

**HAFP-0262- State of Delaware  
Treasury Feedback for Resubmission of Plan**

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

**Completeness**

- No questions

**Homeowner Needs and Community Engagement**

***Data***

- No questions

***Community Engagement and Public Participation***

- 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.
  - No public comment has been received since Delaware submitted its HAF plan on March 11, 2022.

**Program Design**

- 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)?
  - We will address this based on scheduled foreclosure date and delinquency period (i.e. a tiered structure based on 120-day+, 90 day+, 60-day+). We will expedite process and prioritize anyone facing imminent foreclosure. Our application intake portal through Yardi will be configured to fast track application review based on these criteria.
- 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:

DSHA is not mandating Housing Counseling in an effort to avoid any barrier to application into the program. However, we will be partnering with HUD-approved housing counseling agencies to help with application intake and submission processes and to assist homeowners who cannot participate in the program. Additionally, all participants in the program will be provided with

information regarding housing counseling providers and services for any ongoing support or assistance they may need. Similar partnerships with legal aid services will be established. Homeowners that cannot participate in the program will be connected with these services to continue exploring loss-mitigation efforts.

We will include information about these services in all communication and advertisements and encourage seeking out supportive services as part of the HAF process.

- 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.
- 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?

Mortgage modification with state contribution will be available to all applicants. Collaboration with the servicer throughout the application review and reinstatement process or modification process will prevent duplication of relief options. Collaboration with the servicer for a modification program in unsustainable situations will ensure the HAF funds are used to create an ongoing sustainable solution.

- 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?

DSHA's Fresh Start Mortgage Grant is designed to offer a one-time payment on behalf of a qualified homeowner to pay delinquent mortgage arrears and/or to facilitate mortgage modification (such as a principal curtailment or rate reduction) to right-size future mortgage payments to levels affordable to the homeowner. The following parameters will be utilized to determine the assistance provided:

- Applicants with a 31% DTI or less will be a straight reinstatement.
- Applicants between 31.01% - 45% DTI can opt into a modification agreement, otherwise straight reinstatement will be pursued.
- Applicants in excess of 45% DTI will be required to pursue a modification agreement.
- Applicant in excess of 80% DTI or with no income will be referred to a HUD approved Housing Counseling Agency and/or legal services to determine the best course of action to assist the applicant.
- Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve?

No. DSHA's HAF plan does not cover utilities other than water and sewer.

- Your program set \$30,000 as the maximum amount of assistance per homeowner. Please explain how you determined this amount will be sufficient to resolve housing-related delinquencies. Will this cap be sufficient in areas with higher housing costs?

DSHA is offering two tracks – one that focuses on property charges up to \$10,000 and one that focuses on mortgage reinstatement/modification up to \$30,000. Applicants meeting the stated terms for each track are eligible to apply for assistance through both tracks for a maximum assistance of up to \$40,000. These caps are based on historical data from previous DSHA foreclosure prevention programs. If, during the course of the program, we determine this amount is insufficient, we will adjust accordingly.

- Your HAF plan indicates that payment assistance for down payment loans will be provided, but your budget and term sheet make no mention of this program component. Will Delaware's HAF program provide this type of assistance?

No, we will not offer assistance for down payment loans. We will update our submission accordingly.

- Your HAF plan indicates that mortgage payment assistance will be provided but does not indicate the traditional form of mortgage payment assistance programs; monthly (forward) mortgage payment assistance, will be allowable. Can you clarify whether monthly payment assistance will be offered?

Our plan contemplates bringing arrearages current and modifying existing terms to ensure long-term affordability for the applicant (see below for detail). We do not plan to make ongoing P&I payments as we do not feel that is long-term sustainable.

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- Your HAF plan indicates that mortgage principal reduction will be offered but provides few details on the eligibility requirements of this program. Please provide additional information on program eligibility.

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### **Eligibility**

- Your HAF plan indicates that self-attestations will be acceptable in lieu of income documentation but does not specify the fact-based proxy that will be utilized to make final determinations. Please provide additional information on how Delaware will determine income eligibility.

**Action item: on UST portal, choose “no” for income proxy.**

We do not have a fact-based proxy (based on certain assistance, QCT, etc.), therefore we will require supporting documentation. As reasonably necessary to accommodate extenuating circumstances, such as disabilities, practical challenges related to the pandemic, or a lack of technological access by homeowners, we will accept a self-attestation in place of 3<sup>rd</sup> party verification as part of the initial application, but will require 3<sup>rd</sup> party verification documents for approval. See attached *DE-MRP Income Eligibility Documentation* for additional details.

- Your HAF term sheets do not specify what types of documentation will be required to determine eligibility. Please provide additional information on the types of documents that applicants will be required to provide.

Please see attached *DE-MRP Eligibility Requirements* which outlines identity documentation, property verification documentation, and Third-Party Authorization. The *DE-MRP Income Eligibility* outlines required documentation for income verification. Our intake portal requires the applicant to select their qualifying event of hardship (see attached *DE-MRP Hardship Attestation Form* for list) and the Third-Party Authorization includes language to certify the accuracy of the application, including the hardship event.

### **Outreach**

- Please explain how the program will target outreach and provide access to homeowners with limited English proficiency.

