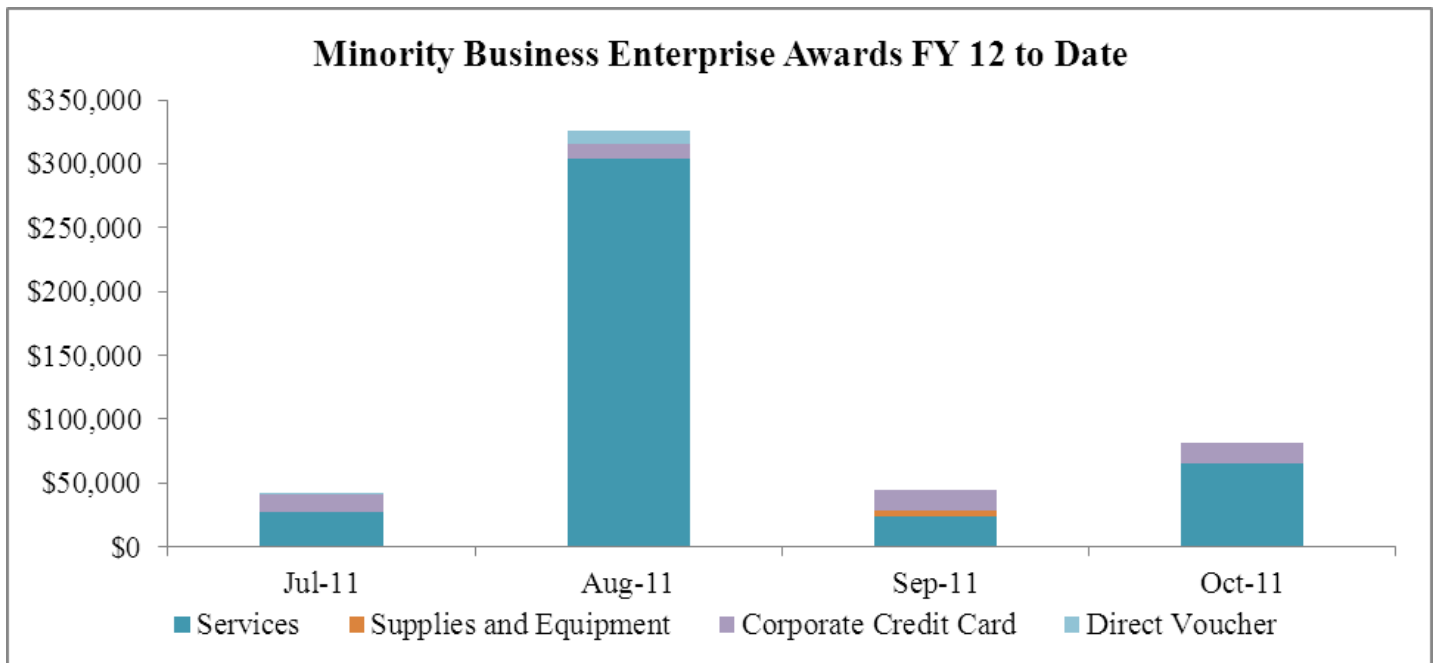


Meeting Summary

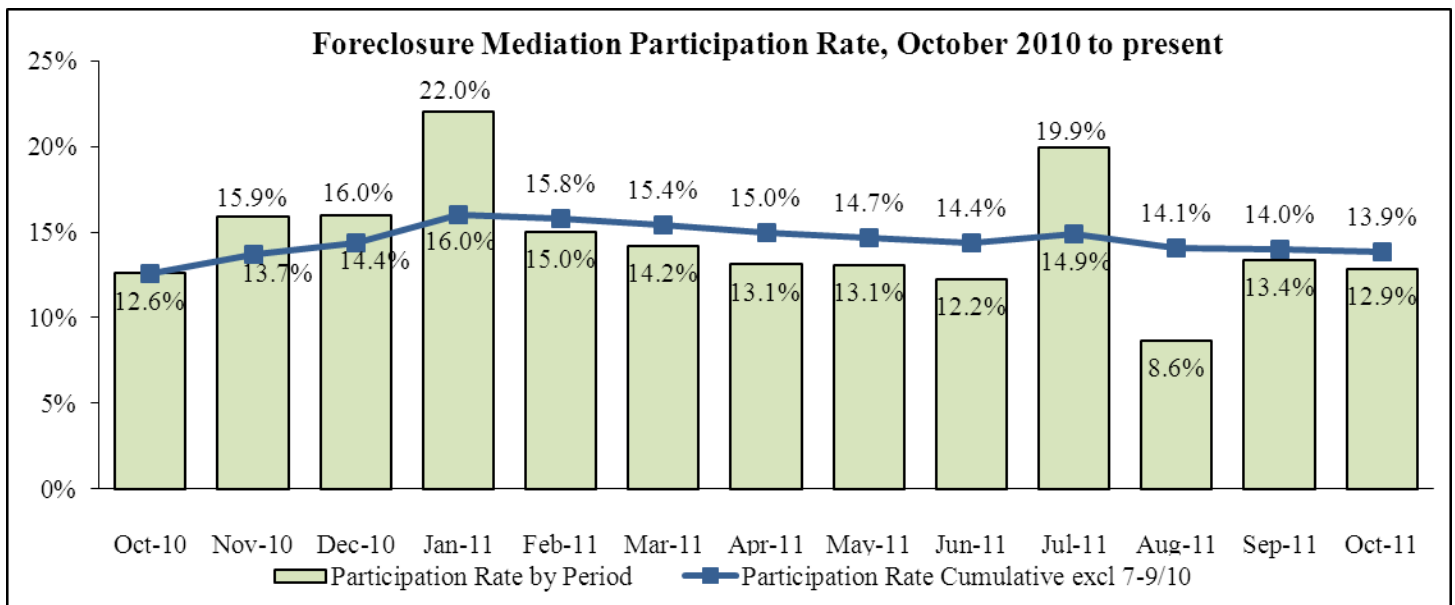
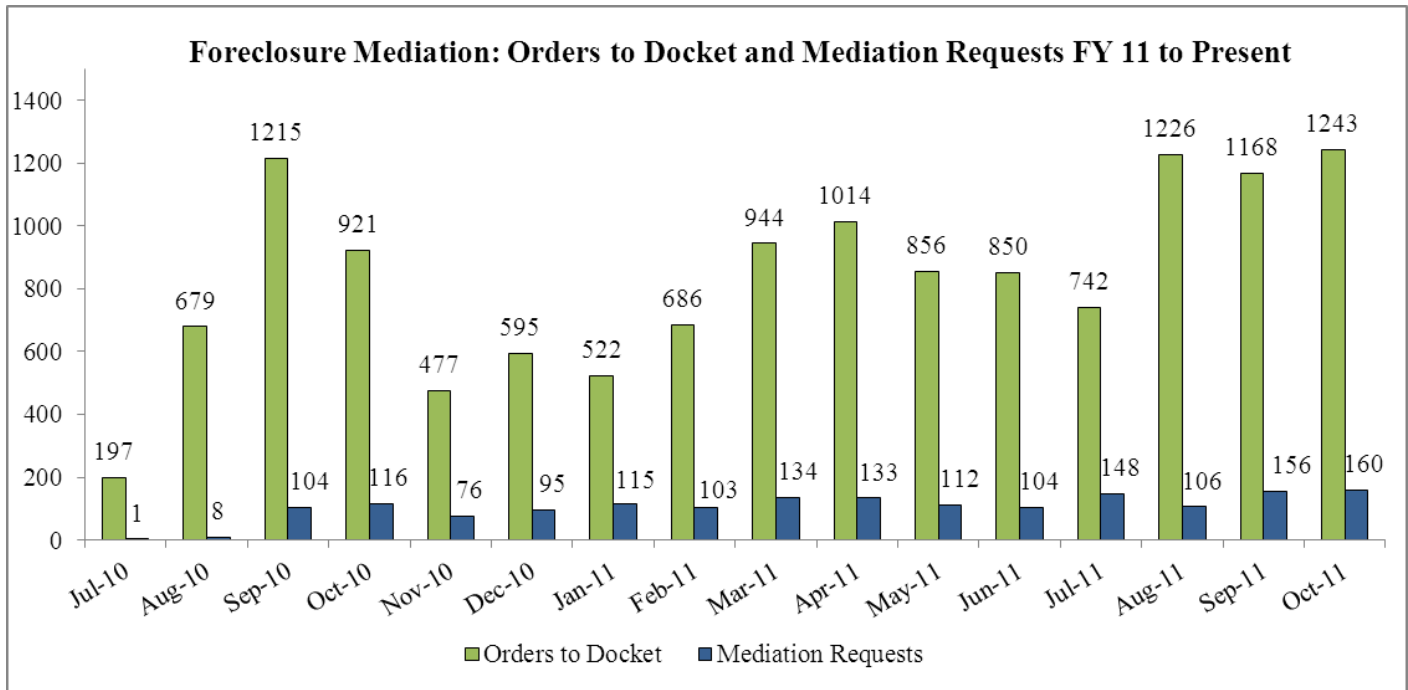
The following is a summary of the issues discussed at the Department Housing and Community Development (DHCD) Stat held on December 6, 2011. Analysis is provided by StateStat.

