

**RESPONSES TO US TREASURY QUESTIONS REGARDING STATE OF NEVADA HAF PLAN**  
**Revised 1/13/2022**

**HAFP-0064 State of Nevada**  
**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***

- 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.

**Response: NAHAC held initial roundtables with servicers and HUD-approved Housing Counseling Agencies (HCA) to discuss development and implementation of Nevada's HAF plan. The plan has been shared with stakeholders and NAHAC has received relevant feedback. Follow-up roundtables were held to vet stakeholders' input, and a public hearing was held on July 12, 2021, where homeowners, servicers, HCAs, and other stakeholders had the opportunity to make comments and participate in the HAF plan discussion. Regular discussions were also held with state and local legislative officials.**

**Based on the data reported on Nevada's state unemployment rates and mortgage delinquency rates, NAHAC intends to engage HCAs and legal aid centers to assist targeted groups including individuals considered socially disadvantaged, collecting unemployment benefits, experiencing financial hardships and/or mortgage delinquency, or facing foreclosure. NAHAC will also work closely with local jurisdictions and government officials to understand homeowners' needs, including offering multiple intake formats and provide additional pathways into the program, as well as providing both cultural and linguistic relevant outreach.**

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

**Response: Nevada is not planning any coordination with Tribes or Tribal entities at this time.**

- 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.

**Response: Please see response to first bullet of *Community Engagement and Public Participation* above.**

## ***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.

**Response:** Data from the U.S. Bureau of Labor Statistics (2021) showed that all counties across Nevada experienced increased unemployment rates at the height of the pandemic. The pandemic brought about temporary closure of the service industry, particularly hotels, casinos, and restaurants. Some of these businesses remain fully or partially closed today. At the peak, Nevada's unemployment rate rose from 3.7% in February 2020 to 29.5% in April 2020 due, in part, to the closure of major casinos, which employ approximately 206,000 workers. The unemployment rate in the state as of April 2021 was 8%, 6th highest rate in the country and more than double the rate prior to the pandemic. Additionally, according to CoreLogic Market Trends, Nevada's delinquency rate rose from 1% in April 2020 to 6% in August 2020.

In September 2020, Nevada ranked #2 at almost 21% on the Housing Hardship Index, with a 12.6% unemployment rate, and 8.3% delinquency. The lack of work has had a dramatic impact on Nevadans' ability to pay their mortgage and/or household bills. Mortgage delinquencies on government backed loans are reported to be approximately 24%, and an additional 9% of homeowners have entered into forbearance agreements.

Based on this data Nevada decided to rollout the Unemployment Mortgage Assistance (UMA) and Mortgage Reinstatement Assistance Program (MRAP) to address the great need of Nevada homeowners who are dealing with pandemic related unemployment and delinquency.

- 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)?

**Response:** Early in the application process homeowner needs will be assessed through a triage process. It is anticipated that most of the households will be experiencing housing instability or immanence. Nevada will collaborate with HCAs and legal aid services as necessary to address some of those immediate threats while the homeowner's application is going through the process.

- Please confirm your exclusion of reverse mortgages, contracts for deeds/land contracts, and second mortgages and explain what steps you have taken to assess the needs of homeowners with these mortgage types. Please summarize any community feedback or data on which you have based this decision.

**Response:** Nevada will research further to determine if there is a need to assist reverse mortgages or 2<sup>nd</sup> mortgage loans.

**Follow-up Question from Treasury dated December 20, 2021:**

Please update this response if necessary.

**Updated Response (12/27/2021):** On November 29, 2021, NAHAC received a report from US Treasury on data as of September 30, 2021, regarding the Federal Housing Administration's (FHA) Home Equity Conversion Mortgages (HECMs). The report indicated that there are 7,658 active HECM loans in Nevada, which represent 1.4% of all active HECM loans in the nation. Of the 7,658 active HECM loans, it is reported that 352 (4.6%) are in a COVID-19 extension, which indicates there is not a great need at this time that would warrant the creation of an additional program. However, we will continue to monitor this subset of loans to determine if a change of course is necessary in the future.

**Follow-up Question from Treasury dated January 4, 2022:**

On reverse mortgages - many states are not creating a separate program for reverse mortgage borrowers, but assisting these homeowners through their reinstatement programs, with funds used to bring them current on tax/insurance obligations. Is that something Nevada would consider?

