

HAFP-0057- State of Montana Treasury Feedback for Resubmission of Plan

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

Completeness

The participant's response(s) to the following questions was/ were either incomplete or unresponsive:

- Your plan lists Cheryl Cohen as the Authorized Official, while the original application for HAF payments was signed by Scott Osterman. 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, please submit a request by email to HAF@treasury.gov.

[Scott Osterman sent a request to establish Cheryl Cohen as a new authorized representative for HAF payments to the email address provided on December 14. Email below.](#)

From: Osterman, Scott <scott.osterman@mt.gov>

Sent: Tuesday, December 14, 2021 10:03 AM

To: HAF@treasury.gov

Cc: Cohen, Cheryl <Cheryl.Cohen@mt.gov>; Schafer, Adam <ASchafer@mt.gov>

Subject: Establish new authorized representative for Montana HAF payments

Importance: High

Greetings,

The State of Montana would like to establish a new authorized representative for HAF payments. I, Scott Osterman, executed the original HAF Notice of Funds Request and Financial Assistance Agreement in my capacity as Director for the State of Montana Department of Commerce. The Housing Division with the Department of Commerce will be the lead administrator for the HAF program.

The Housing Division includes the Montana Board of Housing (MBOH), which is our statewide Housing Finance Agency that is administratively attached to Commerce. The Board allocates housing credits for the development of affordable rental homes and issues tax exempt bonds for affordable single family homeownership programs and serves those loans in-house. The Housing Division also includes the Rental Assistance Bureau, which is our statewide Public Housing Authority that administers several federal rental assistance programs like Housing Choice Vouchers. Finally, the Housing Division administers multiple HUD Community Planning and Development programs for production and preservation of affordable housing, including HOME and HTF.

Cheryl Cohen is the Housing Division Administrator and the Executive Director of the Montana Board of Housing. Given these roles, the State of Montana requests Cheryl Cohen to be established as an authorized representative for HAF payments.

Regards,

Scott

SCOTT OSTERMAN

Director

MONTANA

DEPARTMENT OF COMMERCE

T: 406.841.2745

COMMERCE.MT.GOV

Homeowner Needs and Community Engagement

Data

- No questions

Community Engagement and Public Participation

- Please describe any coordination you intend with Tribes or Tribal entities.

We have made multiple outreach attempts through various channels – including via the Governor’s Office of Indian Affairs, stakeholder groups collaborating on single family housing needs for Native Americans and via trusted Tribal members with whom we have established relationships - to engage Tribal governments and Tribal entities.

During our call on November 22, Treasury representatives indicated they would be willing to provide a list of contacts from Tribal governments or Tribal entities who have applied for HAF so we can connect with those specific individuals. Vicki Bauer, Homeownership Program Manager, sent a follow up email to Treasury representatives on December 2 and met with Luis Saucedo on December 13. Vicki Bauer has provided Mr. Saucedo with a list of Tribal entities in the state of Montana.

We also met with the Governor’s Office of Indian Affairs Director Misty Kuhl on December 9. Director Kuhl is working this week to identify appropriate housing contacts at each reservation and will provide a contact list to us for continued outreach and coordination efforts.

- 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.

We have not received any further public comment on our HAF Plan.

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.

We assessed data from a variety of sources, including the Federal Reserve Bank of Atlanta's Mortgage Analytics and Performance Dashboard, and other State-By-State Ranking Reports released by Black Knight Financial Technology Solutions, LLC. Both data sources are proprietary, so exact rates cannot be released. However, Black Knight's First Look at June 2021 Mortgage Data released July 22, 2021 reflects Montana in the bottom 5 of states by non-current percentage at 3.09%.¹

A survey of non-depository mortgage companies in the state revealed that 1,338 loans, accounting for \$197,116,619 in unpaid principal loan balances, were more than 90 days delinquent at the end of 2021 Q1, an increase of nearly 2% from 2020 Q1. Among USDA loans in the state, over 300 loans are 90 + days delinquent, nearly 5% of all USDA loans. Among Federal Housing Administration loans in the state, 1,546 are 90 + days delinquent, representing over 8% of all FHA loans.²

American Community Survey 1-Year Estimates for 2019 data reports 166,220 housing units with a mortgage in the state. Assuming a 3% delinquency rate for Montana results in approximately 5,000 borrowers. Only a subset of this universe will meet HAF program requirements, including income eligibility, primary residence, and COVID-19 financial hardship. While FHA and USDA-RD data indicates higher delinquency rates, borrowers with these or other government insured loans have access to other loss mitigation options. Therefore, we estimated 1,000 borrowers may be in need and eligible for our proposed HAF reinstatement loan program.

