



HomeSaver Program

*A Hardest Hit Housing Markets (HHF) Initiative of the
District of Columbia Housing Finance Agency*

Harry D. Sewell, Executive Director

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Introduction

The District of Columbia Housing Finance Agency (DCHFA) appreciates the opportunity to participate in the U.S. Treasury Department's Innovative Fund for the Hardest Hit Housing Markets (HHF). The DCHFA is an instrumentality of the District of Columbia with a legal existence separate from the District government. Since its inception in 1979, the DCHFA has invested over \$2.6 billion in housing projects creating over 30,000 rental units and enabling over 6,000 District residents to become homeowners.

Although the District was not as severely impacted by the recession as other parts of the country, unemployment has been a continuing problem as evidenced by D.C.'s unemployment rate being above the national average. The District's unemployment rate for July 2010 edged down to 9.8% as opposed to 10% in June, against July's national unemployment rate of 9.5%.

The District-wide unemployment rate, however, does not convey the full impact of the unemployment situation in certain parts of the city. Across the eight (8) wards that comprise the District of Columbia the unemployment rate ranges from a low of 3.2% in Ward 3 to 28.3% in Ward 8 as of September 2009 (the latest period for which data was available) as reported by the D.C. Department of Employment Services (DOES). In fact, according to this same data, five (5) of the city's eight (8) wards were experiencing unemployment in double digits.



In light of this, the availability of money from the **HomeSaver Program, A Hardest Hit Housing Markets (HHF) Initiative of the District of Columbia Housing Finance DCHFA**, will be put to good use in avoiding foreclosures in D.C.

Data from the 2006-2008 American Community Survey (ACS) states that of the 250,000 occupied dwelling units in the District, 112,000 or 45% were owner occupied. This contrasts with a homeownership rate of well over two thirds of Americans for the same period. As D.C. is lagging behind the national average, that makes it even more important that we not further erode the base of homeowners in the city.

RealtyTrac reports that there are 1,448 foreclosures (1.7% of the 86,000 homeowners with mortgages on their homes) and 4,643 properties (5.4%) in the foreclosure "pipeline", somewhere between pre-foreclosure and bank owned as of August 2010.

Working with DOES and the Urban Institute (the Institute) which has done extensive studies on mortgage delinquencies and foreclosures in D.C., the DCHFA intends to cross match D.C. residents in the DOES database with a) owner occupied dwelling units and b) owner occupied

units that have received delinquent or foreclosure notices. This will allow us to quickly target the universe of potential candidates for assistance under the program.

We will also partner with other city agencies that have some existing programs dealing with foreclosures including the Department of Housing and Community Development (DHCD) and the Department of Insurance, Securities and Banking (DISB) further augmenting our outreach efforts.

Guiding Principles

DCHFA has used the following guiding principals in the development of the **HomeSaver Program**:

- **Foreclosure prevention** – The primary goal of the **HomeSaver Program** is to prevent foreclosures that will erode the base of homeowners in the city, which already lags behind the national average in the rate of homeownership. The performance measures will include the number of families that were able to remain in their homes and prevent foreclosure, thus achieving a **HomeSaver** status.
- **Synergistic interaction** - The DCHFA will partner with other organizations (i.e. DOES and the Urban Institute) to define the universe of potential candidates for the **HomeSaver Program**, perform outreach and intake, and ultimately deliver timely assistance to prevent foreclosures.
- **Simplicity** – The DCHFA will employ a **HomeSaver Program** design that seeks to minimize administrative costs thereby maximizing the amount of dollars available for assistance.
- **Scale** – The **HomeSaver Program** will be city-wide although the DCHFA intends to “pilot test” the **HomeSaver Program** design in Wards 5, 7 and 8; those hardest hit by both unemployment and foreclosure.

Overview of HomeSaver Program

The **HomeSaver Program** is mortgage assistance program with three components:

- **Lifeline**
- **Mortgage Assistance**
- **Reinstatement.**

Location

The **HomeSaver Program** will be **city-wide** although the DCHFA intends to pilot test the program design in Wards 5, 7 and 8.

Unemployment Statistics

The District's unemployment rate for July 2010 edged down to 9.8% as opposed to 10% in June, against July's national unemployment rate of 9.5%. The District-wide unemployment rate, however, does not convey the full impact of the unemployment situation in certain parts of the city. Across the eight (8) wards that comprise the District of Columbia the unemployment rate ranges from a low of 3.2% in Ward 3 to 28.3% in Ward 8 as of September 2009 (the latest period for which data was available) as reported by the D.C. Department of Employment Services (DOES). In fact, according to this same data, five (5) of the city's eight (8) wards were experiencing unemployment in double digits. See Table 1 below.

