an all-time record for the number of first mortgages produced. That number was 1,625, which exceeded the previous high

reached in 2007 (which was 1,414, a 15 percent increase). This is relevant in that it shows we have successfully, and the state has successfully, emerged from the credit crisis that started in 2008. Our volume fell a bit short of the 2007 volume. What that suggests to us is that house values now are not quite what they were in 2007. The loan amounts are smaller. P

BN: What is the philosophy for Rhode Island Housing in lending? Are there cutoffs for credit scores or more flexibility there?

PAGONIS: We believe education plays a crucial role in our underwriting process. We require that all first-time buyers take a first-time homebuyer class. We also require buyers of multiple-family houses, two-to-four-family houses, to take a landlord-tenant class. That's a big first step for many first-time homebuyers. They're essentially running their own business. Later this year, we will be offering a 203K course for buyers who opt for rehabilitation loans. It's an FHA (Federal Housing Administration) loan that allows a buyer to purchase their house, and finance the repairs that they plan to make post-closing. We believe in only offering safe and responsible mortgage products. When we underwrite, we want to make sure the borrower not only shows evidence of credit worthiness at the time, but indications that the borrower is getting into a sustainable financial situation. That we're not setting them up for failure by issuing a loan they will not be able to handle.

PBN: What is the greatest challenge for first-time homebuyers, in your experience? Is it managing debt, generating enough income to support a home purchase?

PAGONIS: We are seeing that many borrowers who are creditworthy do not have the ability to save for the down payment. We continue to offer our extra assistance products, which enable the borrower to finance their down payment. You have to be a first-time homebuyer. If you go through the Rhode Island Housing loan center, there are income limits. For one- or two-member families, it's \$89,280. For three or more family members, it's \$104,260. It would finance either 3 percent or 3.5 percent of the sales price. It's a separate lien on the property, with a 15-year amortization schedule.