

Homeownership Program Bulletin

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To: CalHFA Approved Servicers

Foreclosure Avoidance & Loss Mitigation for CalHFA FHA, VA & USDA/RHS (Government Loans) Using Keep Your Home California Programs

This bulletin announces the implementation of two Keep Your Home California (KYHC) programs: the Unemployment Mortgage Assistance Program (UMA); and the Mortgage Reinstatement Assistance Program (MRAP). These programs may now be used with government loans owned by CalHFA.

The U.S. Treasury's Hardest Hit Fund has allocated almost \$2 billion dollars to California, one of the states hardest hit by the nation's foreclosure crisis. The Keep Your Home California program, administered by the California Housing Finance Agency Mortgage Assistance Corporation (CalHFA MAC), is using this funding for programs that provide direct financial contributions to help reduce and prevent foreclosures statewide.

CalHFA-approved servicers may combine the approved KYHC programs with CalHFA-owned government loans in accordance with FHA, VA and USDA/RHS foreclosure avoidance and loss mitigation guidelines. CalHFA bond indenture requirements do not allow CalHFA-owned government loans to have the loan term extended beyond the remaining term, nor can the interest rate be reduced.

To participate in the KYHC program, servicers of CalHFA-owned government loans are required to sign a servicer participation agreement with CalHFA MAC.

To execute the KYHC servicer participation agreement, servicers should contact CalHFA MAC at 916.326.8064. Servicers may then refer homeowners requesting foreclosure avoidance assistance to KYHC at 888.954.KEEP(5337) or www.KeepYourHomeCalifornia.org for eligibility evaluation.

Verification of KYHC Assistance

KYHC will determine the type and amount of assistance the homeowner is eligible to receive and communicate the terms to the servicer. It should be noted that homeowners with an existing Housing DTI of less than 31% are not eligible for the KYHC UMA and MRAP programs. KYHC program criteria are also subject to change; servicers may obtain current program information from the KYHC web site, www.KeepYourHomeCalifornia.org.

KYHC Programs and Government Loans.

1. Unemployment Mortgage Assistance Program (UMA) UMA provides the lesser of \$3,000 or the actual current monthly payment of principal, interest, taxes, insurance and escrowed homeowner association dues per month. The maximum benefit is the lesser of \$18,000 or six monthly payments. Hardship must be based on documented involuntary job loss, and the homeowner must have been awarded unemployment benefits from the California Employment Development Department (EDD). EDD benefits must have no less than 90 days remaining. The homeowner must document that the loan is no more than three payments delinquent or that he or she is at risk of imminent default. Further details of the UMA program can be obtained from the KYHC web site, www.KeepYourHomeCalifornia.org.
2. Mortgage Reinstatement Assistance Program (MRAP) The MRAP benefit is up to \$15,000 of past due principal, interest, taxes, insurance and monthly escrowed homeowners association dues (PITIA). Servicer-paid advances on behalf of the homeowner may also be included in MRAP funds once all past due PITIA is applied. Loans must be brought current to receive MRAP funds and, therefore, past due payments exceeding those approved by KYHC may be paid by the homeowner, or where applicable, recovered in accordance with FHA, VA and USDA/RHS foreclosure avoidance and loss mitigation guidelines. CalHFA bond indenture requirements do not allow CalHFA-owned government loans to have loan terms extended beyond the remaining term, nor can the loan payment or interest rate be reduced.

KYHC Process

Generally, the homeowner, either directly, through a mortgage counselor or through their servicer, contacts KYHC to start the process. Only servicers who are approved by CalHFA MAC can refer borrowers to KYHC. KYHC will determine eligibility, provide program counseling, and process the KYHC application. KYHC will request documentation from both the homeowner and the servicer during this process. Once KYHC has evaluated the request and makes a determination, the servicer must complete a KYHC funding request. KYHC will provide program term sheets and processes to the servicer.

KYHC Funds

KYHC will remit UMA and MRAP funds to the servicer in accordance with the KYHC Funding Schedule as provided in the servicer participation agreement.

Homeowners will execute a non-recourse, non-interest bearing subordinate loan in favor of CalHFA MAC secured by a junior deed of trust recorded against the property in the total amount of the UMA or MRAP benefit received. At the conclusion of (3) three years if the loan has remained in good standing, the subordinate loan will be forgiven.

For questions about this program bulletin, contact the CalHFA Loss Mitigation Department by phone at 916.376.2920, or by email at PortfolioManagement@calhfa.ca.gov.