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Loss Mitigation Task Force

CHFA Presentation

January 5, 2012

2:00 pm



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CHFA's Foreclosure Prevention Programs:

CT FAMILIES

EMAP

Counseling

Judicial Mediation



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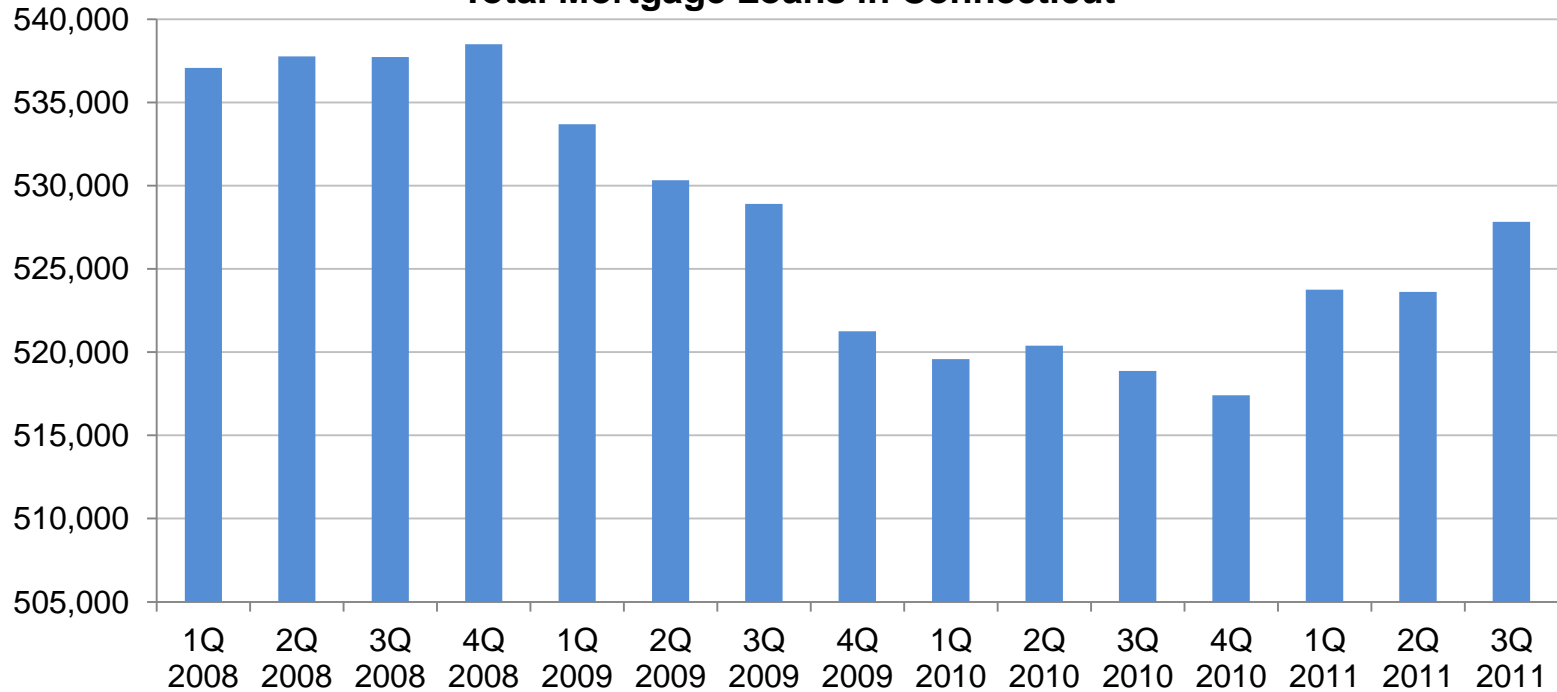
Market Conditions



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Total Mortgage Loans in Connecticut



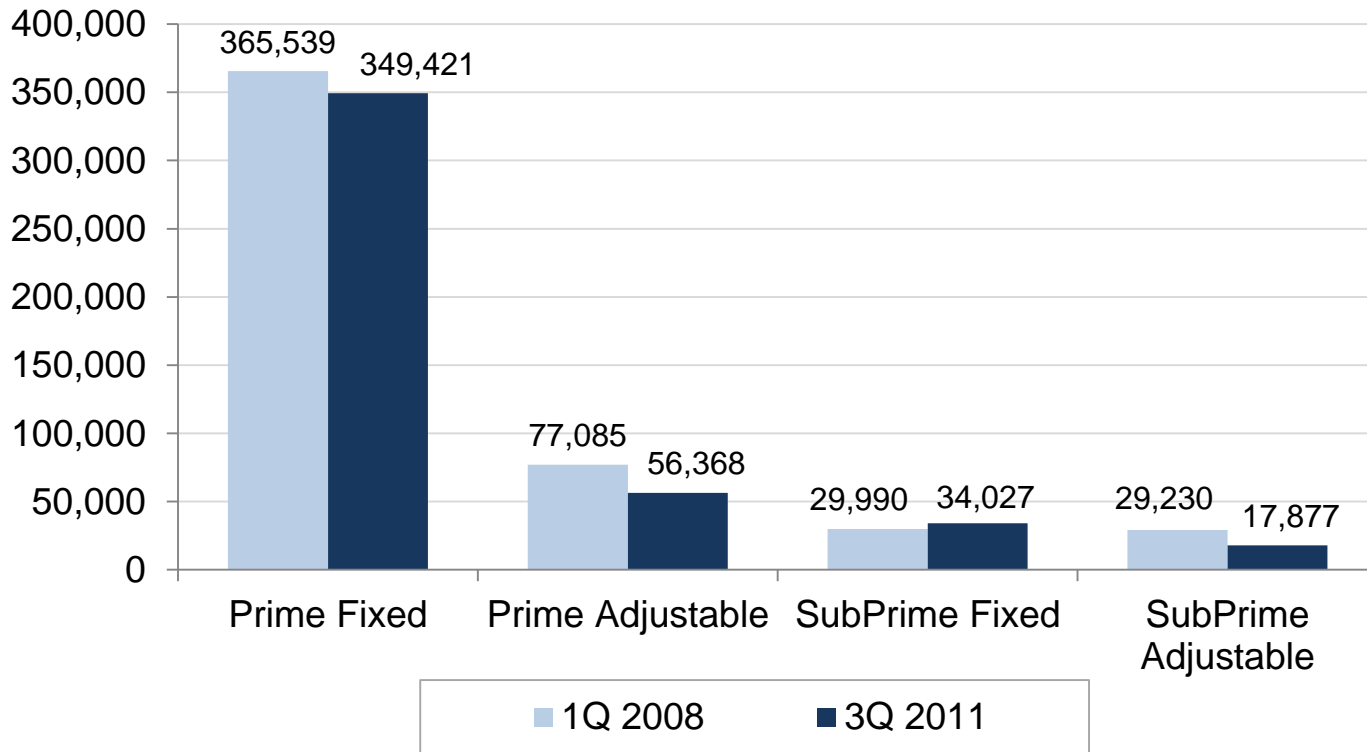
Source: Mortgage Banker's National Delinquency Survey – covers about 88% of first lien mortgages in the market



