

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: February 13, 2013

REGARDING: AUTHORIZATION TO PARTICIPATE AND TO EXECUTE THE SECOND AMENDMENT TO SUBCONTRACT FOR CREDIT COUNSELING SERVICES AGREEMENT WITH MINNESOTA HOME OWNERSHIP CENTER AND FURTHER AMENDEMENTS TO AGREEMENT.

Requested Board Action

Authorization to continue to participate in the Fannie Mae Credit Counseling Services Program as a subcontractor of the Minnesota Home Ownership Center for the Mortgage Foreclosure Prevention Program until December 31, 2013; and pre-approval to execute amendments to the agreement in the future upon further extensions of the Fannie Mae Credit Counseling Services Program.

Background

The Housing and Redevelopment Authority of the City of Saint Paul (HRA) was selected in January of 2011 as one of three housing counseling agencies to subcontract with the Minnesota Home Ownership Center (MNHOC) under MNHOC's Prime Contract with Fannie Mae to submit loan modification packages for homeowners facing foreclosure directly to Fannie Mae where Fannie Mae owns the first mortgage, thus by-passing servicer modification processes.

The Credit Counseling Services Program has now been expanded statewide. Fannie Mae and the MNHOC have extended, for the second time, the Master Services Agreement. MNHOC has provided the HRA with a Second Amendment to Subcontract for Credit Counseling Services.

Fannie Mae hired staff locally that office in Minneapolis and assist the network of housing counseling organizations with submitting homeowner modification packages directly to Fannie Mae electronically. This process has been successful; Saint Paul HRA staff has submitted over 50 loan modification packages from late 2011 through December 2012. Approximately 80% of the modification packages submitted have been approved for either a HAMP trial modification or a Fannie Mae trial modification. Approximately 50% of the homeowners have now moved into a permanent modification plan because they successfully completed their trial modifications.

Budget Action

NA

Future Action

NA

Financing Structure

NA

PED Credit Committee Review

No PED Credit Committee Review required.

Compliance

NA

Green/Sustainable Development

NA

Environmental Impact Disclosure

NA

Historic Preservation

NA

Public Purpose/Comprehensive Plan Conformance

The goal of this program is to assist homeowners facing foreclosure in submitting loan modification packages directly to Fannie Mae via the Home Counseling System. The program has been successful in reducing the time it takes for homeowners to receive loan modifications as well as reducing stress on already distressed homeowners.

Recommendation:

The HRA Executive Director recommends continued participation in the subcontract for Credit Counseling Services.

Sponsored by: Commissioner Thune

Staff: Michelle Vojacek x 66599

Attachments

- **Attachment A -- Resolution**