



Free Preschool Enrolling for 2010-2011
Bridges is a small, public preschool and pre-kindergarten program for children 3-5 years old.

Program Features:

- School Day 8:00am-3:00pm, Before Care 8:00-8:30am, After Care 3:00-6:00pm.
- Small classroom size and well trained staff.
 - Individual planning for each student.
 - Thematic and project-based curriculum.

Now accepting Applications for the 2010-2011 school year.
Applications accepted January 1, 2010 – April 15, 2010. Applications received after April 15 will be placed on our waiting list. Applications are available at the school or on our website, www.bridgespcs.org.

OPEN HOUSE / INFORMATION SESSIONS AT THE SCHOOL ON THE FOLLOWING THURSDAYS:

- January 14th, 2010 from 9:30-10:30 am
- February 25th, 2010 from 9:30-10:30 am
- March 11th, 2010 from 9:30-10:30 am
- April 15th, 2010 from 9:30-10:30 am

Bridges Public Charter School
 1250 Taylor St. NW
 Washington, DC 20011

p. 202 545-0515
 f. 202 545-0517
www.bridgespcs.org

Bridges Public Charter School is free and open to all DC residents.
Tuition paid by non-residents.

THE SEED PUBLIC CHARTER SCHOOL
 Grades 6–12

- ◆ 5-Day College Preparatory Boarding Program
- ◆ Rigorous Academic Curriculum
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- ◆ Small Class Size
- ◆ Tuition-Free

98% of SEED graduates have been accepted to four-year colleges and universities.

NOW STARTING AT THE 6TH GRADE!

APPLICATION DEADLINE: APRIL 16, 2010

ACCEPTING APPLICATIONS FOR 6TH & 7TH GRADES

We invite all interested parents and students to attend a weekly Parent Information Session to learn about the admissions process, take a tour of the school and obtain an application. For questions or to make an appointment contact us at 202-248-3025 admissions@seedschooldc.org ◆ www.seedfoundation.com

A Series on the Keys to Homeownership



Mortgages and Housing 2010

Where Do We Go From Here?

BY FRANK DEMARAIS

Mortgage lending in the first decade of the century experienced about as dramatic a roller coaster as imaginable.

The first six years saw the emergence of alternative loans financed through Wall Street securities programs that grew to 50 percent of the total market, using “stated income,” “risk based pricing” for bad credit borrowers, “option” and “interest only” adjustable rate mortgages to hide real costs, and 100 percent financing to support mortgage amounts that inflated home prices beyond the income levels needed to support the real payments. The defaults on these loans, in many cases less than a year after closing, brought the securities programs to a halt, crashing the financial system worldwide and putting close to 10 percent of the homeowners in the country into default.

The government intervention to save the financial system started with and remains focused on the mortgage industry. The effective nationalizations of Fannie Mae and Freddie Mac, alongside the Federal Housing Administration program at the Department of Housing and Urban Development, have been able to provide mortgage loans at consistently low interest rates, though with increased down payment and credit requirements. Other participants, including the mortgage insurance industry and bank lenders, have pulled back dramatically as

they try to survive the falling home prices and defaults that have created massive losses in the mortgage industry. The lending process has new regulations and requirements to inform and protect consumers, and the mortgage lenders and realtors are still digesting the delays and uncertainties introduced with the appraisal, disclosure and pricing rules.

Biggest Challenges Going Forward

The fantastic level of defaults, with one in 10 homeowners in default, has created problems for mortgage lenders and housing markets. Home values and the net worth of many households have fallen and continue to be under pressure for the foreseeable future. To deal with the large numbers of defaulted loans, lenders foreclosing on homes have sold the properties at values well below the prevailing market levels, causing downward pressure on home values and real estate values. The pipeline of defaulted loans expected to result in a steady stream of distressed sales that need new buyers to absorb and keep prices from falling further.