Table 1

	Unemployment rate (%)	Ranking
Ward 1	10.1	
Ward 2	5.8	
Ward 3	3.2	
Ward 4	9.6	
Ward 5	15.5	2
Ward 6	11.5	
Ward 7	19.5	3
Ward 8	28.3	1

At present there are 12,769 UI claimants in the District. If we extrapolate the percentage of District residents who are homeowners (45%), that defines a universe of 5,746 potential candidates for assistance. Further extrapolation of the percentage of homeowners who are in the foreclosure pipeline (5.4%), and allowing for those who are experiencing financial distress due to unemployment but who, through use of other resources have remained current on their mortgages, or dividing program operating funds by the maximum amount of assistance, we can expect the program to serve between 215 to 315 participants.

Foreclosure Statistics

RealtyTrac reports that there are 1,448 foreclosures (1.7% of the 86,000 homeowners with mortgages on their homes) and 4,643 properties (5.4%) in the foreclosure "pipeline", somewhere between pre-foreclosure and bank owned as of August 2010.

The Wards with the highest number of properties in foreclosure are Wards 7, 5 and 4 and the Wards with the highest number of new foreclosure starts are Wards 5, 4 and 7. Furthermore, the Wards with the highest number of foreclosures avoided are Wards 7, 5 and 8.

General Housing and Economic Demographics

Below in Table 3, please find general housing and economic demographics by Ward. The statistics below support the **HomeSaver Program** pilot testing to occur in Ward 7, 8, and 5 and after the 90 day pilot test period, the **HomeSaver Program** will be available city-wide.

Ward	Population (2000)	Average Family Income (2000)	Median Borrower Income (2006)	Home ownership Rate	Median Sales Price (2009)	% Annual Change in Median Price 2008-2009	% of subprime Loans (2006)
1	73,334	\$ 59,140	\$114,207	29	\$ 500,000	-15	4
2	68,827	\$ 130,891	\$138,755	32	\$ 930,000	-12	2.2
3	73,753	\$ 187,709	\$172,196	51	\$ 870,000	-0.2	1.1
4	75,001	\$ 81,500	\$124,234	61	\$ 435,000	-8.4	14
5	71,604	\$ 54,479	\$ 97,657	49	\$ 312,000	-16	17
6	68,087	\$ 67,454	\$128,623	41	\$ 506,000	-2.3	6.5
7	70,539	\$ 45,039	\$ 72,538	41	\$ 240,000	-19	20
8	70,915	\$ 35,228	\$ 70,763	22	\$ 215,000	-27	16
DC	572,060						

**Source: U.S. Census Bureau*

**Red – 1st Hardest Hit, Yellow – 2nd Hardest Hit, Blue – 3rd Hardest Hit*

Determining Eligibility

Candidates for assistance will be those in the DOES database. DOES is the District agency that administers the city’s Unemployment Insurance and job training programs. Eligible program participants will be 1) homeowners residing in their primary residences; 2) the heads of household or other persons named on the mortgage note as borrower or co-borrower; 3) borrowers who were current on their mortgages until the date of the declared hardship; and 4) borrowers who are receiving Unemployment Insurance payments or have received payments within the last six (6) months.

The DOES intake process has already “qualified” an individual for Unemployment Insurance payments based on job loss. We think, therefore, this will eliminate the need for a “second” verification of employment status process and save both time and administrative costs in the delivery of program assistance. In addition, all applicants will sign a notarized *Hardship Affidavit* prior to their acceptance into the **HomeSaver Program**.

The DOES eligibility process for Unemployment Insurance claims is as follows:

To be eligible for unemployment compensation, you must meet the following wage requirements:

- You must have wages in at least two quarters of the base period.

- You must have at least \$1,300 in wages in one quarter of the base period.
- You must have at least \$1,950 in wages for the entire base period.
- Your total base period wages must be at least one-and-a-half times the wages in your highest quarter, or be within \$70 of that amount.

The base period is a 12 month period that is determined by the date you first file your claim. The following table determines what would be the base period of the claim:

If your claim is filed during the months of	Your base period is the 12 month period that ends the previous
January/February/March	September 30
April/May/June	December 31
July/August/September	March 31
October/November/December	June 30

Base period wages may be from D.C. employers, the D.C. Government, the Federal Government, and the U.S. Military, or from employers in other states.

In addition to wage requirements, you must also meet the following requirements:

- You must be unemployed through no fault of your own.
- You must be available for work. This means that you must be ready and willing to accept work considered suitable for you because of your past training, education, or experience.
- You must be physically able to work. You cannot collect benefits while you are sick, injured, or disabled.
- You must make at least two job contacts each week.
- You must make a personal and continuing effort each week to attain gainful employment, using methods that are customary for your occupation. (You may be asked by your Employment Services Center to demonstrate your work search activities, so you should keep a record of such efforts.)

Reasons for Disqualification:

You may be disqualified from receiving benefits for any of the following reasons:

- Voluntarily leaving your last 30 day employer without good cause connected with the work.
- Being discharged by your last 30 day employer for gross misconduct.
- Being discharged by your last employer for other than gross misconduct.
- Refusing to apply for, or accept, suitable work without good cause.
- Participating in a labor dispute other than a lockout.
- Not able to work, not available for work.
- Failing to report as directed.