- 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)?

¹ [Black Knight's First Look at June 2021 Mortgage Data – Black Knight, Inc. \(blackknightinc.com\)](https://blackknightinc.com)

² Data to Support HAF Plans for Montana Prepared June 11, 2021 by U.S. Department of the Treasury

Our pilot program application for Montana Board of Housing borrowers does include the following yes/no statements about whether the borrower is in imminent risk of displacement which would result in a prioritization:

- My household has received a foreclosure notice
- My household has received a utility shut-off notice
- My household has received an internet shut-off notice

Additionally, our foreclosure specialist will assess whether the borrower is within 120 days of foreclosure.

- Please clarify under which circumstances homeowners with contracts for deed or land contracts will be eligible or ineligible for the program.

As indicated in our initial HAF Plan submission, this will be determined on a case-by-case basis. Our review will determine who is the deed holder and whether there is a right-to-encumber option on the deed. For land contracts, we will determine whether there is a home (mobile home) on the property where the borrower could be displaced if payment is not made.

- 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.

Montana has a robust housing counseling network that is administered by NeighborWorks Montana (NWMT) and includes local provider partners of homebuyer education and counseling that span the entire state and all seven Indian reservations. NWMT recently applied for and received funding through the Housing Stability Counseling Program (HSCP) via NeighborWorks America. The funds are to be used for housing counseling and will provide direct assistance to households facing housing instability. Funds will also support housing counselor education, outreach, training, and operational oversight.

Under this new HSCP funding, NWMT is building the capacity to ask clients seeking counseling to complete a NWMT assessment survey so their counseling needs can be evaluated. The assessment is an important first step, as it will help determine if there is a crisis that needs immediate mitigation through the Emergency Rental Assistance Program, the Homeowner Assistance Fund, or Montana Legal Services Association. Clients interested in home purchase services and those who do not believe they are facing housing instability will work directly with their local counseling organization on the services relevant to them.

The NeighborWorks America HSCP funding is only available until February 2023.

We propose use of HAF funding to extend and support the network in its counseling efforts until September 2025, which will provide additional stability for the network, its partners and employed counselors.

In preliminary conversations with the Montana Legal Services Association (MLSA), we have discussed adding legal services for Montanans facing foreclosure to the existing Montana Eviction Intervention Project (MEIP) program. MLSA would hire attorneys and legal assistants to represent Montanans to advise them on their legal rights in foreclosure proceedings, provide legal representation in court or administrative proceedings when appropriate, and help clients work with banks and creditors to stay housed, or access other housing supports.

- How will your program leverage resources available through a loss mitigation process to benefit eligible homeowners?

While our initial HAF Plan submission indicated a 'No Help' letter would be the best way to determine that other loss mitigation options had been exhausted, based on further clarity from Treasury representatives during our November 22 call and subsequent team discussion, we will include a more nuanced approach in assessing the loss mitigation options offered to the borrower by their mortgage servicer, and the steps the borrower has taken (or not) in pursuit of those loss mitigation options.

While some borrowers may be able to clearly articulate and identify the various loss mitigation options offered and pursued, we believe other borrowers may be less able to accurately identify these options from an itemized list. Therefore, we will include ways for borrowers to self-disclose these details within the application process but will also engage their mortgage servicer for confirmation of loss mitigation options offered to and pursued by their borrower.