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Loan Profiles



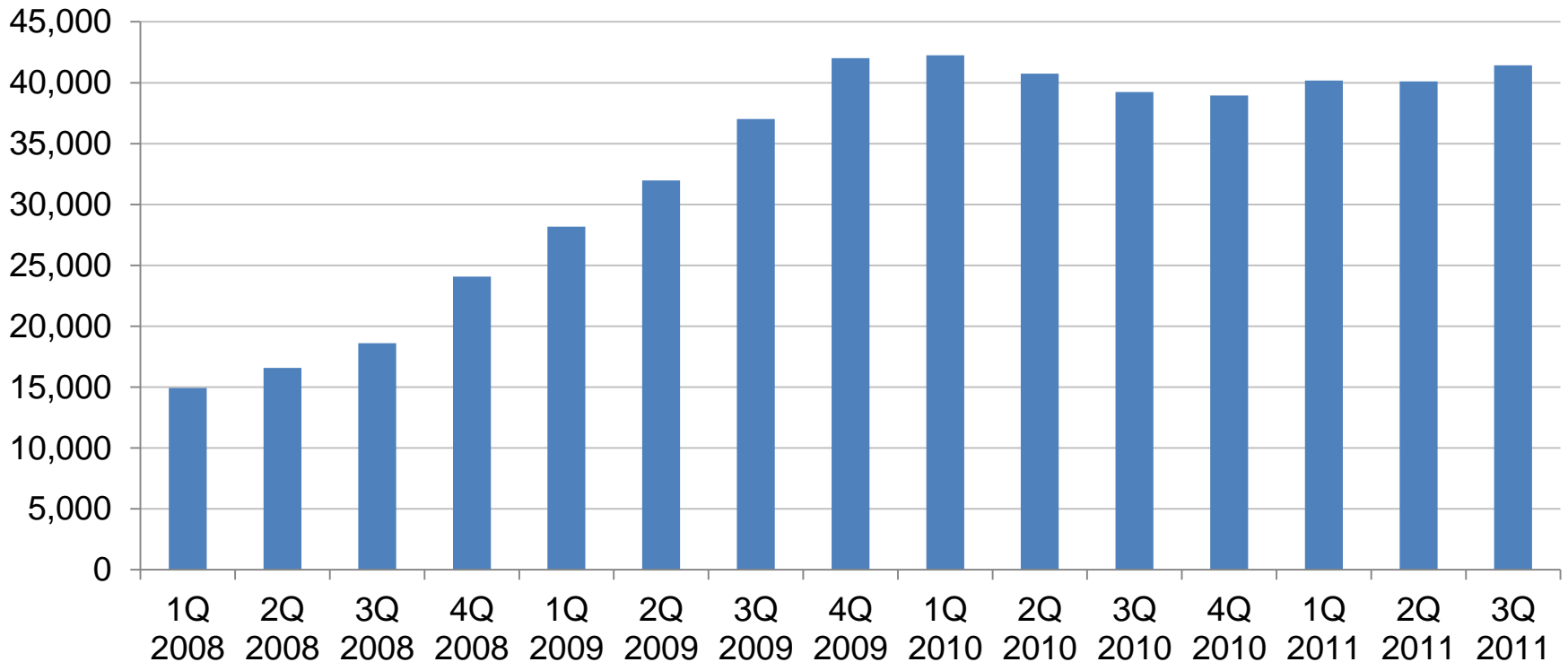
Source: Mortgage Banker's National Delinquency Survey – covers about 88% of first lien mortgages in the market



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Number of Seriously Delinquent Loans in Connecticut