- Not authorized to work if a non-citizen.
- Having a reasonable assurance of continuing employment if a school employee.

Leaving the Military:

If you are unemployed after leaving the U.S. military, you must provide the "Member Requests Copy 4" of your form DD-214, "Certificate of Release of Discharge from Active Duty."

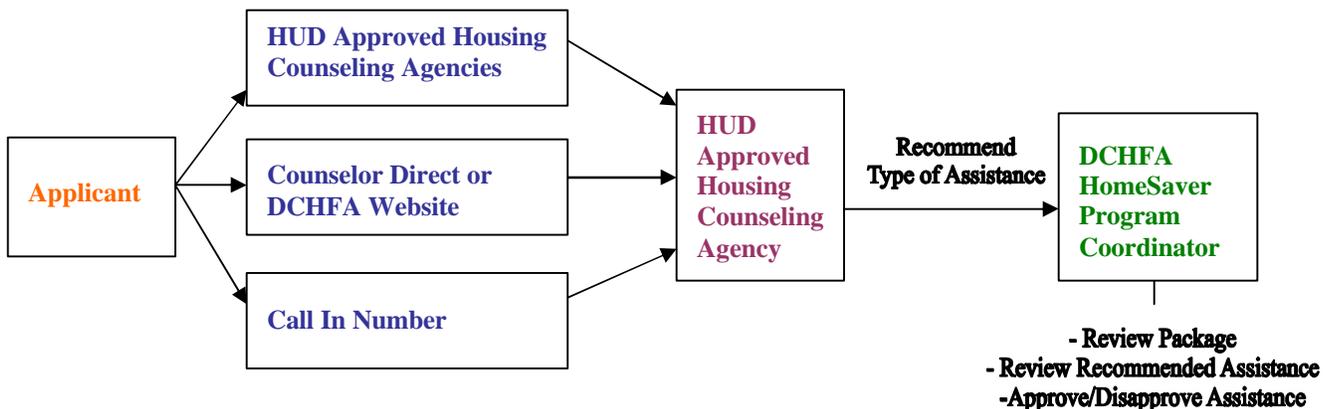
All participants in the **HomeSaver Program** will have undergone the intake and eligibility processes to complete an Unemployment Insurance Claim and will have been approved for Unemployment Insurance payments.

Intake Process

Using a network of U.S. Department of Housing and Urban Development (HUD) approved housing counseling agencies, Counselor Direct online, or a call-in number, applicants meeting the eligibility criteria above will be able to complete the **HomeSaver Program** intake process ensuring they meet the remaining program eligibility criteria.

The intake process will include a) providing proof of identity, b) current statement or the mortgage note, c) payment coupon and d) proof of receipt of Unemployment Insurance payment(s). A completed intake package along with a recommendation for the type of assistance to be provided will be forwarded by the selected housing counseling agencies to the DCHFA **HomeSaver Program** Coordinator for review and approval. See Exhibit 1 below.

Exhibit 1



Types of Assistance Available

Approved applicants will receive up to fifteen (15) months of assistance from one of three program components:

- **Lifeline** – The Lifeline component of the program will offer a one-time payment of up to three (3) months mortgage delinquency; including principal, interest, taxes, insurance, late fees etc. in order to bring the mortgage current.
- **Mortgage Assistance** – The Mortgage Assistance component of the program will provide up to fifteen (15) months of payments equal to 100% of the monthly mortgage payment (PITI). If the program participant has used Lifeline assistance (for example, bringing the mortgage current after a three month delinquency payment) there will be twelve (12) months of Mortgage Assistance payments still available. Mortgage Assistance will terminate at:
 - the end of fifteen months (15) or the program cap,
 - the end of Unemployment Insurance payments, due to reemployment, plus two (2) months provided that the participant has not received more than a total of fifteen (15) months of assistance or the program cap amount, or
 - failure to comply with the requirements of DOES for continuation of Unemployment Insurance payments i.e. failure to look for work.
- **Reinstatement** – The Reinstatement component of the program will be available for program participants who need a one-time payment to “catch up” (up to six months of delinquency) but who have sufficient resources to continue making timely mortgage payments. This is for recently employed program participants who have received Unemployment Insurance payments within the last six months but have since found employment. The eligibility criteria will remain the same for those recently employed, except that proof of previous participation in the UI program and employment will be required.

Maximum Assistance Available

Because housing costs in D.C. are comparatively high and Unemployment Insurance payments are relatively low (\$350 per week), the DCHFA has elected to pay 100% of the monthly mortgage payment as part of the Mortgage Assistance program.

According to ASC data from 2006-2008, “(t)he median monthly costs for mortgaged owners was \$2,159...” Using his figure as a benchmark, the maximum assistance that any program participant can receive is \$32,385 (\$2,159 x 15 months) although we expect that program experience will yield a lesser amount. The DCHFA will review and adjust assistance levels as we accumulate and analyze actual program results.

