Post Purchase Stewardship

Supporting Homeowners and Managing Risk

April 30, 1:15 – 2:45

Agenda

- HO Outreach, Support
- Default and Foreclosure
- Occupancy and Subleasing
- Refinancing
- Overseeing Resales

Outreach + Education

Scenario

Your homeowner took all of their pre-purchase homebuyer education courses, qualified for a mortgage, selected a home and got under contract, completed a one-on-one counseling session (complete with legal document review!), and FINALLY closed on their unit. They clearly know the program requirements.

But then! You see their unit listed on the MLS / hear through the rumor mill they’re moving out of state next week / somehow learn that they’re violating these rules.

Do you have any particular policies or procedures related to outreach or education that could PREVENT this issue?

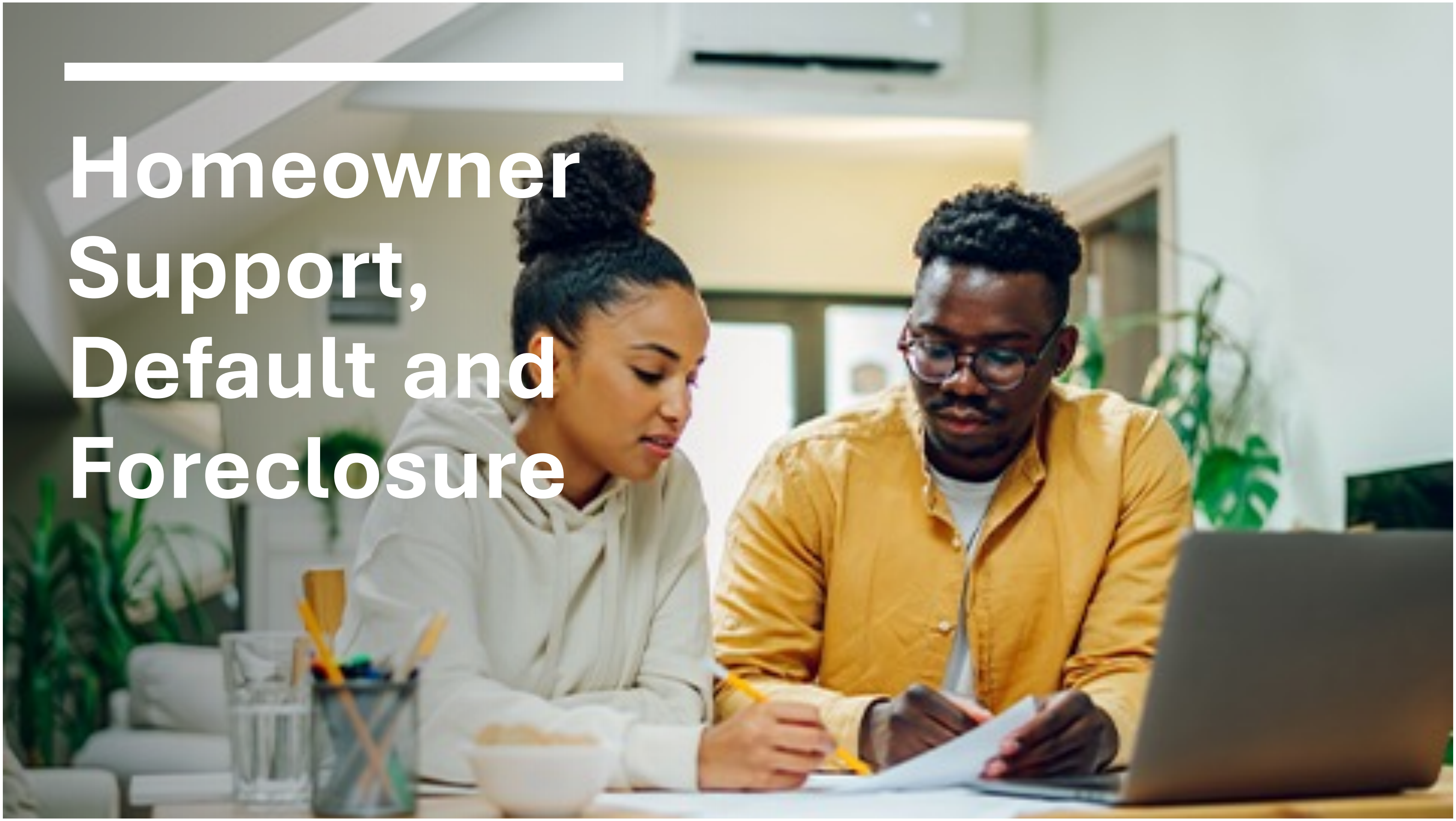
Outreach and Education

- Build a strong relationship on the front end
- Regular and on-going communication
- Reminders re: program restrictions
- Annual letters with resale information
- Goal = stay head of it!

