

Hardest Hit Fund Overview

for Trusted Advisors





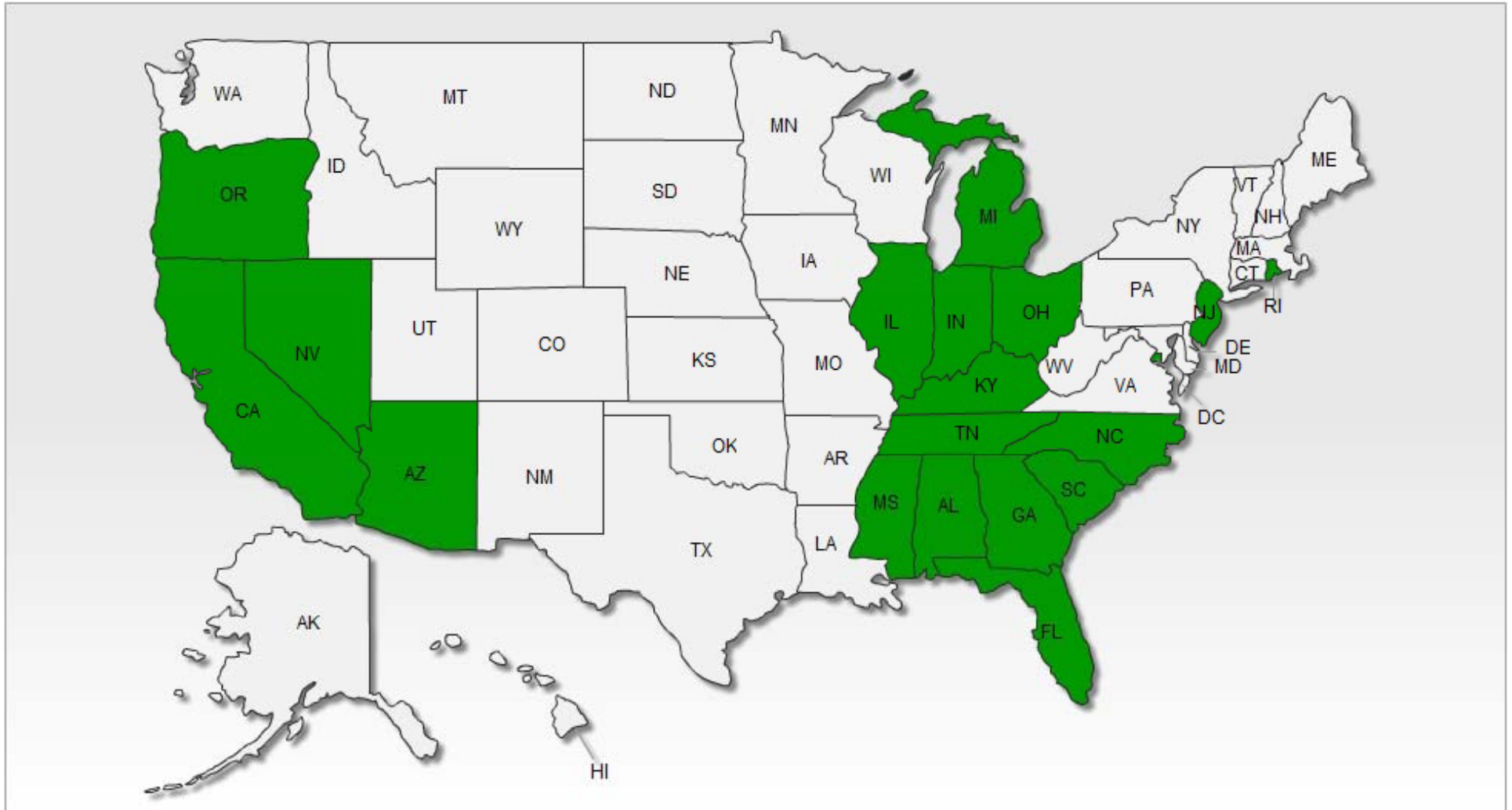
History of the Hardest Hit Fund

- The Hardest Hit Fund provides \$7.6 billion to 18 states and the District of Columbia to provide assistance to struggling homeowners through locally tailored programs administered by Housing Finance Agencies (HFAs) to help prevent foreclosures and stabilize housing markets.
- These areas were designated “hardest hit” because they have experienced steep home price declines and/or severe unemployment in the economic downturn.

