

Dear U.S. Treasury - HAF Team,

Attached are the AHFA responses to U.S. Treasury's questions regarding our Homeowner Assistance Fund plan and Mortgage Assistance Alabama (MAA) Program.

AHFA appreciates the partnership and support for our HAF - Mortgage Assistance Alabama Program. The HAF funds are a critical element to the financial recovery and housing stabilization for Low- and Moderate-Income and Socially Disadvantaged Alabama households impacted by the Covid-19 pandemic. We believe equity preservation and housing stabilization will result through mortgage reinstatement, payment assistance and housing counseling.

We look forward to building upon the success of our pilot program for the statewide Mortgage Assistance Alabama Program. The financial assistance needs of our communities is clear, and we are positioned to assist them quickly and efficiently.

AHFA has updated draft plan and term sheet based on the guidance and feedback from Treasury. We look forward to obtaining plan approval and implementing the statewide assistance program.

**HAFP-0195 State of Alabama
Treasury Feedback for Resubmission of Plan**

Alabama Housing Finance Agency (AHFA) Responses – 11/19/21

Please revise the HAF plan by providing a response to the question(s).

Completeness

- Your plan lists Cathy James as the Authorized Official, while the original application for HAF payments was signed by Kelly Butler. To ensure prompt payment upon approval, the Authorized Official needs to be the same as the signatory on the original application for HAF payments. If you need to establish a new authorized representative for HAF payments, a request should be submitted by email to HAF@treasury.gov.
 - **AHFA Response:** AHFA has emailed and requested this Authorized Official be updated to Cathy James (cjames@ahfa.com)

Homeowner Needs and Community Engagement

Data

- Please explain how the plan targeting and outreach reflect the data referenced in your plan.
 - **AHFA Response:** AHFA developed its targeting, and outreach based on the data-driven needs assessment, supported by US Census Bureau – American Community Survey (ACS) data, HUD FHA Single Family REO data, CoreLogic Market Trends, and the Atlanta Fed data. This assessment identified target populations including Socially Disadvantaged Individuals (SDI), Majority-Minority Populations, Limited English Proficiency (LEP) and Low- and Moderate-Income (LMI) households geographically distributed across the state in need of mortgage assistance. This information allowed AHFA to identify specific counties and census tracts to incorporate into the targeted outreach plans and informed the program of language translation needs.

Community Engagement and Public Participation

- Your plan notes public input and community engagement in the plan development process. Please explain how community engagement informed your plan's programmatic and outreach design.
 - **AHFA Response:** AHFA developed its draft Homeowners Assistance Fund (HAF) Plan and then solicited public input to further improve the plan through community engagement by posting the draft plan to the program website, sent the plan to county commissioners, municipalities, housing counseling and legal services agencies, Native American tribes, and industry groups such as the Alabama Bankers Association, hosted a public hearing and opened a 30-day public comment period. The only public input AHFA received was to include additional Native American tribes in the state and the recognition of these tribal members as Socially Disadvantaged Individuals.

- Please describe any coordination you intend with Tribes or Tribal entities.
 - **AHFA Response:** During the public comment period of the draft HAF Plan, AHFA reached out to all Native American Tribes and Tribal entities within the state of Alabama for input on the Plan. The MOWA Band of Choctaw Indians reached out in response and has discussed coordination between AHFA and MOWA Band of Choctaw Indians to supplement their assistance funds with the Mortgage Assistance Alabama (MAA) Program.
- Please provide an update indicating any public comments you have received since you submitted your HAF Plan, from which organization you received any such comment, and whether you have responded to the comments.
 - **AHFA Response:** Since the submission of the AHFA HAF Plan on September 28, 2021, AHFA has not received additional public comments.

Ongoing Assessment of Homeowner Need

No questions

Program Design

- Please explain how the sources of data listed in the section on Homeowner Needs informed the Program Design Elements included in your plan.
 - **AHFA Response:** The MAA Program design was heavily informed by the needs of Alabama households that are delinquent on their mortgages and facing foreclosure. Therefore, the main HAF budget is dedicated to Mortgage Payment Assistance that includes mortgage reinstatement with a prioritization for those homeowners in active foreclosure proceedings, and monthly mortgage payment assistance. AHFA has learned from its experience managing the Hardest Hit Fund (HHF) that mortgage reinstatement coupled with monthly payment assistance is the most successful tools to use to avoid foreclosure and stabilize housing.
- Will there be a method in your HAF program, early in the process of engaging with a household, to evaluate immediate threats to the housing stability of applicants, which may need to be addressed under an expedited or prioritized timeline (e.g., HOA liens, tax delinquencies, utility shut off)?
 - **AHFA Response:** To evaluate and address threats to housing stability, the MAA Program will ask applicants if they are in an active foreclosure and request documentation of the foreclosure proceedings. These homeowners will be prioritized to receive assistance to reinstate their mortgages. In addition to foreclosure prevention prioritization, applicants approved to receive assistance will be referred to housing counseling early in the process to stabilize housing.
- Please describe how your program will utilize housing counselors or legal services to assist homeowners in evaluating loss mitigation options available for their mortgage. Your description should include:

