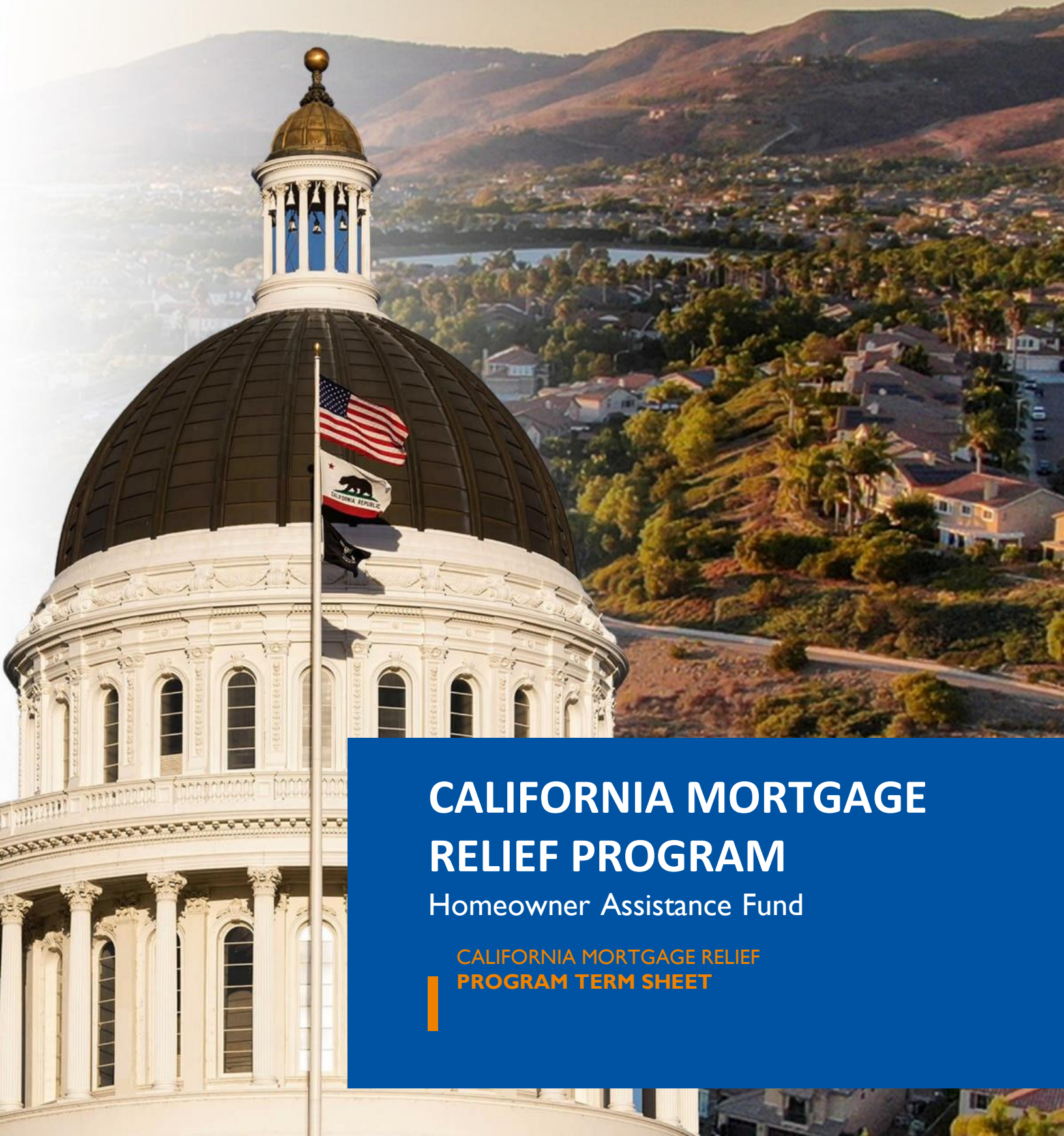




California Housing Finance Agency



# CALIFORNIA MORTGAGE RELIEF PROGRAM

Homeowner Assistance Fund

CALIFORNIA MORTGAGE RELIEF  
PROGRAM TERM SHEET

## California Mortgage Relief Program (“Program”) Term Sheet

The U.S. Treasury issued initial guidance for the use of the Homeowners Assistance Fund “HAF” funds on April 14, 2021. As an eligible entity approved to participate in HAF, the California Housing Finance Agency “CalHFA” entered into a Financial Assistance Agreement with U.S. Treasury and received 10% of California’s total allocation on June 22, 2021. In August 2021, CalHFA launched a pilot phase of the Program using funds from that initial allocation of California’s HAF funds. Upon Treasury approval on December 17, 2021, CalHFA fully launched the Program to serve as many vulnerable homeowners as possible using approximately \$750 million.