Outreach and Education

- **REQUIREMENT** = you promised!
- **POLICIES/WHY** = balance w privacy/autonomy W goal to preserve affordability
- **PROCEDURES/WHAT** = Coms schedule, ready templates

Homeowner Support, Default and Foreclosure



Scenario

Since purchasing their home 4-5 years ago, a homeowner has observed a consistent annual rise in their HOA dues. Although they have always understood and fulfilled their obligation to pay these dues punctually, the latest increase has caused significant concern.

Given their and their household's fixed income, the homeowner is unsure of how to manage this growing financial burden or what steps to take next. To prevent potential default or foreclosure, they have contacted Proud Ground for guidance on available options and the best way to address the situation.

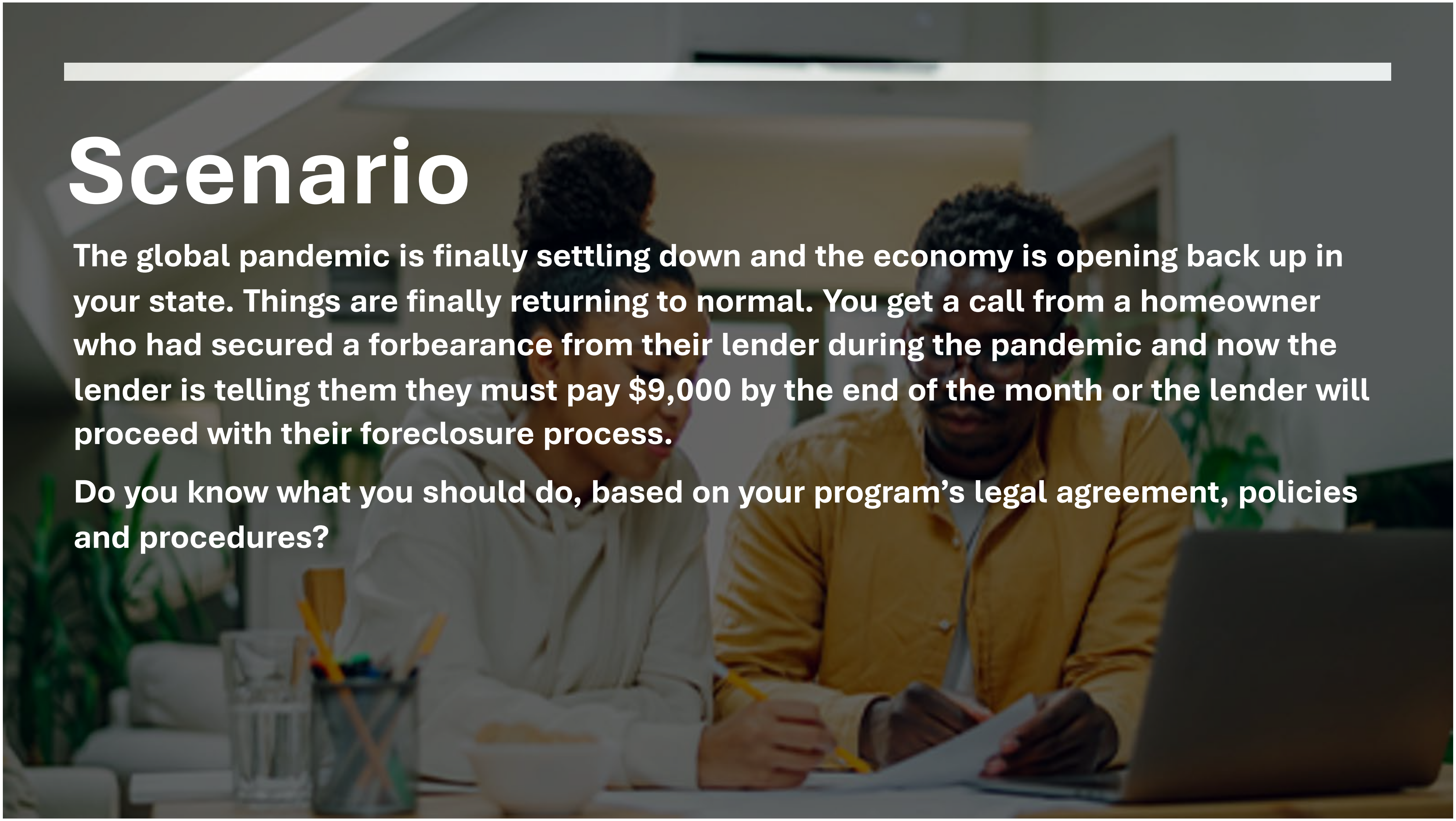
Do you know what you should do, based on your program's legal agreement, policies and procedures?