| State | Allocation (\$Million) | June 2010 Unemployment | August 2014 Unemployment |
|-------|------------------------|------------------------|--------------------------|
| AL | \$163 | 10.3% | 6.9% |
| AZ | \$268 | 9.6% | 7.1% |
| CA | \$1,975 | 12.3% | 7.4% |
| DC | \$21 | 10.0% | 7.6% |
| FL | \$1,058 | 11.4% | 6.3% |
| GA | \$339 | 10.0% | 8.1% |
| IL | \$446 | 10.4% | 6.7% |
| IN | \$222 | 10.1% | 5.8% |
| KY | \$149 | 10.0% | 7.1% |
| MI | \$499 | 13.2% | 7.4% |
| MS | \$102 | 11.0% | 7.9% |
| NC | \$483 | 10.0% | 6.8% |
| NJ | \$301 | 9.6% | 6.6% |
| NV | \$194 | 14.2% | 7.6% |
| OH | \$570 | 10.5% | 5.7% |
| OR | \$220 | 10.5% | 7.2% |
| RI | \$79 | 12.0% | 7.7% |
| SC | \$295 | 10.7% | 6.4% |
| TN | \$217 | 10.1% | 7.4% |



The Hardest Hit Fund





Hardest Hit Fund Solutions

- There are currently 73 active programs administered by state HFAs.
- Part of Treasury's role is to standardize the design elements of these programs where possible to facilitate broad servicer participation.
- HFAs are able to modify and amend programs with Treasury's approval.





Active Programs by HFA

| State | Mortgage Payment Assistance | Reinstatement | Second Lien Reduction | Transition Assistance | Principal Reduction* | Blight Elimination |
|-------|-----------------------------|---------------|-----------------------|-----------------------|----------------------|--------------------|
| AL | ● | ● | | ● | ● | ● |
| AZ | ● | ● | ● | ● | ● | |
| CA | ● | ● | ● | ● | ● | |
| DC | ● | ● | | | | |
| FL | ● | ● | | | ● | |
| GA | ● | ● | | | ● | |
| IL | ● | ● | | | ● | ● |
| IN | ● | ● | | ● | ● | ● |
| KY | ● | ● | | | | |
| MI | ● | ● | ● | | ● | ● |
| MS | ● | ● | | | | |
| NC | ● | ● | ● | | ● | |
| NJ | ● | ● | | | | |
| NV | ● | ● | ● | ● | ● | |
| OH | ● | ● | ● | ● | ● | ● |
| OR | ● | ● | | | ● | |
| RI | ● | ● | | ● | ● | |
| SC | ● | ● | | ● | ● | ● |
| TN | ● | ● | | | | |

