

rewrite his note and enter into a series of installment payments. Mr. Moore asked the Board if they would still prefer to rewrite this note. During discussion, the Board reiterated its previous comments that this offer was in keeping with past practice on these loans from a previous period. Mr. Berg moved to advise the staff to move forward with this rewrite as summarized. Mr. Mountjoy seconded the motion; all voted in favor.

Update on Outstanding: Foreclosure Issue

Mr. Moore and Ms. Ferrini then updated the Board on the foreclosure issue discussed at the previous meeting. They indicated that the borrower had been located and that research had been made into options available to the City for pursuing repayment of the note as recommended by the Advisory Board. Staff indicated that these efforts would continue and the Board would be updated.

Update on Outstanding: 1992 PHEF Special Needs Fund Loan. As discussed at the September 2011 meeting, staff also conducted a review of PHEF Special Needs Fund loans that were provided between 1990 and 2001. A full summary of the review was included in those meeting minutes. Mr. Moore provided background and an update on one outstanding loan (\$2,600) from this period. He indicated financial reviews were conducted with the borrowers throughout the 1990s. As of the last financial review in 2001, the borrowers had a housing/debt ratio of 45/60 and could not afford to begin repayment. At a PHEF Board meeting on January 14, 1997, the board “agreed unanimously that the periodic financial reviews would be terminated and that the notes would remain as a lien against the property with the principal amount of the loan only becoming due at the sale of the property; loans are to be at 0% interest.” At the September 2011 meeting, Board agreed that staff would contact the borrower to determine whether they would like to re-write the note, begin installment repayment, repay the loan in full or some other option. Since the last meeting, Mr. Moore made two attempts to contact the borrowers in writing to determine if they would participate in a financial review and begin repayment. No response was received. The Board discussed next steps and advised that staff continue to pursue the matter. It was noted that the note is secured by a mortgage on the property and the payment would be due at time of sale.

Discussion of Home Values for Past Participants

In follow-up to a previous discussion about the home value trends in the condominium market, Mr. Moore provided a brief update concerning his research into the loan to value ratios of past purchasers (of homes and condominiums). Mr. Moore briefly described his methodology and summarized his findings. The research included a review available data from past loans, including HUD statements, 2010 City assessments, estimates of loan balances, and subordination applications (with new loan balances included). He indicated that approximately six out of twenty-five cases reviewed showed a gap in the purchase prices and 2010 assessed values approaching 10%. Some additional analysis of likely loan balances was also conducted to inform the analysis. This information had been shared with staff and there were no recommendations related to these findings. After a brief discussion, Advisory Board thanked Mr. Moore for the information.

Residency Requirement

Mr. Moore reminded the Board that the HomeTown program guidelines include a requirement that participants maintain the properties purchased as their primary residence. He summarized a recent issue brought to the Board's attention that involved a past borrower who was alleged to not be maintaining the property purchased through the program as a primary residence. Staff followed-up on the information by contacting the borrower to ascertain compliance with terms of the notes. After inquiries, the borrower voluntarily moved forward with a refinancing of the home and paid the outstanding notes and the mortgage was discharged. The Committee discussed the steps that had been taken and the resolution of the issue and approved of the steps taken. The Committee discussed the importance of the residency requirement and agreed that any potential violations brought to the City's attention should be acted upon accordingly as in this instance. During the discussion, Mr. Moore indicated that this was the first time a potential instance of non-compliance with the residency requirement had been raised in the time he had been working on program (ten years). There were no further recommendations.

Participation Agreement. Mr. Moore updated the Committee on the Participation Agreement for the HomeTown program. He advised the Committee that Citizens Bank is interested in continuing to work on the HomeTown program and continues to perform a very valuable service to program participants. In addition, he noted that New Hampshire Housing Finance Authority has discontinued offering its 2-point program to borrowers. As a result, a three-way agreement between the parties is not necessary to run the program since NH Housing is no longer able to offer any points or portions of points to first-time homebuyers participating in HomeTown. Meanwhile, Citizens Bank is able to pair the HomeTown assistance with NH Housing products that work with Community seconds and also require mortgage insurance without a participation agreement with NH Housing. The Board discussed the agreement generally and how beneficial the relationship has been and agreed that it is no longer necessary to have a three-way agreement to run the program for the reasons summarized above. Mr. Berg moved to recommend extending the partnership agreement with Citizens Bank as the sole partner. Ms. Lukacz seconded the motion; all voted in favor.

Discussion on Marketing

Ms. Lukacz inquired about marketing efforts for the program. Mr. Moore indicated that since the program agreement has a path forward for the next year, it would be appropriate to market the program anew and through various means. Various suggestions were made to spread the word about the program. Mr. Moore indicated that he would follow-up and keep the Board updated on marketing efforts. He also welcomed suggestions for reaching out to eligible borrowers and interested households.

Adjournment

Mr. Berg moved to adjourn the meeting; Mr. Allen seconded the motion and all voted in favor.