



# *Foreclosure Prevention Programs*

*Presented by:*

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[www.phfa.org](http://www.phfa.org)



# PHFA Overview

- State instrumentality created by legislation in 1972
- Provider of capital for affordable homes and apartments for older adults, persons of modest means, and persons with disabilities
- Three Main Operational/Programmatic Divisions
  - Homeownership
    - Previously, for home purchases only
    - Home repair program added about 2 years ago
    - Now doing refi's/workout's
    - Increased focus on energy efficiency/weatherization
  - HEMAP
  - Multi-Family
- Foreclosure prevention sometimes involves blending of homeownership and HEMAP resources



# REAL

- **REfinance to an Affordable Loan**
- Typical refi with concessions
  - 100% LTV
  - Up to 59 days past due
  - 620 score or meet manual underwriting guidelines
  - Can include arrearages, delinquent taxes, closing costs, prepayment penalty
- 7.625 with 0 pts
- Originated by subset of home purchase lenders
- Counseling required if credit score below 620
- Statistics



# REAL Challenges

- Getting to homeowners in time
- Bad credit
- Many lenders don't understand manual underwriting anymore
- 100% sometimes isn't even enough to cover late fees, delinquent taxes, prepayment penalties, etc.
- Numerous cash out refi's to the point of unaffordability
- Insufficient and/or unstable income
- Depreciation



# HERO

- **Homeowners Equity Recovery Opportunity**
- Workout program for more serious credit issues and/or owing more than home is worth
  - 100% LTV
  - They've tried to meet financial obligations to best of their ability
- 7.95%, 0 points
- PHFA underwrites and, if approved, then attempts to purchase it from current lender/servicer at a discount (or do a refi with a short payoff)
- Can be combined with or in lieu of HEMAP if appropriate
- Counseling required
- Statistics



# HERO Challenges

## Challenges of administering:

- Very labor and time intensive
  - Complexity and uniqueness of individual situations
  - Not underwriting—case management
  - Has improved as system evolves and staff gain experience
- Of those that can't be approved, most are due to insufficient income
- Subordinate loans
- Some instances of declining values

## Challenges in negotiating with lender/servicer:

- "No." Most often due to contracts with investors
- Apathy/lack of response probably due to inundation of requests
- Doesn't fit "cookie cutter" work flow
- Getting through to "right" person or at least someone who cares
- Subordinate loans



# Homeowners Emergency Mortgage Assistance Program (HEMAP)

- ❖ Pennsylvania Foreclosure Prevention Act 91 of 1983
- ❖ Objective: to protect Pennsylvanians who are facing foreclosure due to a temporary setback and through no fault of their own
- ❖ No fault of their own = Medical issues, Disability, Job loss, Death of spouse, etc.
- ❖ Must have reasonable prospect of resuming mortgage payments
- ❖ Relief = loan to bring mortgage current and make partial payments for up to 24 months or \$60k max.
- ❖ Repayment based on affordability; \$25 min.
- ❖ Homeowners apply through counseling agency
- ❖ Statistics



# Summary

- 3 programs = comprehensive approach not available in most states
- We service all loans in house!
- Every homeowner in PA facing foreclosure has the chance for their situation to be thoroughly reviewed by professionals
  - Housing Counseling Agencies
  - PHFA Staff
- [www.phfa.org/PAL](http://www.phfa.org/PAL); tool for locating affordable rental housing
- We often end up helping the customer even if not approved for a program (debt consolidation, savings plan, workout with current lender, location of affordable rental housing)





# Contacts

- Consumers should call a counseling agency-list is on our website
- HEMAP Director: Daryl Rotz, [drotz@phfa.org](mailto:drotz@phfa.org), 717-780-3930
  - Hotline: 1-800-342-2397
- Homeownership Programs
  - Director: Kate Newton, [knewton@phfa.org](mailto:knewton@phfa.org), 717-780-3891
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