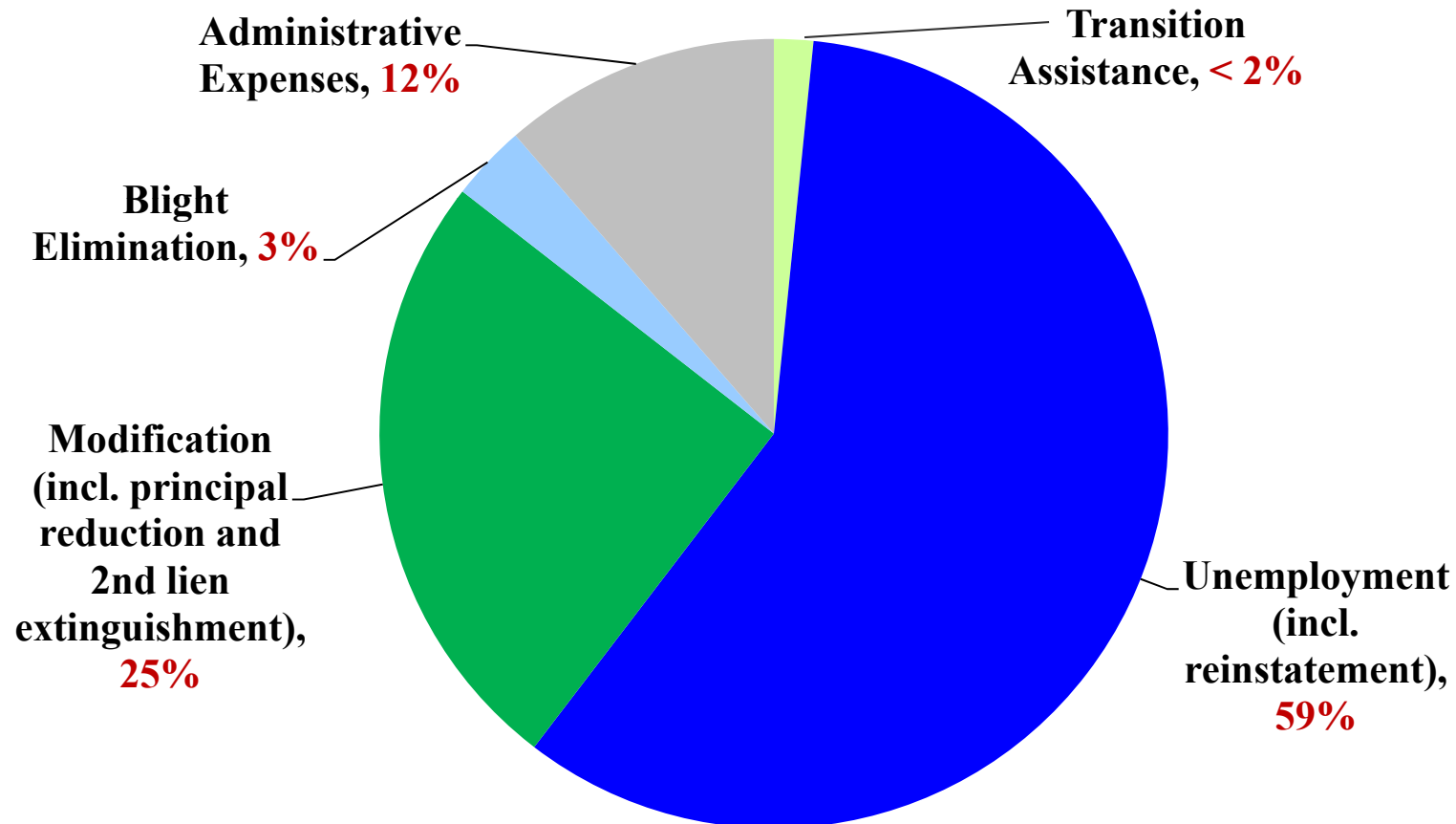
*Includes principal reduction/curtailment programs, buy and modify programs, recast, and modification-enabling programs.

