Vermont Housing Finance Agency

news release

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HOME VALUES IN VHFA LOAN PORTFOLIO UP 24 PERCENT

Independent analysis shows VHFA single-family portfolio is strong

BURLINGTON—An independent review of Vermont Housing Finance Agency's single-family home loan portfolio shows property values increased by 24 percent compared to values at time of purchase. The median increase in individual home values in VHFA's portfolio was 14 percent.

"During this recession we've heard a lot about homes dropping in value, but properties in VHFA's portfolio are doing well. This is evidence of the fiscal strength of the Agency," said Executive Director Sarah Carpenter. "This is the first time the Agency has commissioned a report such as this, and the results were stronger than expected."

VHFA commissioned First American CoreLogic Inc. (FACL), a national leader in automated valuation models, to perform the review, which was completed in July, near the end of VHFA's fiscal year. FACL is a division of First American Co., a Fortune 500® company based in Santa Ana, Calif.

FACL analyzed all VHFA home loans, excluding mobile home loans and foreclosures, and found property values for the portfolio rose from $605.4 million to $750.4 million, a gain of $145 million or 24 percent from the time each loan was originated to Summer 2009.

Property values on 77 percent of the loans increased in value; offsetting a decrease in value on 22 percent of the loans; with 1 percent unchanged. Of those properties that increased in value, the median increase was 33 percent. The overall median increase of all property values for loans in the portfolio was 14 percent.

The FACL report also shows loans in VHFA's portfolio have a median loan-to-value (LTV) ratio of 69 percent. Lenders such as VHFA consider loans with low LTV ratios less risky. Only 36 percent of all VHFA loans have a LTV higher than 80 percent, which is considered the upper limit of low risk loans.

The Vermont Legislature created VHFA in 1974 to finance and promote affordable housing opportunities for low- and moderate-income Vermonters. Since its inception, the Agency has helped approximately 26,500 Vermont households with affordable mortgages and financed the development of approximately 7,700 affordable rental units.

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