CHFA’s Foreclosure Prevention Programs:
CT FAMLIES
EMAP
Counseling
Judicial Mediation
Market Conditions
Source: Mortgage Banker’s National Delinquency Survey – covers about 88% of first lien mortgages in the market
Loan Profiles

Source: Mortgage Banker’s National Delinquency Survey – covers about 88% of first lien mortgages in the market
Number of Seriously Delinquent Loans in Connecticut

Source: Mortgage Banker’s National Delinquency Survey – covers about 88% of first lien mortgages in the market
Seriously Delinquent Loans

1Q 2008

- SubPrime Fixed: 6,548 (49%)
- Prime Fixed: 2,595 (19%)
- Prime Adjustable: 2,166 (16%)
- SubPrime Adjustable: 2,210 (16%)

3Q 2011

- SubPrime Adjustable: 7,548 (21%)
- SubPrime Fixed: 8,102 (23%)
- Prime Adjustable: 5,851 (17%)
- Prime Fixed: 13,662 (39%)

Source: Mortgage Banker's National Delinquency Survey – covers about 88% of first lien mortgages in the market
Sources: Mortgage Banker's National Delinquency Survey – covers about 88% of first lien mortgages in the market and the Connecticut Department of Labor, Seasonally Adjusted Unemployment Rate
CHFA Program Information
CT FAMILIES

- Response to subprime crisis
- Refinancing option
- Pre-Ullman bonds
- 1\textsuperscript{st} mortgage & 2\textsuperscript{nd} mortgage options
CT FAMLIES Eligibility:

- Delinquency or evidence of inability to pay
- Financial hardship
- Meets CHFA income limits
- Demonstrates fiscal responsibility
CT FAMILIES – Evolution

• FHA Secured (delinquency required)
• FHA Secured discontinued 12/09
• CTFAMILIES becomes CHFA Insured Program in 2010
• Statutory change allows fixed-rate borrowers.
• CHFA modifies delinquency requirements
Borrowers apply through 6 participating lenders:

- First Niagara Bank
- Freedom Mortgage
- Liberty Bank
- McCue Mortgage
- People’s United Bank
- Webster Bank
First Mortgage Program Activity by Unit

- 2008: 62
- 2009: 13
- 2010: 39
- 2011 thru 10/31: 45
First Mortgage Activity by $ Amount

<table>
<thead>
<tr>
<th>Year</th>
<th>$ Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>12,802,277</td>
</tr>
<tr>
<td>2009</td>
<td>2,718,154</td>
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<tr>
<td>2010</td>
<td>7,439,771</td>
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<tr>
<td>2011 thru 10/31</td>
<td>8,405,270</td>
</tr>
<tr>
<td>Number of loans (thru 10.31.2011)</td>
<td>159</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Average loan amount</td>
<td>$197,267</td>
</tr>
<tr>
<td>Total loan volume</td>
<td>$31,365,472</td>
</tr>
<tr>
<td>Average home value</td>
<td>$223,002</td>
</tr>
<tr>
<td>% condominiums</td>
<td>10.1%</td>
</tr>
</tbody>
</table>
### Monthly Average Savings Per Borrower

<table>
<thead>
<tr>
<th>Year</th>
<th>$ Amt Saved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>438</td>
</tr>
<tr>
<td>2009</td>
<td>388</td>
</tr>
<tr>
<td>2010</td>
<td>325</td>
</tr>
<tr>
<td>2011 thru 10/31</td>
<td>479</td>
</tr>
</tbody>
</table>
 Loans Declined By CHFA

- Appraised value does not support new loan: 35%
- Excessive credit obligations: 24%
- Unsatisfactory credit history: 24%
- Income exceeds CHFA's income limits: 16%
- Insufficient Income: 2%

Total Loans Declined: 41
CT FAMLIES  Loan Performance

<table>
<thead>
<tr>
<th>Days</th>
<th>Number of Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>113</td>
</tr>
<tr>
<td>30 Days</td>
<td>16</td>
</tr>
<tr>
<td>60 Days</td>
<td>9</td>
</tr>
<tr>
<td>90 Days</td>
<td>5</td>
</tr>
<tr>
<td>120 Days</td>
<td>15</td>
</tr>
<tr>
<td>Foreclosed</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>159</strong></td>
</tr>
</tbody>
</table>