We believe this approach will help us prioritize HAF assistance for borrowers who lack other loss mitigation options, or for whom other available loss mitigation options are insufficient to stabilize their housing. In some cases, it will be in the borrower's best interest to utilize other loss mitigation options to take advantage of loan modifications such as reduced interest rate or an extended loan term. Borrowers who may have maxed out their benefit from their mortgage insurer would then be potentially eligible to use the HAF program to become fully current. Older loans may have less options because they have less left on their mortgage and insurance will only have 30% available for loss-mitigation.

As we proceed with our pilot program, we will gain further knowledge on how to leverage resources through various loss mitigation options available to eligible homeowners.

- 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?

Our program will require that the borrower be reviewed by their servicer for other loss mitigation options prior to being approved by for the HAF Program. Through those other options, the borrower may be able to take advantage of principal reductions, interest rate reduction or term extensions that could result in a lower monthly payment. Our proposed reinstatement program would not result in changes to the borrower's monthly payment amount; the borrower will attest that they are able to continue making the payment that they were qualified for when they purchased their home.

- Your term sheet for the reinstatement program indicate that assistance will be provided through non-forgivable loans, repayable at the end of the first mortgage (repayment, refinance, transfer or sale), with repayment subject to review at that time. Please explain how your program will determine when repayment is not required. Also, please explain your rationale for structuring other programs as grants rather than repayable loans.

At the time the HAF loan becomes due, if there has been a decrease in the value of the property and by paying back the HAF loan, the borrower is in a negative equity position, writing off the HAF loan may be an option.

Work out options offered by mortgage insurers and investors allow borrowers to obtain a partial claim in the form of a subordinate loan or to capitalize the delinquency and have it added to the end of the first mortgage loan. By offering the HAF funds as a loan rather than a grant, it will provide similar work out options to qualifying borrowers.

- Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve?

We do anticipate increased winter home energy costs. The US Energy Information Administration provided a recent [report](#) indicating that retail prices for energy are at multiyear highs and that households will spend more on energy costs to heat their homes this winter compared to last year. Natural gas costs could see an increase of 30%-50%, electricity costs 6%-15%, and propane costs at 54%-94% depending on how cold the winter gets. As noted in our response to budget questions below, we are increasing our budget for home energy costs to benefit homeowners in our HAF program.

Furthermore, we are aware that the Administration for Children & Families Office of Community Service, in conjunction with the U.S. Department of the Treasury, provided clarification on November 18, 2021 stating that "Eligible households can receive both LIHEAP and ERA benefits (i.e., receiving benefits from one program does not preclude a household from receiving benefits from the other program)". Additionally, Treasury updated their [webpage](#) to provide additional promising practices for coordination with other utility assistance programs and LIHEAP.

We will continue to coordinate with our state Department of Public Health and Human Services who administers Montana's LIHEAP Program, to ensure coordination and collaboration between LIHEAP, ERA and HAF to the maximum benefit of eligible Montanans. The state's LIHEAP benefits for this year have been increased by 50% (using ARPA funds) to provide additional assistance to eligible households. DPHHS is also monitoring the fuel cost increases and may provide a supplemental benefit for propane and natural gas customers in February/March if there continues to be significant need.

New Treasury [guidance on promising practices](#) noted that "Increased utility or home heating costs in light of pandemic-related heating cost increases" could be an indicator for Covid related financial impact. We will consider this guidance in our HAF implementation.

- Your program set \$25,000 as the maximum amount of reinstatement assistance per homeowner. Please explain how you determined this amount will be sufficient to resolve housing-related delinquencies and whether the cap will be sufficient in areas with higher housing costs?

At the time we put together our plan, we calculated 12 payments at \$2,000/month and rounded up to \$25,000. The \$2,000 monthly mortgage payment is based on our experience in the single-family homeowner industry – both origination and servicing – Montana home purchase prices, underwriting standards and the HAF program income eligibility restrictions. We believe this is a reasonable estimate of the average mortgage payment for HAF eligible borrowers in our state.

Based on experience within our own portfolio, borrowers who requested a forbearance are, on average, 8 months behind on payments. Many of those borrowers have been able to resume making their monthly payment, they are just having a hard time making up the delinquency. Therefore, we believe \$25,000 should be an adequate amount to cover the delinquent amounts, even in higher cost areas.

