



**WELCOME TO
OHFA**

**Introduction to
the Hardest
Hit Funds
Program**

Introduction

- Federal Funding
- Application Process and Outreach
- Eligibility
- Ohio's Programs and Funding
- Borrower Characteristics
- Challenges
- Highlights of Proposed Changes in Term Sheets



U.S. Treasury Initiative HFA Innovation Fund for Hardest-Hit Housing Markets

- ❑ An extension of the Troubled Asset Relief Program ("TARP") administered by the U.S. Department of Treasury under the Emergency Economic Stabilization Act of 2008 ("EESA")
- ❑ Purpose is to help families stay in their homes or otherwise avoid foreclosure
- ❑ Focused on unemployed homeowners who are at risk of mortgage default or foreclosure due to a temporary or permanent reduction in income
- ❑ More information at www.financialstability.gov/roadtostability/hardesthitfund.html
- ❑ \$570 Million awarded to Ohio



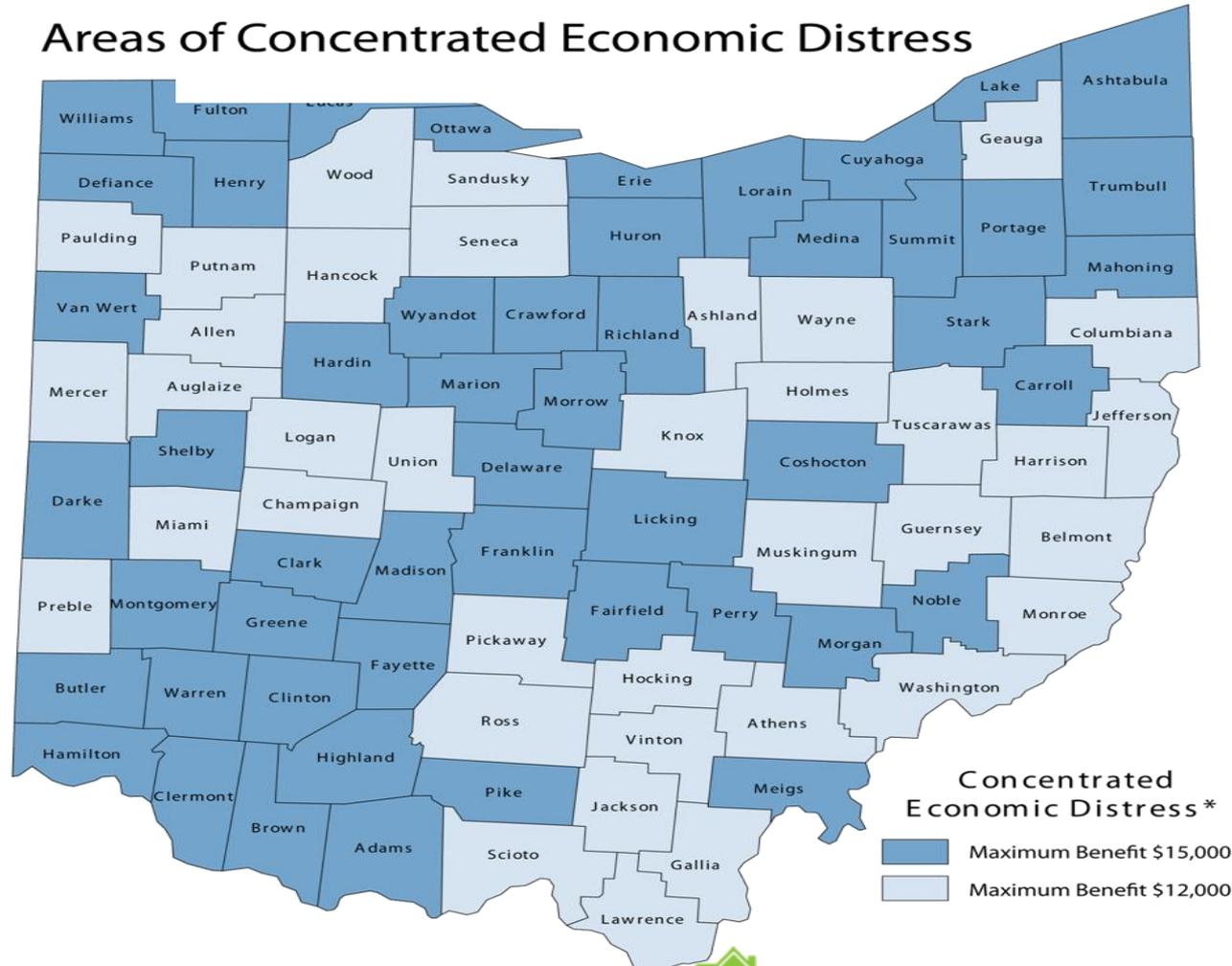
Three Funding Rounds: 18 states

- ❑ Round 1: Arizona, California, Florida, Michigan and Nevada
 - Housing markets hardest-hit home price declines over 20%
- ❑ Round 2: North Carolina, Ohio, Oregon, Rhode Island and South Carolina
 - High percentage of counties with unemployment above 12%
 - Required to target a substantial majority of funds to areas of chronic economic distress
- ❑ Round 3: Alabama, District of Columbia, Georgia, Illinois, Indiana, Kentucky and Mississippi, plus Round 1 & 2, except Arizona
 - Based on high sustained unemployment rates above the national average over last 12 months
 - Limited to mortgage payment help for unemployed borrowers



