



MSHDA's Help for Hardest Hit Proposal

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Background

February 19, 2010, President Obama announced the HFA Hardest-Hit fund, designed to assist families “hardest-hit” by the housing crisis. Michigan is one of ten states chosen to participate in the program and is eligible to receive \$154.5 million.



Background

- Programs must promote the purposes of the Emergency Economic Stabilization Act (EESA)
 - protects home values
 - preserves homeownership
 - promotes jobs and economic growth
- MSHDA staff initiated a planning process that included its homeownership counselors, MFTF, MCUL, MAR, MBA, MACB and local, regional and national loan servicers.



Targeted Homeowners

- Homeowners currently receiving unemployment compensation.
- Homeowners who have fallen behind in their mortgage payments or taxes due to a one-time, involuntary crisis such as a temporary layoff or medical emergency.
- Homeowners who can no longer afford their mortgage payments due to lower income.
- Homeowners that owe more on their mortgage than their home is currently worth.



Program Options

- Unemployment Mortgage Subsidy Program
- Loan Rescue Program
- Principal Curtailment Program

HOMEOWNER IS ELIGIBLE FOR ONLY ONE OPTION



Program Allocations

Program	Initial Allocation (millions)	Maximum Individual Assistance	Projected Households Served
Unemployment Mortgage Subsidy	\$100	\$9,000	11,090
Loan Rescue	\$15	\$5,000	3,090
Principal Curtailment	\$31	\$10,000	3,190



Program Timeline

Date	Activity
April 16, 2010	Submission of Hardest-Hit Fund proposal
June 1, 2010 (estimate)	Treasury approval of Hardest-Hit Fund proposal
	Schedule and deliver regional Lender/Service & Counselor trainings or webinars
July 1, 2010	Begin receiving applications
	Continue Lender/Service and Counselor trainings as needed and troubleshoot implementation challenges
September 30, 2010	Ongoing review of program effectiveness, updates/modifications needed
	Review and revise allocation of funding between programs if necessary
	Begin random auditing of project files



Eligible Properties

- Located in the State of Michigan
- Existing single-family homes or condominiums (attached or detached)
- Existing manufactured homes on foundations permanently affixed to real estate
- Owner-occupied, primary residence; no second homes or investment properties



General Eligibility Requirements

- No Income limits
- Borrower must occupy property as primary residence and be obligated on the original mortgage note.
- Cash reserves cannot exceed 3 months PITI.



General Eligibility Requirements

- Mortgage loans with unpaid principal balances equal to or less than \$729,250.
- Must be approved and meet all terms of their Lender/Service's requirements for loan modification, if applicable.
- Generally ratios should not exceed 31%/55% after approved modification



Award Parameters

- A secured subordinate mortgage and note
- 0% non-amortizing loan
- Forgivable over a 5 year term at 20% per year
- Due on sale or transfer, payoff of existing mortgage, or when the property is no longer the borrowers primary residence



Unemployment Mortgage Subsidy

- Borrower must be receiving Michigan unemployment benefits.
- Maximum subsidy is lesser of \$750/month or 50% of the required PITI.
- Maximum benefit per household is \$9,000.



Unemployment Mortgage Subsidy

- Subsidy payment provided for up to 12 months.
- Once borrower returns to work, assistance provided for an additional two months, not to exceed 12 month maximum.
- If delinquent, Lender/Service must approve an acceptable repayment plan to bring loan current within 90 days of first subsidy payment.



Loan Rescue Program

- Homeowners must document a one-time, involuntary crisis that resulted in mortgage delinquency.
- If the homeowner can now sustain homeownership, up to \$5,000 in assistance can be used to catch up on delinquent payments, taxes or escrow shortages.



Principal Curtailment Program

- Homeowner must be facing imminent default due to circumstances beyond their control.
- Provides a one-time payment of up to \$10,000, which the Lender/Service must match at a minimum of 1:1 ratio.
- If delinquent, the Lender/Service must approve an acceptable repayment plan to bring loan current within 90 days of principal reduction and loan modification.



Questions ???

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