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

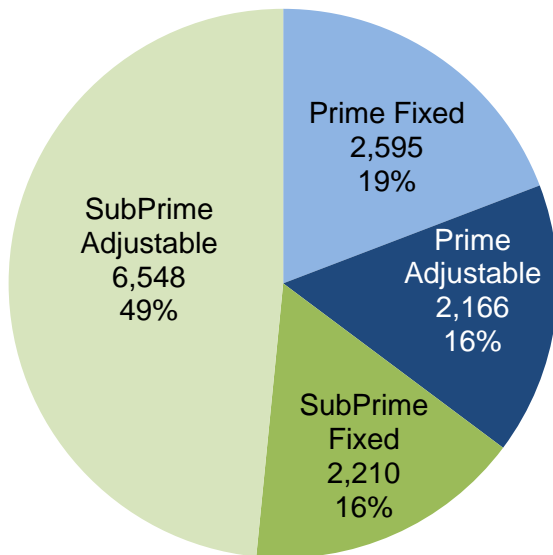


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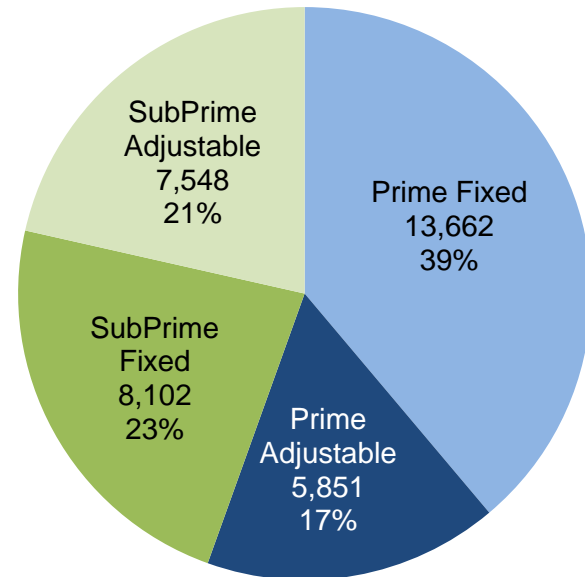


Seriously Delinquent Loans

1Q 2008



3Q 2011



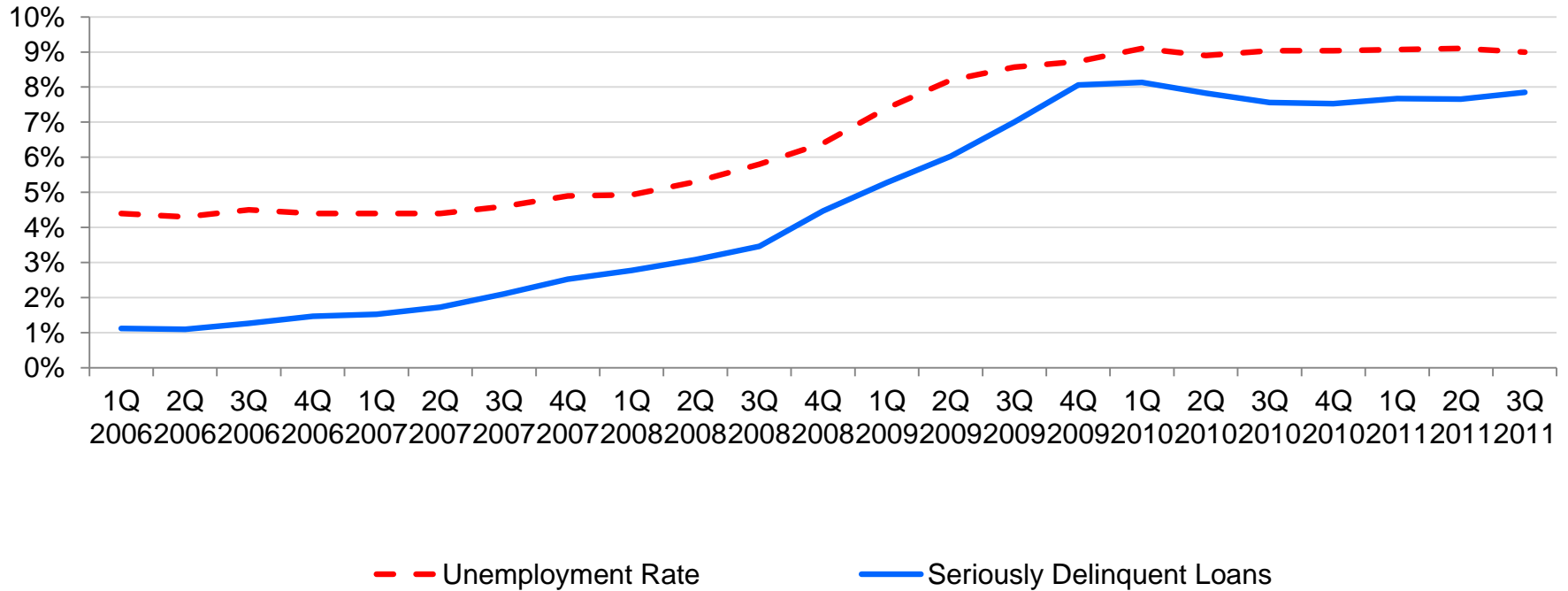
Source: Mortgage Banker's National Delinquency Survey – covers about 88% of first lien mortgages in the market



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Delinquency and Unemployment



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



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CHFA Program Information



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CT FAMILIES

- Response to subprime crisis
- Refinancing option
- Pre-Ullman bonds
- 1st mortgage & 2nd mortgage options



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CT FAMILIES Eligibility:

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



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CT FAMLIES – Evolution

- FHA Secured (delinquency required)
- FHA Secured discontinued 12/09
- CTFAMLIES becomes CHFA Insured Program in 2010
- Statutory change allows fixed-rate borrowers.
- CHFA modifies delinquency requirements