HO Default + Foreclosure

- Have a system in place to track HO in trouble
- Know what your legal agreements say
- Have clear policies re: offering $ support or deferring fees
- Get signed authorization at closing
- Maintain relationships so they come to you

HO Default + Foreclosure

- We can’t always be prepared – so comms are key
- Strong relationships come thru in hard times
- Watch for early warning signs
- HomeKeeper – Monitoring events
- Worst case scenario steps to protect your portfolio



Scenario

The global pandemic is finally settling down and the economy is opening back up in your state. Things are finally returning to normal. You get a call from a homeowner who had secured a forbearance from their lender during the pandemic and now the lender is telling them they must pay $9,000 by the end of the month or the lender will proceed with their foreclosure process.

Do you know what you should do, based on your program's legal agreement, policies and procedures?

HO Default + Foreclosure

- Have a system in place to track HO in trouble
- Use Signed Authorization to contact Lender
- Know what Notices Lender is required to provide you
- Have clear policies about when you intervene in foreclosure
- Provide/Refer to Foreclosure Prevention Counselors

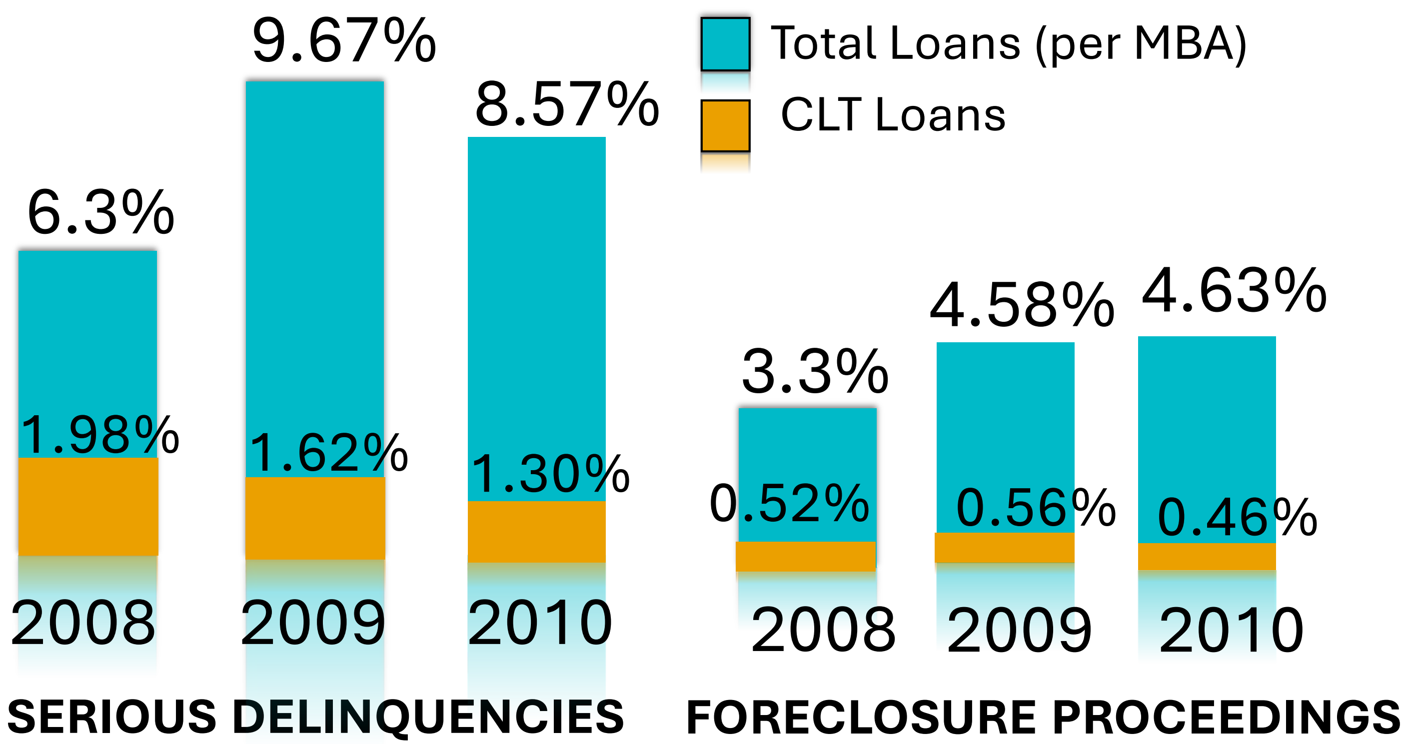
HO Default + Foreclosure

- **REQUIREMENT** = Lease/Covenant/COA/CCR
- **POLICIES/WHY** = Details re: intervention
- **PROCEDURES/WHAT** = HomeKeeper/Coms

