FRB of Philadelphia and Cleveland and LI SC
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!