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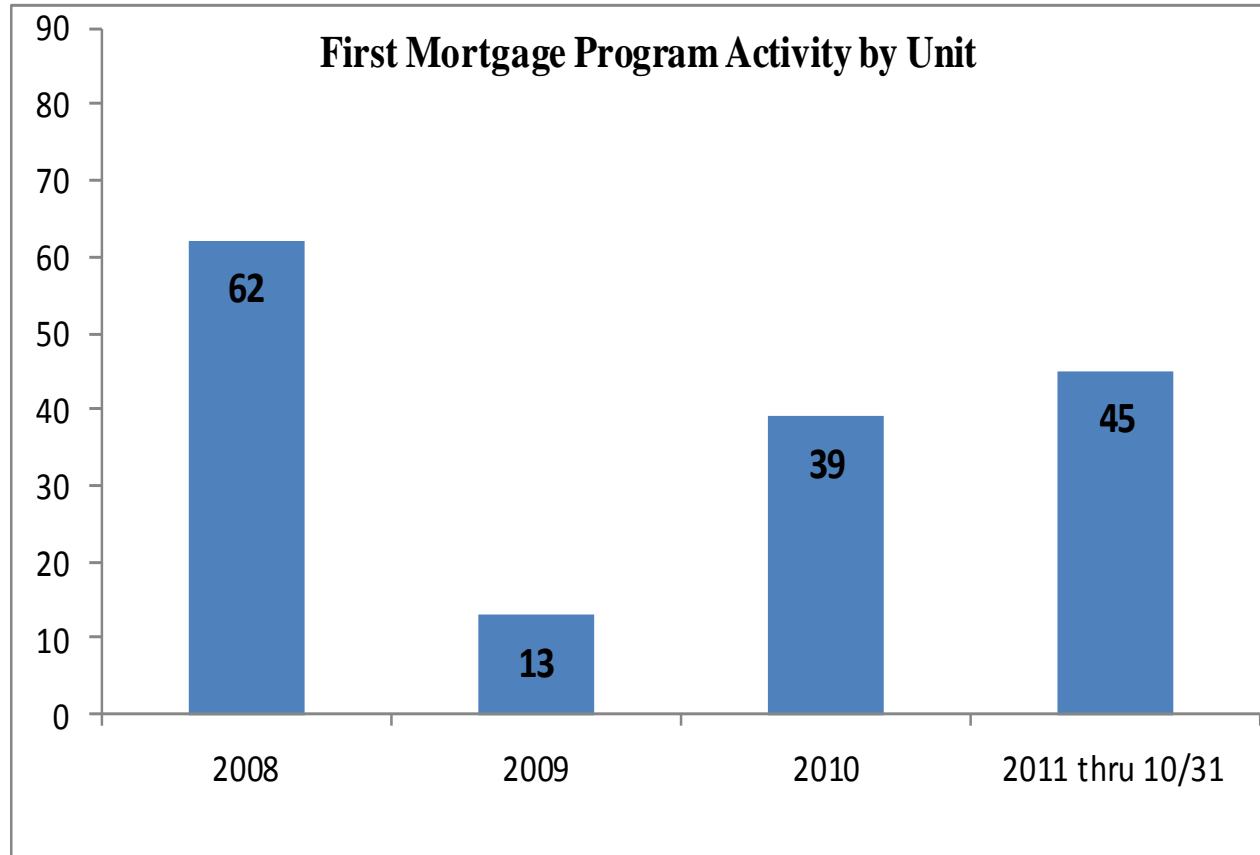


Borrowers apply through 6 participating lenders:

- First Niagara Bank
- Freedom Mortgage
- Liberty Bank
- McCue Mortgage
- People's United Bank
- Webster Bank



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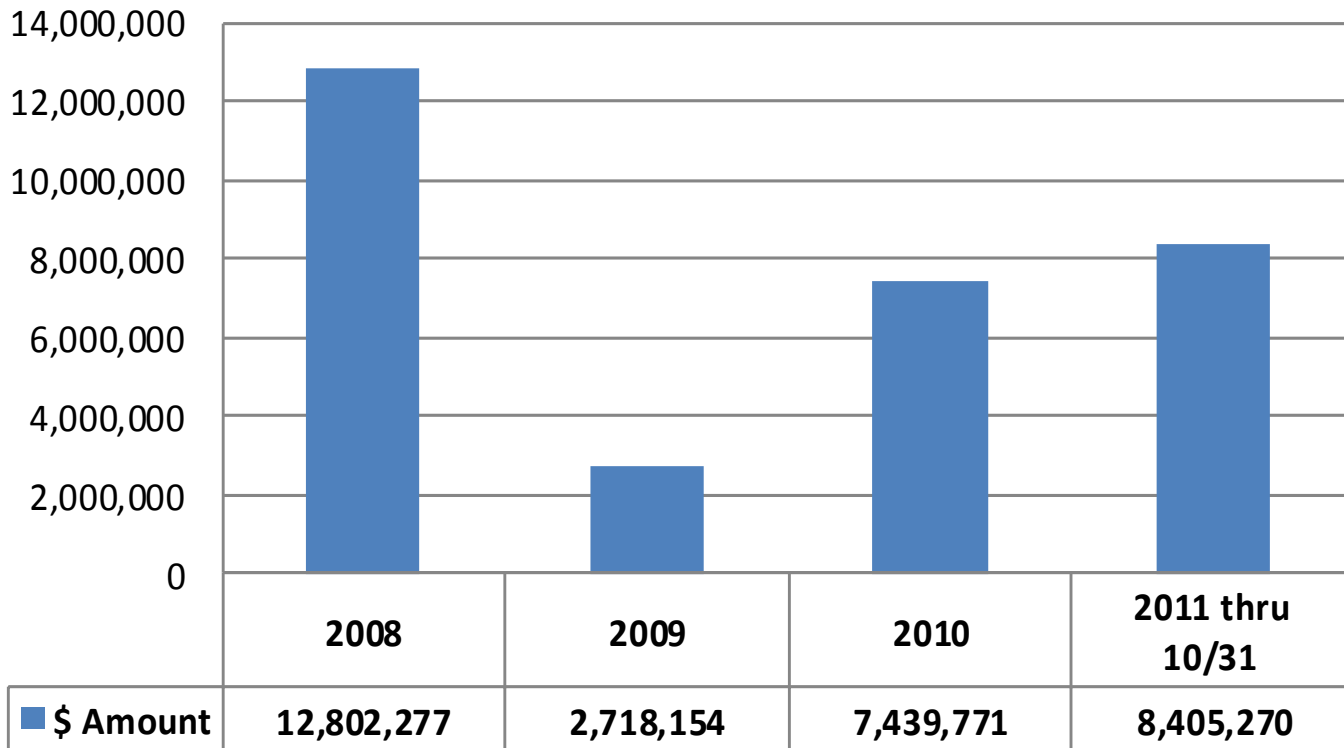