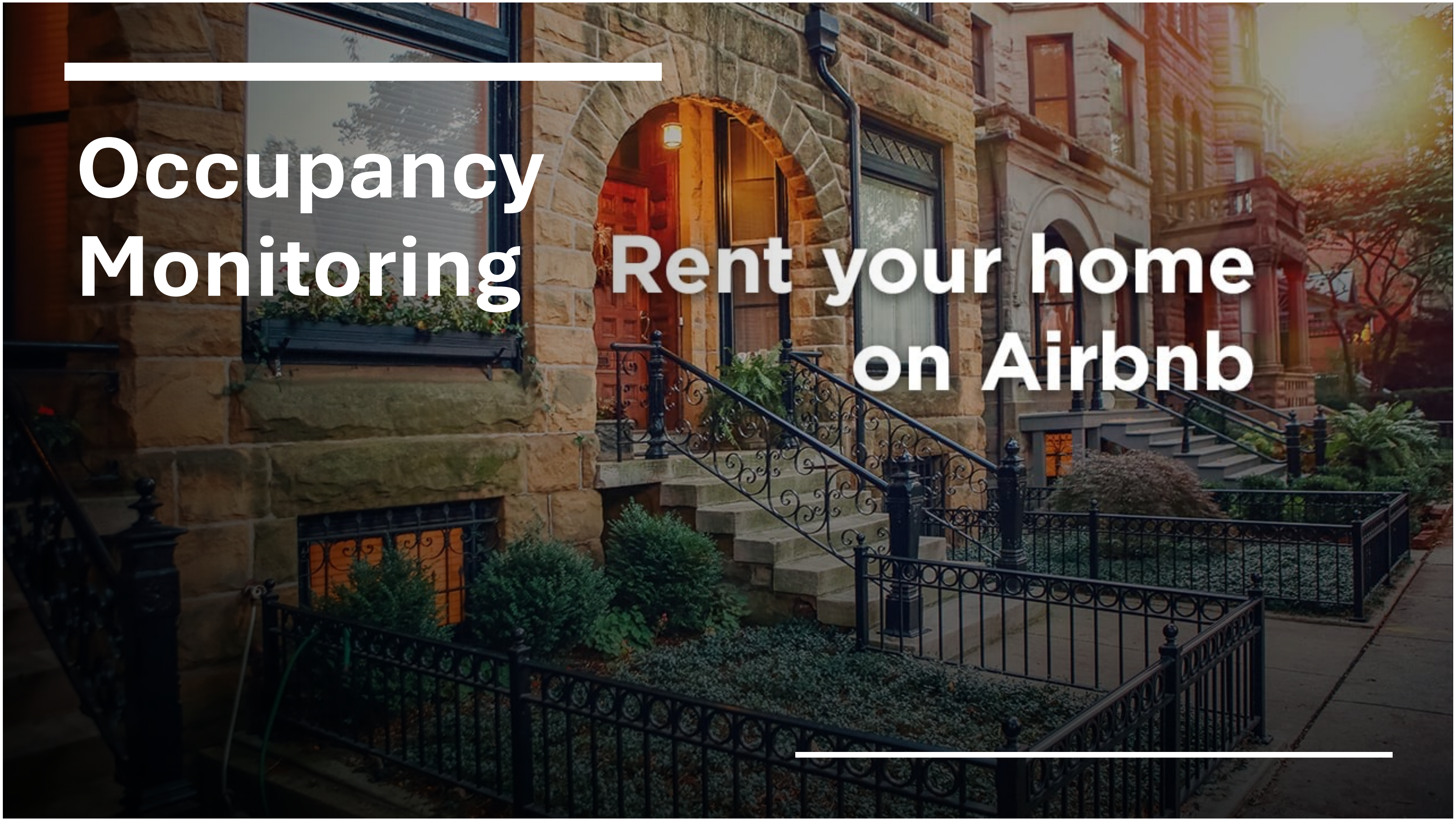
HO Default + Foreclosure

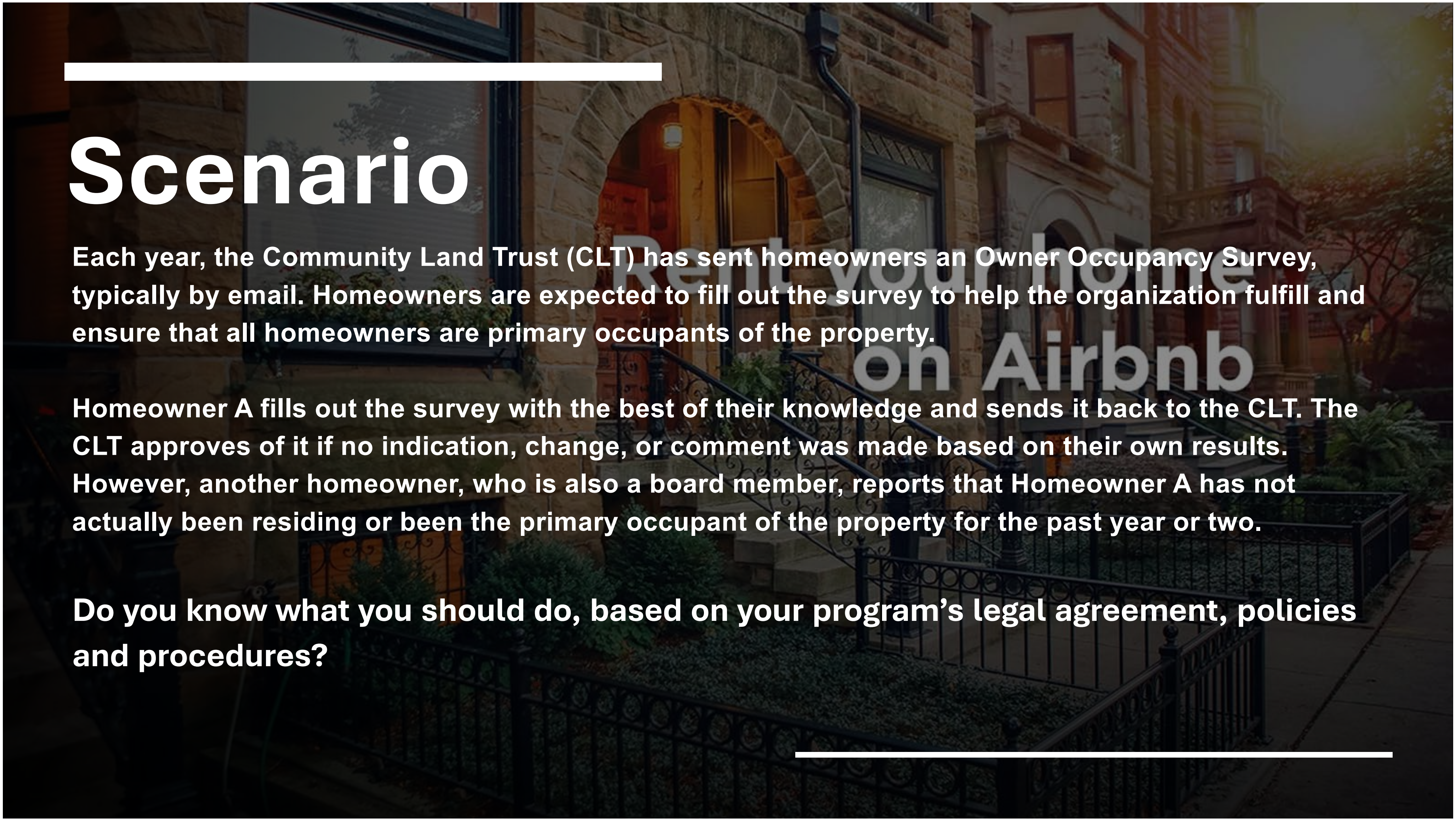
- Article 5 – Lease Fee + 5.4 – Lease fee may be reduced or suspended
- Article 12 – Default
- Exhibit – Permitted Mortgages
- Exhibit – CC&RS or Declaration

MORTGAGE PERFORMANCE



Occupancy Monitoring