**States highlighted in blue are no longer accepting new applications, as of September 30, 2014.



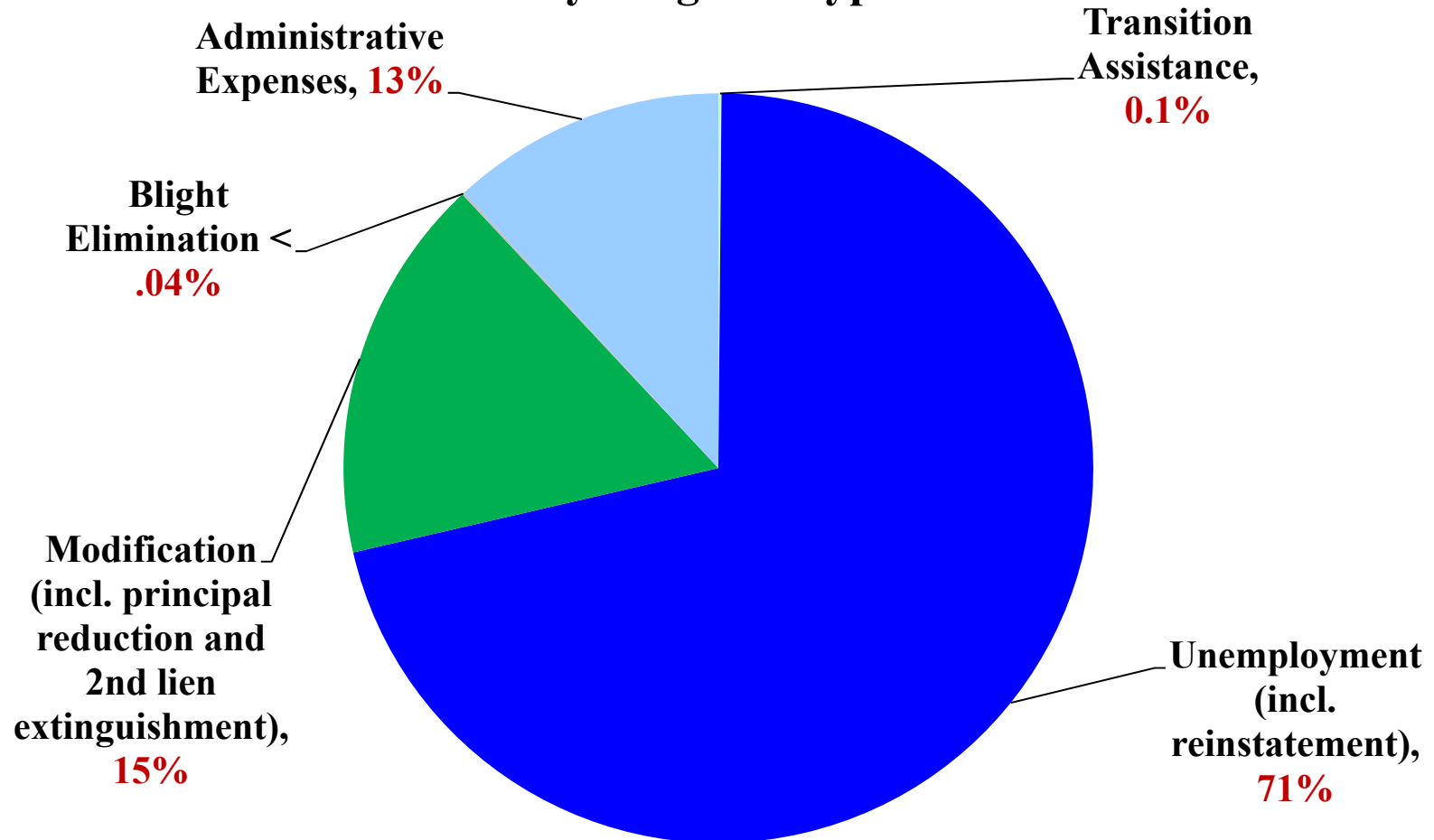
HFAs BUDGET PROGRAMS BASED ON STATE ECONOMIC CONDITIONS & PROGRAM IMPACT

Allocations by Program Type (in %)



*chart is out of total \$6.7 billion state HFAs have dedicated to programs. %'s may not add up to 100% due to rounding.