As required by the Hardest Hit Housing Markets (HHF) Initiative’s Guidelines, the HHF funds must be expended by December 31, 2017. The DCHFA **HomeSaver Program** plans to release 100% of its HHF funds by the end of Year 3 thus making 5-year forgivable loan commitments in Years 1 and 2 of the **HomeSaver Program**. Based upon this anticipated use of funds, all forgivable loans made through the **HomeSaver Program** will be forgiven by the end of Year 7 (December 31, 2017).

Loan Structure

All loans will be recorded as non-recourse junior liens and will be non-amortizing. Loans will be forgiven at a rate of 20% a year such that in year six the entire loan will be forgiven and the lien removed. The loan will only be repayable if the program participant sells or refinances the property prior to expiration of the lien period and only to the extent there is sufficient equity to pay that portion of the loan that has not been forgiven.

All program participants will be required to sign a notarized *Hardship Affidavit* attesting their inability to make mortgage payments through no fault of their own. Our primary proof of hardship will be the applicant’s current receipt of Unemployment Insurance payments or proof of payments within the last six (6) months.

Loan funds repaid by program participants will be recycled and additional eligible participants may access the funds, as long as the funds are expended prior to December 31, 2017. After December 31, 2017, the funds will be returned to Treasury.

Population Served and Allocation Methodology

At present there are 12,769 UI claimants in the District. If we extrapolate the percentage of District residents who are homeowners (45%), per the ACS, it defines a potential universe of 5,746 potential candidates for assistance. Further extrapolation of the percentage of homeowners who are in the foreclosure pipeline (5.4%), and allowing for those who are experiencing financial distress due to unemployment but who, through use of other resources have remained current on their mortgages, or dividing program operating funds by the maximum amount of assistance, we can expect the program to serve between 215 to 315 participants.

Eligible program participants will be 1) homeowners residing in their primary residences, 2) the heads of household or other persons named on the mortgage note as borrower or co-borrower, 3) borrowers who were current on their mortgages until the date of the declared hardship, and 4) borrowers who are receiving Unemployment Insurance payments or have received payments within the last six (6) months.

The DCHFA will pilot test the program design in Wards 5, 7 and 8 as these areas have experienced both high rates of unemployment and foreclosure. After the ninety (90) day pilot period, we will begin to add other Wards to the **HomeSaver program** and the program will be available city-wide within 120 days of notice of HHF award. We expect that most of the program funds will be used for Mortgage Assistance and we will reserve at least 50% of program funds to be used in the city-wide roll out, including the Wards in the pilot test.

After the first 90 days of program operations we will also evaluate our outreach, intake and approval processes for efficiency and effectiveness. In addition, the DCHFA will also review and adjust assistance levels per actual program experience. Any program participants whose assistance levels are above those allowed after program review and adjustments will remain at the levels established at the time of their determination of program eligibility. Other eligibility criteria, i.e. maximum loan to value ratio or maximum mortgage amount lower than the GSE conforming limit of \$729,750 may also be imposed after the pilot test period to ensure maximum program effectiveness and to render assistance to as many eligible program participants as possible.

Timeline from Treasury Approval to Deployment of Capital

By launching some start up activities immediately after application submission, the DCHFA will aim to serve eligible program participants within 90 days of the approval of its **HomeSaver Program** by Treasury.

During the start up time, the DCHFA plans to:

- Select HUD approved housing counseling agencies to participate in the program by developing a solicitation which will ask agencies to describe their qualifications and capacity, area to be served and the cost per program participant.
- Select and contract with one or more title companies from the DCHFA pre-approved slate of professional service providers to obtain the best pricing for title and recordation services.
- Develop detailed program guidelines and training syllabus for the housing counselors and the DCHFA **HomeSaver Program** Staff. Program guidelines will include the eligibility requirements, the terms of assistance and the forgiveness mechanism.
- Prepare a standard note and mortgage for Lifeline, Mortgage Assistance and Reinstatement options.
- Contract with Counselor Direct for client management software.
- Develop a link between Counselor Direct and the DCHFA Website (www.dchfa.org).
- Hire project specific staff including a **HomeSaver Program** Coordinator.
- Develop a detailed plan for consumer outreach.
- Solidify the partnerships with two critical partners discussed in this submission, DOES and the Urban Institute.
- Outreach and partner with the District agencies (i.e. Department of Housing and Community Development and the Department of Insurance Securities and Banking) that administer programs or initiatives to help families prevent foreclosures.

Demonstration of Capacity to Implement

The DCHFA was established in 1979 to stimulate and expand homeownership and rental housing opportunities in Washington, D.C. Since its inception 31 years ago the DCHFA has invested over \$2.6 billion in District neighborhoods creating over 30,000 rental units and enabling over 6,000 residents to become homeowners. The DCHFA accomplishes its mission by issuing mortgage revenue bonds that lower the homebuyers' costs of purchasing homes and the

developers' costs of acquiring, constructing and rehabilitating rental housing. In addition, the DCHFA administers the U.S. Treasury's New Issue Bond Program whose description is included below.