Scenario

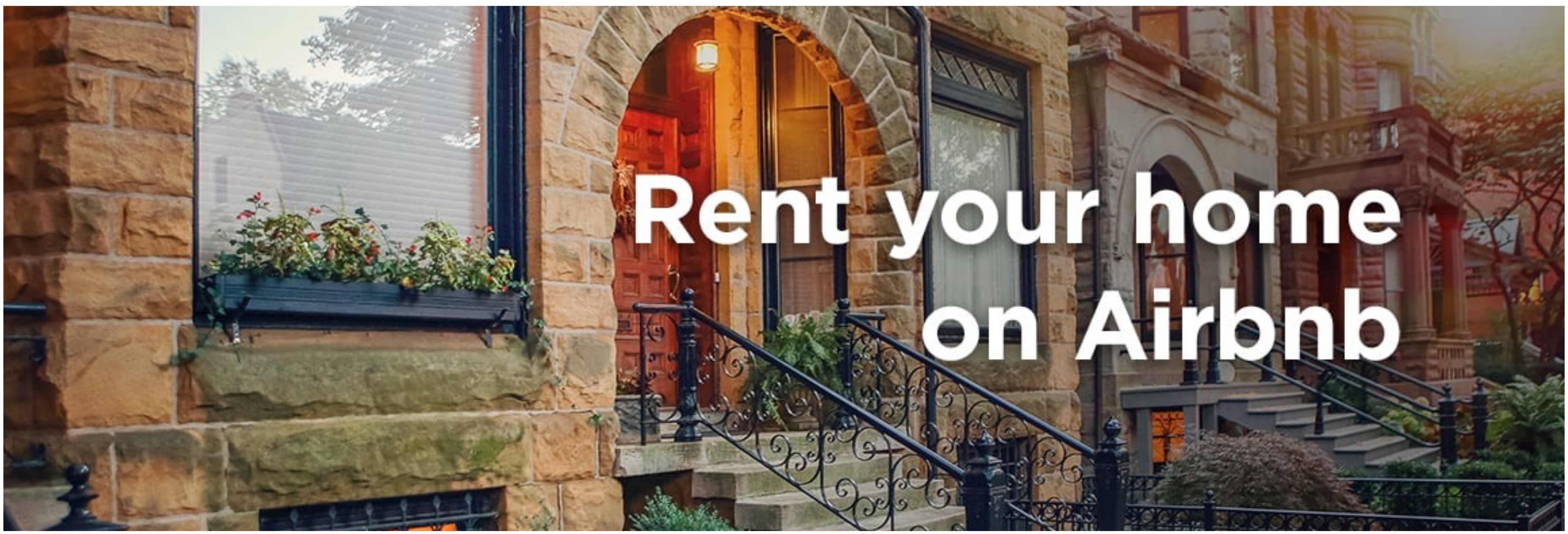
Each year, the Community Land Trust (CLT) has sent homeowners an Owner Occupancy Survey, typically by email. Homeowners are expected to fill out the survey to help the organization fulfill and ensure that all homeowners are primary occupants of the property.

