

LOAN REFINANCING ASSISTANCE PILOT PROJECT (LRAPP) PROGRAM



oregonhomeownerhelp.com/en/homeowner-education-program/lrapp-program





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Housing and Community Services

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Loan Refinancing Assistance Pilot Project (LRAPP) Program Overview

The Oregon Department of Housing and Community Services' (OHCS) Homeowner Stabilization Initiative (OHSI) is offering an innovative approach to foreclosure prevention in several Central and Southern Oregon counties. The LRAPP program is designed to help families whose homes have substantial negative equity and are in danger of foreclosure because of financial hardship. Participating families will be offered a new mortgage at the current market value of their home. Further Development LLC is OHCS' administrator for this program. OHSI has recently completed the first LRAPP program cycle, with more than 70 previously distressed homeowners now in sustainable mortgages. This report details the LRAPP Program and the characteristics of the first homeowners to benefit from this innovative program.

LRAPP Program Process

The LRAPP program was designed to assist more than 300 families over a five-year period. Qualified recipients have experienced hardship and are considered underwater, but could afford a new mortgage at their home's current market value. Oregon initially targeted the pilot phase to its two counties hardest hit by the foreclosure crisis, Deschutes and Jackson.

After a family qualifies for the program, they work with Further Development and a local Realtor to present a short sale offer to their lender using Hardest Hit Funds. If the offer is accepted, the home is resold to the family at its current market value. The entire process is market-based, utilizes existing market mechanisms and can only be accomplished when the proposed transaction is attractive to all parties.

The new loan is originated at closing, assigned to the State of Oregon's portfolio and serviced by an Oregon bank. The State's initial allotment for the pilot program was \$10 million and once its portfolio neared that mark, it negotiated a sale of \$6.3 million of the loans to a local federally insured depository at a price that recouped the State's investment to date.

The funds will now be recycled and used again, thereby by completing a cycle in which foreclosures are prevented at no ongoing cost to the HHF funds. The loan sale marked the successful completion of the pilot phase, and proved that the program could be brought to scale.

With the pilot successfully completed, the program has now expanded to a total of five Oregon counties, and an additional \$2 million has been allocated.

Benefits to Homeowners

- **As of April 30, 2013, there are seventy-six families in the program, no longer in foreclosure**
- **New mortgages are sustainable, and based on current market value**
- **Participants have received an average principal reduction of \$103,000**
- **Average monthly mortgage payment reduction of \$544**
- **Program has been expanded, is now available in 5 Counties: Deschutes, Jackson, Jefferson, Crook and Josephine**





ORIGINAL MORTGAGE: \$262,514
LARPP MORTGAGE: \$150,000
TOTAL REDUCTION: \$112,514

The Johnsons

Supporting a family of four, Tim and Becky Johnson of Bend, Oregon worked with people with disabilities and in public education. Several years ago, the Johnsons fell behind on their mortgage payments as they struggled with unemployment during the recession. With the LRAPP program, OHSI successfully reduced their mortgage from \$262,514 to \$150,000. Thanks to OHSI, the Johnsons can again focus on the good work they do.



ORIGINAL MORTGAGE: \$203,000
LARPP MORTGAGE: \$97,000
TOTAL REDUCTION: \$106,000

The Underwoods

When work slowed down, Carrol and Rhonda Underwood struggled to keep up with medical bills and the costs of raising two children. OHSI worked with the Underwoods to negotiate a short sale and reduce their mortgages from \$203,000 to \$97,000 and now they are home to stay.

Benefits to Lenders

- Lenders have received 90 percent of current value for LRAPP transactions, far more than they would have received through a foreclosure or short sale.
- Non-performing assets can be liquidated quickly as opposed to what has become a very slow foreclosure process in Oregon.
- Given that LRAPP is entirely voluntary, only sales that make economic sense to the lenders are approved.

Program Model Highlights

- The home must be a primary residence; borrower cannot own other residential property.
- Borrower must be able to meet standard loan ratios at the current appraised value of the home.
- Property must be located in Crook, Deschutes, Jackson, Jefferson, or Josephine County.
- No active bankruptcies.
- Homeowner income must be at or below 150 percent of the state median, adjusted for family size (approximately \$65,000 for a single earner, or \$100,000 for a family of 4).

For More Information, Homeowners Should Contact:

Further Development, LLC

www.furtherdev.com
info@furtherdev.com

(541) 647-1518 (Crook, Deschutes, Jefferson)
 (503) 477-5443 (Jackson, Josephine)