**Updated Response (1/13/2022):** Nevada will review to determine how best to service the subset of homeowners who would need assistance in bringing taxes and insurance current.

- 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.

**Response:** Nevada posted a Request for Proposal (RFP) for HCAs and anticipates contracting with multiple HCAs and local legal aid services. Nevada will also conduct ongoing meetings with HCAs and legal aid services to assist homeowners in evaluating loss mitigation options available through their servicer.

**HCAs will participate in outreach and community events, including open houses. HCAs will also assist homeowners with pre-eligibility, one on one counseling, and applications. Homeowner education classes are expected to be conducted by HCAs to include topics such as Loss Mitigation and Foreclosure Prevention. Additionally, homeowners can be readily connected with an HCA as early as the initial pre-screening process.**

- 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?

**Response:** Homeowners will be required to engage with their mortgage servicer before applying for HAF funds. During the pre-screening process, homeowners are asked if they have reached out to their servicer. If the answer is no, they will not be able to proceed with their application and will be instructed to contact their servicer before re-applying for HAF.

**Follow-up Question from Treasury dated December 20, 2021:**

During our conversation, you indicated that you would be taking steps to follow up with these homeowners and potentially connect them with housing counseling. Could you elaborate on what steps your program will take?

**Updated Response (12/27/2021):** During pre-screening, homeowners are asked if they have engaged with their mortgage servicer for mitigation options prior to moving to the application stage. If the answer is no, the homeowner will be deemed ineligible, and advised via a message on the screen to contact a HUD approved housing counseling agency to assist the homeowner with loss mitigation options and/or credit counseling. Likewise, if a homeowner is deemed ineligible after the application process, they will also be referred to a housing counseling agency.

**Follow-up Question from Treasury dated January 4, 2022:**

For homeowners who apply without having first sought loss mitigation, you have framed this as an eligibility requirement. I want to make sure that is the right term.

- Nevada's MRAP Term sheet does not indicate this is an eligibility requirement. That terminology could be confusing for homeowners (and perhaps you don't intend to convey this as an eligibility requirement). "Ineligible" connotes something more permanent that may discourage homeowners from getting help from HAF, including those homeowners who are frustrated or don't understand the loss mitigation process.
- In addition, as we have mentioned, stewarding these homeowners towards exploring loss mitigation (including through housing counselors), is something for which HAF programs can and should take credit. Perhaps the terminology is only internal, but it may be helpful to think through how this will be communicated both to individual homeowners at the pre-application/application stage and to those advocates and the public to avoid confusion regarding Nevada's process.
- Also, it may help to consider waivers to this requirement where a homeowner has a privately-backed mortgage with limited loss mitigation options or encounters poor handling of their loss mitigation application by the servicer, to ensure these homeowners don't fall through the cracks.

**Updated Response (1/13/2022):** After further discussion, Nevada will not require homeowners to leverage resources available through a loss mitigation process. Instead, during the application process, homeowners will be asked if they have engaged with their mortgage servicer for loss mitigation options. If the answer is no, the homeowner will be advised via a message on the screen to contact a HUD approved housing counseling agency to assist the homeowner with loss mitigation options and/or credit counseling and will then be allowed to proceed with a HAF application.

- 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?

**Response:** Nevada is launching two foreclosure prevention programs, Unemployment Mortgage Assistance (UMA) and the Mortgage Reinstatement Assistance Program (MRAP). These programs are not intended to assist in lowering the monthly mortgage payment. They are intended to provide temporary assistance, such as reinstatement of the mortgage and/or monthly mortgage payment assistance. As the needs of homeowners in Nevada are further assessed, Nevada will determine if additional programs are required.

**Follow-up Question from Treasury dated December 20, 2021:**

During our conversation, you indicated that you would be taking steps to assess sustainability. Could you expand on your answer by providing an overview of these steps?

