

HAF Program Changes

Participating Servicer training - September 12/19, 2022



Arkansas
Homeowner
ASSISTANCE FUND

Agenda

- ✓ New HAF Program Options
- ✓ Mortgage Reinstatement Summary, CDF Process and Flow
- ✓ Monthly Payment Assistance Summary, CDF Process and Flow
- ✓ Loss Mitigation with State Contribution Summary, CDF Process and Flow
- ✓ Servicer Participation
- ✓ Questions

New HAF Program Options

Effective September 2022, two new HAF options will become available to eligible homeowners:

- **Monthly Payment Assistance** – help homeowners stabilize their household finances and fully recover from their Covid-related hardship. Payments will follow Mortgage Reinstatement, as applicable
- **Mortgage Default Resolution** – help homeowners who experienced a permanent reduction of income by providing principal assistance to achieve an affordable payment with servicer's loss mitigation option
- **Mortgage Reinstatement** – available to help homeowners who need help paying all past due arrearages
- Homeowner is ineligible for HAF if subject property is listed for sale or servicer is reviewing or has approved homeowner for short sale or deed-in-lieu

HAF Program Options

- Mortgage Reinstatement remains the best solution for homeowners who missed payments and need help to bring their loan current
- Monthly Assistance helps the homeowner stabilize household finances after reinstatement
- Principal Reduction is best suited for homeowners who have suffered a permanent loss of income, and need help to achieve an affordable payment,
 - Homeowners is required to work with a Housing Counselor, who will support the loss mitigation process as they work with their servicer

