

**FRB of Philadelphia and Cleveland and LISC  
Financing Community Development in**

**Rural Pennsylvania**

**November 14, 2006**

Life and Liberty, Inc

Liberty Homeownership Initiative

Midland, Beaver County, PA

# The Need for Liberty Homeownership Initiative

- No new housing construction in Midland for 30 years
- Decent affordable housing in the midst of old housing stock
- Good growth area (Cyber School, Lincoln Performing Arts Center)

# Who the Project Serves

- Low/Moderate income households
- First Time Homebuyers
- Those with decent credit who may not be able to afford down payment and closing cost – assistance is available
- Midland community
- Beaver County

# Groundbreaking



# Players in the transaction

- Bank – Sky Bank
- Borrower – Life and Liberty, Inc
- City – Midland Borough
- County – Beaver County Community Development
- FHL Bank of Cincinnati and Pittsburgh
- USDA

# Financing the projects

## Sources

- \$200,000 FHLB Cin
- \$200,000 FHLB Pgh
- \$500,000 HOME funds
- 423,350 Construction Loan – Sky Bank

## Uses

- Acquisition/Construction
- Perm. Financing \$55,000  
- \$60,000 First Mortgage
- Monthly payment \$575

# Bank's Loan Summary

- \$55,000 First mortgage Sky Bank or USDA
- HOME funds- 10 year forgivable mortgage
- FHL Bank Pgh 5 year forgivable mortgage
- FHL Bank Cin 5 year deed restriction
- ADDI funds (if needed for closing cost assistance) 5 year forgivable mortgage

# Lender's Perspective

- Meets CRA
- Low LTV
- Good for the Community
- Good community relations for the bank
- Opportunity for new accounts

# Almost Done!!!



# Obstacles

- Government - no
- Community - no
- Lender – no! Sky Bank
- Contractor/builder – some headaches
- Credit worthiness of first time homebuyers
- Designate person to run program

# Lessons Learned

- Needed focused person on board
- First time homebuyer education
- Keep on details of funding streams, reports and draws

# Model Home



# Fran's House



# Recommendations

- To other developers
- To government
- To lenders

To everyone, we say...take a chance,  
when you meet the first time  
homebuyers and go to their closings  
for their home, its all worth it!