Homeowner A fills out the survey with the best of their knowledge and sends it back to the CLT. The CLT approves of it if no indication, change, or comment was made based on their own results. However, another homeowner, who is also a board member, reports that Homeowner A has not actually been residing or been the primary occupant of the property for the past year or two.

Do you know what you should do, based on your program's legal agreement, policies and procedures?

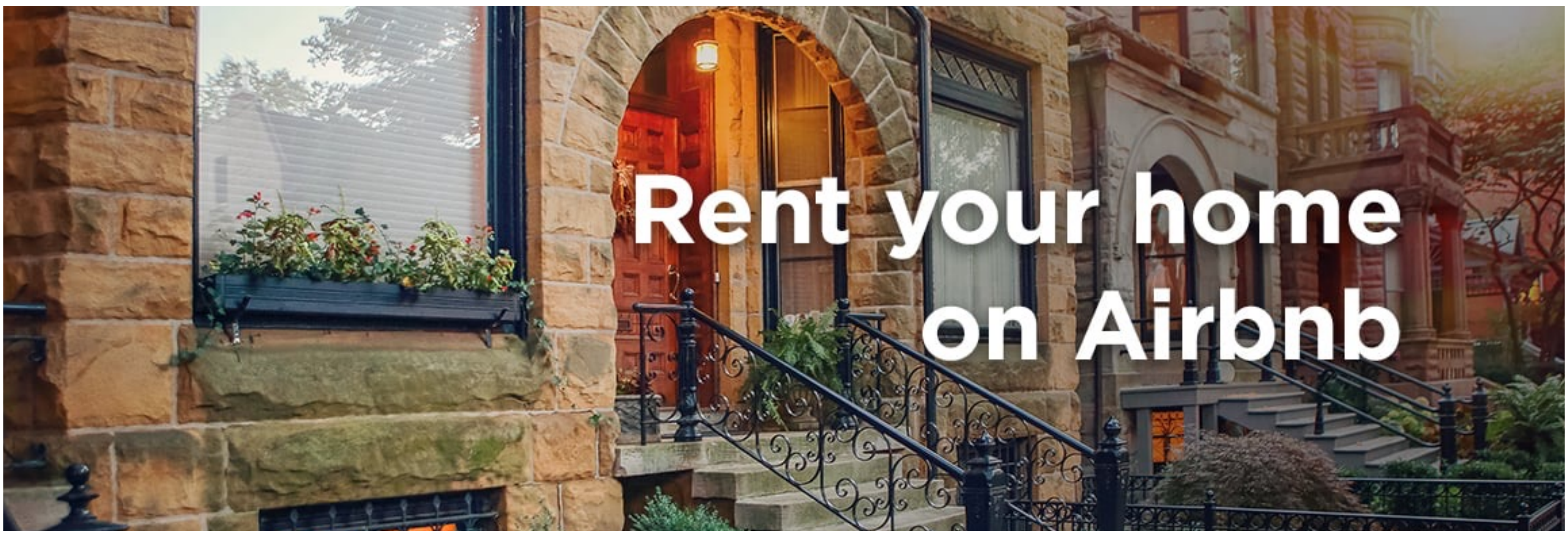
Occupancy Monitoring

- First step = monitoring
- Balance cost/effectiveness of monitoring actions
- Enforcement = what do you do when someone is non-compliant?
- What infractions warrant more dramatic actions?



