

# National Homeownership Sustainability Fund



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The National Community Reinvestment Coalition (NCRC) and over thirty participating NCRC member organizations in Arizona, Ohio and New York launched the National Homeownership Sustainability Fund (NHSF) in October 2001 to help refinance predatory or problematic loans secured by real estate. NHSF assists families that hold high-risk mortgages or have experienced a change in financial circumstances that undermines their ability to repay. The Fund also aids senior citizens who have refinanced their homes with high-cost mortgages. The program was originally made possible by a \$25 million funding and underwriting commitment from HSBC-North America. Other sponsors include Fannie Mae, Freddie Mac, Genworth, GMAC Mortgage, The Heron Foundation, Lehman Brothers and SPS Servicing.

The National Homeownership Sustainability Fund addresses foreclosure prevention through the following services:

- Provides default and foreclosure counseling and financial education
- Intervenes with lenders or servicers to restructure and work out loans; modifications may include eliminating abusive note terms, reducing of interest rates, and securing a delay or stay in foreclosure proceedings
- Mitigates inflated appraisals by lowering outstanding principle amounts
- Offers affordable refinancing options with low interest, no points and no fees
- Assists member organizations in private enforcement of consumer rights

## Eligibility and Process

Low- to moderate-income homeowners have priority for NHSF, but there are no set minimum or maximum income limits, distinguishing the program from those offered by the many legal service and other non-profit providers. Borrowers may enter the program through NCRC's member organizations, other non-profit organizations, our "Don't Borrow Trouble" participating agencies, be referred by the United States Department of Housing and Urban Development (HUD) or their lender or mortgage servicer, or may contact NCRC directly. NCRC is a HUD-Certified Housing Counseling Agency.

Loan refinancing is available through NCRC and its member organizations nationwide. Eligible properties are generally 1-4 unit owner occupied residential structures, condominiums or planned unit developments (PUDs). All properties must be owner-occupied, primary residences. Currently, there are eight full time trained, skilled professional mortgage advisors who provide counseling as well as work directly with servicers and lenders to refinance a loan. Homeowners call NCRC directly or are referred by HUD or a member organization. Member organizations prescreen homeowners and provide budget counseling. NCRC's Mortgage Advisors interview and decide with the homeowner the best course of action. Refinancing a loan takes about 30-45 days to underwrite. Intervention and mediation with existing lenders can take from 30 days to six months.

## Contact Us:

### National Community Reinvestment Coalition

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NCRC member organizations provide comprehensive counseling to homeowners in conjunction with ongoing financial education. They secure copies of all documents associated with the loan origination and assist homeowners to provide or locate missing or excluded information. Member agencies that provide loan counseling for pre-qualified fund applicants are compensated at a rate agreed upon by NCRC and the member.

## Loan Refinance Characteristics

*Loans may have any one or more of the following conditions:*

- 15-year, 20-year and 30-year mortgages with 3%-7% fixed interest rates
- Flexible credit standards and no credit scores
- No points, closing costs or prepayment penalties
- Up to 100% loan-to-value refinances
- Escrow for property taxes and insurance
- Total debt ratio up to 45% (net disposable income may apply)
- Possible cash out up to \$10,000 or 10% of loan for debt consolidation
- Loans sufficient to payoff mortgage debt, possible delinquent real estate taxes or other related mortgage debt
- No changes in original title
- No closing on a loan in an active bankruptcy
- No insurance or side loans

## Outcomes

The NHSF has assisted over 5,000 borrowers and estimates it has preserved \$500 million in home equity. The NHSF is unique in that assistance exceeds counseling alone. After receiving counseling, many borrowers remain unprepared to engage successfully in the detailed and sophisticated conversation required to rework and refinance a loan. NCRC helps the borrower manage this process.

Beyond assisting families in restructuring their loans, the NHSF provides insight into details that were previously unavailable regarding unfair and deceptive lending practices. This information gained through individual loan files has contributed to NCRC policy recommendations for new legislation, improved regulation and potential lawsuits. Formal complaints filed to HUD have benefited millions of homeowners.

## About NCRC

The National Community Reinvestment Coalition is an association of more than 600 community-based organizations that promote access to basic banking services including credit and savings, to create and sustain affordable housing, job development and vibrant communities for America's working families. Our members include community reinvestment organizations, community development corporations, local and state government agencies, faith-based institutions, community organizing and civil rights groups, minority and women-owned business associations, local and social service providers from across the nation.