Areas of Concentrated Economic Distress

Areas of Concentrated Economic Distress



Implementation

- ❑ **August 4, 2010**
Round 2 Documents signed with Treasury
- ❑ **August 20, 2010**
Counseling agencies selected
- ❑ **September 1, 2010**
Round 3 amendments submitted to Treasury
- ❑ **September 27, 2010**
Program launch
- ❑ **December 31, 2017**
Program terminates, remaining funds returned to Treasury
- ❑ **September 27, 2011**
- ❑ Revised Program Term Sheets sent to Treasury

HHF Restrictions

- Funds must flow through an “Eligible Entity” which must be a financial institution as defined in EESA
- Ohio’s eligible entity is a newly created entity created by Ohio Capital Corporation for Housing called Ohio Homeownership Assistance LLC
- Legal assistance to homeowners is not an eligible use of funds
- Job training is not an eligible use of funds
- The role of housing counseling is limited to intake and triage

Media and Outreach Plan

- TV commercials and appearances with key stations around the state including SE Ohio.
- Billboards hardest hit and rural counties
- Advertising with online newspapers throughout the state
- Radio commercials with stations in key areas of the state
- Constant Contact email contact management system
- Partnership with ODJFS to mail Restoring Stability information to all unemployed homeowners claiming unemployment compensation throughout the state



Application Process

- Multiple entry points:
 - Register online
 - Call Save the Dream Ohio Hotline (888-404-4674)
 - Go directly to an approved HUD-approved Housing Counseling Agency participating in Restoring Stability
- Housing counselors screen for eligibility
- Housing counselors develop an Action Plan recommending which Ohio Restoring Stability program or combination of programs is best suited to help the homeowner avoid foreclosure
- OHFA reviews and approves eligibility and Action Plan

Ohio's HHF Programs

Rescue Payment Assistance

- This program will provide funds on behalf of the homeowner who is delinquent on mortgage payments due to a delay in receiving unemployment benefits, insufficient income or other unforeseen circumstances by bringing them current on delinquent mortgage obligation

Partial Mortgage Payment Assistance

- This program will support unemployed homeowners by assisting with their mortgage payments for up to 15 months while they search for a new job and/or participate in a job training program

Modification Assistance with Principal Reduction & Lien Cancellation Assistance

- Incentive payment matched by investor to reduce mortgage principal balance
- Agreement by the lender to accept less than it is owed as complete and total satisfaction of the note and release of the mortgage lien against the property

Transition Assistance

- Incentive payment to lender and homeowner to assist with short sale or deed in lieu



HHF Minimum Eligibility

1. Homeowners current household income is less than or equal to 115 percent of area median income (AMI).
2. Homeowner's liquid assets less than or equal to four months of mortgage payments.
3. The total first mortgage debt is below the maximum (FHA) loan amounts of \$597,100.
4. The homeowner's hardship was due to an involuntary loss or reduction in income, divorce, disability, or illness resulting in a loss of income or significant medical expenses.
5. Homes must be one- to four-unit, owner-occupied primary residences located in Ohio, including condominiums. Manufactured homes are eligible only if the mortgage is recorded as real property and the home is permanently affixed to the land.
6. Homeowner is not in active bankruptcy and if they had a prior Chapter 7 bankruptcy, the debt has been reaffirmed;
7. Sheriff's sale is scheduled in 21 days or more from date of application.
8. Homeowner may not be participating in a HAMP Trial Modification
9. Homeowners must certify that they have not been convicted, within the last 10 years, of any Dodd Frank felony



Rescue Payment Assistance

Eligibility Requirements

- All homeowners must meet the Restoring Stability minimum eligibility requirements.

- Demonstrate ability to sustain mortgage payments (if assistance under the program is received) for six months or more.
 - A sustainable mortgage payment is defined as less than or equal to 38% of homeowner's monthly gross income. Unemployment compensation or assistance under the Partial Mortgage Payment Assistance Program may be considered in evaluating sustainability, if assistance is expected to continue for at least six months.



Rescue Payment Assistance

Allowable Use of Funds

- Delinquent mortgage payments.

- Inspection fees and attorney fees related to a successful/closed loan modification.

- Delinquent escrow shortage.

- Up to one year of standard homeowner's insurance if a lender/servicer has previously imposed forced-placed insurance on the property. Forced-placed insurance is high-cost insurance that serves only to protect the mortgagee's interest in the property.

- The Program will strongly encourage the lenders/servicers to consider waiving late fees or any other expenses that are not paid to a third party. Lenders/servicers will not be required to match program funds.



Partial Mortgage Payment Assistance

Eligibility Requirements

- Assist homeowners with obtaining a sustainable loan modification after they have regained employment
- Homeowners will resume their regular payments at the end of the term approved in their HHF Action Plan or two months after resuming employment, whichever occurs first.
- Affordable Monthly Payment is equal to 20% of current household income or 25% of homeowner's monthly mortgage principal, interest taxes and insurance (PITI) payment, whichever is greater, unless the Affordable Monthly Payment is waived because the homeowner has no income.
- At least one wage earner in the household must be receiving unemployment compensation or must have exhausted unemployment benefits within the last 12 months.
- The homeowner must make partial mortgage payments on time.
- Homeowners that exhausted their unemployment benefits and currently have no income, are eligible to receive full payment under PMPA program. The homeowner must be receiving or applying for additional funds from another program or receive contributions that help cover expenses. This information must be documented in the Request for Full PMPA form.



