

**HAFP-0081- State of Colorado
Treasury Feedback for Resubmission of Plan**

Colorado Answers Provided in Green Below

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 comments have been received since submission of the HAF plan on 12/30/2021. DOLA's consultants for the HAF plan, Root Policy Research, received approximately a half dozen emails from Colorado homeowners inquiring about how to access the HAF program and availability of assistance. DOH responded to each individual inquiry with a phone call and/or email.

Ongoing Assessment of Homeowner Need

- No questions

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 are planning on an extensive questionnaire as part of the application process. We will ask about HOA and tax delinquencies, HOA liens on the property, utility shut off notices, foreclosure and property tax sale dates to help identify cases that need to be prioritized.

- 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.

Our plan is to include referrals to housing counseling if applicants applied for 6 or more months of assistance, if loss mitigation was denied, if there are property tax delinquencies, and if there is an active bankruptcy or foreclosure sale date. In addition, we are working with our application vendor to provide Housing Counseling contact information in the portal as well as creating a built-in referral process, or, at the very least, a way for applicants to request housing counseling.

We intend to enter agreements with Colorado nonprofit legal aid agencies to provide legal representation and advocacy with a direct referral/linkage for any homeowners facing the following issues: HOA liens or HOA foreclosure notices, if there are BK or foreclosure issues that need legal attention, and if there are property title transfer issues like death, divorce or non-responsive co-borrowers.

- 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?

In our current pilot and as part of our proposed plan, we are asking for applicants to provide loss mitigation options paperwork from their loan servicers. If a loss mitigation option was granted for a homeowner, we can assist with mortgage payments after the option took effect. If a loss mitigation option was denied, we look to assist with a reinstatement. By doing so, we ensure that we do not duplicate available options for applicants from their mortgage servicers.

- 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?

If a homeowner is asking for 1 to 3 months of assistance, we will not necessarily look at sustainability. If a homeowner re-applies for a 2nd round of assistance of 3 months or needs assistance with reinstatement, HOA liens, foreclosure, or property taxes, we may require consultation with a housing counselor to determine sustainability.

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

We do anticipate that energy costs may be seasonal and will be prepared for the volume.

- Your program term sheets do not specify a dollar figure as the maximum amount of assistance per homeowner. Are you planning to include an assistance limit in your program?

We are determining a maximum through our Pilot program, but will likely settle on around \$40,000 with a waiver process in place if we need to go over that amount.

Eligibility

- Can you explain why homeowners receiving mortgage reinstatement and payment assistance for refinancing will receive this assistance in the form of a non-forgivable loan while all other assistance will be disbursed in the form of a grant?

We are trying to give all homeowners the same loss/mit options as everyone else. We will provide homeowners that were denied loss/mit options a non-forgivable loan to match the loan deferment that the lender denied. Providing a loan versus a grant ensures that applicants who were denied for loss/mit options are given an equitable solution to those applicants that received a loss/mit option from their mortgage lenders. A loan is a more equitable solution to a loan deferment or a loan modification, than a grant would be.

- Please provide additional information on the terms of the non-forgivable loan. Are there circumstances in which this loan could be forgiven?

The loan would be due only on sale or transfer of title with no interest accrued. The loan would be forgiven either partially, or in whole, if the sale would result in negative equity. If the combined amounts of our loan and the mortgage loan are higher than the sales price then our loan would be forgiven. Additionally, after our phone conversation with the US Treasury February 1, 2022, where we learned about other forgiveness options, we would like to modify this further by forgiving 20% per year, resulting in the loan being fully forgiven after five (5) years. If this is approved by UST, we will proceed with this change in our program implementation.

- Can you explain why your program that assists homeowners in receiving a refinance is restricted to homeowners needing assistance on DPA loan payments?