Eligibility

- Please provide additional information on the requirement that HAF assistance be repaid by the homeowner, including any research to determine whether this requirement would be burdensome on eligible homeowners.

Fannie Mae, Freddie Mac, FHA, USDA-RD and VA all have loss mitigation options available for borrowers. These options include:

- * a payment plan or making a higher monthly mortgage payment than the regular payment until the default is made up
- * payment deferral which puts missed monthly payments into a payment due at the sale or refinance of the mortgage or at the end of the loan
- * loan modification which extends the number of years the borrower has to repay the loan and possibly lowers the interest rate, both of which result in a lower monthly payment

All these options equate to the borrower paying back the full amount they originally borrowed to purchase the home rather than having a portion of the loan paid back on their behalf through a grant.

Having the option to write off the HAF loan will help ensure the HAF loan will not be burdensome to eligible homeowners.

- Please provide the rationale for not using a fact-specific proxy as one method for establishing eligibility under your plan, including how you determined that without such proxy, your program can avoid unnecessary barriers to participation by eligible homeowners.

To align with our ERA program, we are not contemplating fact-specific proxy for determination of income eligibility. We are committed to avoiding unnecessary barriers in our HAF program and believe requesting income documentation in the form of IRS Tax Returns or two months most recent source documentation, as well as exceptions such as self-attestation for zero income status, is a low barrier approach. Homeowners were required to provide income documentation to qualify for their initial loan and their respective mortgage servicers will likely also require income documentation for any loss mitigation options, including a HAF reinstatement loan.

- Please specify the criteria for an eligible financial hardship and income requirements for the State of Montana's HAF program.

The applicant must self-attest to experiencing a financial hardship relating to Covid after January 21, 2020. The attestation must describe the nature of the financial hardship, e.g., job loss, reduction in income, or increased costs due to healthcare or the need to care for a family member. It is our presumption, based on Treasury ERA guidance and flexibility for ERA applicants to self-attest to a financial hardship due, directly, or indirectly, to COVID-19, that Treasury will also permit applicants in the HAF program to self-attest to this criterion.

For the purposes of determining income eligibility, Montana will use HUD's definition of "annual income" in 24 CFR 5.609 or use adjusted gross income as defined for purposes of reporting on Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes. HAF applicants will be required to provide income documentation, such as 2020 IRS Tax Returns or two months recent income source documentation. Exceptions will be permissible, such as self-attestation of borrower zero-income status. We will strive for the application process to be low-barrier, but we also recognize borrowers will have information available since mortgage servicers will need to gather income documentation for their review of loss mitigation options as well.

- Your program requires that homeowners applying for mortgage reinstatement assistance have exhausted their loss mitigation options prior to receiving assistance, and provide documentation from their servicer in the form of a "No Help Letter" or a copy of their current repayment plan. Please explain your rationale for requiring the homeowner provide such documentation, and whether you have considered alternative means of determining that the homeowner has

attempted to obtain a loss mitigation resolution. Please indicate any input you have received from other mortgage servicers, housing counselors, or housing advocates concerning this requirement.

Treasury guidance states: 'To the extent that HAF participants use HAF funds to supplement other loss-mitigation efforts, Treasury encourages participants to avoid using HAF funds in a manner that replaces other loss-mitigation resources that would otherwise be available.' While our initial HAF Plan submission indicated a 'No Help' letter would be the best way to determine that other loss mitigation options had been exhausted, based on further clarity from Treasury representatives during our November 22 call and subsequent team discussion, we will include a more nuanced approach in assessing the loss mitigation options offered to the borrower by their mortgage servicer, and the steps the borrower has taken (or not) in pursuit of loss mitigation options they have been offered.

While some borrowers may be able to clearly articulate and identify the various loss mitigation options offered and pursued, we believe some borrowers may be less able to accurately identify these options from an itemized list. Therefore, we will include ways for borrowers to self-disclose these details within the application process but will also engage mortgage servicers for confirmation of loss mitigation options offered to and pursued by their borrower.

