



HOMEOWNERSHIP FORECLOSURE PREVENTION (HFP) PROGRAM

What is the HFP Program?

The Homeownership Foreclosure Prevention (HFP) Program provides a toolbox of alternatives for low and moderate-income homeowners of properties within the incorporated City of El Cajon who are in jeopardy of losing their homes.

The goal of the HFP is to minimize foreclosures and preserve ownership, promote personal investment in our community, prevent continuing reductions in property values due to foreclosure activity, preserve and increase affordable housing opportunities, decrease the need for severely strained public and social services, eliminate blighting conditions or conditions that will lead to blight throughout the City, and to stabilize and improve community neighborhoods.

Most homeowners are not aware that disposition of their property prior to a foreclosure is within their control and many resources are now available to homeowners to help avoid default and foreclosure. In order to preserve homeownership in El Cajon, the City is now partnering with **Community HousingWorks** to provide essential foreclosure prevention services so that committed property owners can stay in their homes and remain a vital part of the El Cajon community. **The HFP program offers the following assistance:**

Foreclosure Prevention, Financial Education and Loss Mitigation Services:

1. Education about the foreclosure process, legal timelines, and how to contact and negotiate with the lender;
2. Assessment of the homeowners overall financial condition to develop a work-out plan for resolving the financial crisis and achieve financial stability and success;
3. Options instead of foreclosure, such as reinstatement, forbearance, repayment plans, loan modification, partial claims, short-sale, and sale of the property;
4. Intervention and advocacy with lenders, social service agencies, etc.;
5. Referrals to community services such as: food assistance, homelessness, rental referrals, housing alternatives, medical and mental health providers & programs, pet resources, legal professionals, fair housing, and credit repair.

Loan Program:

As a last resort and based upon funding availability, homeowners who qualify may receive one-time financial assistance in the form of a deferred loan secured by a lien against the property. The homeowner must document attempts to remedy the default with the 1st mortgage lender. Such assistance may be in the form of a new loan or a modification to an existing City loan. When the house is sold, rented, refinanced, transferred, or conveyed, the entire loan amount must be repaid. Interest on the Agency loan may be forgiven after 5-years of on-time 1st mortgage payments. Eligibility for a loan is determined by a loan review committee on a case-by-case basis.

Basic Guidelines for a HFP Loan:

1. Owner-occupancy of a (1)-unit property located in the City of El Cajon;
2. Reason for default must be due to a crisis beyond the owner's control;
3. First mortgage lender must be willing to modify their loan to Affordable Housing Cost (AHC) standards;
4. Loan must resolve the default/crisis and owner must resume responsibility for financial obligations;
5. Homeowner must participate in financial counseling, financial management program(s) and work-out plan;
6. Homeowner must show ability to pay all financial obligations;
7. No cash-out;
8. Maximum loan \$20,000

Who Can Apply for the HFP?

To receive program services, homeowners must:

1. Must own and occupy a single-family residence (SFR) or Condominium home located in the City of El Cajon;
2. Must be a low or moderate-income household (see page 2);
3. Must be behind or in imminent danger of falling behind on their 1st mortgage;
4. Must be willing to work with the City and its consultants to help resolve the crisis. This includes providing information, documentation, participation in financial counseling, and exploring all possible solutions, which may include, but is not limited to, sale of the subject property.
5. The lender must agree to modify current loan terms so that the total of all monthly housing costs does not exceed the Affordable Housing Cost limits specified by the Agency (see page 2)

Who to contact:

To begin your participation in the HFP, please contact **Community HousingWorks** at (619) 450-8705 or http://www.chworks.org/homeownership_center/fpc.asp .

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EL CAJON REDEVELOPMENT AGENCY

AFFORDABLE HOUSING COST CALCULATIONS (includes all of the following¹)

2009 INCOME STANDARDS

SAN DIEGO COUNTY

	Zero-BR	1-BR	2-BR	3-BR	4-BR	5-BR
Maximum Household Size	1	2	3	4	5	6
Extremely Low Income Limit	\$ 17,350	\$ 19,850	\$ 22,300	\$ 24,800	\$ 26,800	\$ 28,750
Maximum Affordable Hsg Cost	\$ 379	\$ 433	\$ 487	\$ 541	\$ 584	\$ 627
Very-Low Income	\$ 28,900	\$ 33,050	\$ 37,150	\$ 41,300	\$ 44,600	\$ 47,900
Maximum Affordable Hsg Cost	\$ 631	\$ 721	\$ 811	\$ 901	\$ 974	\$ 1,045
Low Income	\$ 46,250	\$ 52,900	\$ 59,500	\$ 66,100	\$ 71,400	\$ 76,700
Maximum Affordable Hsg Cost	\$ 884	\$ 1,010	\$ 1,136	\$ 1,262	\$ 1,363	\$ 1,463
Moderate Income	\$ 60,500	\$ 69,200	\$ 77,900	\$ 86,500	\$ 93,400	\$ 100,300
Maximum Affordable Hsg Cost	\$ 1,620	\$ 1,851	\$ 2,082	\$ 2,313	\$ 2,499	\$ 2,682

¹ **Maximum Affordable Housing Cost includes the total of monthly payments for all of the following:**

- a. Principal and interest on a mortgage loan including any rehabilitation loan, and any loan insurance fees associated therewith.
- b. Property taxes and assessments.
- c. Fire and casualty insurance covering replacement value of property improvements.
- d. Property maintenance and repairs as follows: \$30 for a Single-Family Residence and \$20 for a Condominium.
- e. A reasonable allowance for utilities not included in the above costs (that a tenant will incur or must provide), including garbage collection, sewer, water, electricity, gas, and other heating, cooking, and refrigeration fuels. Utilities does not include telephone service. Such an allowance shall take into condieration the cost of an adequate level of service. The average Utility Allowance shall be as follows: \$149 for a Single-Family Residence and \$60 for a Condominium (amended 09/30/08).
- f. Homeowner association fees.
- g. Space rent, if the housing unit is situated on rented land.

Other foreclosure prevention resources:

- <http://www.makinghomeaffordable.gov/>
- <http://www.hud.gov/>
- <http://www.frbsf.org/consumer/>
- <http://www.nw.org/Network/neighborworksProgs/foreclosureresolutions/default.asp>
- <http://hopenow.com/>
- <http://hocnetwork.squarespace.com/>
- http://www.fanniemae.com/homepath/homeowners/in_foreclosure.jhtml
- <http://www.freddiemac.com/avoidforeclosure/>