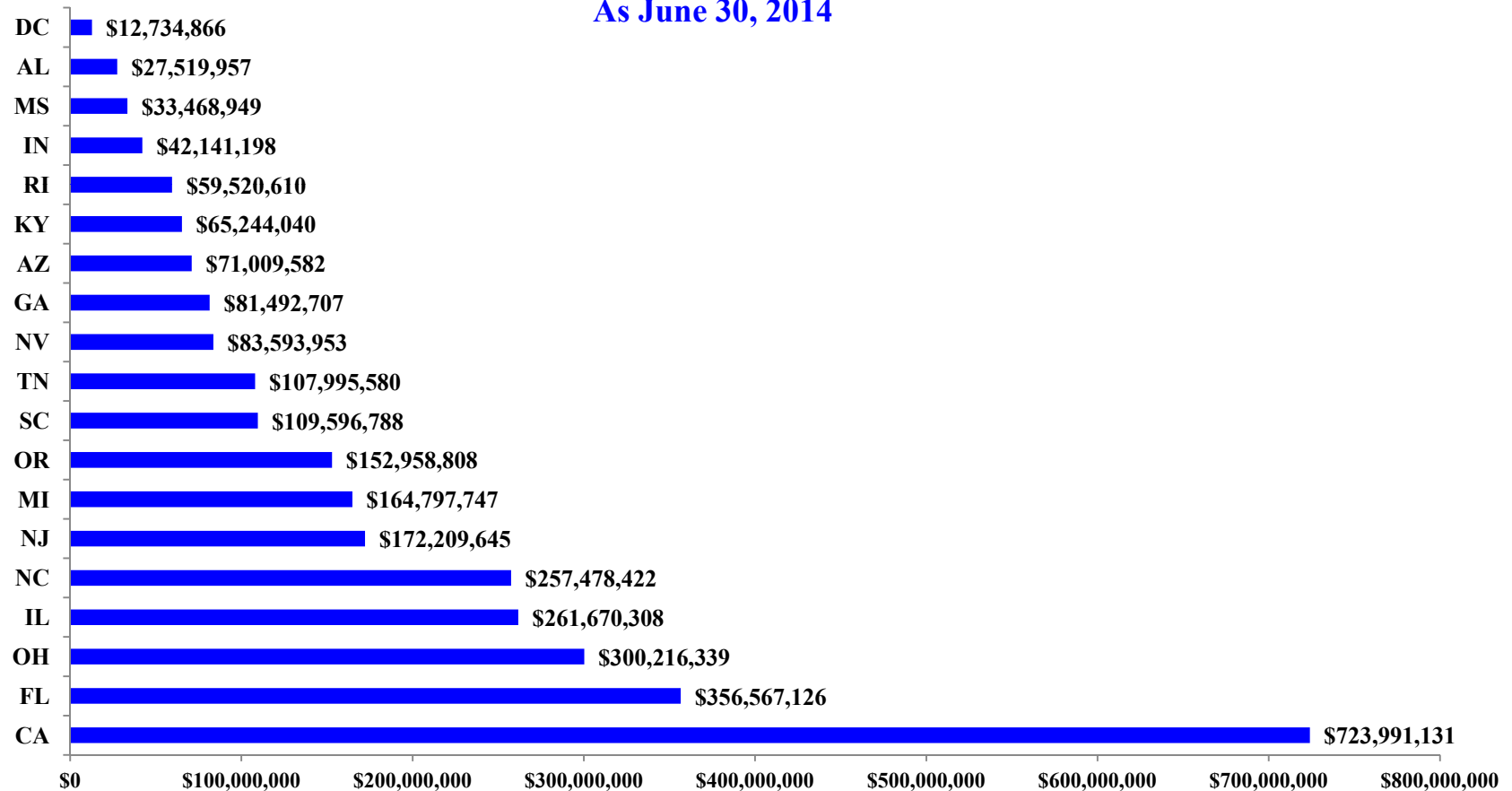
Cumulative Assistance as of June 30, 2014 by Program Type





- All HHF states combined have paid out approximately \$3.1 billion in program funds and assisted ~193.7K homeowners through the end of Q2 2014.