Outreach

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

Through our coordination with the NeighborWorks Montana Homeownership Counseling Network, we understand that in fiscal year 2020, 2.1% of their clients were Limited English Proficiency. In fiscal year 2021, this decreased to 1.5% of clients. Per census data, less than 0.2 of 1% of Montana residents do not speak English. In addition, 0.4 of 1% are considered to "not be proficient" at speaking English. NeighborWorks Montana has not received a single request for translation services in the last few years; however, they do have a process for connecting clients with translation services upon request, including a referral form.

This is similar to our experience with administration of the Montana Emergency Rental Assistance program, which to-date has received one request for translation services. We will accommodate all requests and are aware of a variety of resources to connect HAF applicants with interpretation services, such as:

- Montana Department of Transportation list of local interpreters, available [here](#).
- Montana State University Extension program - Modern Language & Literatures Tutors and Translators [website](#).

- Montana Language Services helps people connect and access interpretation services [online](#).

These are all resources available to NeighborWorks Montana housing counselors and can be leveraged by state of Montana to support borrowers applying for the HAF program.

- Please explain how the program will provide culturally relevant marketing.

We will partner with the Tribal housing authorities on the seven Indian Reservations located in the state to ensure they are aware of the statewide HAF program, particularly if they did not apply of their own allocation of funds. We will also work with the Council on Aging to ensure Montana seniors are informed about the HAF program, as well as the state Department of Public Health and Human Services [Aging and Disability Resource Center](#).

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.

Of Montana's over 311,000 owner occupied housing units, the majority (93%) of owners are white (not Hispanic or Latino) and 88% are white-only and of no other race. Montana has an estimated 36,740 non-white homeowners. Of the 56 counties in the state, eight have a share of non-white homeowners higher than the 12% state average. In seven counties, half of all homeowners are non-white. These include Big Horn (49%), Blaine (35%), Glacier (58%), Hill (13%), Lake (18%), Petroleum (16%), Roosevelt (43%), and Rosebud (23%).

To identify counties that will be prioritized for outreach, Montana Housing defined target geographic areas as any county that is in the 75th percentile or higher in overall rank or in any of the following three sub-indices: social disadvantaged; housing cost burden; and, economic distress. There was significant overlap in the counties represented in the top 25 of the sub-indices and in the overall ranking. We are proposing to target marketing and outreach efforts to the top 10 counties in overall ranking, and the top 3 counties in each category (social disadvantaged, housing cost burden and economic distress). This would include 24 counties in total (Big Horn, Blaine, Carbon, Cascade, Chouteau, Dawson, Flathead, Glacier, Hill, Lake, Madison, McCone, Missoula, Musselshell, Park, Phillips, Pondera, Ravalli, Richland, Rosebud, Roosevelt, Sanders, Treasure, and Wheatland).

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public.

Similar to our Emergency Rental Assistance program, we will report HAF process on our public-facing [ARPA Dashboard - Funds Distributed through the State of Montana](#) transparency website. This website is updated weekly with all ARPA related programs.

We have HAF program web content available now, including searchable FAQs, at [ARPA.MT.GOV/HOUSING](#). Program updates and customer testimonials will be shared via the Montana Housing Facebook page. Other means of communication include press releases for key milestones or programmatic changes, Gov Delivery emails to stakeholders and the Montana Housing electronic newsletter.

Regular program updates, including applications received and number of households approved for funds, will be provided to the Economic Transformation and Stabilization and Workforce Development Advisory Commission, established under state of Montana House Bill 632. This advisory commission includes six elected officials and three appointees from the executive branch. Meetings are open to the public (in person and virtual), as well as live streamed via the state of Montana legislative website. Meetings are also recorded.

- Please indicate which three metrics will serve as the best indicators of the success of your program.
 - Number of households assisted (align with Data Element #1: The total number of unique Homeowners that received HAF assistance of any kind).
 - Number of foreclosures prevented (align with Data Element #5: The number of Delinquencies that were resolved with monetary HAF assistance).
 - Number of utility shutoffs prevented (align with Data Element 7b: The number of Homeowners whose mortgage, insurance, taxes, utilities, or other qualified expenses related to housing were fully or partially paid, disaggregated by Payment Assistance Utilities).
- Please indicate whether you intend to disaggregate metrics by income, race, gender, etc.