Homeownership Program

The Homeownership Program is led by the Director of the Single Family Mortgage Program. The Division manages the origination of single family mortgage loans, downpayment assistance programs and conducts community outreach. For first-time and repeat homebuyers in the District of Columbia, the DCHFA's homeownership program provides low-interest mortgages at/or below national and local conventional rates.

The DCHFA provides regular homeownership educational seminars and community outreach in an effort to empower persons seeking to become homeowners in the District. The DCHFA informs residents about its low interest mortgage program, down payment assistance programs, the District government's employer assistance program, tax credits, tax abatements, and other programs that assist homebuyers with closing costs. Previously, the DCHFA was a HUD approved housing counseling agency. If future business discussions identify the need to resume counseling activities, the DCHFA has the capacity to become recertified.

Moving forward, the DCHFA will continue to expand the number of lenders participating in the single-family program and continue to diversify the prospective products available to home purchasers.

The Single Family staff involved with the development of this submission will be essential players in the creation, implementation and evaluation of the HomeSaver Program.

Multifamily Housing Development

The Public Finance Division manages the multifamily housing development functions for the DCHFA. The Public Finance Division underwrites and facilitates the processing of financing applications for affordable multifamily rental housing projects in the District. The DCHFA's Multifamily Housing Development Programs uses tax-exempt and taxable bonds, 4% Low Income Housing Tax Credits and low-cost specialized loan funds (McKinney Act Savings Funds) as financial tools that increase the development community's ability to provide affordable, safe and decent rental housing to low-income and special needs populations.

Nonprofit and for-profit developers can take advantage of DCHFA financing programs. The DCHFA's financing can be used to finance the rehabilitation or new construction of rental housing, cooperatives, assisted-living facilities and transitional housing.

Administration of the U.S. Treasury's New Issue Bond Program

Most recently, the DCHFA became a participant in the U.S. Treasury Department's New Issue Bond Program (NIBP) and through its participation, the DCHFA has demonstrated both the financial and organizational capacity to quickly ramp up and implement a new initiative. At the

end of 2009, the DCHFA was allocated \$193 million under the New Issue Bond Program. The proceeds are the result of taxable revenue bonds issued by DCHFA on December 30, 2009.

Of the \$193 million awarded to DCHFA, the DCHFA has allocated \$168 million to advance its Multifamily Program and \$25 million to replenish its Single Family Mortgage Program. Like many HFAs around the country, in most of 2009 the DCHFA was unable to issue new bonds at a competitive rate in the then-existing capital market structure.

DCHFA was the first HFA in the country to release funds from escrow for a multi-deal, multifamily transaction, closing three deals within three months of the NIBP funds having been placed in escrow. The DCHFA has recently successfully completed its second multi-deal, multifamily transaction and escrow release. To date, the DCHFA has issued over 50% of its multifamily NIBP allocation. The DCHFA plans to close its third and final multi-deal multifamily transaction and escrow release prior to the U.S. Treasury's required deadline of December 16, 2010.

Qualification as an Eligible Entity

The DCHFA meets the requirements stated in the HHF Guidelines to be an Eligible Entity to participate in the HHF program and receive funds from Treasury in respect to the HHF. The DCHFA is an entity that is incorporated separately from the District Government itself.

Section 42-2702.01 of the DC Code states in pertinent part, "The District of Columbia Housing Finance Agency is created as a corporate body which has a legal existence separate from the government of the District but which is an instrumentality of the government of the District created to effectuate certain purposes.

Further, DC Code Section 42-2703.01(12) specifically provides that the Agency has the power to "contract for and to receive contributions, gifts, grants, subsidies, and loan of money, property, labor or other things of value from any source to be used for the purpose of this chapter and subject to the conditions upon which the contributions, gifts, grants subsidies, and loans are made".

Moreover, DC Section 42-2703.01(21) grants the Agency the authority to do any act necessary or convenient to exercise the powers granted by or reasonably implied from this chapter. Given that Section 6A of the chapter empowers the Agency to originate and service mortgage loans or contract for the origination and servicing of mortgage loans, it is reasonable to imply that the DCHFA has the power to receive funds from the Treasury to fund forgivable loans.

Finally, there is a precedent for the Agency receiving funds from the Treasury through the New Issue Bond Program, previously discussed.

Experience of the Executive and Senior Staff

The Executive Staff and Single Family staff have decades of experience in the affordable housing finance arena including, program design, program implementation, counseling, finance, housing development, compliance, and housing management.

Harry D. Sewell, Executive Director

Mr. Sewell has over three decades of housing experience and began his career as a housing counselor for HUD's 235 and 237 homeownership programs. The Section 237 program was specifically designed for applicants for FHA mortgage insurance with impaired credit and who, therefore, required credit and homeownership counseling. Mr. Sewell also has extensive experience in the areas of affordable housing finance, development and management. Mr. Sewell received his Bachelor of Arts degree in Labor Management Relations from the Pennsylvania State University.