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First Mortgage Activity by \$ Amount





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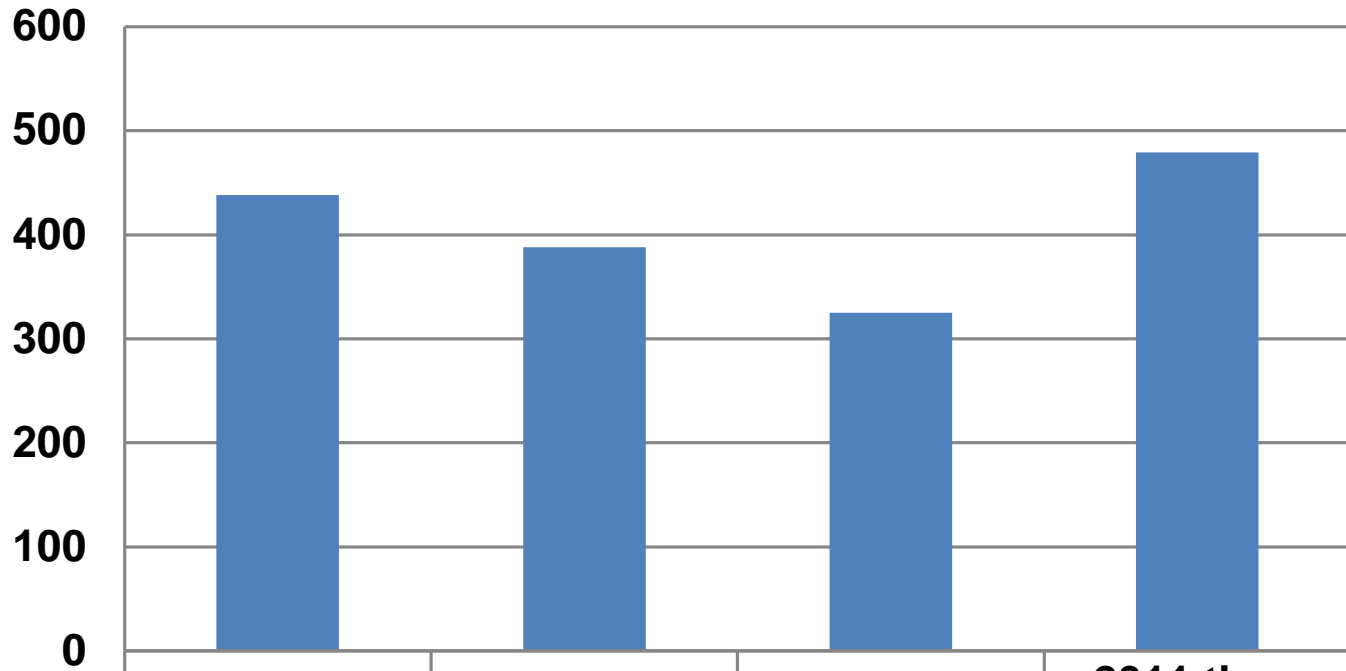
Number of loans (thru 10.31.2011)	159
Average loan amount	\$197,267
Total loan volume	\$31,365,472
Average home value	\$223,002
% condominiums	10.1%



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Monthly Average Savings Per Borrower