Partial Mortgage Payment Assistance

Allowable Uses of Funds

- Full mortgage payments will be made to the homeowner's lender/servicer.
- If homeowners are unable to sustain homeownership after receiving assistance from the Program, they may be approved for Transitional Assistance if they have not exhausted their maximum benefit.
- Homeowners will set up ***ACH*** payments with the special servicer for their monthly contribution amount.
- In some cases, Partial Payment assistance may cover the full monthly mortgage payment and the homeowner's contribution would be zero.



The Mortgage Modification with Principal Reduction and Lien Cancellation Assistance

Eligibility Requirements

- Homeowner must have a written offer from a lender/servicer for lien cancellation.
- The Lenders/Servicer must provide principal forgiveness equal to or greater than the Restoring Stability Assistance.
- The total of all Lien Cancellation Assistance, together with any other HHF assistance, may not exceed \$15,000.
- After lien cancellation, the homeowner's Affordable Monthly Payment amounts for Property Taxes, Hazard Insurance, and any other lien on the property that requires a monthly payment must be equal to or less than 31% of current household income.
- The requirement under Mortgage Modification with Principal Reduction that the homeowner must have been turned down for a loan modification due to the failure of the lender/servicer's NPV calculation is waived for Lien Cancellation Assistance.



The Mortgage Modification with Principal Reduction and Lien Cancellation Assistance

Allowable Uses of Funds

- Contributions will be made to the homeowner's principal reduction with the goal of reducing the LTV to 115%. For every dollar of principal forbearance or forgiveness offered by the lender/servicer, one dollar of program funds will be contributed, up to the allowable maximum benefit. All late fees and other non-out-of-pocket collections costs must be waived by the lender/servicer and cannot be capitalized.

- To assist eligible homeowners in obtaining a lien cancellation, Restoring Stability funds up to \$15,000 may be paid on the homeowner's behalf to the lender.



Transition Assistance

Eligibility Requirements

- The Transition Assistance Program will assist homeowners whose current mortgage payment exceeds the Affordable Monthly Payment, and/or who must relocate to gain meaningful employment. Affordable Monthly Payment is equal to 31% or less of current household income.

- The Program requires the lender/servicer to consider a Short Sale or Deed-In-Lieu option and waive any rights to deficiency judgments.

- The Program allows an incentive to the lender/servicer and a stipend to borrowers to relocate while leaving the property in saleable condition.

- Allow homeowners to achieve a 'graceful exit' from their current situation and avoid foreclosure.



Transition Assistance

Allowable Uses of Funds

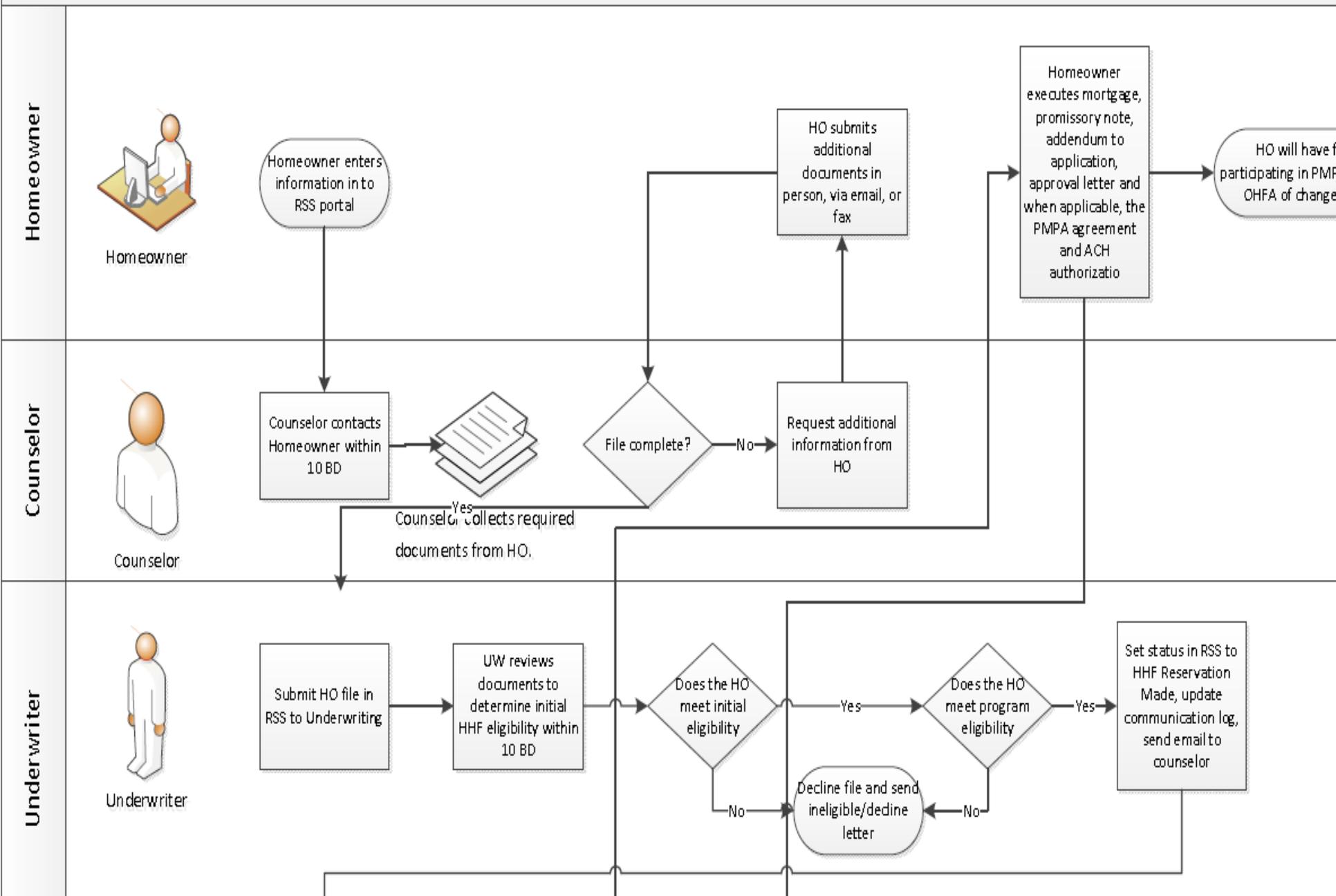
- Assistance is in the form of a one-time payment, and could consist of:
 - A \$3,000 payment to the lender/servicer, \$1,500 of which will be passed through to the borrower, and \$1,500 of which will be an inducement to the servicer.
- Payments will also be made to secondary lien holders, if any, in the amount of 10% of the second lien balance, up to \$2,500, if a recordable “Satisfaction of Lien” is issued and they agree not to pursue a deficiency judgment for any remaining balance.
- Homeowners will receive relocation assistance up to \$1,500, passed through from the lender/servicer or directly, which will be paid as a reduction from net proceeds at a real estate closing on a short sale or as funds from the servicer in a deed-in-lieu situation. Relocation assistance will be conditional on the homeowner leaving the home in “broom swept” condition. The lender/servicer is responsible for inspection.
- No payments will be made to the lender/servicer until a Short Sale or Deed-In-Lieu agreement is executed.