Fran D. Makle, Deputy Executive Director

Ms. Makle has over 30 years of housing finance experience, including 14 years of management with nationally-recognized state housing finance agencies. Ms. Makle has extensive experience in mortgage lending for both single-family and multifamily housing and has been instrumental in the development and implementation of three consecutive award-winning single family housing programs. In November 2006, Ms. Makle joined the DCHFA and currently serves as its Deputy Executive Director. In this capacity, Ms. Makle serves as the Chief Operating Officer for the DCHFA and manages the day to day operations.

Previously, Ms. Makle served as the Program Director for Arundel Community Development Services, Inc., as the Acting Director and the Deputy Director of the Community Development Administration at the Maryland Department of Housing and Community Development (DHCD), and the Deputy Director of the Division of Development Finance, which includes the Community Development Administration at the Maryland Department of Housing and Community Development.

Allison Ladd, Associate Executive Director

Ms. Ladd has over 12 years of experience in housing finance, community development, and government affairs. Throughout her career, Ms. Ladd has served on the senior management teams in various housing finance entities - state, county and local. Currently, Ms. Ladd serves as the Associate Executive Director of the DCHFA. Ms. Ladd joined the DCHFA in February 2007 and her primary responsibility is to manage the business planning, communications, marketing, and government affairs for the DCHFA.

Previously, Ms. Ladd served as the Chief of Staff to the Maryland Department of Housing and Community Development. Prior to joining the Maryland state government, she served as the Special Assistant to the Director of the Prince George's County (MD) Department of Housing and Community Development. Ms. Ladd received a Masters of Community

Planning from the University of Maryland, College Park, Maryland and a Bachelor of Arts degree from the University of Rhode Island, Kingston, Rhode Island.

Maria Day-Marshall, General Counsel

Ms. Day-Marshall joined the District of Columbia Housing Finance Agency in November 2009, and serves as General Counsel to the Issuer. Ms. Day-Marshall is responsible for the overall supervision, coordination and management of all legal matters for the DCHFA.

Ms. Day-Marshall has been involved in the municipal finance industry for over twenty years. Prior to joining Fannie Mae from 1982 to 1996, she served in financial and legally related positions in the District government. During her tenure, she served as Treasurer of the District of Columbia, Deputy Treasurer and Debt Manager. As Treasurer, she was responsible for the issuance of over \$6 billion of debt for the District and other D.C. government issuers. Ms. Day-Marshall has a Masters of Law in Taxation from Georgetown University, a J.D. from Catholic University and a Bachelor of Arts from Fisk University.

Sergei Kuzmenchuk, Chief Financial Officer

Mr. Kuzmenchuk joined the DCHFA as its Chief Financial Officer in October 2008. Mr. Kuzmenchuk has over 10 years of housing finance agency experience. Prior to joining the DCHFA, he served as the Director of Finance and the Deputy Director of Finance for Community Development Administration (CDA), Maryland Department of Housing and Community Development. Mr. Kuzmenchuk led a team of financial analysts and accountants and managed a portfolio of more than \$3 billion of mortgage revenue bonds, mortgage loans and investments.

Mr. Kuzmenchuk earned his M.B.A in Accounting from the Joseph A. Sellinger, S.J., School of Business and Management, Loyola University in Maryland in 2002. He was granted a M.P.M. degree in Public Sector Financial Management from the School of Public Policy, University of Maryland, College Park, in 1995. Mr. Kuzmenchuk received his B.A. and M.A. degrees in English and French Interpretation from the Minsk State Linguistic University, Minsk, Belarus in 1993.

Carisa D. Stanley, Director of Homeownership Programs

Ms. Stanley has over eight years of experience in finance, banking and commercial and residential real estate development. Prior to her joining the DCHFA as Director of Single Family Programs, Ms. Stanley was Vice President at Fidelity and Trust Bank and then EagleBank where her focus was real estate development in the Washington, D.C. metropolitan area. During her banking career Ms. Stanley financed over \$20 million in affordable housing projects in the District and managed a \$100 million real estate portfolio.

As the Director of Single Family Programs, Ms. Stanley manages the DCHFA's single family mortgage products and services. Ms. Stanley received a Bachelor of Arts degree from the University of North Carolina at Greensboro.

Anita M. Thomas, Single Family Program Manager

Ms. Thomas joined the DCHFA in October of 1998 and has twenty years of experience in the Mortgage Industry. As Single Family Program Manager, Ms. Thomas is responsible for the oversight of all active Single Family Program allocations and Down Payment Assistance Programs, providing program activity reports that monitor pace at which funds are originated, borrower demographics and pipeline management. Ms. Thomas also monitors properties receiving HOME assisted loans for compliance with HOME regulations established by HUD.

Prior to joining the DCHFA, Ms. Thomas was employed as a Loan Servicer with National Loan Servicer and as a Foreclosure Processor with Citibank.

Staffing and Business Partners - HomeSaver Program

Staffing

Upon approval of the funding for the **HomeSaver Program**, DCHFA staff will manage the administration and implementation of the program. All staff working on the **HomeSaver Program** will be housed in the Single Family Department of DCHFA under the supervision of the Director of Single Family Programs.