OHSI

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LRAPP Program Data

#	County	Prior Outstanding Balance	Total Asset Cost	OHCS Loan Amount	Principal Reduction	Orig. Date	PITI	Prior Payment	Payment Decrease	Pre-Mod. LTV	Principal Balance (OHCS Loan)	Interest Earned (OHCS Loan)	Loan Sale Funding Amount*	Net Proceeds on Sale	Interest Earned + Net Proceeds (OHCS Loan)	Net to OHCS
51	Jackson	\$194,294	\$84,178	\$88,000	\$106,294	Nov-12	\$654	\$1,709	-\$1,055	221%	\$87,641	\$1,757	\$86,530	\$84,778	\$86,535	\$2,356
52	Jackson	\$275,043	\$204,028	\$206,000	\$69,043	Dec-12	\$1,529	\$1,892	-\$363	134%	\$205,382	\$3,087	\$202,780	\$198,673	\$201,759	-\$2,269
53	Jackson	\$141,574	\$71,935	\$74,000	\$67,574	Dec-12	\$599	\$975	-\$376	191%	\$73,778	\$1,109	\$72,843	\$71,368	\$72,477	\$542
54	Jackson	\$224,612	\$144,740	\$153,400	\$71,212	Dec-12	\$1,081	\$1,404	-\$323	146%	\$152,629	\$3,827	\$149,169	\$146,117	\$149,944	\$5,204
55	Jackson	\$266,672	\$115,094	\$120,000	\$146,672	Dec-12	\$1,038	\$1,550	-\$512	222%	\$119,640	\$1,798	\$118,124	\$115,732	\$117,530	\$2,436
56	Jackson	\$278,188	\$74,936	\$76,000	\$202,188	Dec-12	\$622	\$2,356	-\$1,734	366%	\$75,772	\$1,139	\$0	\$0	\$1,139	\$1,139
57	Jackson	\$165,620	\$91,944	\$97,000	\$68,620	Dec-12	\$738	\$1,287	-\$549	171%	\$96,709	\$1,454	\$95,484	\$93,550	\$95,003	\$3,059
58	Jackson	\$167,842	\$118,315	\$122,000	\$45,842	Dec-12	\$879	\$985	-\$106	138%	\$121,634	\$1,828	\$120,093	\$117,660	\$119,489	\$1,173
59	Jackson	\$234,630	\$134,704	\$142,000	\$92,630	Dec-12	\$1,040	\$1,907	-\$867	165%	\$141,574	\$2,128	\$139,781	\$136,949	\$139,077	\$4,372
60	Jackson	\$222,039	\$113,600	\$119,000	\$103,039	Jan-13	\$931	\$1,072	-\$141	187%	\$118,762	\$1,189	\$117,258	\$114,883	\$116,072	\$2,473
61	Jackson	\$160,447	\$103,192	\$108,000	\$52,447	Jan-13	\$785	\$972	-\$187	149%	\$107,784	\$1,079	\$106,419	\$104,263	\$105,343	\$2,151
62	Jackson	\$161,666	\$87,094	\$91,000	\$70,666	Jan-13	\$684	\$1,099	-\$415	178%	\$90,818	\$910	\$0	\$0	\$910	\$910
63	Deschutes	\$471,438	\$240,810	\$247,000	\$224,438	Feb-13	\$1,776	\$2,049	-\$273	191%	\$246,734	\$1,235	\$0	\$0	\$1,235	\$1,235
64	Deschutes	\$242,168	\$133,124	\$139,000	\$103,168	Feb-13	\$1,028	\$1,364	-\$336	174%	\$138,862	\$695	\$0	\$0	\$695	\$695
65	Deschutes	\$152,101	\$82,350	\$85,000	\$67,101	Feb-13	\$674	\$1,164	-\$490	179%	\$84,915	\$425	\$0	\$0	\$425	\$425
66	Deschutes	\$147,171	\$125,492	\$130,000	\$17,171	Feb-13	\$979	\$1,180	-\$201	113%	\$129,741	\$1,299	\$0	\$0	\$1,299	\$1,299
67	Deschutes	\$83,722	\$55,234	\$57,000	\$26,722	Feb-13	\$495	\$774	-\$279	147%	\$56,943	\$285	\$0	\$0	\$285	\$285
68	Jackson	\$193,419	\$79,617	\$83,000	\$110,419	Feb-13	\$632	\$963	-\$332	233%	\$82,917	\$415	\$0	\$0	\$415	\$415
69	Jackson	\$244,340	\$194,422	\$201,000	\$43,340	Feb-13	\$1,475	\$1,884	-\$409	122%	\$200,599	\$2,009	\$0	\$0	\$2,009	\$2,009
70	Jackson	\$416,868	\$216,388	\$225,000	\$191,868	Feb-13	\$1,576	\$2,341	-\$765	185%	\$224,550	\$2,249	\$220,583	\$216,092	\$218,341	\$1,953
71	Deschutes	\$234,803	\$179,734	\$187,000	\$47,803	Feb-13	\$1,421	\$1,792	-\$371	126%	\$186,814	\$935	\$0	\$0	\$935	\$935
72	Deschutes	\$225,614	\$149,724	\$157,000	\$68,614	Mar-13	\$1,074	\$1,485	-\$411	144%	\$157,000	\$0	\$0	\$0	\$0	\$0
73	Deschutes	\$185,193	\$128,466	\$135,000	\$50,193	Mar-13	\$1,009	\$1,217	-\$208	137%	\$135,000	\$0	\$0	\$0	\$0	\$0
74	Deschutes	\$376,886	\$198,668	\$206,000	\$170,886	Mar-13	\$1,466	\$1,246	\$220	183%	\$206,000	\$0	\$0	\$0	\$0	\$0
75	Deschutes	\$313,249	\$151,899	\$159,000	\$154,249	Apr-13	\$1,185	\$1,640	-\$455	197%	\$159,000	\$0	\$0	\$0	\$0	\$0
76	Jackson	\$279,134	\$146,356	\$153,000	\$126,134	Apr-13	\$1,197	\$1,861	-\$664	182%	\$153,000	\$0	\$0	\$0	\$0	\$0
Total		\$18,376,994	\$10,054,334	\$10,478,521	\$7,898,473		\$79,287	\$119,840	-\$40,553		\$10,414,944	\$306,418	\$6,252,607	\$6,589,251	\$6,895,670	\$336,851
Average		\$241,803	\$132,294	\$137,875	\$103,927		\$1,043	\$1,577	-\$534		\$137,039	\$4,032	\$82,271	\$86,701	\$90,732	\$4,432

*Note: loan sale funding amount is as of 5/15/13

HIGHLIGHTS:

Average Prior Loan Balance: **\$241,803**

OHSI Purchase Price: **\$132,294**

Average LRAPP Loan Amount: **\$137,875**

Average Principal Reduction: **\$103,927**

Average Payment Reduction: **\$534**