Ohio's HHF Programs

- ❑ Repayment only applies to:
 - Rescue Payment Assistance
 - Partial Mortgage Payment Assistance
 - Mortgage Modification with Principal Reduction
- ❑ A no-interest, five year second mortgage will be recorded for the amount of HHF assistance. All payments are deferred.
- ❑ 20% of the balance will be forgiven each year.
- ❑ If the homeowner sells or refinances, the loan is repayable from net proceeds.

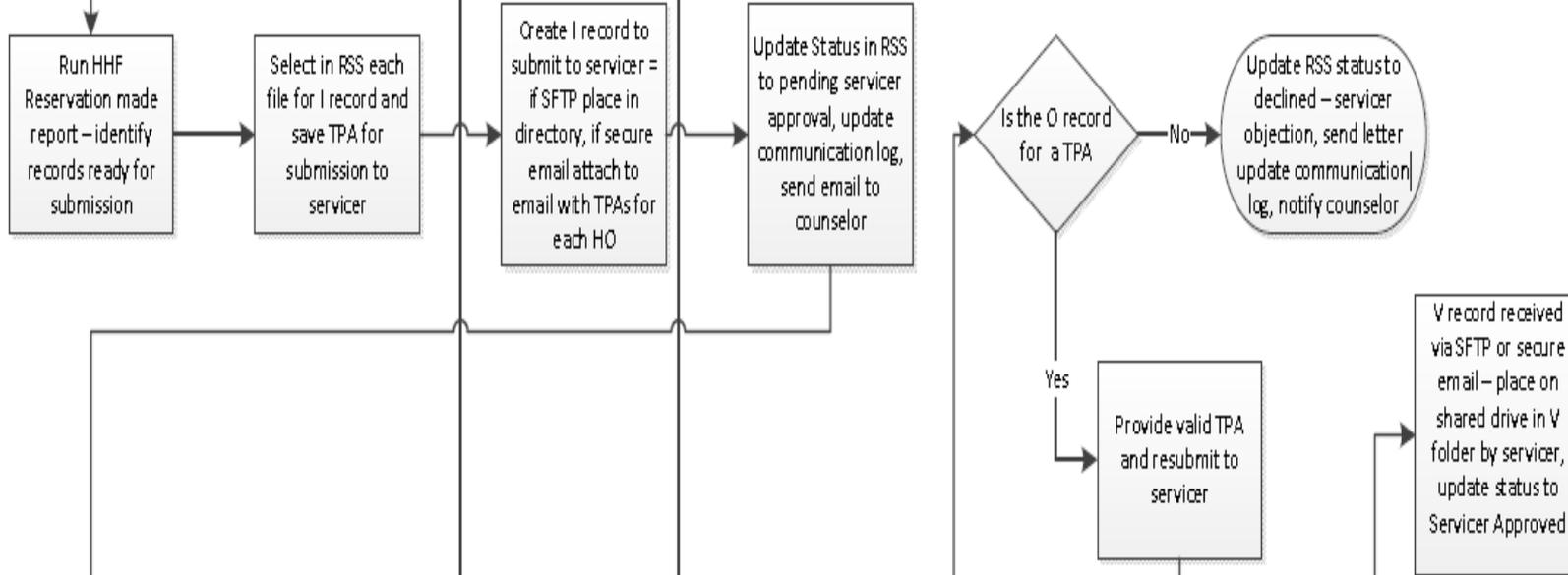
OHIO Restoring Stability Process



Operations



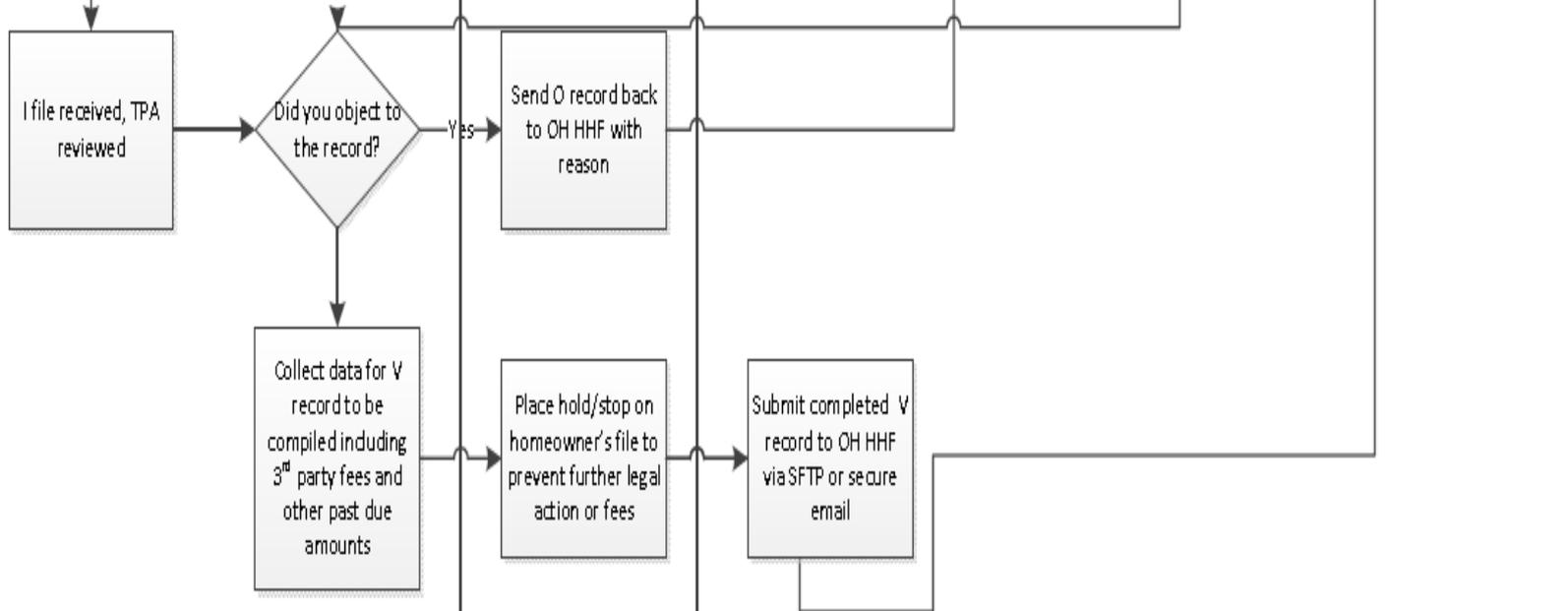
Operations



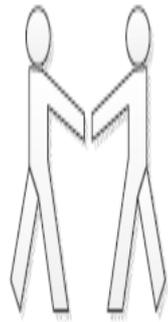
Servicer



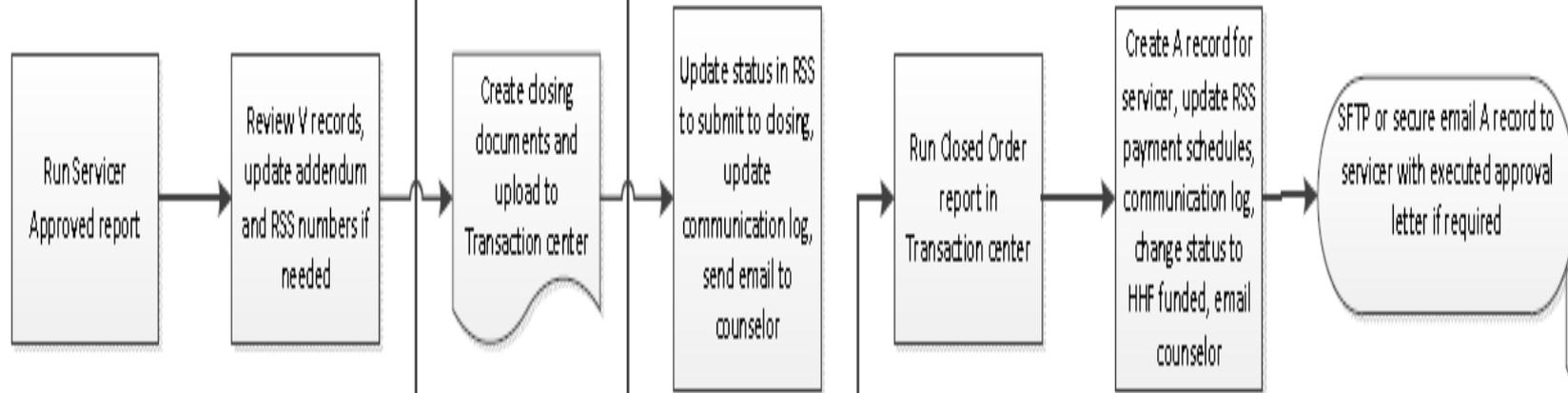
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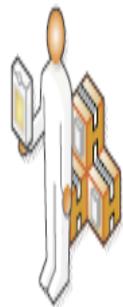
Closing