Director, Single Family Programs

- The Director of Homeownership will allocate approximately 20 percent of her time to the **HomeSaver Program**. The Director will manage the Program Coordinator and oversee every aspect of the **HomeSaver Program**. The Director of Homeownership will develop all administrative policies and procedures as they pertain to program administration and will provide final approval on borrower eligibility. The Director of Homeownership is an existing position and reports to the Executive Director of the DCHFA.

Program Coordinator

- The Program Coordinator will run the daily operations of the DCHFA's **HomeSaver Program**. The Program Coordinator will function as the internal point of contact for the various business partners and partnership organizations and will ensure the Program is administered effectively. The Program Coordinator will also validate borrower eligibility and ensure quality control of processes. The Program Coordinator will monitor any changes, updates or new mandates from Treasury or HUD with regards to the Hardest Hit Fund and report to the Director of Single Family Programs. This position will work with the Service Coordinator in closing loans and obtaining proper documentation for submission to the servicer. The Program Coordinator position is new to the DCHFA .

Single Family Program Manager/Service Coordinator

- The Single Family Program Manager /Service Coordinator's primary role will be to administer monthly payments to servicers for approved borrowers in the **HomeSaver Program**. The Service Coordinator will process payoff requests and lien releases and maintain all original loan documents. The Service Coordinator will also assist with

compliance as necessary for example, interface with counseling agencies to monitor ongoing program participant compliance. The position will also be responsible for preparing periodic reports for Management's use. The Service Coordinator position will be filled by allocating a portion of the Single Family Program Manager's time to **HomeSaver Program**.

Program Accountant

- The Program Accountant's primary role will be to manage the **HomeSaver Program's** federal account and perform regular reconciliation. The position will be responsible for producing and maintaining an organized and user-friendly financial record-keeping system as well as investigating and resolving all discrepancies. The Program Accountant will produce regular reports, in a form acceptable to Treasury, for Management's review. The Program Accountant position will report to the Chief Financial Officer.

Administrative Support

- The Administrative Assistant will be responsible for coordinating the submission of reports from the participating housing counseling agencies and assembling the information in a format acceptable to Treasury for Management's review. The position will also manage incoming calls and inquiries regarding the **HomeSaver Program** and assist the Program Coordinator with any necessary intake efforts.

Business Partners

The DCHFA expects to have both contractual and Memoranda of Agreement relationships with public agencies and private businesses. The principal business partners will be The Department of Employment Services (DOES) and the Urban Institute. Additional partners will include the housing counseling agencies, title companies, the Department of Housing and Community Development (DHCD) and the Department of Insurance, Securities and Banking (DISB)

The Department of Employment Services (DOES) -- The mission of the Department of Employment Services is to plan, develop and administer employment-related services to all segments of the Washington, DC metropolitan population. It achieves its mission through empowering and sustaining a diverse workforce, which enables all sectors of the community to achieve economic and social stability.

DOES will serve as the main point of entry for program participants, since one of the primary criteria for program eligibility is being a current, or recent, claimant for Unemployment Insurance payments. The DOES database will be the first source for potential candidates for program assistance. Partnering with DOES also fulfills one of the guiding principles of the program's development: Synergistic Interaction. The DCHFA will reinforce the DOES requirement that UI claimants be ready, able and willing to work by making a major element of continued program assistance contingent on DOES compliance. The DCHFA will receive weekly certification from DOES that a program participant has continued to satisfactorily perform his/her responsibilities as part of our ongoing compliance monitoring.

The Urban Institute -- The Urban Institute (the Institute) has conducted extensive research into housing issues in the District of Columbia including mortgage delinquencies and foreclosures. The Urban Institute gathers data, conducts research, evaluates programs, offers technical assistance overseas, and educates Americans on social and economic issues — to foster sound public policy and effective government.

The Institute will assist in our efforts to design the broadest outreach methodology possible to ensure that any eligible candidate for program assistance is aware of the **HomeSaver Program**. One of the outreach methodologies that the DCHFA will employ is the cross match of addresses of Unemployment Insurance claimants with addresses for properties receiving delinquency or foreclosure notices. This will allow us to reach out to these candidates for program assistance possibly even before they seek to make an application for assistance.

The Institute will also assist with the evaluation of program results to ensure that the DCHFA is reaching the target audience and achieving optimum results including length of the assistance period, level of maximum assistance, effectiveness in preventing foreclosures etc.

CounselorDirect™ -- CounselorDirect™ is an intake, underwriting, reporting and compliance software program that is being considered by other states who received HHF funds. CounselorDirect™ is a custom branded portal with automated intake program that can assist the DCHFA with the approval process for the participants in the **HomeSaver Program**. In addition, CounselorDirect™ will also assist with the loan underwriting, the generation of loan documents, servicing functions and reports. Finally, CounselorDirect™ can assist with reporting requirements to the Treasury and other reports necessary to manage and implement the **HomeSaver Program** efficiently and effectively.

