



Colorado Housing and Finance Authority (CHFA)

# CHFA's Refinance Products

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**chfa**

*financing the places where  
people live and work*

# CHFA's Refinance Products

- HomeStretch Refinance
- FHA Secure Refinance
- Hardship Refinance



## HomeStretch Product Benefits

- Provide homeowners an affordable, stable fixed rate product with a low monthly payment.
- Lender paid mortgage insurance at an outstanding rate combined with a longer loan term loan reduces the monthly mortgage payment over \$100 per month.
- Free Involuntary Unemployment Insurance.
- Can refinance previous cash out refinances subject to seasoning.



## Homestretch Product Guidelines

- No purchase price limits
- \$500 borrower contribution
- Online Money Management Class is required
- Conventional (Insured) only
- 40 year term with no prepayment penalty
- LTV/CLTV: 97%/103%
- CHFA Second Mortgage – 0% interest, deferred (3% of loan amount)
- Property Limitations: No manufactured housing
- Credit Requirements: FICO 620 minimum or Desktop Underwriter Approved/Eligible
- MI Company must be CHFA approved. Limited number of MI Companies participating
- Taxable Product



## FHA Secure Product Benefits

- Provide homeowners an opportunity to refinance out of any conventional loan product into a 30 year fixed rate FHA loan product.
- Allows for some delinquencies on the mortgage and/or other monthly bills.
- The new loan can include existing first lien, prepaid expenses, prepayment penalties, late charges, arrearages (principal, interest, taxes, and insurance), and subordinate liens more than 12 months old, provided there is sufficient equity



## FHA Secure Product Guidelines

- \$1000 borrower contribution
- Online Money Management class is required
- FHA only
- 30 year term with no prepayment penalty
- LTV/CLTV: 97.15%/100.15% with a CHFA 2<sup>nd</sup>. Other subordinate financing is allowed, provided the Borrower qualifies for the payments. Any carry-back financing subordinate to CHFA's lien(s) is exempt from the maximum CLTV.
- CHFA Second Mortgage – 0% interest, deferred (3% of loan amount)
- Owner-occupied only, no investment property
- Manual Underwrite – Maximum ratios 31/43 or FHA Total Scorecard Approve/Eligible
- No interest rate buydowns allowed
- Taxable Product
- Program ends December 31, 2008



## Hardship Refinance Product Benefits

- Available to help homeowners facing foreclosure due to a temporary and unforeseen financial crisis
- Competitive fixed interest rate



# Hardship Refinance Product Guidelines

- Hardship must have been unforeseeable and outside of the applicant's control. Eligible criteria are:
  - An involuntary reduction of household income; or
  - Death of Borrower or Co-Borrower; or
  - Permanent disability or serious illness or injury resulting in increased expenditures or reduced income; or
  - Damage or malfunction of a major household system, such as plumbing, electrical, or structure.
- Applicants must attend a default counseling session with a HUD approved Default Housing Counselor. Counselor must document loss-mitigation or repayment efforts.
- Applicants must complete a letter of explanation and provide proof of hardship.
- Applicants must complete a budget analysis with the counselor.



## Hardship Refinance Product Guidelines

- Conventional uninsured only
- 30 year term with no prepayment penalty
- LTV cannot exceed 80%
- Owner-occupied only, no investment property
- Program is has very strict underwriting guidelines and is manually underwritten by CHFA's credit underwriter
- No interest buydowns allowed
- Taxable Product



## Colorado Foreclosures continue to rise

- New foreclosure filings were 23% higher in the first quarter of 2008 than during the same period last year.
- 39,915 new foreclosure filings reported during 2007
- 11,630 new foreclosure filings reported during the first quarter of 2008
- According to study, foreclosure filings for 2008 are likely to be 15% higher than 2007. Foreclosures increased 30% during 2006, and 40% during 2007.



## Foreclosure Hotline

- The Colorado Foreclosure Hotline is a project of the Colorado Foreclosure Prevention Task Force, a collaborative effort by government, industry, and community groups to present a unified front in combating the increasing foreclosure issue in the Colorado single-family residential market. The Hotline is designed at the highest level to increase borrower contact with their lender and ultimately to create a positive outcome for clients dealing with foreclosure.
- The Task Force launched the Hotline October 11, 2006. From inception to December 2007, 25,949 calls have been placed to the Hotline. Since January 1, 2008, the Hotline has received over 8,305 calls. Housing counseling agencies across the state are feverously working to assist Hotline-referred homeowners in avoiding foreclosure.





# Foreclosure Hotline Statistics

- 4,136 calls were received in the fourth quarter of 2007, the following is a breakdown of referral sources to the Hotline:
  - News/TV 29%
  - Word-of-Mouth 14%
  - Newspaper 11%
  - Online 11%
  - 9News 9%
  - Public Trustee 9%
  - Real Estate Agent 5%
  - Spanish TV 4%
  - Lawyer 3%
  - Brochure 2%
- Following is a breakdown of callers' mortgage delinquency status:
  - 4 months 5%
  - In foreclosure 5%
  - 5 months 8%
  - 1 month 11%
  - 2 months 16%
  - 3 months 22%
  - Current 32%





# Foreclosure Hotline Statistics

- When a counselor is assisting a homeowner facing foreclosure, there are many factors to consider. The success rate must include a mixture of cases where homeownership was preserved as well as situations where asset and credit preservation was achieved.
- Accordingly, the Hotline's 80% success rate is translated from the particular definition of a positive outcome.
- Following is a breakdown of the housing counseling outcomes for the fourth quarter of 2007:
 

• Brought mortgage current	9%
• Mortgage refinanced	2%
• Mortgage modified	8%
• Received 2 <sup>nd</sup> mortgage	1%
• Initiated forbearance agreement/repayment plan	8%
• Executed deed-in-lieu	2%
• Sold property/pre-foreclosure sale	14%
• Mortgage foreclosed	10%
• Currently receiving foreclosure prevention counseling	25%
• Partial Claim	0%
• Bankruptcy	11%
• Other	10%
- 4 out of 5 borrowers who call the Hotline and meet face to face with a counselor experience a positive outcome



## What CHFA is doing to promote the Foreclosure Hotline

- CHFA along with 12 subgrantees applied for and received a grant from Neighborworks for 1.5 million dollars.
  - 1.2 million for foreclosure mitigation counseling
  - 300,000 for program support; including hiring and training 12 new counselors
- Early Statistics:
  - Sub Grantees have counseled 600 families
- CHFA Program Support used for targeted outreach including:
  - Radio Program
  - Sponsorship of Foreclosure Prevention Awareness week with Governor Ritter and Congressman Salazar
  - Analysis performed on what zip codes had the highest number of Notice of Election and Demand filed with the lowest number of calls to the Hotline
  - Targeted mailing sent to identified zip codes
  - Foreclosure Solution Forums – Borrowers have opportunity to meet with a counselor and other community resources.





# Questions?

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