Number of Loans:
- Current: 113
- 30 Days: 16
- 60 Days: 9
- 90 Days: 5
- 120 Days: 15
- Foreclosed: 1
- **Total**: 159
Emergency Mortgage Assistance Program (EMAP)

- Created in 1993 with $4 million
- Modified & funded in 2008 w/$14 million

State Banking Funds:
- $5 million funded EMAP
- $5 million CHFA trans to Foreclosure Mediation
- $4 million taken back by State

- $50 million CHFA bonds w/ debt service paid by State
EMAP Program Eligibility (statutory)

- Non-FHA only
- 25% income reduction
- Good credit history
- Work w/lender & counselor
- Reasonable expectation of repayment
- Credit history to 2-yr look back (from 5)
- Increase to 5 yrs of assistance (from 3)
- Include refinance as consideration for “able to pay”
- Allow arrears up to 4+ per year
- Change 25% threshold
Statutory EMAP changes 2009

• Redefine hardship – income & expense
• Allow anticipation of hardship
• Allow reapplication if referred by foreclosure mediation
EMAP

- Brings mortgage current + monthly assistance
- Repaid when hardship is overcome & repayment is affordable
- Reviewed annually (at least)
2011 closed loans

– Average initial disbursement $28K
– Average monthly assistance $787 (1st mrtg)
– Average monthly assistance $1100 (combined mrtgs)
Review of 181 EMAP assistance changes:

- 87 reduced assistance
- 20 off assistance
- 71 increased assistance
- 3 no change
EMAP APPLICATIONS RECEIVED
As of 10/31/11

Total 2008: 399
Total 2009: 996
Total 2010: 1094
Total 2011: 1020
EMAP APPROVED LOANS
As of 10/31/11

- Total 2008: 9
- Total 2009: 147
- Total 2010: 162
- Total 2011: 259
EMAP

• 577 loans approved
• CHFA services loans
• Recertify borrowers annually.
• Anticipate 250 loans in 2012 to deplete remaining funds
• 8% average delinquency Jan – July 2011
Primary Reasons for Denials

Emergency Mortgage Assistance Program Activity
January 2011 - October 2011*

- Approved: 34.5%
- No Reasonable Expectation To Repay: 19.2%
- Other Miscellaneous: 11.5%
- Prior Delinquent Credit History: 2.8%
- Excessive Obligations: 0.4%
- Exceeds Program Guidelines Mtg Lates: 14.7%
- Applicant Has Sufficient Assets: 8.3%
- Housing Expense Less Than 35%: 2.9%
- Not Principle Residence: 0.5%
- Multiple Real Estate: 1.7%
- No Hardship: 3.5%
- Not Principle Residence: 0.5%
- Multiple Real Estate: 1.7%

*Excludes withdrawn and incomplete applications
Foreclosure Prevention Counseling

• CHFA approved counseling agency – either delinquent or anticipate hardship

• Counseling agencies supporting with $850,000 funding from CHFA and grants from HUD, NFMC

• Funding streams are uncertain
Results of Foreclosure Counseling

• Over 7,500 households assisted
• Wide range of solutions
• Successfully navigating homeowners through their options
Judicial Mediation

• Resolve foreclosure by negotiating repayment, modification of terms, or short sale.

• Homeowners receive notification of mediation along with foreclosure notice.
Success of CT Judicial Mediation Program

- 80% settlement rate
- 65% of borrowers stay in home
- 15% moving from home
Estimated Demand
Future Programs
Future of Programs

• Currently 40,000 households at 90+ days
• 15,000 borrowers in subprime mortgages
• Continued need for financial assistance for under-employed and unemployed
CT FAMILIES Recommendations

- Existing program resources expended 2012
- Allow current program to sunset
- Work with Washington to allow HFAs to provide refinancing
EMAP Recommendations

• Existing resources expended in 2012
• Allow CHFA to work with FHA in order to provide EMAP assistance to certain borrowers
• If state continues program through 2014
  – CHFA estimates approximately two $30 million in Bonding Authority issues with approximately $2.3 million a piece in debt service annually
• CHFA to market program with counseling agencies