- **Emergency Mortgage Assistance (EMA).** At the previous StateStat session, the agency explained that in the days leading up to the end of the Emergency Mortgage Assistance program, some applicants were unhappy with the response to their application. The panel inquired into the number of applications where a mistake was made by the agency. In a follow-up, the agency responded that out of the 4,435 EMA loan applications that were received 69 cases received conditional commitments which were subsequently found to not to meet all eligibility requirements and underwriting guidelines. Fifteen EMA applications were approved but due to system and underwriter errors did not receive a formal commitment letter. These 15 applications are now being processed as part of the State's EMA program. All applicants who were declined for assistance received letters directing them to the HOPE network for further assistance. These letters can be displayed at the request of the panel. The panel may wish to ask for an update on the 15 cases which did not receive formal commitment letters by the federal EMA deadline.
- **Minority Business Enterprise (MBE).** The agency's MBE awards in September amounted to only 6.6 percent of total awards. FY 2012 year-to-date totals were 6.4 percent. In October, MBE awards climbed to 41.9 percent of total awards, bringing the FY 2012 year-to-date totals up to 13 percent. The agency cited the new contract with M&T Bank as the reason for the low September number. In September, the agency awarded a contract with M&T Bank, which is not a certified MBE, to act as the second sub-servicer on Maryland Mortgage Program (MMP) loans. The chart below shows the breakdown of MBE awards monthly by category for FY 2012. The M&T Bank contract would fall into the "services" category. Without the \$5 million M&T contract, MBE totals for FY 2012 would be 51.2 percent.