Housing Counseling Agencies -- The DCHFA will issue a Request for Proposals for Housing Counseling Agencies to assist the DCHFA with the completion of the intake process, submission of application packages for approval by DCHFA and monitoring for continued program participant compliance, including meeting DOES requirements for Unemployment Insurance payments. Currently, there are 17 HUD approved housing counseling agencies in the District. Through a competitive process, the DCHFA will select one or more HUD approved housing counseling agencies to assist with the **HomeSaver Program**.

The HUD approved housing counseling agencies will input the eligibility information and data into the Counselor Direct software and the Counseling Direct software will electronically submit the application for HomeSaver mortgage assistance to the DCHFA.

Department of Housing and Community Development and the Department of Insurance, Securities and Banking -- The DCHFA will explore partnerships with other District agencies that have programs assisting District residents with foreclosure issues including the Department of Housing and Community Development (DHCD) and the Department of Insurance Securities and Banking (DISB) if there are opportunities for Synergistic Interaction with their program efforts.

Title Companies -- The DCHFA will select and contract with one or more title companies on our pre-approved slate of professional service providers to get the best pricing for title and recordation services. The title companies will assist with the underwriting and settlement process for **HomeSaver Program**.

Administrative Expenses

One of the DCHFA's guiding principles is Simplicity. As previously discussed, the principle of Simplicity means that the DCHFA will employ a **HomeSaver Program** design that seeks to minimize administrative costs thereby maximizing the amount of dollars available for assistance.

The DCHFA HHF Award Amount is \$7,723,678. The DCHFA HHF charged administrative costs will be \$1,133,237 (14.67% of the HHF Award Amount). However, the total DCHFA **HomeSaver Program** administrative expenses exceed \$2.2 million. The DCHFA will provide over \$1.08 million in in-kind services, including but not limited to salaries, building overhead, marketing and translation services over the life of the program.

For additional information regarding the HHF charged administrative costs, please see Permitted Administrative Expenses found on page 28.

Overview of Risk Management/Fraud Prevention

The DCHFA will comply with all requirements under the HHF program and the DCHFA will accomplish compliance, oversight, internal control and fraud prevention through several means. Policies, procedures and internal controls required to implement the **HomeSaver Program** will be developed.

By targeting assistance to claimants for Unemployment Insurance we will greatly reduce the potential for fraudulent payments to program participants. Each participant in the **HomeSaver Program** will have undergone the DOES eligibility process and will have had their status as an unemployed worker verified. To complete the intake process, they will bring proof of identity, current statement or the mortgage note, payment coupon and proof of receipt of unemployment payment(s) to one of the selected housing counseling agencies. A case file will be established at the counseling agency and the above documentation, along with an application for assistance and recommendation for the type of assistance to be provided e.g. Lifeline, Mortgage Assistance or Reinstatement, will be sent to the DCHFA Program Coordinator for file review and approval of assistance.

In order to continue to receive assistance, program participants will be required to provide ongoing evidence of receipt of unemployment payments until either a) the end of program participation b) the end of the term of unemployment assistance c) reemployment. This documentation will be maintained in the case file for each program participant. For those program participants whose unemployment payments are terminated because of failure to fulfill the DOES job search or job training requirements, **HomeSaver Program** payments will also be terminated.

At the end of program assistance, program participants will be required to certify annually, until the end of loan program period, that they still remain in the residence for which assistance was provided and that there has been neither a transfer of ownership or refinancing. A random check of a selected sample of program participants will be conducted by searching the Recorder of Deeds records to ensure that the property for which the program participant received assistance is still recorded in the participant's name.

We will work with the Urban Institute to devise our program goals and metrics and to develop the methodology for independent third party review of program effectiveness.

With regards to the financial management of the **HomeSaver Program**, the DCHFA will contract with an independent auditor to perform an OMB Circular 133 audit for each of the years the DCHFA is operating under the HHF. The audit will occur annually and simultaneously with the DCHFA fiscal year annual audit. The DCHFA's fiscal year runs October 1 – September 30, with the independent audit released the following January.

Counselor Direct will assist the DCHFA manage the tracking and reporting requirements necessary to participate in the HHF. In addition, the Single Family staff will be the primary source of tracking and reporting data.

Conclusion

DCHFA is appreciative of the opportunity to participate in the Treasury Department's Innovative Fund for the Hardest Hit Housing Markets. We have designed a program that will assist between 215 and 315 District of Columbia residents avoid foreclosure. Major features of the program design are:

- Targeting of Unemployment Insurance claimants for program assistance.
- Decentralized intake through a network of HUD approved housing counseling agencies.
- Centralized approval process by DCHFA.
- Provide 15 months of assistance.
- Pilot test in three of the District's Wards hardest hit by both unemployment and foreclosure before going city-wide.
- Ongoing monitoring of program assistance to ensure eligibility of program participants and effectiveness of program design.

Through both the New Issue Bond Program and now the Hardest Hit Fund we have forged a partnership that will ultimately benefit hundreds of District of Columbia residents enabling them to move into newly constructed or renovated affordable rental housing or stay in their homes.