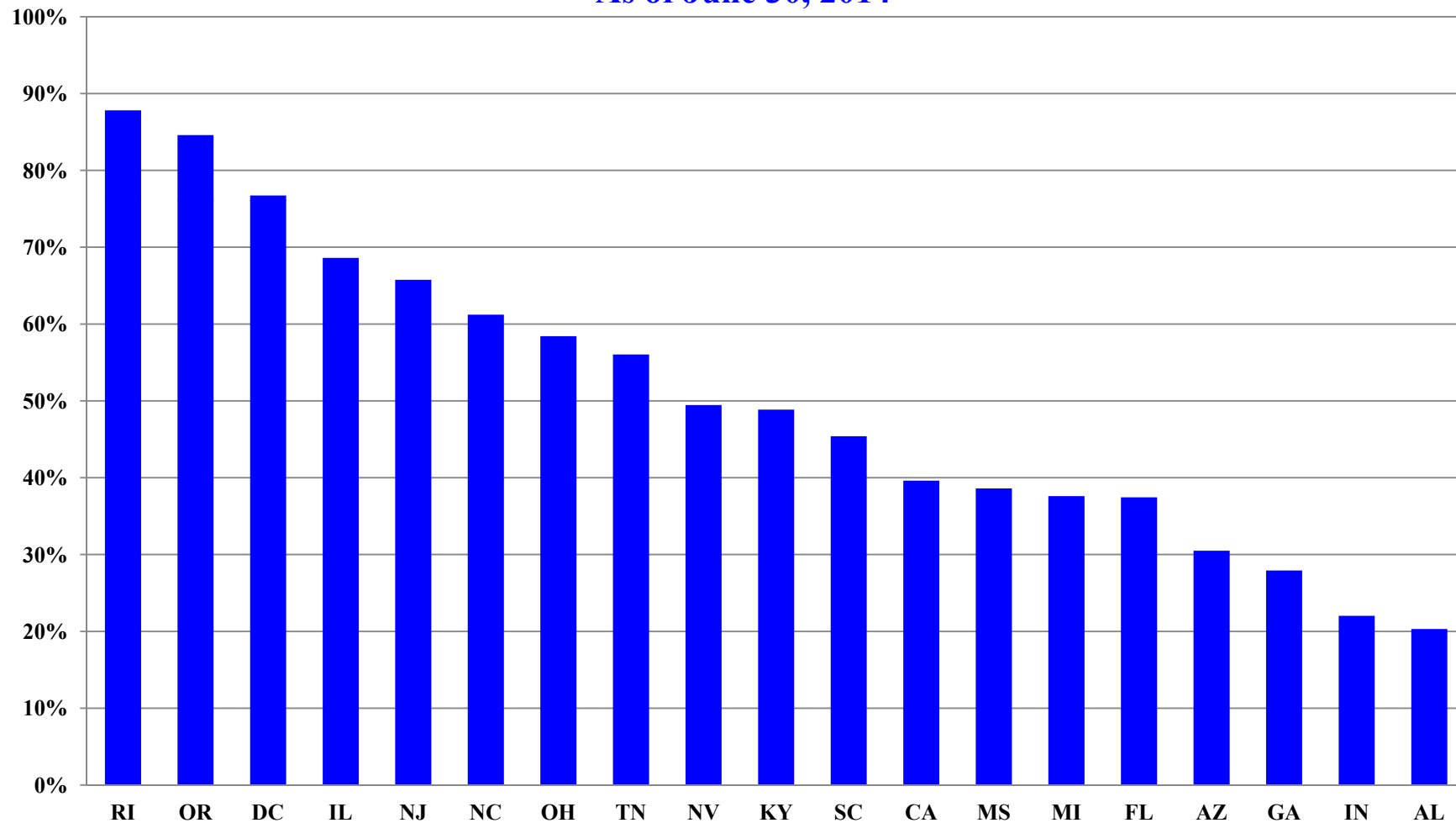
**Cumulative Assistance Provided
As June 30, 2014**





- HHF states are continuously improving in the use of program funds to assist as many eligible borrowers as possible when the need is still critical.

**Cumulative Assistance Provided as a Percent of Program Allocation
As of June 30, 2014**





Hardest Hit Fund – Innovative Program Solutions

**Supporting
state
innovation to
prevent
foreclosures
and stabilize
housing
markets**

- Innovative programs run by state HFAs that address the unique challenges in each state housing market.
- Offers solutions that help prevent avoidable foreclosures.
- Unique Qualifiers:
 - Each HFA determines and administers their programs
 - Maximizes and targets assistance to local homeowners.
 - All HHF funds have been allocated to the participating state HFAs; by law, funds allocated to one HFA cannot be diverted to another.
- Dynamic & Flexible:
 - 24 new programs since 2012
 - more than 160 changes to existing programs



