

Housing agency says lending on rise

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By Rhonda J. Miller



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PLACE TO CALL HOME: Leida Miranda and her sons Ray, 15, left, and Elimelec, 13, in front of their house at 30 North County St. in East Providence. Miranda is a first-time homebuyer who bought this house through Rhode Island Housing.

Rhode Island Housing has seen a jump of more than 45 percent in the value of home mortgages closed for the period that runs January through the end of May of this year, compared with the same period in 2013.

From January through May 2014, the value of mortgages totaled \$33.1 million, a 46 percent jump from \$22.6 million for the same five-month period last year, said Peter Walsh, Rhode

Island Housing's director of home ownership and customer service. During the same periods, total mortgages climbed to 217 from 158, a 37 percent increase.

"One of the main drivers of the increase is that our lending partners are doing a lot more loans with us," said Walsh.

Rhode Island Housing works with more than two dozen approved lenders statewide, including banks, credit unions and mortgage companies. The top three participating lenders in 2013 were Coastway Community Bank, Homestar Mortgage and Washington Trust.

"Within the past year, we've added a staff position that focuses on working with our lending partners," said Walsh.

"Year-to-date, about 38 percent of our closings are through participating lenders. That's up significantly," said Walsh. "In the past couple of years, it was about 10 percent."

Rhode Island Housing's increase in mortgage closings for the month of May is in contrast to the dip in sales of homes in the state.

Rhode Island Housing closed 60 mortgage loans for a total value of \$9.5 million just in May, compared to 37 mortgages totaling \$5.3 million in May 2013, said Walsh.

Single-family home sales fell 6 percent in May compared with the same period in 2013, according to the Rhode Island Association of Realtors.

Statewide 784 houses were sold in May, 53 fewer than in May 2013, according to the state Realtors association.

"Just looking at May of this year, we haven't closed that much since 2008. It's a very hopeful sign for Rhode Island," said Walsh. "A lot of our customers are first-time homebuyers."

Rhode Island Housing's average loan is \$150,000, and a large portion of the properties are in Providence, Warwick and Cranston, he said.

It's unclear what impact the slow easing of the foreclosure crisis in many of the state's urban communities has had on Rhode Island Housing's business. The agency doesn't keep statistics on properties that were previously foreclosed on, but Walsh suspects the impact has been negligible.

"We offer closing-cost and down-payment assistance, so most of our buyers wouldn't be likely to have the cash that's often involved in the foreclosure action process," said Walsh.

Rhode Island Housing's increasingly wide range of mortgage products is a major factor in the jump in closings, said Walsh.

“For some of our loans, you don’t have to be a first-time buyer, if you buy in a targeted area, typically Providence, Central Falls, Pawtucket and some parts of Woonsocket,” he said.

The broadening of mortgage options has been assisted by a change in platform, he said. “We’re not funding our mortgages through revenue bonds currently, like we did before,” said Walsh. “We’re selling directly into the secondary market and that allows us to offer more competitive rates and more competitive pricing for lenders.”

One new homeowner who is thankful for Rhode Island Housing’s offerings is Leida Miranda, who bought her first home, in East Providence, in May.

“It took about a year and a half, but Rhode Island Housing really helped me with my goals and dreams,” said Miranda. “My credit score wasn’t too good and they gave me advice about what to do to improve it. I did that and went back and now I own a house that’s perfect for me and my two sons.”

One of the favorite places for her and her two sons, ages 13 and 15, is in the breezeway, which they call the “breeze room.”

“I wanted to make sure my sons have a house they can call home before they go out on their own,” she said.

The Rhode Island mortgage and banking community has noticed, and been taking advantage of, the changes in the Rhode Island Housing products.

“We are doing substantially more loans through Rhode Island Housing this year than last year,” said Steve Tetzner, vice president and owner of Homestar Mortgage in Providence, which was Rhode Island Housing’s top participating lender from 2008 through 2012 and was ranked second in 2013.

“They have some really great niche programs that are not just for first-time buyers, some have very low down payments,” said Tetzner.

“Overall, I think the housing market in the state is very positive,” he said.

Washington Trust, one of Rhode Island Housing’s top three participating lenders, is also seeing positive signs in the residential real estate market.

“It’s been a good spring market, overall, in Rhode Island,” said Al Grant, Washington Trust vice president and regional manager for mortgage lending, who is based in Warwick.

“I think in our figures to-date with Rhode Island Housing, we’ve already surpassed last year’s production with them,” said Grant. “Their outreach to the lending community has been greatly improved.”

Michele Caprio, executive officer of the Greater Providence Board of Realtors, said, “Home sales are down in May compared to last year overall, but if you look at the demographic that Rhode Island Housing is serving, they’re getting people back into home ownership.”

While Rhode Island Housing’s increasing business is a welcome sign, the state hasn’t gotten its real estate or economic recovery on solid footing yet, said Deborah Imondi, president of the Rhode Island Mortgage Bankers Association.

“Rhode Island Housing is definitely doing a good job in a niche market,” said Imondi. “But I’m not hearing that a lot of our members have had that much of an increase in business.”