- Whether your program will connect homeowners with housing counseling or legal services early in the process.
- The role housing counseling or legal services providers will play in supporting homeowners' efforts at engaging in loss mitigation.
 - **AHFA Response:** The MAA Program will connect homeowners with housing counseling services early in the process. The timing of this referral will allow homeowners to begin working on activities that can help them resume payment of their mortgage. Housing counselors will help homeowners gain an understanding of the loss mitigation options available and support them as they work with their servicers. These housing counselors will work in coordination with AHFA, and act as a resource referral for other benefits that will contribute to housing stability, such as utility and food assistance.
- How will your program leverage resources available through a loss mitigation process to benefit eligible homeowners and how will your program avoid using HAF funds in ways that duplicate relief that available loss mitigation options might provide?
 - **AHFA Response:** The debt relief associated with the MAA Program is not duplicative of loss mitigation options available from servicers. While many servicers provide homeowners with options that delay repayment of the past due arrearages associated with their COVID-19 hardship, AHFA believes the debt relief and equity preservation that results from reinstatement is especially important for Socially Disadvantaged Individuals and LMI households. The monthly mortgage payment assistance will provide eligible homeowners with the time they need to obtain assistance from servicers, housing counseling and/or legal services, while protecting them from default that may lead to foreclosure. As forbearance options become more and more limited for COVID-impacted homeowners, monthly payment assistance can help fill the gap and prevent default.
- Please explain what steps, if any, your program will take to assist the homeowner in determining whether a HAF-resolution will result in a sustainable monthly payment?
 - **AHFA Response:** The MAA Program is designed to reinstate delinquent mortgages for eligible applicants and provide up to 12-months of future mortgage payment assistance if the applicant does not exceed the program cap with their reinstatement assistance. A referral to a housing counseling agency will be coupled with MAA assistance to assess if the homeowner has concerns regarding the long-term sustainability of their monthly mortgage payments any other housing stability concerns. If the homeowner is determined to be at risk of maintaining monthly payments, the housing counseling agency can make the following interventions:
 - Mediate a loan modification between the homeowner and their servicer
 - Financial budgeting and management services
 - Referral for other benefits that will contribute to housing stability, such as utility and food assistance.

- Additionally, each Homeowner will receive information on Re-Employment opportunities and services available in the state.
- Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve?
 - **AHFA Response:** AHFA is currently not providing utility assistance under the MAA Program to avoid any possible duplication of benefits and to maximize the use of HAF funds to reinstate mortgages. There are other utility assistance providers operating in Alabama available to homeowners and several municipalities across the state using American Rescue Plan Act (ARPA) funds to provide utility assistance to eligible residents. AHFA will continue to monitor the need for utility assistance in close coordination with community partners throughout the administration of the MAA Program.

Eligibility

- Please provide the rationale for establishing the following additional eligibility requirements specified in your plan, including how you determined these requirements will not create unnecessary barriers to participation by eligible homeowners:
 - No conviction in past 10 years for money laundering, fraud, or tax evasion.
 - **AHFA Response:** AHFA has reviewed this proposed requirement. To eliminate any unnecessary barriers to access, AHFA will eliminate this eligibility requirement from the plan, program guidelines and term sheet. Please see the attached updated plan and term sheet.

Outreach

- Please explain why the outreach plan excludes outreach to organizations serving SDI populations in majority-minority areas and those with limited English proficiency.
 - **AHFA Response:** The outreach approach included in the plan specifically proposes to develop targeted outreach efforts to Socially Disadvantaged Individuals (SDI) and Limited English Proficiency (LEP) populations. Through the data driven needs assessment AHFA has identified geographic areas for targeted outreach efforts to reach majority-minority populations, as well as the translation of program and marketing materials accessible to non-native English speakers in Alabama, including but not limited to Spanish, Chinese and Korean.

Prioritization

- If your program intends to serve households who are over the 100% AMI threshold, how will your program prioritize Socially Disadvantaged Individuals? Please describe your marketing and outreach strategy to SDI communities?
 - **AHFA Response:** AHFA intends to prioritize households with income between 100% and 150% AMI only if the household is SDI, thus earmarking those funds to this target

population. According to the plan, and responses above, marketing and outreach to SDI households will be through targeting geographic with high concentrations of these populations the Program intends to serve including majority-minority census tracts, persistent poverty counties and Native American Reservations, coupled with strategic outreach through partnerships with organizations that serve these populations.