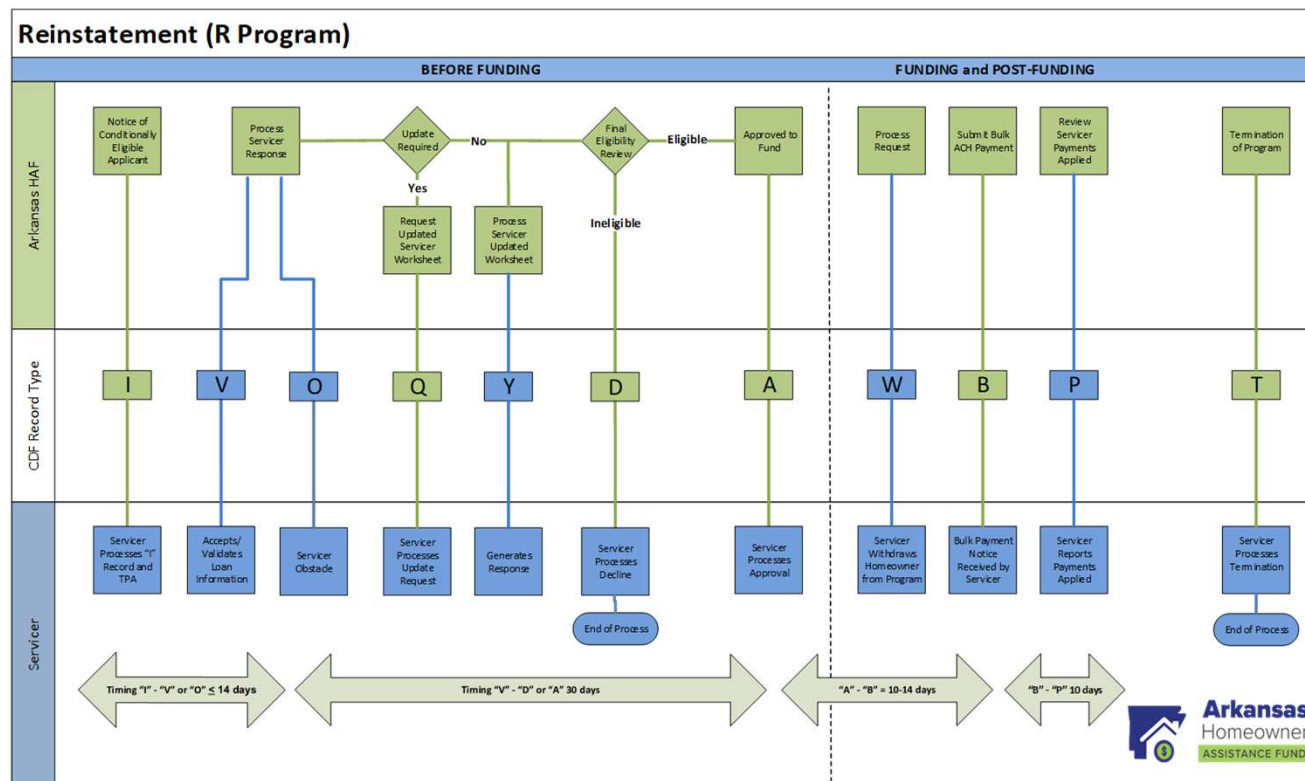
Mortgage Reinstatement

- Eliminate past due payments and costs including amounts advanced by the servicer on the homeowner's behalf
- Loan must be 2 payments past due
- Maximum Assistance \$50,000
 - *If arrearage is > max HAF assistance available, Arkansas HAF will process as Mortgage Default Resolution ("P" Program) **Based on Servicer pa***
- State will send "I" Records for "R" and "U" Program — *provided there are funds available to make monthly payments*
- Homeowners that receive Mortgage Default Resolution or Mortgage Reinstatement Plus are ineligible for Mortgage Reinstatement

CDF Process - Mortgage Reinstatement

- State pre-qualifies homeowner for HAF before “I” Record is sent to Servicer
- Servicer sends “V” record - reinstatement amount and good-thru date
- Upon receipt of Servicer’s “V” Record, if homeowner is approved, State will obtain signed Grant Agreement
- Send “A” Record - Total Funds Allocated (BL) Field will include Total Past Due (AB) Field from “V” Record
- “B” Record and ACH disbursement will mirror amount in Total Funds Allocated (BL) Field on “A” Record
- Servicer will apply Reinstatement benefits and send “P” Record
- State to send “T” Record to end CDF HAF transaction for R Program

