

***Request to Approve Use of Repaid Down Payment Assistance Loan Grant Funds
[NAHAC Policy 200.D.02.a-PO MG]***

Pursuant to NAHAC Policy 200.D.02.a-PO MG, Approval is requested from the Board of Directors to proceed to use repaid down payment assistance loan grant funds to fund assistance loans to the following borrowers who have failed to qualify for second lien elimination assistance from the Hardest Hit Fund Program. The central issue with all of these borrowers is that despite the purported equity they have in the property their income will not support their debt service. Additionally, whether or not the actual market would support a sale at the appraised values is unknown. Staff believes that the making of these loans satisfies the requirements of the policy and that a sufficient amount will be left in the account after the consummation of the transactions to allow for future expenses and a reserve amount. Brief descriptions of each of the proposed transactions are set forth below.

I. PROPOSED TERMS OF LOANS:

NAHAC will acquire the second mortgage loans of each of the borrowers at the estimated purchase price identified in Section III, below. The terms of each second mortgage loan will be modified to a no interest loan, which will not require monthly payments. The borrowers will not be assessed any fees in connection with the modification. During the term of the modified loan the borrowers will be required to keep their first mortgage, real property taxes, homeowner’s insurance, garbage and sewer fees, as well as any Homeowners Association dues, fees and assessments current. The borrowers will also be required to keep NAHAC listed as an additional insured under his/her/their Homeowner’s Policy of Title Insurance. The loan will be forgiven in full 5 years from the date of the closing of the loan modification if the borrowers comply with the following terms:

- 1. The borrower occupies his/her/their home as your primary residence during the entire 5 year term;
- 2. The borrower does not file for bankruptcy prior to the end of the 5 year term; and
- 3. The borrower provides NAHAC with the information and documentation it requests to determine and verify that the borrower is in compliance with the terms and conditions of their loan modification.

If the borrower defaults under the modified loan, they will be required to pay back the loan.

II. BORROWERS:

Borrower #501204:

Retired, 87 year old single woman who has owned the property since March 1, 2001. Prior to retiring she worked as a banquet server.

Unpaid Principle Balance (UPB) 1st Mortgage: \$96,375.00¹, monthly-payment of \$889.00.
UPB 2nd Mortgage: -\$33,576.36 + Interest \$15,084.34 = \$48,660.70 , monthly payment \$329.61.

Appraised Value of Property: \$175,000 as of February 9, 2016.

Combined Loan to Value (CLTV) = 74.26%

¹ Information on current balances and payments from credit report or loan documentation for all borrowers.

Borrower #501205:

NOTE: This borrower is being evaluated for assistance under the HHF Second Mortgage Reduction Plan (“SMRP”). If he fails to qualify under the SMRP then his application will be processed to receive a loan of the repaid down payment assistance funds.

58 year old married man who works as a cab driver. He has owned the subject property since April 22, 2003. Title vested as his sole and separate property. He was previously employed as a marble installer.

UPB 1st Mortgage: \$107,819.00, monthly payment \$667.00.

UPB 2nd Mortgage: \$26,245.33 + Interest \$9,146.32 = \$35,391.65, monthly payment \$296.36.

Appraised Value of Property: \$109,000 as of March 10, 2016.

Combined Loan to Value (CLTV) = 122.99%

Borrower #501207:

49 year old married man who works at a casino and his 56 year old wife who works for a restaurant. They have owned the subject property since March 1, 2002.

UPB 1st Mortgage = \$78,811.00, monthly-payment \$1,400.00.

UPB 2nd Mortgage = \$24,041.89 + Interest \$4,839.73 = \$28,881.62, monthly payment \$326.62.

Appraised Value of Property: \$252,000 as of February 5, 2016.

Combined Loan to Value (CLTV) = 40.81%

Borrower #501208:

72 year old married man and his wife 68 year old wife. Both borrowers are retired. They have owned the subject property since December 21, 2005.

UPB 1st Mortgage = \$252,284.00, monthly-payment \$1335.00.

UPB 2nd Mortgage = \$29,449.85 + Interest \$4,128.63 = \$33,578.48, monthly payment \$437.46.

Appraised Value of Property: \$246,000 as of February 4, 2016.

Combined Loan to Value (CLTV) = 114.53%

Borrower #501209:

48 year old married man and his 45 year old wife who both work for casinos. They have owned the subject property since March 31, 2004.

UPB 1st Mortgage = \$103,577.00, monthly-payment \$906.00.

UPB 2nd Mortgage = \$50,980.00², monthly payment \$761.00.

Appraised Value of Property: \$215,000 as of February 5, 2016.

Combined Loan to Value (CLTV) = 71.89%

III. PROPOSED LOAN AMOUNTS, CLOSING COSTS & RESULTING BALANCE:

Borrower #501204: \$48,660.70

Borrower #501205: \$35,391.65

Borrower #501207: \$28,881.62

Borrower #501208: \$33,578.48

Borrower #501209: \$50,000.00

Subtotal: \$196,512.45

Estimated Closing Costs [Includes Staff, Legal, Escrow & Title]: \$7,000 - \$10,000

Estimated Total: \$210,000.00 [This Amount Allows for a Cushion in the Budget]

Balance in Account: \$305,890.01.

Estimated Balance After Assistance Loans: \$130,890.01

² The lender has agreed to accept the maximum amount allowed of \$50,000 to pay off the loan and release the lien.