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public.
 - **AHFA Response:** After the MAA Program launches, AHFA will communicate progress on performance goals by publishing performance data on the public MAA website.
- Please indicate which three metrics will serve as the best indicators of the success of your program.
 - **AHFA Response:** The program has identified the following performance metrics as key indicators of success:
 - Total number of homeowners assisted, and dollar amount provided.
 - Total number of Socially Disadvantaged and/or LMI homeowners assisted, and dollar amount provided.
 - Average number of days to provide assistance to homeowners
 - Total number of foreclosures prevented.
- Please indicate whether you intend to disaggregate metrics by income, race, gender, etc.
 - **AHFA Response:** AHFA will disaggregate metrics in accordance with data provided in the plan, including but not limited to, income, race, gender, as data becomes available.
- Please consider including as an additional metric the number of homeowners assisted/foreclosures prevented solely through counseling or legal services without payment of HAF funds to resolve the homeowner's defaults or delinquencies.
 - **AHFA Response:** AHFA does not have comprehensive data or information sharing agreements with the numerous providers of housing counseling and legal services operating in the state.

Readiness

- Please provide the most recent available information about your program's readiness, including staffing, contractors, etc.
 - **AHFA Response:** AHFA has contracted with two (2) vendors to provide the Call Center Operations and Application Software, HORNE LLP (HORNE) and CounselorDirect by HOTB, respectively.

- Program Management - Preliminary document review of each application is performed and managed by HORNE. Once all program-specific supporting documentation and signed program documents have been requested and reviewed by the document reviewers, applications are handed off to AHFA underwriters. From this point, AHFA handles all communication with servicers as well as final eligibility approval, CDF file submissions to servicers, and fund disbursements.
 - Staffing: AHFA will leverage existing agency staff to complement its selected vendors. The agency has dedicated eight (8) staff members with relevant experience managing the state's Hardest Hit Fund program to provide vital functions to support the HAF underwriting, CDF and payment distribution processes. This dedicated AHFA HAF team consists of a Program Manager (1), Program Supervisor (1), Underwriters (3), Disbursement Coordinator (1), Accountant (1) and Quality Control Auditor (1).
 - Application Software – AHFA has a fully functioning public-facing portal used successfully during the pilot program. The web-based CounselorDirect software provides a client-facing application for intake of information, as well as the ability for applications to be entered manually by representatives over the phone as well as from applications received by mail. The software allows for the uploading of program-specific supporting documentation and the ability to electronically sign program documents. There is also an administrative function utilized by the document review and underwriting teams to review uploaded documents, communicate with applicants, reserve funding allocations, and import and export CDF files for communication with servicers.
 - Call Center - Call Center staff provided by HORNE have been active and working on the program since July 16, 2021, one month before launching the pilot program. Call center staff are trained on program guidelines and have access to the CounselorDirect software to manually enter applications over the phone on behalf of homeowners, provide application status, and assist with basic troubleshooting of any issues with the application portal.
 - Marketing - The marketing approach will include a broad marketing strategy across the state of Alabama and a targeted marketing strategy for SDI and LMI households with an emphasis on geographic areas identified in the MAA needs assessment. The marketing plan includes a digital brand presence to build an audience online through social media and following other social media accounts for community partners, servicers, other state HFA's and other agencies. Outreach will include emails to servicers, registrants of the program, and bilingual flyers to outreach groups. Publicity through an announcement by the Governor, press release to AHFA Board, media, AL Congressional delegation and AL Senate and House, media pitches and interviews with local news outlets.
- Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval?

- **AHFA Response:** AHFA believes we will be ready for the statewide launch of the MAA Program after US Treasury approval of the Homeowner Assistance Fund Plan and within 45-days from the receipt of funds. AHFA anticipates an inundation of foreclosure court filings to begin in early 2022 and believes it is imperative to allow adequate lead time to launch the statewide program before the end of January 2022 to avoid mass evictions.

The application software, call center and program management team have been fully operational for the launch and operation of the pilot program, which is currently oversubscribed and is no longer accepting applications. The framework for the statewide program has been established and it will be the continuation and improvement of the success of the pilot program. During this 45-day launch period, the marketing and outreach team will need a 2–3-week lead time initiate marketing and outreach to solicit interest in the MAA Program. During this launch and marketing period, the statewide program would be able to allow the nearly 3,400 homeowners on the pilot program waitlist to enter the program and immediately commence the application process for those homeowners.

- Please provide updated information about your progress in spending the initial 10% payment from your jurisdiction’s full allocation and the status of any pilot assistance already offered or made available to homeowners.
 - **AHFA Response:** AHFA used the initial 10 percent payment from the full allocation to launch the MAA Pilot Program. As of November 18, 2021, the MAA Pilot Program has assisted 257 homeowners totaling a disbursement of over \$1.7M with a total of over \$11.6M in funds committed. Of these assisted homeowners, 176 (68%) have incomes less than 100% AMI and 185 (72%) households are SDI. Applicants in the pilot program experienced an average of 35-days from the submission of complete documentation to disbursement of mortgage assistance funds.

Budget

- Please explain where the payments for non-escrowed items for those qualifying for mortgage relief fall in your budget.
 - **AHFA Response:** Payments for non-escrowed items will be funded out of the Mortgage Payment Assistance budget.