CDF Flow - Mortgage Reinstatement



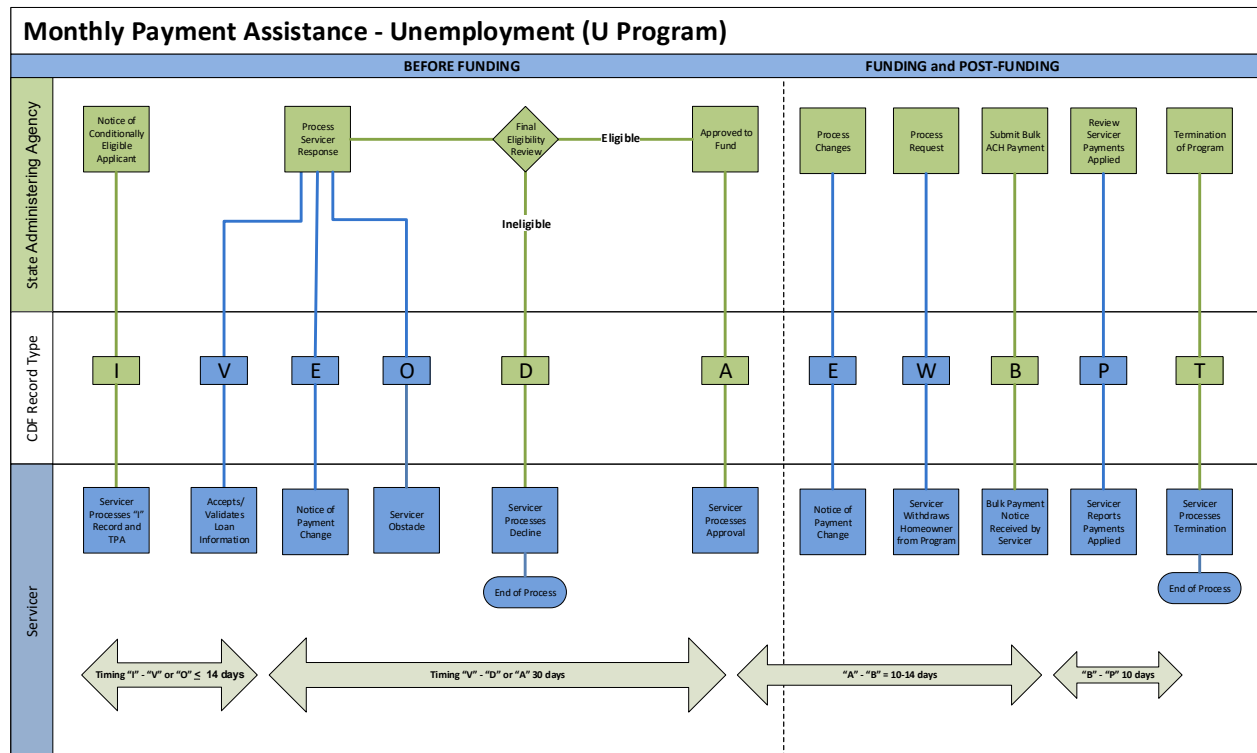
Monthly Payment Assistance

- Follows Mortgage Reinstatement Program – provided total arrearage does not exceed maximum benefit amount
- Monthly benefits available to homeowners who meet the following State HAF criteria:
 - Household AMI <100% - eligible to receive up to 6 months of payment assistance
 - Property located in Persistent Poverty County and/or Majority-Minority Census Tracts – eligible to receive up to 6 months of assistance
 - Household AMI between 100%-150% - eligible to receive up to 3 months of assistance
- Maximum Assistance \$50,000 – when combined with Mortgage Reinstatement

CDF Process - Monthly Payment Assistance

- State pre-qualifies homeowner for HAF before “I” Record is sent to Servicer
- Servicer sends “V” record – provides monthly payment amount and other required information
- Upon receipt of Servicer’s “V” Record, if homeowner is approved, State will obtain signed Grant Agreement
- State sends “A” Record with Total Funds Allocated, (BL) Field, Program Begin Date (Field BI) and Program Expected End Date (Field BJ), example shown below:
 - Total Funds Allocated (Field BL) - \$6,600 (approved benefit amount)
 - Program Begin Date (Field BI) - 10/1/22 (first payment)
 - Program Expected End Date (Field BJ) - 3/1/23 (final payment)
- State sends “B” record and Disbursement – includes monthly PITI +\$100 cushion
- Servicer applies monthly payment, sends “P” Record to State (*one for each monthly payment*)
- State sends “T” Record after all monthly payments have been paid

CDF Flow Monthly Payment Assistance



Mortgage Default Resolution

- Assist homeowners who are unable to resume mortgage payments due to a permanent reduction in household income
- Available to homeowners regardless of total arrearage amount, ONLY IF servicer is participating in P Program
- Principal assistance is combined with loss mitigation to help homeowner achieve an affordable mortgage payment
 - Servicer is not required to meet a certain housing payment ratio for AR HAF Program
- Homeowner required to work with Housing Counseling Agent – aid in the successful completion of loss mitigation and/or State HAF processes, as needed
- Follows “P” Program – Loss Mitigation with State Contribution CDF Flow
- Maximum Assistance \$50,000
- Homeowners that received Mortgage Reinstatement / Monthly Payment Assistance are ineligible for Mortgage Default Resolution program

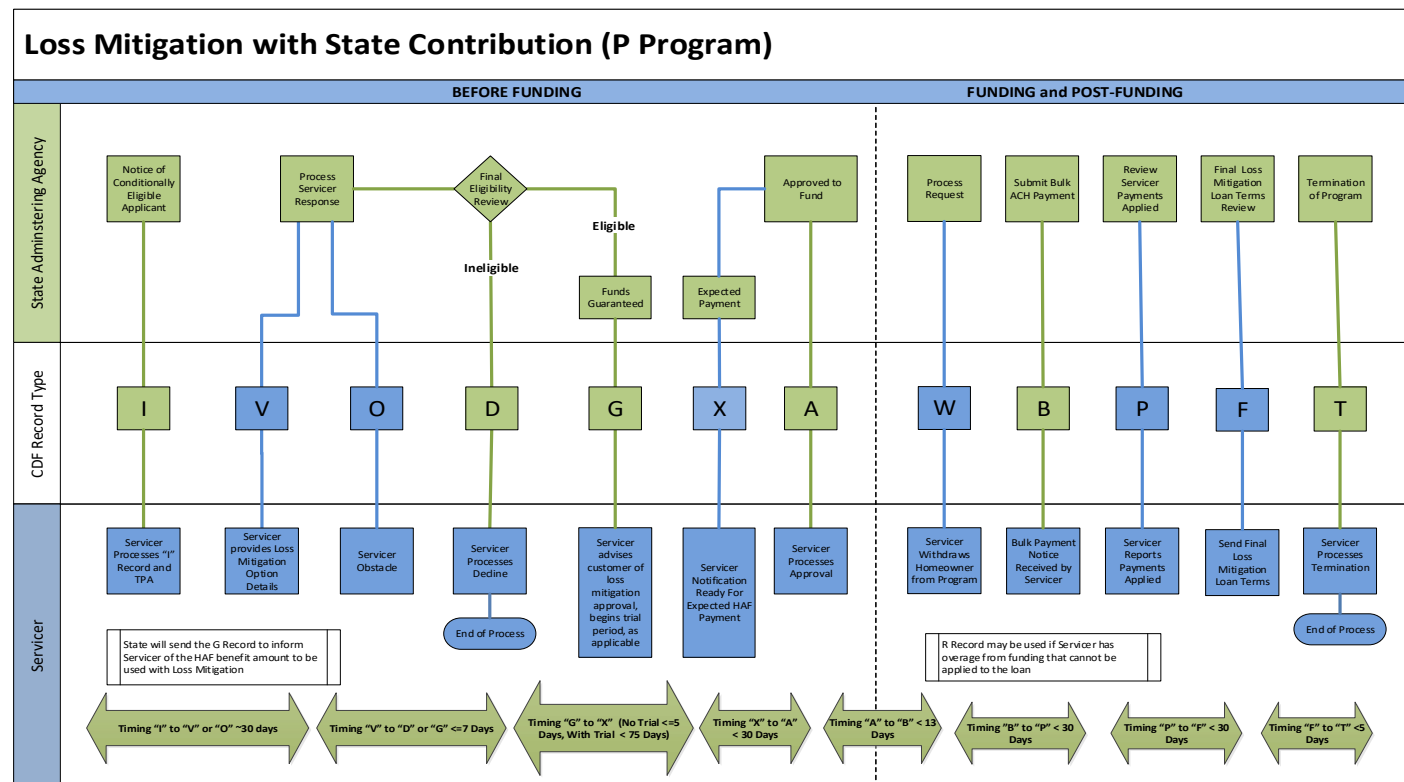
CDF Process - Mortgage Default Resolution