<p><b>Mortgage Reinstatement Program Goal</b></p>	<ul style="list-style-type: none"> <li>To address current housing instability and alleviate long-term economic impacts by providing Eligible Homeowners with financial assistance to eliminate past due housing payments, and certain Partial Claim Liens or Deferrals established due to COVID-19 related delinquencies.</li> </ul>
<p><b>Size of Mortgage Reinstatement Program</b></p>	<ul style="list-style-type: none"> <li>California’s allocation of HAF funds is approximately \$1 billion.</li> <li>CalHFA has allocated \$750 million to provide full reinstatement of mortgage and reverse mortgage payments owed, and assistance to eliminate certain Partial Claim Liens or Deferrals. Amendments to this program may be made, based on the constant monitoring and reporting of results against goals.</li> </ul>
<p><b>Targeting and Outreach</b></p>	<ul style="list-style-type: none"> <li>CalHFA is affirmatively targeting socially disadvantaged and vulnerable homeowners using a data-driven approach that uses a combination of Qualified Census Tract data (HUD) and Owner Vulnerability Index (UCLA). This includes data-driven targeted marketing and community engagement along with engaging housing counselors, as well as using levers in the program design to ensure that outcomes effectively prioritize socially disadvantaged individuals.</li> </ul>

<p><b>Eligible Homeowners</b></p>	<ul style="list-style-type: none"> <li>• Homeowner must currently own and occupy one of the Eligible Property Types in California as their primary residence.</li> <li>• Homeowner must meet the Homeowner Income Eligibility Requirements.</li> <li>• Homeowner must not own and occupy more than one property (up to 4 units)</li> <li>• Homeowner must attest that they experienced a financial hardship after January 21, 2020. The attestation must describe the nature of the financial hardship.</li> <li>• The original, unpaid principal balance of the homeowner’s first mortgage loan, at the time of loan origination, was not greater than the conforming loan limit in effect at time of origination.</li> <li>• Homeowners with HECM reverse mortgages can receive assistance.</li> <li>• Homeowners who have accepted certain Partial Claim Liens or Deferrals during or after January 2020 as part of a loss mitigation workout can receive assistance.</li> <li>• Co-owners are not permitted to separately apply for the Program assistance.</li> <li>• Households where the mortgage holder(s) or anyone else that lives at the property has received or been approved to receive Emergency Rental Assistance Program funds for this property either from the state or a local government, are not eligible for assistance.</li> <li>• Households are eligible if they have received any other form of governmental assistance, including other forms of COVID-19 assistance from the CARES Act, Consolidated Appropriations Act of 2021 or the American Rescue Plan Act.</li> </ul>
<p><b>Eligible Legal Ownership Structures</b></p>	<ul style="list-style-type: none"> <li>• Those where the home is owned by a “natural person” (i.e., LLP, LP or LLC do not qualify)</li> <li>• Those where the homeowner has transferred their ownership interest into a Living Trust, provided the homeowner remains a beneficiary of such trust and occupies the home as their primary/principal residence.</li> </ul>
<p><b>Qualified Financial Hardship</b></p>	<ul style="list-style-type: none"> <li>• A “Qualified Financial Hardship” is a material reduction in income or material increase in living expenses associated with the coronavirus pandemic that created or increased a risk of mortgage delinquency, mortgage default, foreclosure, or displacement for a homeowner. <ul style="list-style-type: none"> <li>» <b>Reduction of Income</b> – Temporary or permanent loss of household earned income after January 21, 2020.</li> <li>» <b>Increase in Living Expenses</b> – Increase in out-of-pocket household expenses such as, medical expenses, inadequate medical insurance, increase in household size, or costs to reconnect utility services directly related to the coronavirus pandemic after January 21, 2020.</li> </ul> </li> <li>• Homeowner must complete and sign the Affidavit which includes an attestation of Qualified Financial Hardship.</li> </ul>
<p><b>Homeowner Income Eligibility Requirements</b></p>	<ul style="list-style-type: none"> <li>• To be eligible for assistance, all household members (over 18 years of age) must have a combined total income equal to or less than 150% of the Area Median Income adjusted by household size (AMI) based on HUD Homeowner Assistance Fund income limits.</li> <li>• Homeowners cannot have cash on hand, or assets that can be rapidly converted to cash, that is equal to or greater than the relief funds needed + \$20,000. (This program defines cash/assets as cash or assets that can be converted into cash in a short amount of time, including things like money market instruments and marketable securities. This excludes savings in a tax-advantaged retirement account).</li> </ul>



