

# DOWNPAYMENT ASSISTANCE LOAN ASSIGNMENTS TO MHO

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# HOW DOWNPAYMENT ASSISTANCE WORKS

## Downpayment Assistance (DPA) Loans

- An additional loan that helps a qualified borrower fund a downpayment for purchasing a home

## Buncombe County Current DPA Loan Terms

- Loan are fully deferred and 0% interest
- Individual borrowers do not make any payments toward loan
- Loans are only repaid when property sells or is refinanced

## Example

- Habitat for Humanity homeowner with County DPA loan of \$15,000
- Homeowner has primary mortgage with Habitat for Humanity
- Homeowner has DPA loan with County and is in addition to primary mortgage
- No monthly payments toward principle and/or interest required as its fully deferred
- If homeowner sells property, DPA loan paid off just like primary mortgage



# PREVIOUS DOWNPAYMENT ASSISTANCE ASSIGNMENTS TO MHO

## MHO's Current Request

- \$300,000 of the DPA loans the County already holds

## Previous Assignments of DPA Loans to MHO

\$676,505 (2012)  
+ \$102,636 (2017)  
\$779,141 (Total)

## MHO's Buncombe County Capital Fund

- MHO established a capital fund associated with County assigned DPA Loans
- There is a required 10% loan loss reserve to help protect funds
- In 2022 there was \$993,288.96 in fund (\$968,288.96 (notes and deeds of trust) + \$25,000 (cash held))
- MHO is a Community Development Financial Institution (CDFI) that allows them to operate like a bank



# DOWNPAYMENT ASSISTANCE & MOUNTAIN HOUSING OPPORTUNITIES

## Benefits

- MHO can redeploy the funds as downpayment assistance once paid back by sale or refinance
- MHO uses a shared appreciation model that allows redeployed DPA to grow
- MHO shows DPA funds as an asset allowing it to receive grant funding from US Treasury
- MHO offers fully deferred, no interest and no fees DPA loans

## Affordable Housing Committee Recommendation

- Board of Commissioners assign County notes and deeds of trust to MHO to expand the Buncombe County Capital Fund.



# HOW DOES THIS CHANGE IMPACT HABITAT FOR HUMANITY HOMEOWNER?

## Example

- MHO would now be lender and hold the homeowner's DPA loan
- Terms of loan (0% interest and fully deferred) transfers to MHO
- No additional fees or changes to loan can occur
- When homeowner sells or refinances property, DPA loan is now paid back to MHO who can use funds for another DPA loan



# REQUEST FOR BOARD ACTION

Assign \$300,000 in Buncombe County held downpayment assistance notes and deeds of trust to Mountain Housing Opportunities in order to expand the Buncombe County Capital Fund and allow for Mountain Housing Opportunities acquisition of additional US Treasury funds for downpayment assistance.