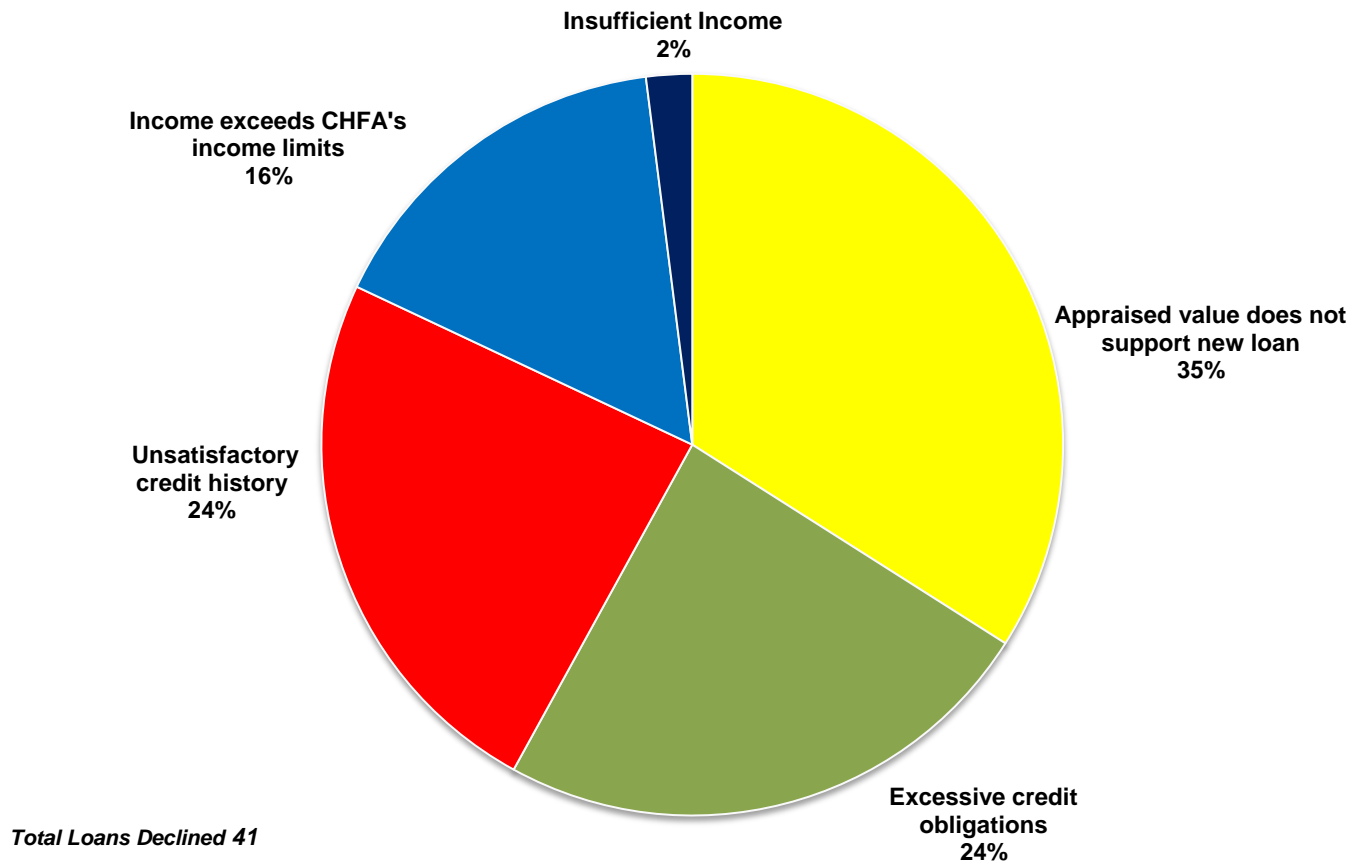
■ \$ Amt Saved	438	388	325	479
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Loans Declined By CHFA

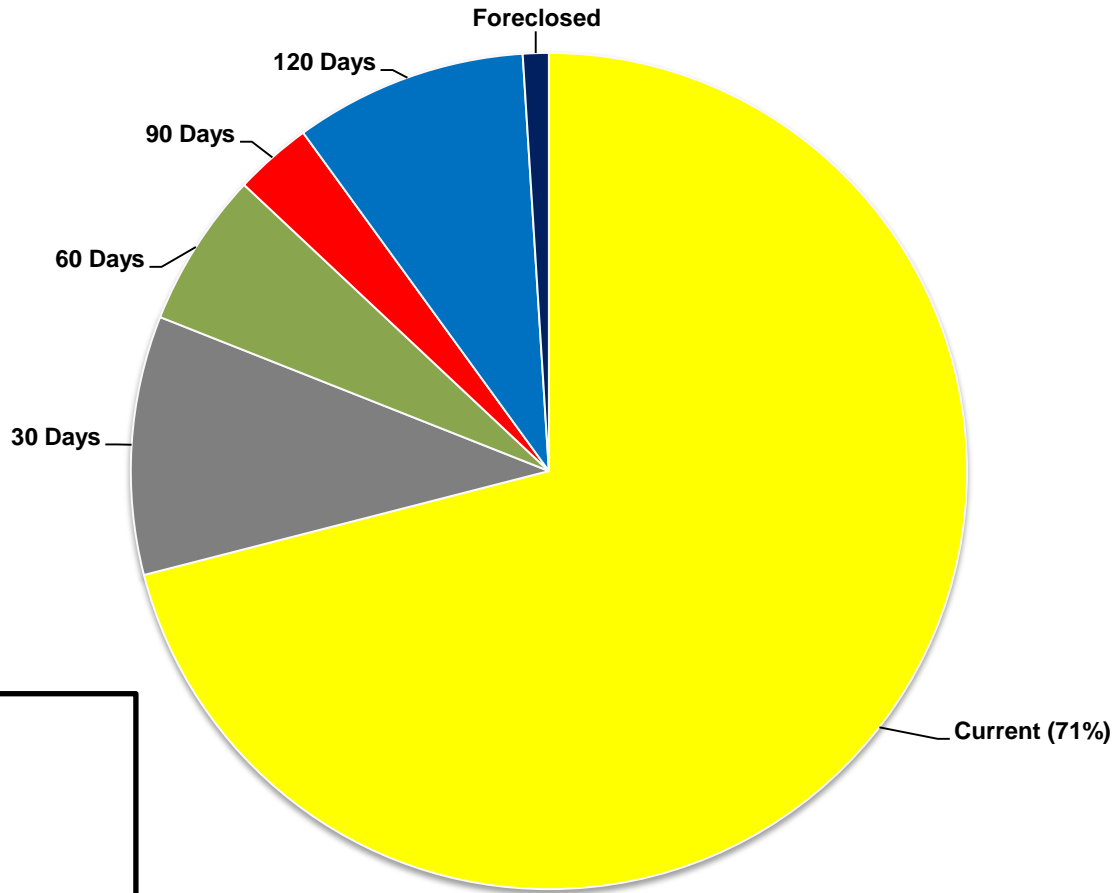




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CT FAMILIES Loan Performance