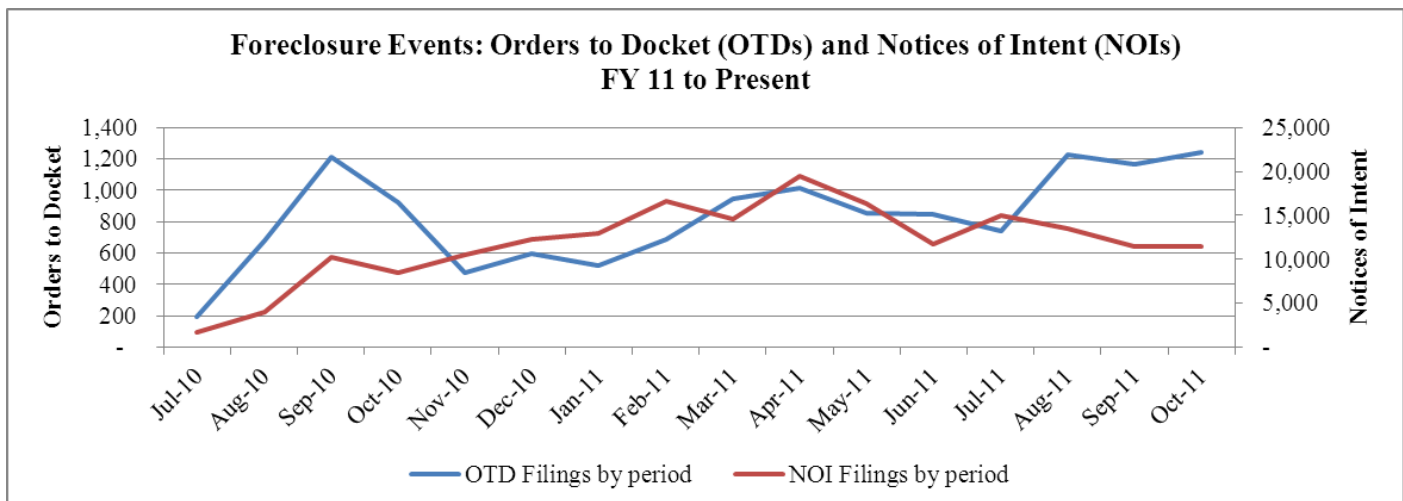
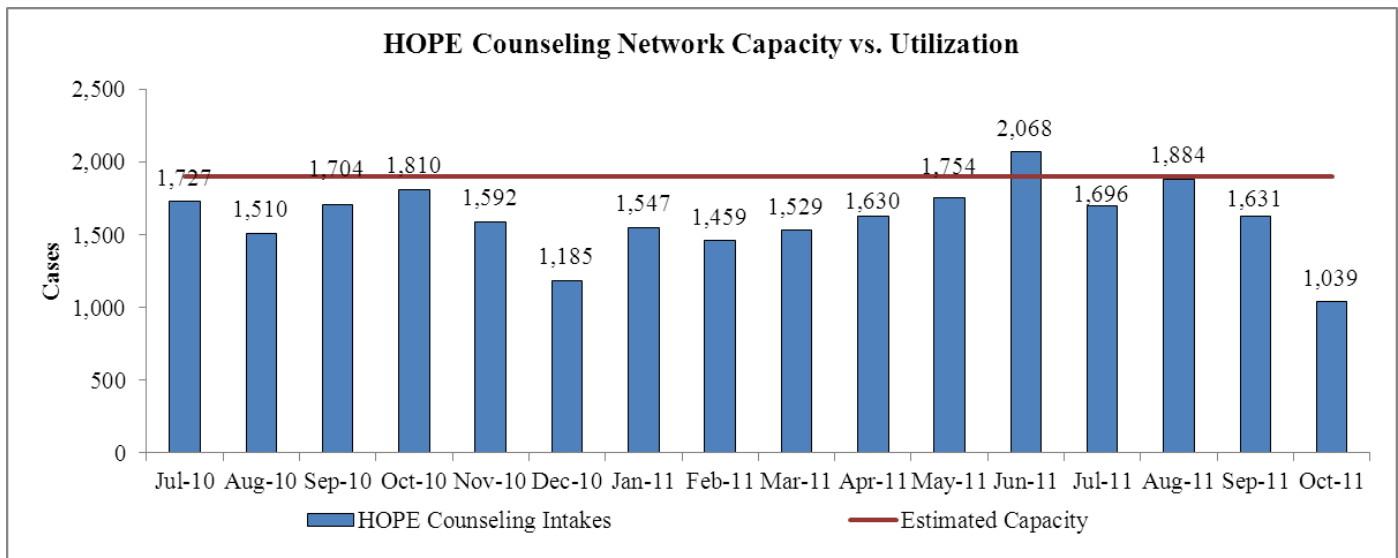
Foreclosure Mediation

- Participation.** The agency began reporting on participation and outcomes from the State's foreclosure mediation program in its September template. As shown in the chart below, Orders to Docket (OTDs) in October rose to their highest level since the inception of the program in June of 2010. OTD filings have averaged 1,212 per month in the past 3 months, which is 49% higher than the prior 3 month's average of 816 OTD filings per month. Mediation requests as a percent of filings fell from 13.4% in September to 12.9% for October. The FY 2012 participation rate is 13.0% and the cumulative participation rate is 13.9%. The cumulative participation rate reached its highest point in January 2011, and has been declining fairly steadily since.