**Updated Response (12/27/2021): The Mortgage Reinstatement Program (MRAP) will help homeowners that suffered a significant financial hardship during the pandemic but have overcome that hardship and can sustain their monthly mortgage payments going forward. NAHAC has established affordability as having a housing-to-income ratio of less than or equal to 33%. The FHA uses 31% of income towards housing costs and applied an additional 2% as margin of variation. Homeowners with housing-to-income ratio greater than 33% will be considered to not have a sustainable monthly payment and will be deemed ineligible. In these cases, homeowners will be referred to a HUD approved housing counseling agency to assist the homeowner with loss mitigation options and/or credit counseling. Nevada's HAF programs will be continuously monitored to determine if changes are required.**

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

**Response: Nevada is not expecting winter increases outside of the norm. However, homeowners experiencing higher than usual energy costs or difficulty paying energy bills will be referred to Nevada 211 for additional resources such as weatherization, Energy Assistance Program (EAP), Equal Pay and other mainstream programs.**

***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:
  - Affidavit of Unemployment
  - Social Security Card
  - Documentation of DETR UIB at time of application or within 90 days from application.

**Response: The Nevada Homeowner Assistance Fund System portal (HAFS) is programmed to provide homeowners with an Unemployment Affidavit, which homeowners will execute electronically, which, therefore, does not create unnecessary barriers. The requirement of a Social Security Card is only needed from borrowers obligated on the mortgage and related spouse/Registered Domestic Partner. This documentation is requested to reduce fraud and maintain the integrity of the program. Additionally, homeowners are able to upload required documents, including copy of Social Security Card and DETR Unemployment Insurance Benefit (UIB). The UIB is requested for the UMA program to determine if the homeowner is receiving unemployment benefits at time of application or within the prior 90-day period. If homeowners do not have access to upload documents, they can fax or mail the documents. Homeowners may also work with a HCA to assist with their documents.**

**Follow-up Question from Treasury dated December 20, 2021:**

During our conversation, you indicated that an ITIN card or other identification information may also be a permissible form of documentation. Please confirm whether this is the case and, if so, update your response to note this.

**Updated Response (12/27/2021): Homeowners obligated on the mortgage, including spouses and Registered Domestic Partners, will be required to provide their social security card or Individual Taxpayer Identification Number (ITIN) document as permissible forms of documentation. Homeowners that do not have either a social security number or ITIN will be deemed ineligible. This information is used for identification purposes to prevent fraud, and it is also being used as a unique identifier per borrower and to ensure household assistance does not exceed program specific and overall household allotted maximums.**

### ***Outreach***

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

**Response: Nevada has identified the top 3 languages in our state as being English, Spanish, and Tagalog. Nevada has contracted with a marketing firm to develop a marketing and public relations plan, including a social media component, to targeting the socially disadvantaged, underserved, low income, and different ethnic groups as well as those with limited English proficiency based on demographic data.**

### ***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?

**Response: The HAFS portal will flag applicants that have self-identified as being a Socially Disadvantaged Individual for prioritization purpose. It will also flag and prioritize the households who are under the 100% AMI threshold by using the HUD AMI table. Lastly, the system has also been programmed with majority/minority census tracts based on the 2019 Nevada Census Tracts.**

### ***Performance Goals***

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

**Response: Once program progress metrics are clearly defined, Nevada plans to post progress reports on NAHAC's website.**

- Please indicate which three metrics will serve as the best indicators of the success of your program.

**Response: Three metrics that may serve as indicators of the success of the HAF program include the number of homeowners assisted (funded), retention rate of homeownership after assistance, and the percentage of homeowners assisted that were considered socially**

**disadvantaged or under 100% AMI. Performance metrics may change as further guidance and requirements are defined by US Treasury.**

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

**Response: The HAFS portal has the ability to provide the demographics in question. However, reports will be designed in accordance with US Treasury reporting requirements once they are received.**

- 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.

**Response: Nevada has considered this and will be including this in the required reporting from partnering HCAs and legal aid services.**

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

**Response: NAHAC is almost fully staffed with 12 full-time regular employees, and 5 temporary employees in various positions primarily focused on the Nevada Homeowner Assistance Fund program. Additionally, NAHAC has acquired vendor contracts for the following services: system of record, legal services, data services, Processing and Eligibility services, accounting services and quality assurance.**

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

**Response: NAHAC soft launched a pilot program on Monday, 11/15/2021 and is now taking applications for HAF.**

- 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.

**Response: Approximately \$548,000 has been expended to date, which includes capitalized assets for the new system and related implementation costs which will be depreciated over time.**

## **Budget**

No questions