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HABITAT HELPS BUYERS AVOID FORECLOSURE

BY MARY SHANKLIN
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There is a group of homebuyers in Orlando who, unlike many others, don't usually face the lenders' wrath when they lose their jobs and can't afford the mortgage.

In 25 years of building, selling and mortgaging homes for low-income buyers, the nonprofit Habitat for Humanity in Orlando has had seven foreclosures out of 186 deals.

For a variety of reasons, these buyers are better able to hang on to their new homes than other homeowners in a metro area where one in every 328 households received a foreclosure filing of some kind in June alone, according to real-estate research firm RealtyTrac Inc.

"The lessons that could be learned are the same things that have always been good practice," said Richard Schram, who oversees the credit-counseling service CredAbility of Central Florida.

Habitat employs unconventional tools in extending home loans: The group often considers 30 to 40 prospective buyers before choosing one who might sustain homeownership. It requires 300 to 500 hours of sweat equity and about 20 hours of homeownership education.

Also, its home prices are lower — about \$85,000 for rehabbed properties and \$110,000 for new town homes, compared with a median of \$110,000 in June for existing homes in the Orlando area, according to the local Realtors group.

Prospective Habitat homebuyer Blanca Orozco, for instance, has put in hundreds of hours painting and working on houses the nonprofit has built. She tried to qualify for the program two years ago but had to improve her credit score before she became a candidate for a house in Pine Hills.

"I think this time I'm going to get it," said Orozco, 53, who works various jobs at the Orange County Convention Center.

A lesser-known Habitat strategy involves what happens when owners fall behind. While borrowers with conventional



JOSHUA C. CRUEY/STAFF PHOTOGRAPHER

A sign designates a Habitat for Humanity home in Pine Hills. The organization requires prospective owners to undergo homeownership training.

mortgages have complained for years that their mortgage servicers won't communicate with them, struggling Habitat borrowers receive mortgage-service help quickly, agency officials said.

Even with the education and screening, Habitat buyers may come to their new homes with financial challenges. In Seminole County, for example, a landlord recently complained that her long-term tenant failed to pay the last two months' rent before moving into her Habitat home.

One local lender said the mortgage industry could learn from Habitat. FBC Mortgage President Rob Nunziata cited studies showing lower default rates for buyers who take homeownership classes.

Large lenders are in business to make money, and that has meant servicing the maximum number of loans with the minimal number of employees, Nunziata said. But poor communication has led to so many complaints that those lenders have started doing a better job, he added.

"Servicers should be more customer-oriented. A lot of times there has been a communication gap," he said.

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