<u>Number of Loans</u>	
Current.....	113
30 Days.....	16
60 Days.....	9
90 Days.....	5
120 Days.....	15
Foreclosed.....	1
Total	159



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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



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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



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Statutory EMAP changes 2009

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



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EMAP

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



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2011 closed loans

- Average initial disbursement \$28K
- Average monthly assistance \$787 (1st mrtg)
- Average monthly assistance \$1100 (combined mrtgs)



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Review of 181 EMAP assistance changes:

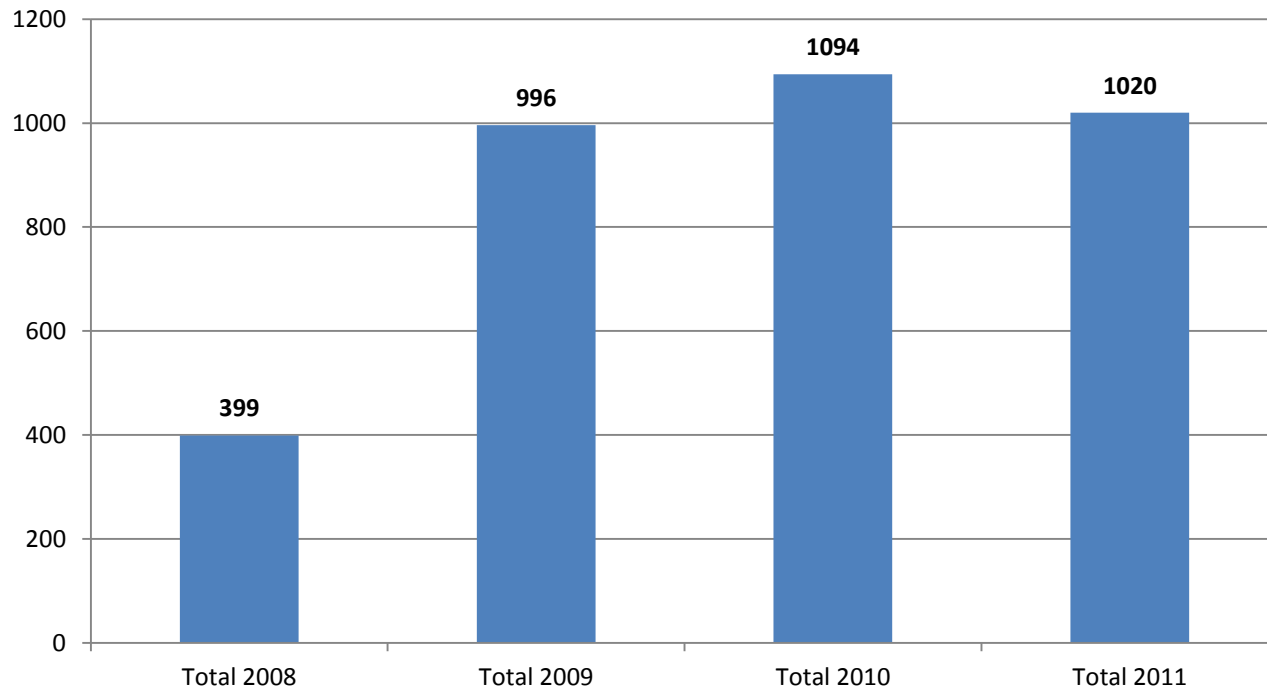
- 87 reduced assistance
- 20 off assistance
- 71 increased assistance
- 3 no change



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EMAP APPLICATIONS RECEIVED
As of 10/31/11