Occupancy Monitoring

- **REQUIREMENT** = Lease/Covenant/COA/CCR
- **POLICIES/WHY** = Details re: enforcement
- **PROCEDURES/WHAT** = HomeKeeper + Consistent implementation



Scenario

A homeowner contacts your program to let you know that they need to relocate temporarily for work.

Do you know what you should do, based on your program's legal agreement, policies and procedures?

Occupancy Subleasing

- **REQUIREMENT =** What does your lease say? Your funders?
- **POLICIES/WHY** = What does your policy say?
- **PROCEDURES/WHAT** = What is the process?


Refinancing

Scenario

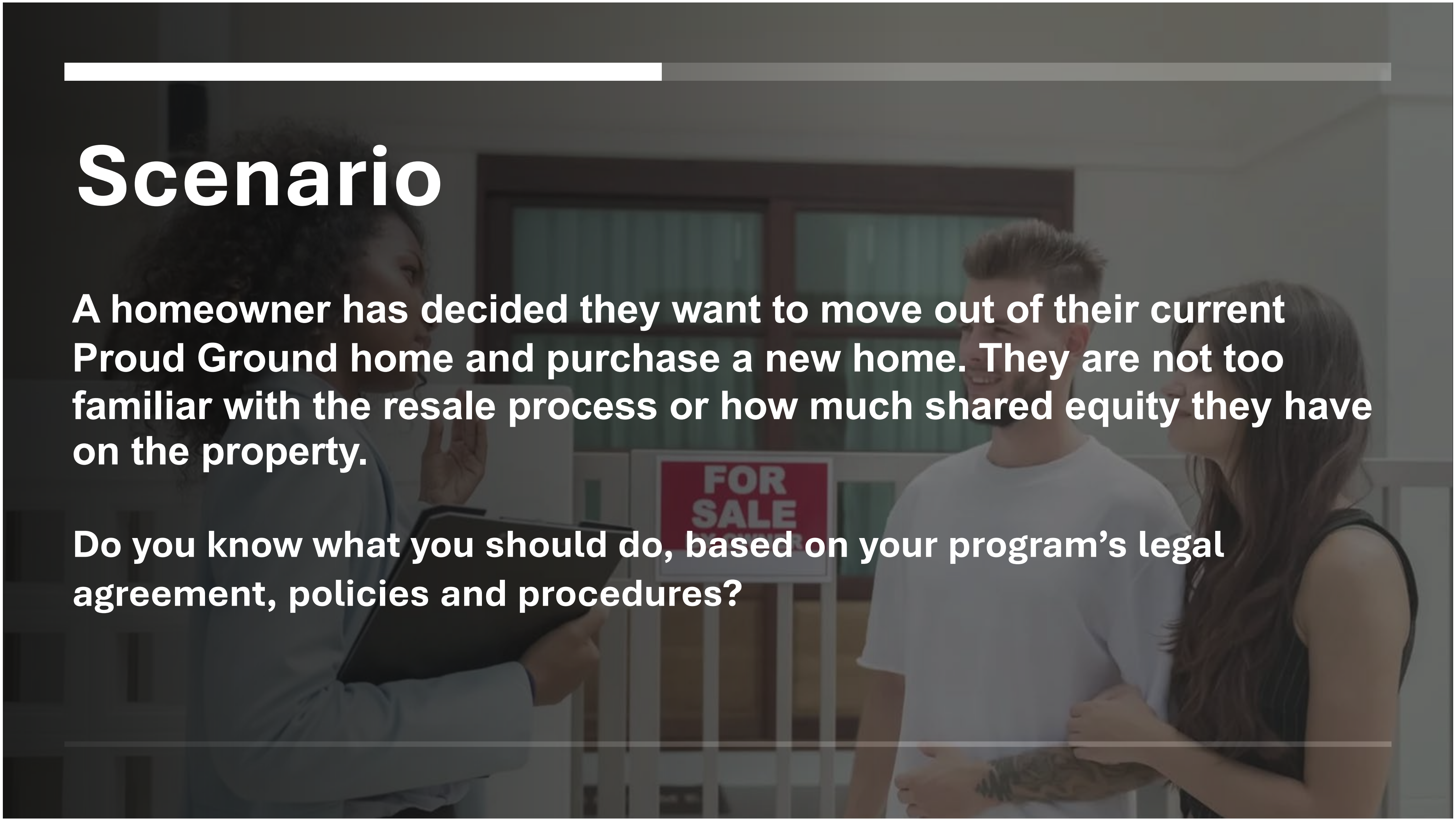
A homeowner fills out the Homeowner Stewardship Request Form to notify you that they would like to take out a loan that uses their home as a collateral. They have heard about the different loan options such as HELOC, refinance, cash-out refinance, home repair, or other loans. They are interested in a HELOC since they have built enough equity over their 18 years of homeownership. They intend to use it for home repairs and consolidating debt.

Do you have any particular policies or procedures related to outreach or education that could PREVENT this issue?