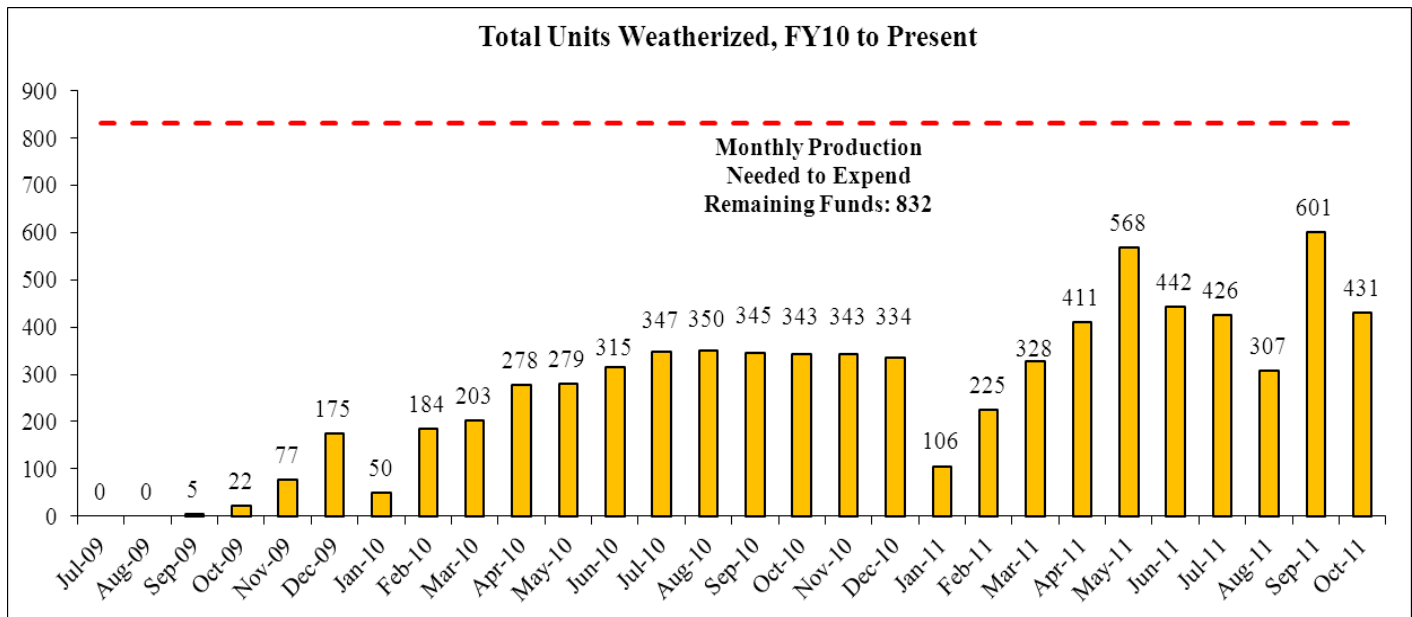
HOPE Foreclosure Counseling

- Monitoring Process.** In a follow-up memo after the previous StateStat session, the agency was asked to describe their process for monitoring the capacity of the Home Owners Preserving Equity (HOPE) foreclosure counseling network. The agency responded that counseling agencies submit quarterly reports on the number of counselors and their caseloads. Counseling agencies are encouraged to approach the agency with requests to come “off-line” when their caseloads exceed capacity. Thus far, the network has demonstrated the capacity to handle between 1,600-1,900 intakes per month. With 84 counselors, this translates to between 19 and 22 intakes per counselor per month. In the past, the agency has monitored the capacity of the HOPE network by collecting data about the number of days between a customer’s request for an appointment and the actual date of the appointment. They are considering renewing this type of reporting.
- Future Expansion.** HOPE intakes have declined for two straight months, from 1,884 in August to 1,631 in September and 1,039 in October. Notices of Intent to Foreclose (NOIs) also declined from June to September, and remained fairly flat from September to October. According to the agency, only \$2 million has been awarded to HOPE counseling agencies, while the agency has the authority to award up to \$3 million. The agency stated that they had issued a Request for Proposals for an expansion to the HOPE network, and should begin evaluating proposals in the next few months.



