

HARDEST-HIT FUND

Supplement

I. HARDEST-HIT FUND

A. Request approval to expand the Modification Enabling Pilot (MEP) Program strategy of the Hardest Hit Fund (HHF)

1. Background

- a) A presentation was provided to the Board on the MEP Program in December 2012 and the Board subsequently approved and allocated \$50 million to the Program at the March 2013 meeting. Staff then received approval for the MEP Program from the U.S. Department of Treasury (Treasury) in April 2013 and finalized the contract with National Community Capital (NCC) on June 26, 2013.
- b) In April 2014, the Board approved the expansion of the allowable loan pools in the MEP Program to include further Department of Housing and Urban Development (HUD) Distressed Asset Sales Program (DASP) sales involving Florida loans through the end of calendar year 2015.
- c) NCC has been successful in its efforts to acquire loans from certain HUD DASP sales and the resulting loan modifications have provided the information and experience we had hoped for in this pilot stage of the MEP Program.

2. Present Situation

- a) As of July 1, 2015, the MEP Program has spent \$3,203,229.22 to help effectuate 105 loan modifications.
- b) In addition to HUD DASP sales, Fannie Mae and Freddie Mac are selling pools of distressed loans in Florida. Banks and servicers (regulated financial institutions) also have loans where borrowers can benefit from the MEP Program.
- c) The requirement for a private capital contribution should continue, but now come after the MEP contribution and as is necessary to effectuate the loan modification.

3. Recommendation

- a) Staff recommends that the Board approve the expansion of the MEP Program to:
 - (1) Include loans from Fannie Mae, Freddie Mac and regulated financial institutions;
 - (2) Include qualified, experienced MEP program managers in addition to NCC;
 - (3) Require that the private capital contribution come in after the MEP contribution and as is necessary to effectuate the loan modification; and
 - (4) Extend the MEP Program through December 31, 2017;

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- b) Staff further recommends that the Board authorize amending the approved MEP term sheets with Treasury and amending the contract with NCC as necessary to accommodate the program changes, subject to further approvals and recommendations from Florida Housing's counsel, Treasury and the appropriate Florida Housing staff.