Refinancing

- **REQUIREMENT =** What does your lease say?
- **POLICIES/WHY** = What does your policy say?
- **PROCEDURES** = What is the process for approval?

Resales



Scenario

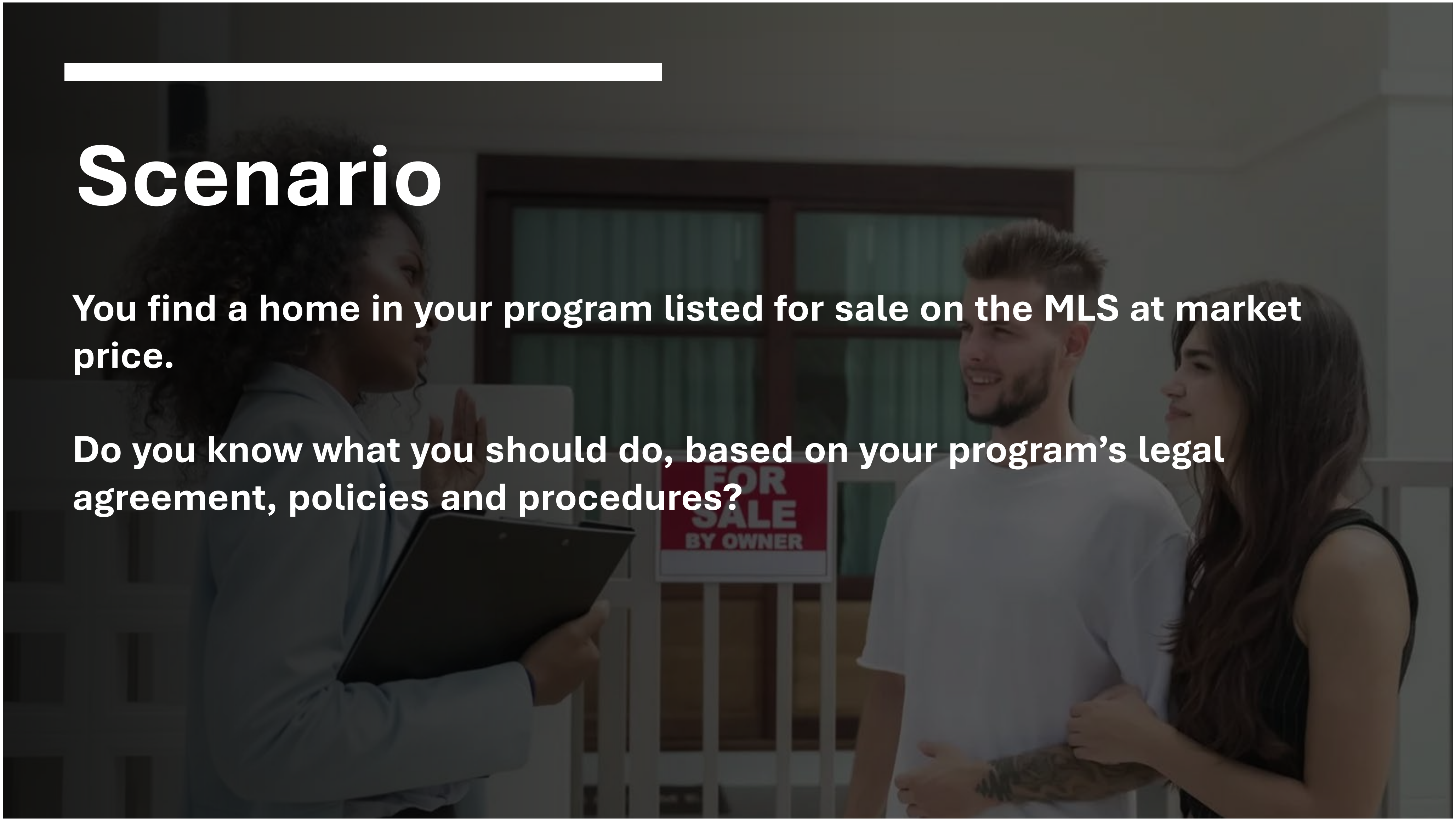
A homeowner has decided they want to move out of their current Proud Ground home and purchase a new home. They are not too familiar with the resale process or how much shared equity they have on the property.

Do you know what you should do, based on your program’s legal agreement, policies and procedures?

Scenario

You find a home in your program listed for sale on the MLS at market price.

Do you know what you should do, based on your program's legal agreement, policies and procedures?



Resales

- What do you need to calculate your resale formula?
- Who is responsible for finding the buyer?
- What is the timeline for resales?
- What about inspections/repairs?
- What can you do to make it easier on everyone?

Resales

- **REQUIREMENT =** What does your lease say?
- **POLICIES/WHY** = What does your policy say?
- **PROCEDURES** = What is the process for approval?

Questions?