- **Translation/Assistance Services.** Assistance and translation services will be available for homeowners with limited English proficiency access.
- **Community Outreach:** Leverage community organizations, partnerships, and leaders in communities of color (i.e. Hispanic/Latino-focused, Haitian Creole-focused, others as identified). We will collaborate to create regular mortgage relief education events, hold listening sessions and use their distribution channels to share our materials.
- **"Mortgage Help Sessions."** Schedule hours held at targeted locations in specific communities, which will have a DSHA or an educated community representative physically present to facilitate walk-ins or appointments with residents who require Mortgage Relief.
- **Community Publications:** Place re-occurring ads and advertorials in publications that serve homeowners with limited English proficiency access (i.e. Hispanic/Latino-focused, Haitian Creole-focused, others as identified).
- **Radio & Podcasts:** Place re-occurring ads on our two Spanish-only radio stations, and hold Q&A interviews on those stations or podcasts with a Spanish-speaking DSHA representative. Will accommodate other language request as they arise.
- **Traditional and Digital Marketing communications strategies.** Create multiple print collateral, from posters designed for retail or in-community placement to targeted direct-mail and leave-behind flyers.
- **Outdoor:** Deploy statewide advertising featured on public transportation that travels statewide (i.e., buses/bus shelters. ads will be bi-lingual. Bus shelters advertising will have more frequency in communities where English proficiency access is limited).
- **SMS Messaging:** Use SMS in different languages (i.e. Hispanic/Latino-focused, Haitian Creole-focused, others as identified) to create two-way engagement and education to drive enrollment into the Mortgage Relief Program.
- **Learnings from Emergency Rental Assistance Marketing Rollout.** Delaware's ERA program, DEHAP, allowed the agency to refine its marketing strategies and build an outreach network that Delaware's Mortgage Relief Program can refer to or adjust while engaging homeowners with limited English proficiency access.
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- Please explain how the program will provide culturally relevant marketing.
- **Data.** The agency will utilize mortgage and census data to identify specific high-need areas in our state. Data and learnings collected from the ERA marketing plan (i.e., digital analytics) will also be reviewed. This information will guide the agency in its targeted outreach efforts.
- **Partnerships.** DSHA has an existing foreclosure prevention partnership with the Delaware Department of Justice (DOJ) dating back to the 2012 financial crisis. The DOJ operates the Office

of Foreclosure Prevention and Financial protection, which focuses on homeowner support and servicer accountability. Over the years, other relationships with the Delaware Court system and other community-based organizations have emerged. DSHA will leverage this existing infrastructure to reach new and already engaged Delawareans.

- **Representation.** All collateral will take into consideration and reflect cultural norms, values, and ethics.

### **Prioritization**

- Please describe how your program will define Socially Disadvantaged Individuals, as well as your marketing and outreach strategy to SDI communities.
- Once defined internally, a marketing and outreach strategy can be created
- Delaware will utilize Treasury's definition and description of Social Disadvantaged Individuals.
  - *Socially disadvantaged individuals are those whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in the HAF participant's jurisdiction as documented by the U.S. Census. The impairment must stem from circumstances beyond their control. Indicators of impairment under this definition may include 3 being a (1) member of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society, (2) resident of a majority-minority Census tract; (3) individual with limited English proficiency; (4) resident of a U.S. territory, Indian reservation, or Hawaiian Home Land, or (5) individual who lives in a persistent-poverty county, meaning any county that has had 20% or more of its population living in poverty over the past 30 years as measured by the three most recent decennial censuses. In addition, an individual may be determined to be a socially disadvantaged individual in accordance with a process developed by a HAF participant for determining whether a homeowner is a socially disadvantaged individual in accordance with applicable law, which may reasonably rely on self-attestations.*
- Delaware will implement the following the marketing strategies to reach SDI communities:
- **Partnerships.** Over the years, DSHA has developed existing partnerships with various community leaders and organizations that serve SDI communities. The agency will leverage this existing infrastructure to reach new and already engaged Delawareans that meet the definition cited above. We will collaborate to create regular mortgage relief education events, hold listening sessions and use their distribution channels to share our materials.
- **Data.** The agency will utilize mortgage and census data to identify specific high-need areas in our state. Data and learnings collected from the ERA marketing plan (i.e., digital analytics) will also be reviewed. This information will guide the agency in its targeted outreach efforts.
- **"Mortgage Help Sessions."** Schedule hours held at targeted locations in specific communities, which will have a DSHA or an educated community representative physically

present to facilitate walk-ins or appointments with residents who require Mortgage Relief.

- **Traditional and Digital Marketing communications strategies.** Create multiple print collateral, from posters designed for retail or in-community placement to targeted direct-mail and leave-behind flyers.
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## Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public.
  - **Website.** Create and update monthly a data dashboard webpage, which will include key metrics that communicate progress. The agency already has access to a platform to utilize.
  - **Social Media.** Create and publish monthly update posts that communicate progress and success stories, encourage participation, and drive constituents to the webpage mentioned above.
- Please indicate which three metrics will serve as the best indicators of the success of your program.

Success will be measured through applications processed, applications funded, housing sustainability preserved (through funding and/ or loss mitigation with further assistance of housing counseling and/ or legal services.)

- Please indicate whether you intend to disaggregate metrics by income, race, gender, etc.

We will collect HMDA data, but the focus of our performance goals will be the number of households served.
- 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.

## Readiness

- Please provide the most recent available information about your program's readiness, including staffing, contractors, etc.

DSHA has a signed contract with Yardi for the application intake portal and call center for application submission support. DSHA has a signed contract with Witt O'Briens for the case management and file review. DSHA is actively hiring additional internal staff to work with our outside partner in support of the program.

- Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval?

We are on track to meet our pilot launch date of May 16, 2022 that will focus on our Master Servicer portfolio. Our full program will launch May 31, 2022.

- 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.