The Connecticut Housing Finance Authority (CHFA) will obtain title to, manage and sell properties known as multifamily Real Estate Owned Properties (REOs) in a manner that advances CHFA's mission to alleviate the shortage of affordable housing for low and moderate income individuals and families in Connecticut. To this end, CHFA will incorporate specific goals into its actions regarding REOs, reflecting a commitment to support the vibrancy of multifamily affordable housing communities. CHFA will seek to balance the following objectives:

- Preserve and create affordable housing opportunities
- Further the well-being of residents in the management and sale of the property, including that the lives of residents are disrupted to the least degree possible, and promote meaningful opportunities for resident participation to the extent practicable when considering disposition of the property
- Evaluate the conditions of the REO and develop a plan that ensures the property is managed according to acceptable standards developed by CHFA
- Manage the REO in a manner that factors in costs and resources expended in obtaining title, management and disposition of the property and fulfills CHFA's commitment to meeting its financial obligations to bondholders.

As a provider of financing and steward of over 600 multifamily properties in Connecticut, CHFA makes diligent efforts to promote the financial stability of each property it finances. These efforts include: (1). employing prudent underwriting standards to ensure the property is properly financed and capitalized at the outset, (2). monitoring properties in fiscal, physical and management areas, (3). proactive engagement with owners regarding areas of concern or need, (4). intervention measures when a property is identified as being in troubled status, and (5). consideration of debt restructure or other financing tools to support the long term financial viability of the property.
POLICY STATEMENT

Notwithstanding these measures, CHFA or its subsidiaries, from time to time, obtain title to multifamily properties, most often through foreclosure or deed in lieu of foreclosure. Since 2004, eleven multifamily properties have been acquired in this way. In each of these circumstances, the objective is to stabilize the physical and financial condition of the property, preserve the value of the asset and return the property to the market in a timely manner.

This policy incorporates a strategic approach to obtaining title, management and disposition of multifamily REO properties by CHFA. It also gives the Authority the opportunity to enhance positive outcomes for residents, neighborhoods and communities while serving its mission to support affordable housing efforts in the state.

IMPLEMENTATION & GUIDELINES

CHFA will implement this policy by adopting the following measures and guidelines:

1. **REO Disposition Committee**

   CHFA will convene a disposition committee to review the situation and recommended plan for each potential multifamily REO property. Staff will present to the committee an analysis of each property and determine the best course of action to obtain title, manage and dispose of the property. This analysis will include a review of any restrictions on affordability, the value of the asset, its financial viability, potential capital needs, environmental remediation, legal issues, resident concerns and measures that foster meaningful resident participation to the extent practicable.

2. **Standard Processes**

   CHFA will apply standard processes regarding the foreclosure process, the evaluation and monitoring of the property, the development of RFPs for the management and disposition of the property, the establishment of subsidiaries as authorized by the Connecticut General Statutes and other steps as determined necessary by CHFA to fulfill its mission to alleviate the shortage of affordable housing in the state.
POLICY STATEMENT

3. Progress Reporting

CHFA shall provide progress reports to the Subsidiaries and Board of Directors regarding obtaining title, management, capital needs and disposition of each multifamily REO.

RESPONSIBLE DEPARTMENTS

CHFA will implement this policy under the guidance of the following department and position:

**Responsible Department(s):** Multifamily Housing Department
   Finance Department

**Responsible Position(s):** Managing Director - Multifamily Housing
   Chief Financial Officer - Finance

RELATIONSHIP TO OTHER POLICIES AND GUIDELINES

This policy will be incorporated into the CHFA Multifamily Housing guidelines and manuals as necessary to promote consistency of application.

It also operates in conjunction with the following board policies:

Board Policy Statement on Debt Repayment Moratoriums, revised June 2016
Board Policy Statement on Preservation of Housing Affordability, revised May 2013

DEFINITIONS

“Real estate-owned (REO) property” is a real estate asset that is owned by the lender as a result of foreclosure, forfeiture, deed in lieu of foreclosure or other legal processes.
# POLICY STATEMENT

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<td>Multifamily Real Estate Owned Properties</td>
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**Board Approval**

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Signed:
Karl F. Kilduff  
CHFA Executive Director  
June 29, 2017