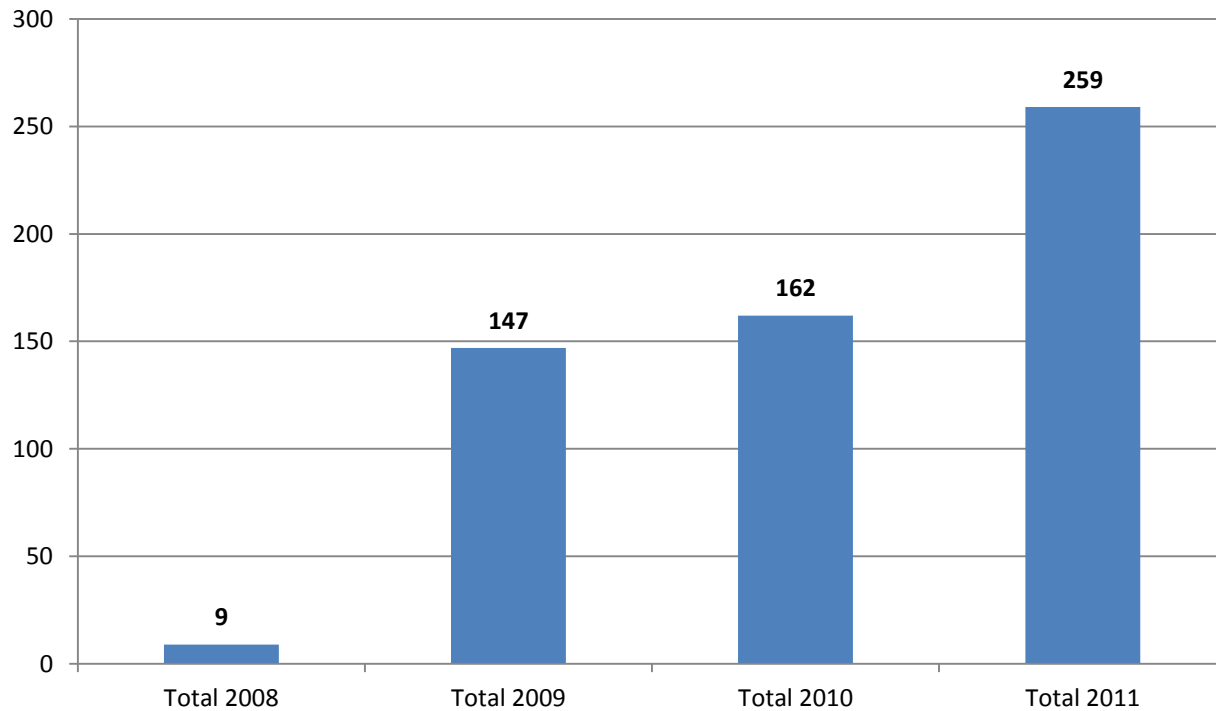




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EMAP APPROVED LOANS
As of 10/31/11





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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

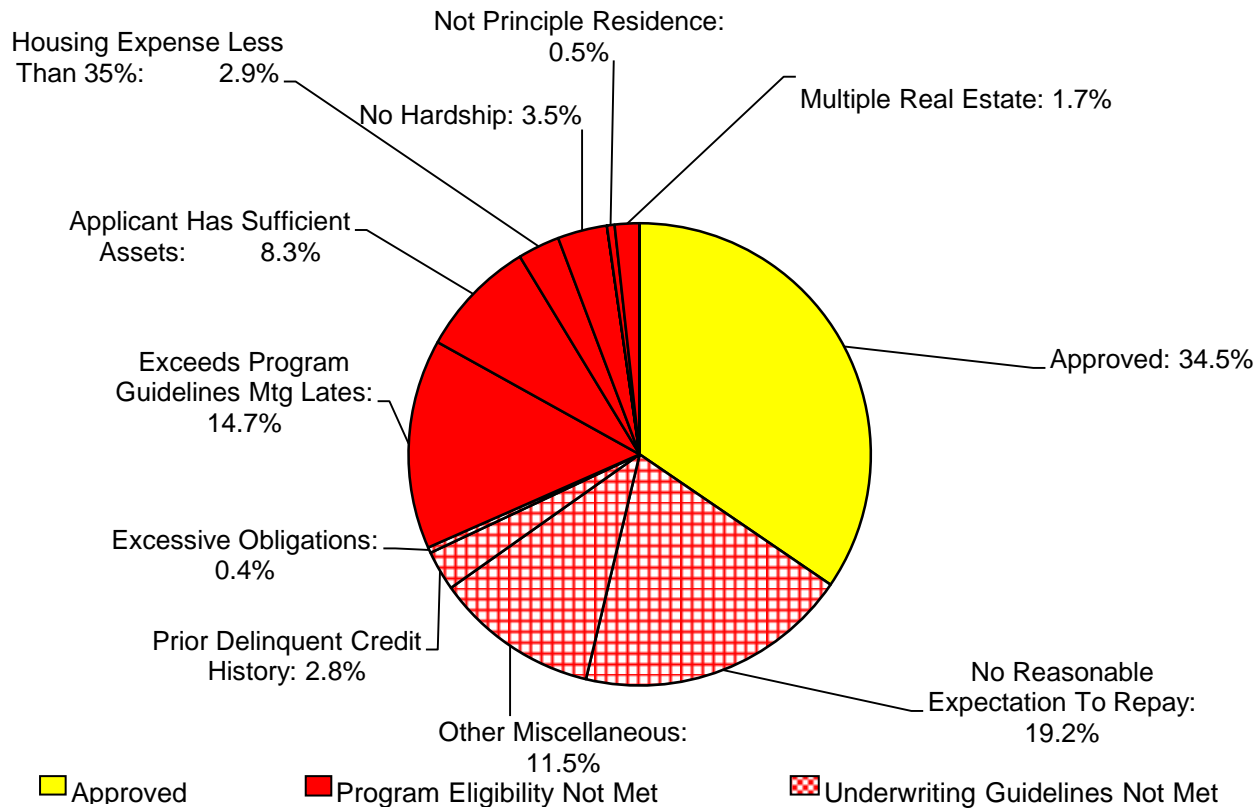


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Primary Reasons for Denials

**Emergency Mortgage Assistance Program Activity
January 2011 - October 2011***



*Excludes withdrawn and incomplete applications



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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



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Results of Foreclosure Counseling

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



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Judicial Mediation

- Resolve foreclosure by negotiating repayment, modification of terms, or short sale.
- Homeowners receive notification of mediation along with foreclosure notice.



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Success of CT Judicial Mediation Program

- 80% settlement rate
- 65% of borrowers stay in home
- 15% moving from home



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Estimated Demand Future Programs



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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



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CT FAMILIES Recommendations

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



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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