<p><b>Homeowner Prioritization</b></p>	<ul style="list-style-type: none"> <li>• 60% of California’s total allocated funds will be reserved for those making at or below 100% of their AMI.</li> <li>• CalHFA will prioritize funding to socially disadvantaged homeowners defined as Californians that live in Qualified Census Tracts (HUD) or areas with “high” and “highest” vulnerability values on the Owner Vulnerability Index (OVI), developed by the UCLA Center for Neighborhood Knowledge. <ul style="list-style-type: none"> <li>» 40% of California’s total allocated funds will be reserved for the previously defined socially disadvantaged homeowners</li> </ul> </li> </ul>
<p><b>Eligible Property Types</b></p>	<p><b>“Eligible Property Types” are:</b></p> <ul style="list-style-type: none"> <li>» Single-family (attached or detached) properties</li> <li>» Condominium units</li> <li>» 1-4 unit owner-occupied</li> <li>» Manufactured homes permanently affixed to real property and taxed as real estate</li> </ul> <p><b>“Ineligible Property Types” are:</b></p> <ul style="list-style-type: none"> <li>» Vacant or abandoned</li> <li>» Second homes</li> <li>» Investment property</li> </ul>
<p><b>Eligible Uses of Mortgage Reinstatement Program Proceeds</b></p>	<ul style="list-style-type: none"> <li>• Existing first mortgage lien loan payment (principal, interest, taxes and insurance), plus any escrow shortages to fully reinstate the mortgage to a “current” status. <ul style="list-style-type: none"> <li>» Must be at least two payments past due at time of submission of application for program assistance</li> <li>» Delinquency must occur prior to Dec. 1, 2022.</li> </ul> </li> <li>• Payment of owed taxes and any force placed insurance on HECM reverse mortgage loans to fully reinstate to a “current” status.</li> <li>• Eliminating or reducing certain Partial Claim Liens or Deferrals, defined as: <ul style="list-style-type: none"> <li>» COVID-19 Recovery Partial Claims that were established during or after January 2020</li> <li>» Payment Deferrals that were placed by a servicer approved by the program during or after January 2020</li> </ul> </li> </ul> <p><b>Exclusions:</b></p> <ul style="list-style-type: none"> <li>» Any homeowner applying for assistance is ineligible if, at the time they apply for assistance, they have completed loss mitigation in a manner other than a Partial Claim Lien or Deferral (described above) that has resulted in their first mortgage loan no longer being delinquent. <ul style="list-style-type: none"> <li>◆ However, if the borrower has been brought current and subsequently defaults post-loss mitigation, they are <i>not</i> excluded from receiving HAF funds.</li> </ul> </li> <li>» Homeowners with private party mortgages are not eligible for Partial Claim Lien or Deferral reduction</li> </ul>
<p><b>Maximum Per Household</b></p>	<ul style="list-style-type: none"> <li>• The maximum amount due for program eligibility is \$80,000.00 at the time of application submission.</li> <li>• Households needing more than \$80,000 for complete reinstatement at the time of application are not eligible.</li> <li>• Homeowners may apply for assistance with current mortgage arrearage, Property Tax assistance (<a href="#">term sheet</a>) and/or Partial Claim Lien or Deferral payoff as long as the combined amount of assistance needed does not exceed \$80,000 at the time of application. <ul style="list-style-type: none"> <li>» If the combined assistance needed by any applicant is above \$80,000, assistance needed</li> </ul> </li> </ul>