The falling home prices have caused lenders to declare most markets in the country as “declining value” markets and to restrict new lending terms. Values in the District of Columbia have fallen in many neighborhoods to levels where the

monthly payment on a new mortgage is below comparable rents, but homebuyers have been able to step in to support the prices due to down payment requirements and tighter credit standards.

Minimum down payments of zero percent are no longer available, and the lowest down payments are with FHA loans at 3.5 percent, representing \$8,750 on a \$250,000 home, the lower end of home prices, and \$14,000 on the median price range \$400,000. Conventional loans require a minimum 5 percent, which is necessary to qualify for mortgage insurance, instead of the 3 percent down payments allowed by Fannie Mae and Freddie Mac. Credit requirements, which lenders had relaxed in the first part of the decade to expand homeownership, now generally require borrower credit to be very clean, and credit scores of 680 as a minimum for many loans, and 720 for most mortgage insurance programs.

Prospects for Recovery in 2010 and Beyond

Recovery of home sales and prices against the pressure of growing foreclosure sales is possible if new buyers step in to take advantage of this window of opportunity.

Buyers have unique support in 2010: \$8,000 federal tax refund for qualifying first-time buyers; affordability of home prices and sellers willing to negotiate and provide closing costs; continued historically low interest rates; steady supply of mortgage money through the FHA program; and, for DC residents and employees, a strong down payment loan program.

The \$8,000 federal income tax credit, a stimulus program incentive for homebuyers who have not owned a home in three years, was extended through settlements of June 2010. This is a check buyers receive that is effectively free money, as long as you stay in the home at least three years.

Affordability is better than it has been in decades. The bad news for homeowners is good news to first-time buyers who were shut out of the market when prices went well above affordable for average income families in the early years of the decade. Monthly payments on home loans at current prices are below comparable rent levels. Sellers, working with real estate agents, know how to provide closing costs as part of their sales terms, using up to 3 percent of sales price to cover most of the

closing costs.

Interest rates close to 5 percent have been available for a few months and look to stay below 6 percent for the foreseeable future. The FHA loan, with 3.5 percent down payment, supports most loans that work for properties in the District, and with sellers willing to cover closing costs, down payment requirements are still workable for many first-time buyers.

The District government has renewed its commitment to funding down payment loans for current DC residents and DC government employees through the Home Purchase Assistance Program and the Employee Housing Assistance Program. These programs lend the down payment and closing costs and require as little as \$500 of the buyer's own funds. These loans have no interest, with HPAP loan payments after five years and the EHAP only paid when sold or refinanced. On top of these benefits, first-time buyers in the District can qualify for the five years of no real estate taxes (tax abatement) and for exemption from the property sales tax (recording tax) if household income is less than \$53,760 (higher for more than one person households).

Homeownership in the District is taking a beating from the foreclosure crisis, but new first-time homebuyers have significant support and incentives to step in and take advantage of the opportunities in 2010 to achieve an affordable payment, significant tax benefits and the long term opportunities of homeownership.

The District offers a number of free, reliable resources to assist prospective homeowners, who should work with the citywide HUD-approved housing counseling agencies: Housing Counseling Services, 2410 17th St. NW, 202-667-7006; Latino Economic Development Corporation, 2316 18th St. NW, 202-588-5102; Lydia's House, 3939 South Capitol St. SW, 202-373-1050; Manna Inc. Home Buyers Club 828 Evarts St. NE 202-832-1845; Marshall Heights Community Development Organization, 3939 Benning Road NE, 202-396-1200; or University Legal Services, 220 I St. NE, 202-547-4747 and at 3220 Pennsylvania Ave. SE #4, 202-581-0600. Additional resources at www.hud.gov.

Frank Demarais is the general manager of Manna Mortgage, located at 828 Evarts St. NE, part of the Manna Inc. organization, and DC's only nonprofit mortgage company. Phone 202-832-1845 or e-mail fdemarais@mannadc.org. ★

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Thursday, January 21st, 6pm-7:30pm
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Applications can be found at
www.wjacademy.org/admissions/apply.php
or by calling Joe Powers at
(202) 832-7679

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