The application process will allow us to report disaggregate metrics by income, race, ethnicity, and gender. We are presuming Treasury will include the same race, ethnicity, and gender categories established for the ERA program in forthcoming HAF Reporting Guidance and are designing our program with that assumption.

- 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.

Prior to December 13 release of HAF Interim Reporting Guidance, our draft response stated: "We will take this additional metric under advisement, subject

to mutually agreeable contract terms with identified counseling and legal services providers. We have previously included various performance metrics within contracts with both the NeighborWorks Montana and Montana Legal Services Association.” However, it appears this metric is included in the Interim Report Guidance as required data element #5. We will ensure future contracts established with NWMT and MLSA using HAF will include this required data element to align with HAF Interim Reporting Guidance.

Readiness

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

We hired and onboarded two new staff for our HAF program in mid-November and already executed a contract with our software developer (ServiceNow) to design and build the online application, back office processing and payment interface system for the statewide HAF program. Our pilot program for Montana Board of Housing borrowers will use our in-house mortgage servicing software and will launch in the next 30 – 45 days.

We are currently utilizing our ServiceNow software vendors to incorporate co-current administration of ERA2 within our ERA system. While we had hoped to launch our HAF program earlier this winter, we are working to prioritize multiple COVID-19 relief programs provided under the CARES Act, Consolidated Appropriations Act and the American Rescue Plan Act. Our scope of work for HAF software development will begin following completion of our ERA2 scope, which is estimated to conclude in about 4 weeks.

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

Our pilot program will launch in the next 30 – 45 days. We are striving to launch the full statewide program by May 1, 2022. We have been hesitant to expend administrative funds for software development and personnel to develop our HAF system absent Treasury approval of our HAF Plan and complete Treasury Reporting and Compliance guidance. Pending Treasury approval and release of HAF Reporting Guidance (Interim Reporting Guidance released December 13), we will launch our software development phase in January 2022. The development scope is estimated to be 14-16 weeks. As noted above, we have already executed a contract for software development, using the same ServiceNow vendor as employed for our ERA software solution. We are also leveraging as much from our ERA system as possible to reduce development time and costs.

- 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.

We submitted our pilot program budget to the state of Montana budget office and have received budget authority to begin expending the 10% initial payment received.

We onboarded two new staff in mid-November, including a HAF Program Supervisor and HAF Application reviewer.

We are in the process of finalizing the pilot program application and intend to launch the pilot program by providing the HAF application (paper version) to potentially eligible Montana Board of Housing borrowers in the next 30 – 45 days.

Budget

- Your total allocation amount is \$50,000,000.00 Our records indicate that you have received an initial 10% payment of \$5,000,000.00 and that upon plan approval, you may draw up to \$45,000,000.00
 - The total budget in your draft HAF plan is for \$43,547,610.00. Please confirm your budget is correct, and that at this time, you wish to receive less than your remaining allocation. If necessary, please revise your budget, including the initial 10% that was paid in your initial payment.

The submitted budget was incorrect and did not include the pilot program budget that was prepared for the initial 10% payment. The budget has been amended to include the entire \$50,000,000 allocation. We did include increases to Payment Assistance for Homeowners Utilities, adjust software document retention fees to reflect life of program (initial submission was annual cost), and an increase in document prep fees for recording and title based on increased costs for these services.

- Under HAF guidance, Counseling and Legal Services Expenses may not exceed 5% of the funding received by the HAF participant. Under the amount currently budgeted in your plan, \$43,547,610, the 5% cap would be \$2,178,180.50. Therefore, the Counseling and Legal Services Expense budget of \$2,500,000 would exceed the program cap by \$321,819.50. Please revise your total budget or the amount allocated to Counseling and Legal Services Expenses to reflect the maximum allocation amount.

The budget has been amended to include the entire \$50,000,000 allocation and includes \$2,500,000 for counseling and legal services - \$1.25 million for each - which represents the 5% program cap for these services.