



FIRST-TIME HOME BUYER PROGRAM

This program is designed to offer low cost mortgages to members of limited financial means who want to purchase a home for the first time. By establishing a mortgage relationship with credit unions, new and existing members of modest means are introduced to a variety of products and services available from the credit union designed to increase their financial well-being.

One example of such a program is the Home Loan Payment Relief Program (HLPR) being offered through CUNA and Affiliates. As of May 2008, 168 credit unions nationally have committed \$1.4 billion to this program.

To qualify as a Priority REAL Program, your First-Time Home Buyer Program should include the following elements:

Member Financial Need

- Borrower's household income will be restricted to 100% or less of the area median income.
- Member applicants must be first-time home borrowers. Credit unions, at their option, may extend the loans to non-first-time buyers, subject to the income limitations.

Member Benefits

- Allows first-time and modest-means buyers to enter the housing market.
- Helps to reduce the monthly payment amount of a traditional mortgage.
- Helps member begin to accumulate financial assets by replacing rent payments with home ownership.

Operational Components

- The credit union dedicates a portion of its total assets to their First-Time Home Buyer Program.
- Loans can be offered in various terms and rates. Examples are:
 - Three-year ARM at one percentage point below the national average of such loans to qualifying borrowers. After three years the rate is adjusted and has a cap for the life of the loan
 - A 30-year fixed-rate loan that features a three-year, 1% buy down option
 - 5/1 and 7/1 ARMS
 - 40-year term loan
- Credit union does not make up for the lower rate with higher fees or points.
- Credit union passes on to members reductions in closing costs and private mortgage insurance.
- Member is required to make a down payment.
- Opportunity to offer additional services to the member.
- Credit union registers the member with the GettingAhead Association, contributing the first year's membership fee.

Outsourced Program Alternatives

If you do not offer such a program, you can explore using the Home Loan Payment Relief (HLPR) program being offered by CUNA and Affiliates. For more information, visit CUNA's Web site at www.cuna.org and click on Credit Union HLPR Mortgage for program details and enrollment information.

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