MaineHousing
Maine HOPE Program

MaineHousing is providing hope for its borrowers who become unemployed.

More specifically, we are providing Maine HOPE – HomeOwnership Protection for unEmployment.

Maine HOPE is a homeownership protection program that was introduced in January of 2008 to provide immediate mortgage payment assistance to our borrowers who become involuntarily unemployed. This program helps borrowers avoid foreclosure and keep their home by providing one-time assistance of four monthly mortgage payments, including taxes and insurance.

Those who access the program repay us when they sell the home, stop using it as their principle residence, or pay off the mortgage. We do not charge any interest for the HOPE loan.

While the foreclosure and delinquency rates at MaineHousing historically have been low and consistently below the state average, over the past few years an increasing number of delinquencies could be traced to the borrower or co-borrower's loss of employment.

In 2006, for example, 35 percent of delinquencies were due to loss of a job and income.

Now, with Maine HOPE, only 21 percent of delinquencies are related to loss of a job.

We created Maine Hope, which is based on a North Carolina program, because we want homeownership to be a successful experience for our borrowers and because it is the right thing for an agency such as ours to do. Many of our borrowers are lower income and do not have appreciable savings to draw on if they lose their jobs.

To let MaineHousing borrowers know about Maine HOPE, we sent a direct mail postcard to them. In addition, every new borrower receives a free brochure – "what to do if you can't make your mortgage payment" – which includes information on how to avoid foreclosure generally, as well as information about Maine HOPE.

Maine HOPE has been extraordinarily successful in helping borrowers avoid foreclosure.

Between January 2008 and July 31, 2009, we helped a total of 147 homeowners avoid foreclosure, providing an average benefit payout of $2,771 (principal, interest, taxes, insurance). This includes 71 households served in 2008 and 76 served through July 2009, including 18 in July alone.

The overall success rate as of June 30, 2009 was 93 percent.

The stories below illustrate how the Maine HOPE program works in practice (real names have not been used in the first two examples).

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- Mrs. Smith became a first-time homeowner through our First Home Program in 1998 when she purchased a home in Somerset County, one of Maine's rural counties. She made her payments on time until she lost her job in December 2007. Mrs. Smith decided to sell the home, and placed the property on the market. In effect, Mrs. Smith used Maine HOPE as a bridge loan to make her mortgage payments while her home was on the market, receiving Maine HOPE payments in February, March, April, and May. She successfully sold the home and paid off the Maine HOPE loan on May 22, 2008.

- An employer in another rural Maine county, Piscataquis County, closed its doors permanently in May 2006. Among those losing employment was Mr. Jones, one of our customers who had purchased his first home in 2000. With a little help from Maine HOPE, Mr. Jones was able to keep his loan payments current while he pursued a retraining opportunity. He has made all subsequent payments on time.

News about the success of the Maine HOPE program has spread to other states. In March 2009 Fosters Daily Democrat, a newspaper in Portsmouth, New Hampshire, wrote about Elizabeth Banda, a MaineHousing borrower and single mother who lost her accounting job in November 2007. The Maine HOPE program made her February, March, April and May payments. This gave her time to secure a temporary job at the end of March and a full-time job in May.

This is how the newspaper reported it:

> Maine has, however, had resounding success with one program it started in January 2008. Called Maine HOPE, it provides four deferred mortgage payments to people who have lost their jobs. Only those with mortgages through the state housing authority —a pool of about 12,000 people — are eligible for the program.
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> Elizabeth Banda, of Readfield, which is near Augusta, was one of them.
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> "It saved me," said Banda, a single mother who lost her accounting job in November 2007.
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> The four payments she received for March to June 2008 gave her time to secure a temporary job at the end of March and a full-time job in May. She is now back on her feet.
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> The four payments weren't given away, however, as Banda will have to repay them at the end of her mortgage.
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> "It wasn't a free handout but the timing was perfect," she said. "It was a godsend."

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Many other homeowners whose homes were saved by Maine HOPE would agree.

We think homeownership is very important to Maine people. That is why we encourage it with a program that offers low, fixed interest rates, little or no down payment, and a $5,000 grant (plus a $500 coupon for a two-part energy audit) for first-time homebuyers.

The Maine HOPE program is a critical part of our homeownership effort – not to help people become homeowners, as with the other components, but to help them keep their home once they buy it. The program is needed now more than ever, as unemployment rates continue to rise. At the end of June this year the unemployment rate stood at 8.5 percent.

Foreclosures are a personal tragedy for the individual losing the home, but everyone is hurt. The entire neighborhood and the community loses. In addition to helping the individual, Maine HOPE helps us by keeping our delinquency and foreclosure rates low, and that keeps interest rates we pay people who buy our bonds low.

Maine HOPE, together with efforts such as our foreclosure prevention brochure and encouragement that customers take a homebuyer education course prior to purchasing a home, go a long way towards ensuring that the homeownership experience for our borrowers is a positive one.