- State pre-qualifies homeowner for HAF before “I” Record is sent to Servicer
 - The “I” Record Total Funds Allocated (BL) Field will include \$50K –
- Servicer reviews loss mitigation options with \$50K in HAF benefits – goal is to use funds to achieve the lowest payment possible for homeowner
- Servicer sends “V” or “O” Record
 - If “V” Record - Servicer provides all required information Loss Mitigation at Decision Stage section of CDF (CG – CN) Fields
- Upon receipt of Servicer’s “V” Record, State performs final review, if approved, obtains homeowner-signed Grant Agreement
- State sends “G” Record – to Guarantee HAF benefits to combine with loss mitigation - Total Funds Allocated (BL) Field will be the amount provided to Servicer in the “I” Record and used in the loss mitigation review

CDF Process - Mortgage Default Resolution

- Servicer sends “X” Record to inform State they are ready for Expected Payment
 - NO trial payment plan – “X” Record is sent immediately
 - YES trial payment plan – “X” Record is sent ~75 days from “G” Record - after homeowner has made two of three trial payments
- Upon receipt of “X” Record, State sends “A” Record - Total Funds Allocated (BL) Field will include same HAF benefit amount as provided in “I” Record
- “B” Record and ACH disbursement will mirror amount in Total Funds Allocated (BL) Field as provided in “I”, “G” and “A” Records
- Servicer completed loss mitigation with HAF benefits, sends “P” Record to confirm benefits have been applied to the loan
- Servicer sends “F” Record and provides all required, post-assistance loss mitigation information - CDF Fields (CO through CV)
- State sends “T” Record to end CDF HAF transaction

CDF Flow - Mortgage Default Resolution



Servicer Outreach

- Arkansas HAF encourages our Servicing Partners to implement outreach strategies to support the homeowner awareness of the HAF program
- Mailers, Customer-facing website, Call scripts, Mortgage statement messages
- Refer homeowners to the States who need help to reinstate, and/or combine HAF monies with loss mitigation to achieve an affordable mortgage payment
 - Failed loan modifications? Re-default after Covid-19 Partial Claim/Deferral?

Servicer Participation

- Homeowners who need help to reinstate their loan, stabilize household finances, and/or achieve an affordable payment will benefit from receipt of HAF benefits
- Arkansas HAF is committed to working with its Servicer and HUD Counseling Partners to standardize and streamline delivery of HAF benefits to the fullest extent possible
- Encourage Servicers to participate in the Monthly Payment Assistance and Mortgage Default Resolution programs
- Please complete HAF Program Participation Survey to indicate willingness to participate in Monthly Payment and Mortgage Default Resolution options

Thank you

Questions?