	for complete reimbursement of current eligible mortgage arrearage will be provided first, and the amount remaining to reach the \$80,000 limit will be applied toward property tax (if needed) and lastly the Partial Claim Lien or Deferral, in that order.
<b>Assistance Type</b>	<ul style="list-style-type: none"> <li>• Assistance will be structured as a non-recourse grant.</li> </ul>
<b>Payout of Mortgage Reinstatement</b>	<ul style="list-style-type: none"> <li>• CalHFA will disburse assistance directly to mortgage servicer.</li> <li>• CalHFA will disburse the amount quoted by the servicer; any discrepancies to be resolved by the homeowner and servicer.</li> </ul>
<b>Program Launch</b>	<ul style="list-style-type: none"> <li>• CalHFA launched the program on December 27, 2021.</li> </ul>
<b>Program Duration</b>	<ul style="list-style-type: none"> <li>• The period of performance for the HAF program ends on September 30, 2026, however CalHFA plans to allocate all funds by September 30, 2025.</li> </ul>
<b>Program Application Process</b>	<ul style="list-style-type: none"> <li>• Applications will be accepted online through the Outreach Navigator and Intake Review (ONAIR) Portal. All applications will be entered into the online portal and reviewed on the reviewer portal.</li> </ul>
<b>Required Application Documents</b>	<p>In response to public feedback about the need for a streamlined application process, efforts will be made to avoid barriers to equitable access and allow for flexibility, particularly with regard to documentation requirements.</p> <p>Required application documents and attestations include, but may not be limited to, the following:</p> <ul style="list-style-type: none"> <li>• California Mortgage Relief Program application, including attestations of: <ul style="list-style-type: none"> <li>» Qualified Financial Hardship</li> <li>» Applicant acknowledgment that loss mitigation options may be a better option to address their specific circumstance</li> <li>» Applicant acknowledgment that housing counselors will see applicants for free to explain these options, to complete their application</li> <li>» Other related attestations</li> </ul> </li> <li>• Third Party Authorization (TPA) and Disclosure</li> <li>• Mortgage Statement</li> <li>• Valid California identification and Social Security Number</li> </ul> <p><b>All household members 18 and over must provide income documents such as:</b></p> <ul style="list-style-type: none"> <li>• Most recent income documentation: W2's, paystubs, previous years' tax returns or alternative income documents as applicable such as proof of an Income Proxy such as Unemployment, Medi-Cal, WIC, SNAP, FDPIR, TANF, SNP, Section 8 and any other income-based county, municipality, state and/or federal assistance program.</li> <li>• Individual's bank statements for all accounts for the two months prior to the date of the application submission.</li> <li>• Profit and Loss Statements for all self-employed individuals including most recent two months' business bank statements.</li> </ul>

<p><b>Required Application Documents (continued)</b></p>	<p><b>Additional Documentation Requirements in Certain Cases</b></p> <p>In certain cases, CalHFA will require additional documentation to ensure that assistance is focused on Californians most in need and is delivered efficiently</p> <ol style="list-style-type: none"> <li>1. Homeowners in active bankruptcy will need to provide written substantiation from both their loan servicer and the Bankruptcy Trustee that the homeowner(s) may receive mortgage assistance funds and said funds shall be applied to any first lien loan arrearage on their primary residence. <ul style="list-style-type: none"> <li>» This additional documentation requirement allows CalHFA a more efficient path to reinstatement for those homeowners by ensuring that the mortgage servicer and bankruptcy trustee will accept the assistance funds</li> </ul> </li> <li>2. Homeowners with HECM reverse mortgages who owe payment to their servicer for taxes and forced place insurance, must provide copies of their tax bill and insurance bill showing the amount due.</li> <li>3. Homeowner claiming an upcoming sale date through a Notice of Sale document must provide a copy of that document.</li> <li>4. Homeowners requesting assistance for Partial Claim Lien or Deferral reduction must provide a copy of the note and a mortgage statement reflecting the amount</li> <li>5. Documentation that satisfies an ownership interest in the property (e.g. inter-spousal transfer deed, a quit claim deed, or grant deed when homeowners divorce or dissolve their marriage).</li> </ol>
<p><b>Program Partners Requirements</b></p>	<ul style="list-style-type: none"> <li>• Servicers will be required to execute a HAF Partner agreement and agree to communicate using the Common Data File (CDF) format to be provided by U.S. Treasury.</li> <li>• If and as required, partners will be asked to sign a WV9.</li> </ul>