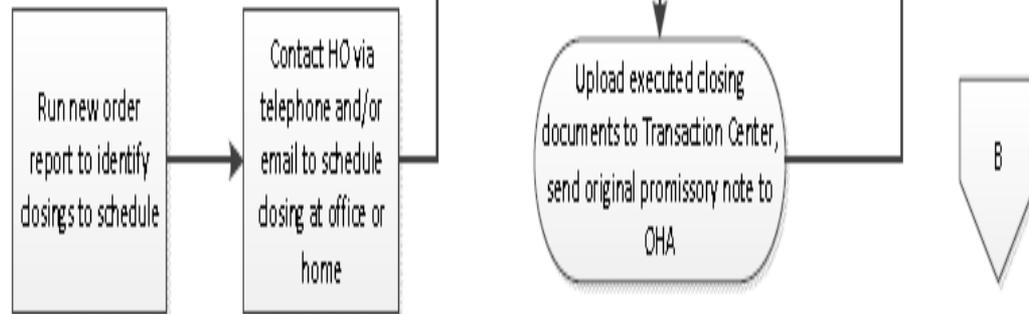
Closing Dept



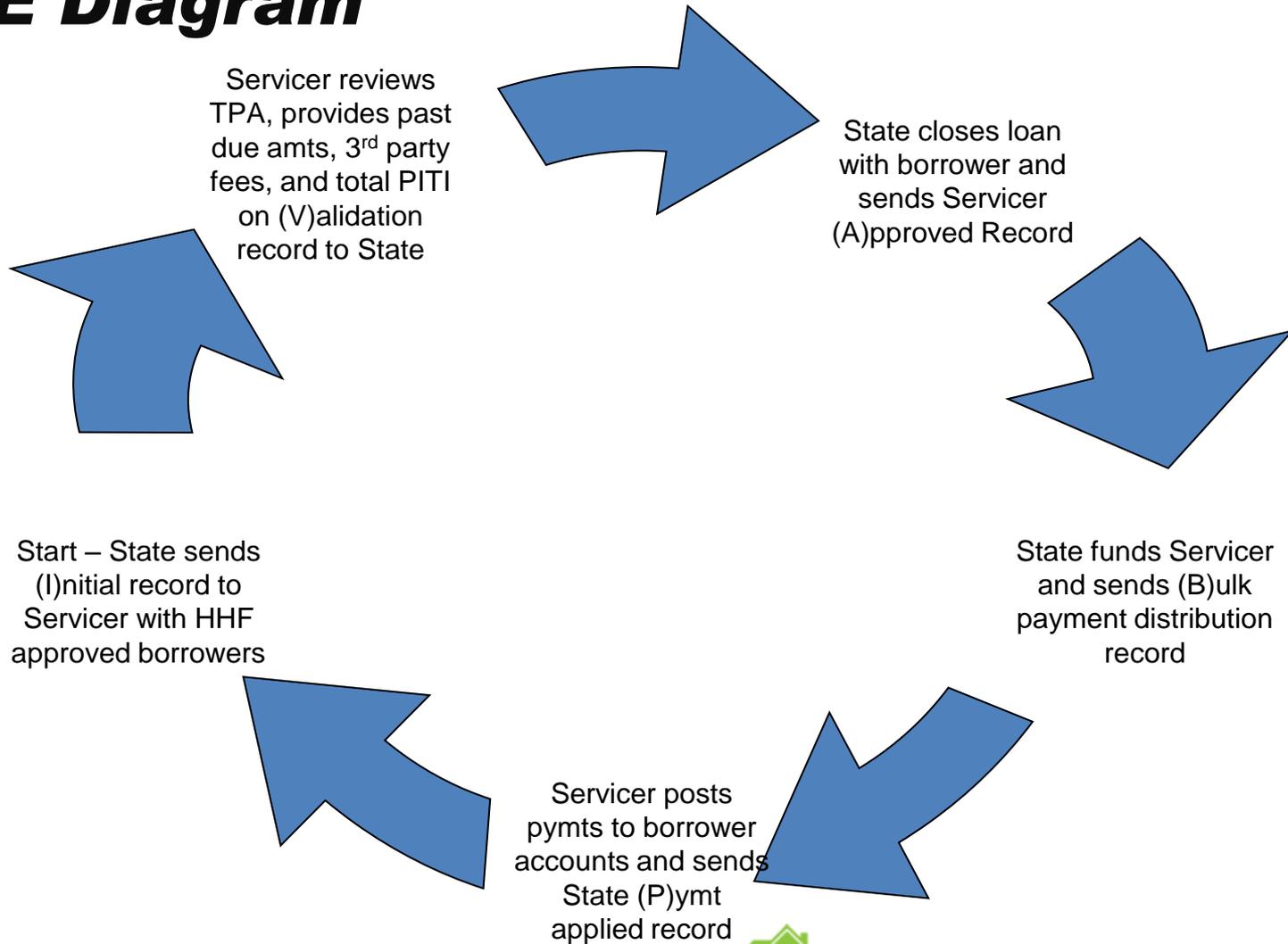
Title Agency



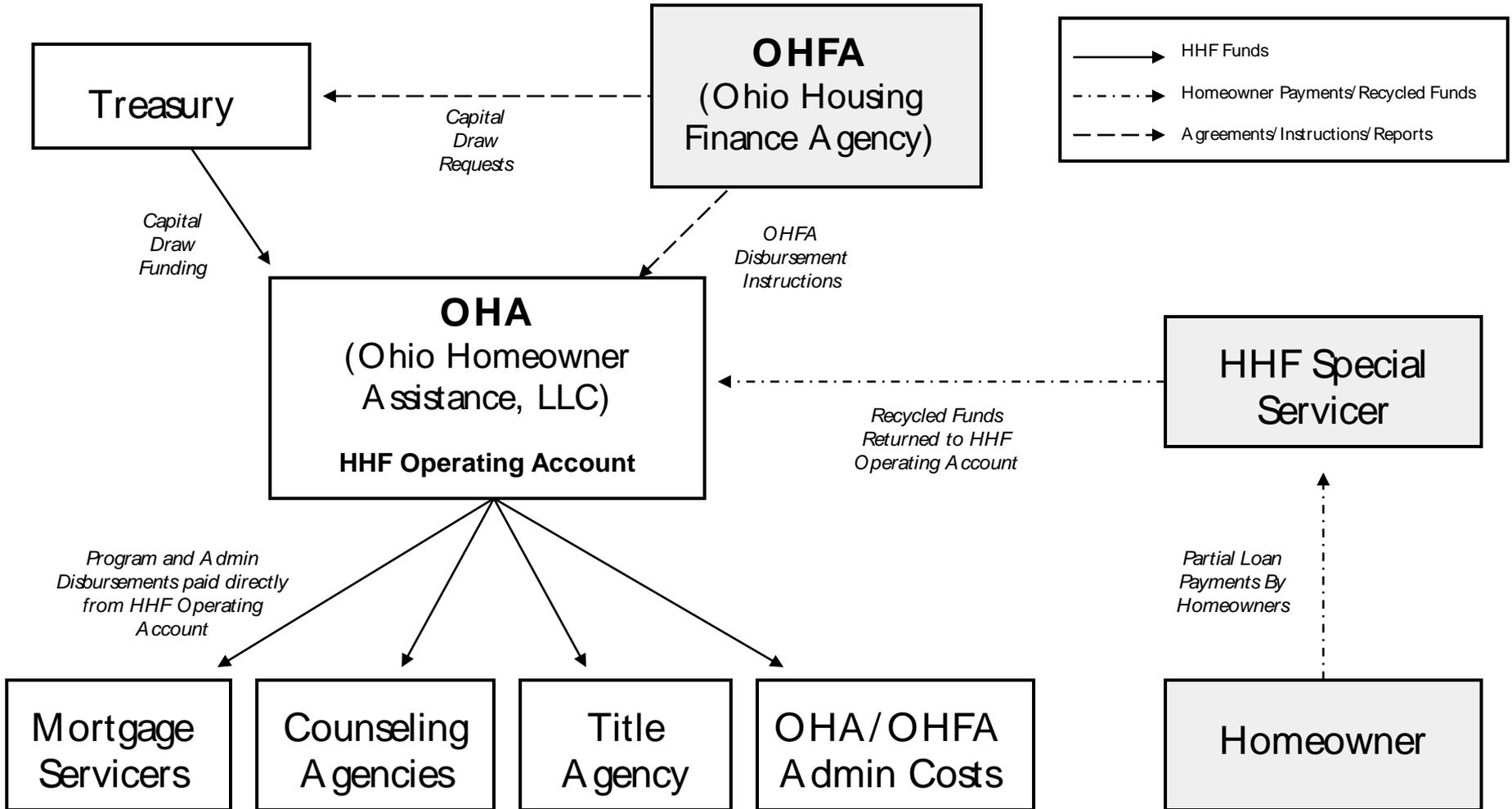
Title First



CDE Diagram



Flow of Funds



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Ohio's Programs & Funding

- ❑ Partial Mortgage Payment Assistance provided to date - \$6,882,624.88
 - Homeowners assisted: 1,899
 - Median Assistance Amount: \$3,624.34
 - Median Mortgage Payment Before Assistance \$827.90
 - Median Mortgage Payment After Assistance \$357.80
- ❑ Rescue Payment Assistance provided to date – \$16,014,504.92
 - Homeowners assisted: 2,492
 - Median Assistance Amount: \$6,426.37
- ❑ Lien Cancellation Assistance provided to date – \$425,845.02
 - Total Lender/Service Assistance Amount: \$664,510.05
 - Median 1st Lien UPB Before Program Entry: \$62,717.50
 - Homeowners assisted: 35
- ❑ Transition Assistance allocation \$6,000.00
 - Homeowners assisted: 2
- ❑ 200 Servicers Enrolled