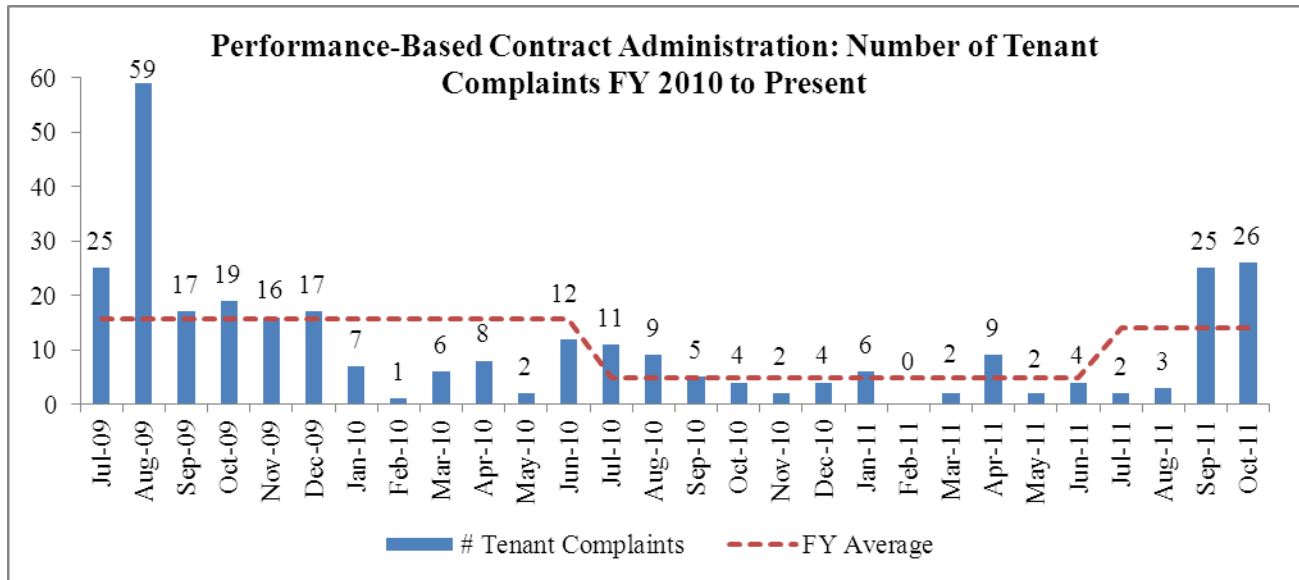
Weatherization

- Monthly Production.** The agency completed only 431 units in October, down 30% from September's figure. In November, the number of units completed climbed to 613. With \$14.4 million in unspent funds, and an average unit cost of \$4,595, they will need to complete over 1,000 units per month from December through February in order to expend all funds. If the deadline is extended to March 31, they will need to complete 785 per month from November through March. If the weatherization network completes 613 units per month for December, January and February, \$5.7 million of the original award will remain unspent. The agency has stated that the Department of Energy is considering an extension of the deadline. If the deadline were extended by three months to the end of May, the agency would need to complete 509 units per month to expend all funds. The agency discussed challenges to spending all funds, and stated that they hope the recently created State Weatherization Agencies (which are authorized to work in all areas of the state) would begin to accelerate production in the coming months. They expect that in the worst-case scenario, just over \$4 million would be unspent.
- Pending Units.** The agency has stated that they have identified approximately 2,000 units within their tracking system which were entered but never invoiced. If all of these "pending" units are invoiced at the average unit cost of \$4,595, the remaining amount of funds to expend is reduced by about \$2.3 million.



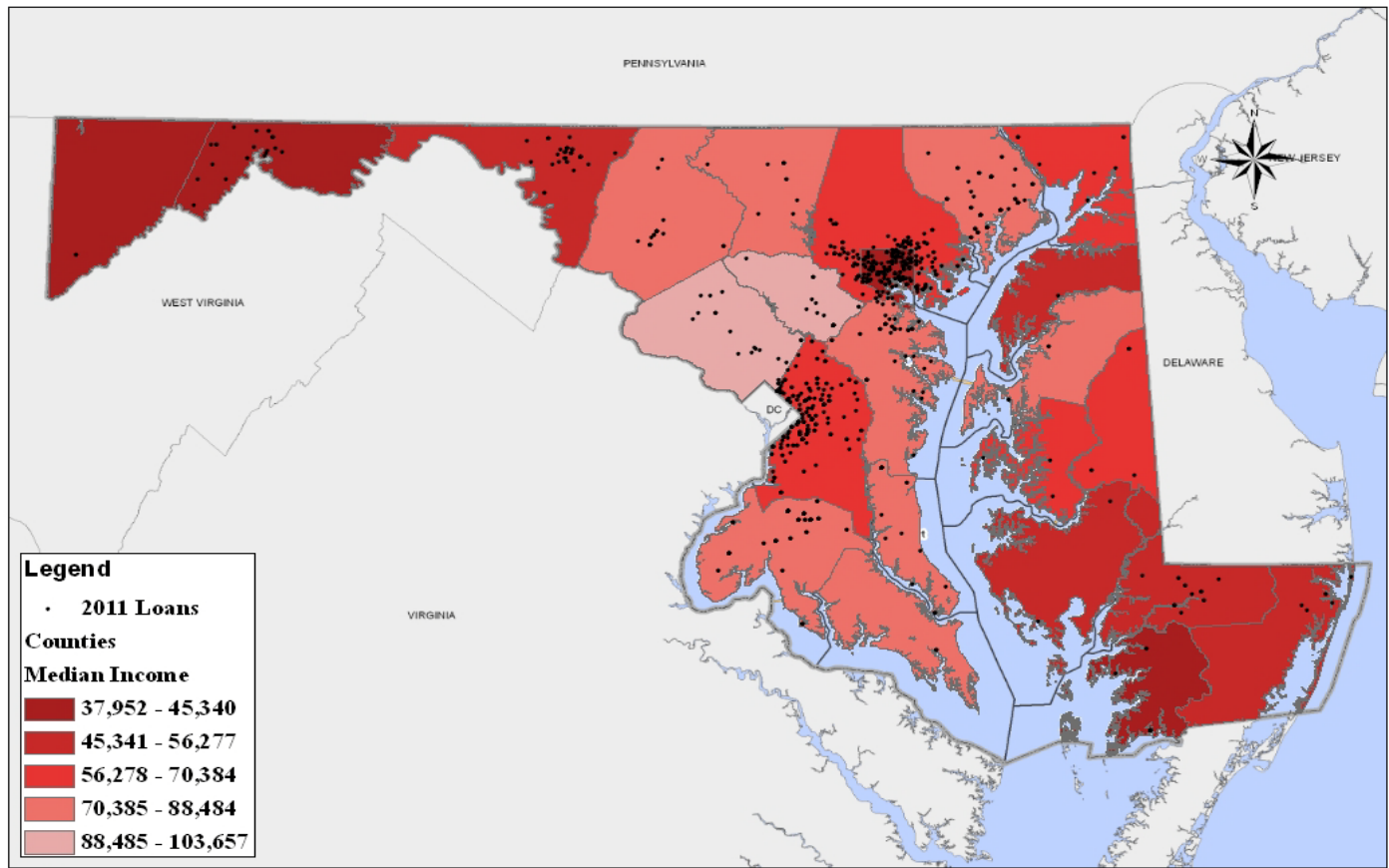
Performance-Based Contract Administration

