



NEIGHBORHOOD STABILIZATION INITIATIVE

MYCITY MODIFICATION

PRE-FORECLOSURE STRATEGY

The MyCity Modification program will be offered within the geographic limits of Cook County, Illinois to borrowers who are delinquent on their mortgage and facing foreclosure. Eligibility criteria for being considered for the modification are simple and include most borrowers with Fannie Mae and Freddie Mac conventional mortgages on properties where the current market value is \$250,000 or less.

Borrowers who are 90 days or more delinquent on their mortgage and are eligible for a MyCity Modification will receive an offer from their servicer with the terms of a MyCity Modification Trial Payment Plan. The goal of a MyCity Modification is to reduce a borrower's monthly mortgage payments by up to 60 percent. Mortgage servicers will complete the following steps to the extent necessary to reach this goal:

- Add any accrued and unpaid interest, plus any amount paid by the mortgage servicer to other parties on the borrower's behalf, such as taxes or insurance, to the existing mortgage balance;
- Lower the current interest rate on the mortgage in 1/8 percentage increments down to a floor of 2.00%, which will be fixed for the life of the modified loan;
- Extend the term of the loan in one-month increments up to a maximum term of 480 months;
- Defer repayment of a portion of the unpaid principal balance.

Upon successful completion of the Trial Payment Plan, the borrower will receive final loan modification documents. Signing these documents will result in a permanent loan modification. If a borrower does not accept a MyCity Modification offer or cannot afford the payments, the mortgage servicer must evaluate the borrower for additional loss mitigation solutions to avoid foreclosure. The Trial Payment Plan period may range from three to four months, depending on a borrower's circumstances.

Borrowers who are less than 90 days delinquent are also eligible to be considered for the MyCity Modification and may apply by contacting their Servicer, completing the Uniform Borrower Application Form, and providing any required income and hardship documentation.

S U M M A R Y

The Neighborhood Stabilization Initiative (NSI) was jointly developed by the Federal Housing Finance Agency (FHFA) and Fannie Mae and Freddie Mac. It is a pilot program designed to stabilize neighborhoods that have been hardest hit by the housing downturn by improving upon existing strategies to **help delinquent borrowers avoid foreclosure** and creating a more efficient **disposition path for foreclosed properties**. These strategies reflect input from local housing groups, non-profits and government officials and have been tailored to address the unique circumstances of the Cook County, Illinois market. Fannie Mae and Freddie Mac established a partnership with the National Community Stabilization Trust (NCST) that will leverage ties to community organizations and local non-profits to meet these two goals.



NEIGHBORHOOD STABILIZATION INITIATIVE

ENHANCED FIRST LOOK

POST-FORECLOSURE STRATEGY

Properties that have gone through foreclosure and become Real Estate Owned (REO) properties of Fannie Mae and Freddie Mac will be presented to eligible NCST community buyers to review for purchase. NCST buyers will have up to 12 business days to express interest in a property and agree on a price before the property is made available for purchase to the general public.

During this Enhanced First Look period, NCST community buyers will evaluate the property and determine a disposition strategy that makes the most sense for all parties, taking into account the needs of a particular community. Single family structures, including condominiums, town homes, and 2-4 unit properties, are eligible for Enhanced First Look. The final sales price for each property will vary depending on the market value of the property and may include discounts for marketing, upkeep, utilities, and taxes – all costs that Fannie Mae and Freddie Mac would have had to pay if the property were sold during standard disposition of their REO inventory rather than through the Enhanced First Look process. Fannie Mae and Freddie Mac may also contribute funds for rehabilitation or for the demolition of properties they do not have to do themselves up to certain limits.

Only NCST community buyers are eligible to take advantage of the Enhanced First Look period. For more information about becoming an NCST community buyer, please contact NCST at buyer@stabilizationtrust.com.

An interactive map (available at FHFA.gov) shows REO properties that are currently available through Fannie Mae's HomePath website and Freddie Mac's HomeSteps website. These are properties that have gone through foreclosure, are now owned by one of the Enterprises, and are ready for sale to the public. The map also includes Fannie Mae and Freddie Mac properties that are not yet ready to be marketed because they are in the process of being repaired, are currently occupied, or are in the Illinois state redemption period. These "Future Listings" will be offered through the Enhanced First Look process prior to listing on the Cook County Multiple Listing Service.

BACKGROUND

The number of REO properties owned by Fannie Mae and Freddie Mac is declining and approaching pre-crisis levels in some states. At the national level, the REO inventory of Fannie Mae and Freddie Mac is declining from its 3Q10 peak of nearly 250,000 properties to 132,000 as of 2Q14, as dispositions outpace acquisitions. However, in some areas of the country REO inventory continues to increase or remains near historic highs. Some particular markets have large concentrations of distressed and low-value REO properties as well as large volumes of loans that have been delinquent for one to two years that are likely to become REO.

Given the unique challenges presented by these markets—high vacancy rates, weak for-sale markets, steep home-price declines—Fannie Mae and Freddie Mac are partnering with the National Community Stabilization Trust (NCST), a national non-profit organization experienced in stabilization efforts for distressed communities. Working together, they will leverage their ties to "boots on the ground" community organizations and local non-profits, and work closely with local governments to make timely and informed decisions about the best treatment of individual properties.