

Down Payment Assistance Program (HHF- proposal) (2)

People

David Madriz <don_madriz@yahoo.com>

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To: Diane Richardson, mnorbeck@calhfa.ca.gov

CC: Carlos Marroquin, David Mandel

Good Afternoon Diane & Maria,

Diane: Thank you for returning my message regarding the January 8, 2016, CalHFA MAC Board meeting.

Maria: Please forward this email and attachment to Executive Director Tia Boatman Paterson and let her know that is the item we wanted to present to her a few weeks ago. Also please send a copy of this email and attachment to each of the current CalHFA MAC board member(s). Thank you.

We are delighted to hear that the Treasury approved Florida's Down Payment Assistance (DPA) Program using Hardest Hit States funds. Since this is a real game changer we want to discuss the possibilities of implementing a similar program in California. The basic difference would be that it would be directed to enable Californians who lost their homes to foreclosure (or deed in lieu, short sale, etc.), or who are likely to lose homes they still own but cannot afford, to purchase homes they can now afford.

A California Second Chance Down Payment Assistance ("SCDPA") program would provide significant (we suggest up to \$50,000, in line with benefits under existing KYHC programs) down payment assistance to otherwise qualified home buyers to purchase a primary residence in California. Many of these displaced (or in danger of being displaced) families have lost hope on ever owning a home and this program will not only provide them with this hope but also the ability to qualify for a decent loan, which in return will help stabilize housing prices and prevent future foreclosures. We would suggest a program allocation (excluding administrative expenses) of \$500 million.

After discussing this matter with attorney David Mandel and other experts we have concluded that two obstacles to the success of such a program are: 1) FHA's three-year no foreclosure policy; and 2) prospective buyers' damaged credit scores. We would like to meet with you and Ms. Boatman Patterson to discuss ideas on how these could be overcome. Primarily, by creating such a program, CalHFA could take on, as it does now for other KYHC programs, individual evaluations of prospective participants' reasons for running into trouble with their previous loans and chances of success with a new loan. Provision of a significant down payment could then incentivize lenders and FHA to participate, and in many cases, they could also gain Reinvestment Act credits for making such loans.

On another matter: Following receipt of the response to my FOIA request about KYHC's PRP-A program, I am referring other housing advocates and homeowners to KYHC, urging them to reapply for MRAP and PRP if they seem otherwise qualified but have been turned down because on paper their loans are no longer under water. I am sending them your 2015 2nd quarter report that describes the program, but having information on PRP-A with a clear description of the requirements on the public KYHC website will help.

By the way thank you for implementing PRP-A. We would also like to discuss with you how the same principle involved could also be used for eligible seniors in danger of foreclosure to bridge the gap between what they can obtain from a reverse mortgage and current market

value. You will recall that a proposal we made along those lines awhile back was ruled out because it would have "created equity" for such borrowers. PRP-A now does this too, in a parallel way, so we hope you will be willing to take a new look at the idea.

When is the soonest you can be available to discuss the above, preferably in person? As further information for the consideration of this proposal attached is draft of the guidelines (details need to be worked out but provides the basics). If you have any questions or concerns you have please do not hesitate to contact us.

Sincerely,

David Madriz
Housing Counselor
California Housing Advocate(s)
(916) 583-3236

cc: Carlos Morroquin, L.A. Occupy Fights Foreclosures;
Sacramento Foreclosure ACTION Team; attorney David Mandel



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