Assistance Varies by state HFA

| Program | Standards |
|---|---|
| Target Population/Areas | State-wide or targeted county(s). |
| Borrower Eligibility Criteria | Demonstrated financial hardship caused by involuntary loss or reduction in income or significant (e.g. other additional criteria such as death of spouse, divorce, health-related expenses); Household income must be at or below certain the area median income. |
| Property/Loan Eligibility Criteria | 1-4 unit, single-family, owner-occupied primary residence located in state. Loan balance does not exceed certain limit defined by state. |
| Per Household Assistance | Amount varies depending on the state and homeowner's situation <i>(Example: \$20,000)</i> |
| Duration of Assistance | Varies depending on state and homeowner's situation <i>(Example: 12 months)</i> . |



Unemployment Mortgage Payment Assistance

**Making
monthly
mortgage
payments on
behalf of
unemployed or
underemployed
homeowners**

- Each HFA offers a core **mortgage payment assistance program**.
- Assistance targets unemployed homeowners who are unable to afford their monthly payments.
- Most HFAs have expanded their monthly payment assistance programs to include serving underemployed homeowners.
- Some HFAs limit assistance to those who are currently receiving unemployment benefits and/or are delinquent on their mortgage.



Reinstatement Assistance

Bringing the mortgage current/ Curing delinquency

- Each HFA offers **reinstatement assistance** for homeowners who have fallen behind on their mortgage due to unemployment or underemployment.
- Most HFAs offer reinstatement as part of their core unemployment mortgage assistance programs.
- Innovative Options: some HFAs offer **standalone reinstatement** programs, which may
 - facilitate a modification or other option to lower monthly payments.
 - facilitate other foreclosure alternatives, such as a short sale, deed-in-lieu, or lien elimination.
 - reinstate delinquent property taxes for homeowners with fixed income or reverse mortgages.



Principal Reduction

Lowering monthly payment or increasing home equity

- Principal reduction programs can assist homeowners who are struggling to make their mortgage payments or have been **unable to refinance** due to their home being **severely underwater**.
- Principal reduction lowers a homeowner's monthly payment when used with a **refinance, modification with a reduced rate**, or with **loan recast**. Recast allows the reduced principal balance to be re-amortized across the terms of the loan, while a modification changes the terms of the mortgage, either by adjusting the interest rate or increasing the term of note.
- **Principal curtailment** reduces the amount a homeowner owes on their home and increases equity.

To see which states offer principal reduction programs, please refer to the Program Matrix.



Transition Assistance

Exiting with Dignity

- **Transition assistance** may cover the cost of relocation expenses, lien elimination, or other costs associated with a short sale, for example:
 - **Relocation assistance** may be available to cover 3-6 months rent or moving expenses.
 - **Closing costs** may be covered to facilitate a lender-approved short sale or deed-in-lieu
 - **Lien elimination assistance** may include a principal write-down for second mortgages, to facilitate the short sale of a home.



Innovative Program Models

- Buy-and-Modify** • HHF funds are used to write-down the principal balance and facilitate a mortgage modification for distressed loans purchased in a pool at a discount. Currently offered in Illinois, Florida, Ohio, Oregon, and Nevada only.
- Tax Lien Elimination** • Michigan offers reinstatement assistance for homeowners who are delinquent on their **property taxes**.
• Florida and California offer property tax reinstatement assistance for homeowners with **reverse mortgages**, who have received the full payments due.
- Short Sale with Lease-to-Own** • Arizona provides a **lease-to-own option** for homeowners who short sell their homes; provided their lender approves, this enables the homeowner to stay in the home while they search for employment and/or an alternative residence.



INDIANA FORECLOSURE PREVENTION NETWORK



Helping Michigan's Hardest-Hit Homeowners



Discussion/Questions



Help for America's Homeowners

 MAKING HOME AFFORDABLE

Thank you!



Hardest Hit Fund
Homeownership Preservation Office
U.S. Department of the Treasury
<http://www.treasury.gov/HHF>