

PRINCIPAL REDUCTION AND MORE ADDED TO THE HARDEST HIT FUND PROGRAMS



BY MICHAEL CHANEY

Funded with \$500 million of Florida's Hardest Hit allocation, the Principal Reduction program will assist a minimum of 10,000 homeowners.

It provides up to \$50,000 for principal reduction in connection with a recasting or refinancing of loans for severely underwater homeowners who are current on their mortgage payments. The website for receiving applications closed after 25,000 applications were received. The applications are now being assessed and processed by Hardest Hit advisors.

MORE PROGRAMS ON THE HORIZON

The Modification Enabling Pilot program

This program allocates \$50 million in Hardest Hit Funds to be used to modify certain mortgages purchased by National Community Capital, using private sector funds. These mortgages were purchased through a HUD Distressed Assets sale. The maximum per household HHF assistance amount is \$50,000 to reduce the existing first mortgage loan to an amount with a net present value that does not exceed the lessor of:

- A loan amount equal to 100% of the current market value of the property; or

- A loan amount with a net present value which results in a monthly total housing payment that does not exceed 35% of the borrowers adjusted gross monthly income.

The Elderly Mortgage Assistance Program. aka "ELMORE"

This program assists senior homeowners facing foreclosure due to the inability to pay their taxes, insurance and/or association dues after their reverse mortgages have been paid all the equity that they were due. It is expected that outreach and implementation of this program will be completed through already established call centers. HHF advisors are receiving training to prepare for the beginning of the program.



David Wescott, FHFC Director of Homeownership Programs, leads the discussion.

While the focus at the Florida Housing Coalition's Foreclosure Counselors caucus was the details of the new Principal Reduction Program, the discussion also went into depth on the challenges, current trends, and best practices for the administration of a foreclosure counseling program. Florida Housing Finance Corporation staff provided updates on the Unemployment Mortgage Assistance Program (UMAP) and the Mortgage Loan Reinstatement Program (MLRP).

Over 11,000 homeowners have received assistance and approximately \$100 million remains available for these programs.



CAUCUS PARTICIPANTS DISCUSSED A NUMBER OF FORECLOSURE COUNSELING TOPICS, INCLUDING:

NEXT STEPS AFTER ROLL OFF: Options to pursue if more help is needed when a household has exhausted HHF benefits or rolls off of another assistance program.

TRANSITIONING AFTER FORECLOSURE: Helping transitioning clients to find affordable rental house.

FORECLOSURE COUNSELING PROGRAM (FCP): Florida Housing's new program to support homeowners through their delinquency resolution negotiations.

MARKETING AND OUTREACH: Participants talked about new ways they are having success with increasing community awareness of counseling services.