Foreclosure Prevention Programs
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Homeownership Programs

Edward G. Rendell, Governor  •  Steven Kaplan, Chairman  •  Brian A. Hudson, Sr., Executive Director/CEO

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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
- **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
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
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; 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)
Consumers should call a counseling agency-list is on our website

HEMAP Director: Daryl Rotz, drotz@phfa.org, 717-780-3930
- Hotline: 1-800-342-2397

Homeownership Programs
- Director: Kate Newton, knewton@phfa.org, 717-780-3891
- Business Development Manager: M. Dona Palmer, dpalmer@phfa.org, 717-780-3908
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