- Tenant Complaints.** At the previous StateStat session, it was noted that the number of tenant complaints increased by over 700% from August to September. The agency stated that this was due to a change in the way that complaints are reported. They had been logging minor complaints in FY 2010, but stopped in FY 2011 and only reported major complaints. As of September, they began logging minor and major complaints again. The agency suggested that September and October numbers should be compared to FY 2010 numbers. As seen in the chart below, the number of tenant complaints in September and October of 2011 is closer to the numbers of complaints from September and October of 2009, but remain approximately 20 percent higher than the same months from that year.



Maryland Mortgage Program

- Target Areas.** The agency sold only 16 percent of Maryland Mortgage Program (MMP) loans within Federally-Defined Target Areas (FDTAs) in October. As shown in the chart below, the percent of loans made within FDTAs has been declining since FY 2010. The average for the current fiscal year is below the federal requirement of 20 percent. There is no penalty per se for not meeting the federal requirements for loans sold within Federally-Defined Target Areas. If the agency does not meet the requirement, they must set aside the bond proceeds for one year for potential purchasers within the federally-defined target areas. According to the agency, this does not impact the ability of the agency to make loans in non-targeted areas. In other words, everyone who applies and qualifies for a loan can still get a loan, regardless of whether or not the federal requirement is met. One reason for tracking percent of loans made within Federally-Defined Target Areas is to track whether the program is focusing enough attention on encouraging home ownership in distressed areas of the State. The agency has stated in past StateStat sessions that they feel they are accomplishing this goal, given the volume of loans made in Prince George’s County, which has been hit hard by the foreclosure crisis. Generally, loan activity is a function of demand in different areas of the State; however, the agency does have ability to impact where loans are made through how they target marketing and outreach efforts. The maps below show where MMP loans were made in FY 2011 and median income by county. The agency stated that County Executives can apply to have census tracts added to the list of Federally-Defined Target Areas, and that they would begin outreach to County Executives to begin this process.



**Maryland Mortgage Program
FY 2011 Loans**

Created November 22, 2011

- Sub-Servicer Contract.** As previously noted, the agency recently awarded a contract to M&T Bank to act as the second sub-servicer on MMP loans. M&T began transitioning loans from the previous sub-servicer (Bogman, Inc.) on November 1, and has been reaching out to customers to notify them of the transition through welcome letters, phone calls, and public events. The agency has reported that M&T has already started receiving customer calls, most in regard to payment opportunities such as when should they expect to receive their first statement. Feedback has been positive and the customers are happy to hear that they can go into M&T branches to make their payments. The agency has been holding weekly conference calls with M&T and Bogman, Inc. to manage the transition. The panel may wish to ask the agency for an update on the transition.