Ohio's Programs & Funding

Borrower Characteristics

- Household Income
 - 87.54% are below \$50,000

- Delinquency Status
 - 50.24% are 90+ Days

- Current Loan to Value Ratio
 - 71.62% are >120%

- 73.3% of our homeowners are unemployed
 - Unemployment 2,137
 - Underemployment: 539
 - Divorce: 40
 - Medical Condition:182
 - Death:16



Ohio's Programs & Funding

Borrower Demographics by County

- Cuyahoga - 434 funded applications
 - Cleveland metro
- Franklin - 257 funded applications
 - Columbus metro
- Hamilton - 256 funded applications
 - Cincinnati metro
- Montgomery - 206 funded applications
 - Dayton metro
- Summit - 161 funded applications
 - Akron metro
- Lucas - 149 funded applications
 - Toledo metro



Challenges

- Servicer Participation/Enrollment**
- Reinstatement values**
- Partial Payment setup**
- High Volume of Applicants vs. Applications submitted**
- Closing Process**



Highlights of Proposed Changes in Term Sheets

Overall Eligibility:

	Current	Proposed
Income	115 percent AMI	
Liquid Assets	No more than 3 months, excluding current month, of mortgage payments in liquid assets	No more than 6 months of mortgage payments in liquid assets
Bankruptcy	No active bankruptcy; prior Chapter 7 must have mortgage debt reaffirmed	No active bankruptcy. Prior bankruptcy (Chapter 7 or 13) must have been discharged.

Rescue Payment Assistance (RPA)

	Current	Proposed
Maximum Benefit	\$15,000; homeowners may bring contribution for reinstatement amount needed over \$15,000	\$25,000; homeowner contributions will not be permitted at closing
Hardship	Hardship occurred within the past 12 months.	Hardship occurred within the past 36 months.



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Highlights of Proposed Changes in Term Sheets

Partial Mortgage Payment Assistance I

	Current	Proposed
Maximum Benefit	\$15,000; homeowners may bring contribution for reinstatement amount needed over \$15,000	\$20,000 reserved at time of closing, but may go up to \$25,000 due to payment changes during assistance; homeowner contributions will not be permitted at closing
Duration	15 months	18 months. Homeowners who exhaust benefits while receiving PMPA I may continue in the program up to the full 18 months.
Reemployment	Homeowners who are reemployed may continue receiving assistance for two months.	Homeowners who are reemployed may continue receiving assistance for three months. Homeowners who are reemployed but underemployed may continue receiving PMPA I for three months and transfer to PMPA II for six months.
Homeowner Contribution	Homeowner must contribute 20 percent of gross monthly income or 25 percent of total monthly mortgage payment, whichever is greater, unless contribution is waived because homeowner has exhausted unemployment benefits. OHFA makes first payment in full.	Homeowner must contribute 20 percent of gross monthly income. OHFA makes first and last payment in full.



Highlights of Proposed Changes in Term Sheets

Partial Mortgage Payment Assistance II

	Current (PMPA)	Proposed
Hardship	Unemployed and receiving unemployment benefits or exhausted unemployment benefits within the last 12 months.	Unemployed but not receiving Unemployment Compensation benefits. Includes homeowners who within the past 12 months exhausted unemployment benefits or became involuntarily unemployed after working fewer weeks than required to claim unemployment benefits. Also includes homeowners who have an involuntary and ongoing loss or reduction of 10 percent or more of income within the past 36 months, resulting in mortgage payment greater than 31 percent of gross monthly income
Duration	15 months	9 months
Homeowner Contribution	Homeowner must contribute 20 percent of gross monthly income or 25 percent of total monthly mortgage payment, whichever is greater, unless contribution is waived because homeowner has exhausted unemployment benefits. OHFA makes first payment in full.	Homeowner must contribute 31 percent of gross monthly income, unless contribution is waived because homeowner has exhausted unemployment benefits. OHFA makes first and last payment in full.



Highlights of Proposed Changes in Term Sheets

Mortgage Modification with Contribution Assistance Program

	Current (MMPR)	Proposed (MCAP)
Goal	Enable underwater homeowners to qualify for a mortgage modification by providing matching funds to reduce principal.	Enable homeowners to qualify for a permanent in-house or HAMP modification by offering a matching option to servicers, and allowing HHF funds to be applied to homeowner's delinquency.
Application of Funds	Funds may be applied to reduce a homeowner's principal balance or eliminate the mortgage lien as part of a lien cancellation agreement.	Funds may be applied to any fee or delinquency that would be eligible under RPA, including mortgage payments, fees, property taxes, principal reduction, and homeowner's insurance.
Servicer Contribution	Funds must be matched dollar for dollar by servicer with principal reduction or forbearance.	Any amount that is not matched by the servicer will take the form of a zero interest second mortgage forgiven over five years.

Lien Cancellation

	Current (MMPR)	Proposed
Maximum Benefit Amount	\$15,000	\$25,000
Bankruptcy	No active bankruptcy; prior Chapter 7 must have mortgage debt reaffirmed	Borrower may be in active Chapter 7 bankruptcy at time of application if RS Assistance will extinguish the mortgage debt.
Servicer Match	Minimum 50/50 match required	No match required. Assistance will take the form of a zero interest second mortgage forgiven over five years.



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