Through our market research it was determined that DPA assistance was a huge concern. Direct DPA loans are not an eligible use, but by paying off DPA loans, DPA lenders can then use those paid off funds for future DPA loans, thereby making homeownership a possibility for more first-time, lower income households. Our research also found there are a significant amount of FHA loans in the state of Colorado with DPA 2nds and the DPA 2nd will not subordinate when the homeowner tries to refinance. Paying off the DPA 2nd will enable the homeowner to proceed with a refinance and thus help achieve sustainability in making mortgage payment going forward.

Outreach

- No questions

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?

We will target FHA homeowners and will work with community navigators and community leaders in SDI communities. Our plan is to target SDI households through local leaders, local community nonprofits and working with homeownership counselors throughout the state. We can tier our application portal to prioritize 100% AMI and below.

Additionally, we will support community navigators and community leaders by developing affirmative marketing ads and messaging for SDI communities. We will also work with our community partners to ensure that information about the HAF programs are advertised on community organization websites, social media pages, newsletters, worship service bulletins, and other communications that target SDI groups. Additionally, we will consult with community navigators and community leaders in SDI communities and follow their advice on how best to inform their constituents about the HAF programs.

To ensure that our marketing and outreach strategy is effective in reaching SDI communities, we will conduct an internal assessment after 6 months and measure the number of SDI applications against total applications submitted, as well as the percentage of overall funding provided going to SDI applicants. If deemed that we are not reaching these communities based on our projected benchmarks and metrics, we will consult with our community partners, as well as counseling agencies and legal aid agencies, to understand what barriers might still exist in reaching these communities and adjust our marketing and outreach strategy accordingly.

Performance Goals

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

We are in the process of developing a public facing dashboard with HAF data available.

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

Overall, we plan to track: Number of applications, number of households assisted, total amount of assistance provided. In addition, we are aiming to achieve the following data points, should our data system vendors allow it.

Number of applications

- This metric could be further segmented by income brackets, as well as number of applications that are submitted by socially disadvantaged individuals.

Number of households assisted

- Number of households who were in forbearance at time of application
- Number of households who were in foreclosure at time of application
- Number of households who had HOA liens on their property at time of application
- Number of households in bankruptcy at time of application
- Number of households who were delinquent on property tax at time of application

Total amount of assistance provided

- Amount of funding provided to households who were in forbearance at time of application
- Amount of funding provided to households who were in foreclosure at time of application
- Amount of funding provided to households who had HOA liens on their property at time of application
- Amount of funding provided to households who were in bankruptcy at time of application
- Amount of funding provided to households who were delinquent on their property tax at time of application

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

Yes, our system will be able to do this.

- 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.

We will track foreclosure cases in the application portal system and will work to ensure any HAF- contracted Housing Counseling agencies provide these metrics in their regular reporting per the grant agreements.

Readiness

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

We are well into our initial pilot program and are working to sub-award to an additional nonprofit to assist in processing the mortgage assistance requests we have received thus far. The plan is to use the same processing agencies for the full HAF programs and to add additional agencies if there is interest. Additionally, we will work to recruit additional housing counseling agencies as well as legal aid agencies upon final approval by the US Treasury. The Division of Housing is also in the process of hiring additional staff, including two Program Specialists, who will work directly with our grantees; two Program Assistants who will assist in administrative

support of the program; a Budget Analyst who will be responsible for both the HAF and ERA budgets; and a Data Manager who will be responsible for managing both HAF and ERA content.

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

We will launch the Mortgage Payment Assistance, and Mortgage Reinstatement , within 30 to 60 days of approval. We will launch any required procurement processes within the same timeframe.

- 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.

As of 2/15/2022 we have assisted 157 households in the amount of \$1,391,064

Budget - all of these corrections were made in the HAF online portal

- Your plan provides a total budget amount of \$175,080,860, an amount greater than your full allocation amount of \$175,080,858. Please revise your budget to reflect this allocation amount. Our records indicate that you have \$157,572,772.20 remaining from your allocation, after deducting your initial 10% payment. We changed the \$2 discrepancy for a new total of \$175,080,858. We are uncertain if we should reflect the \$157M somewhere else. Please let us know if we still need to correct this further.
- According to the [HAF Guidance](#), Administrative Expenses may not exceed 15% of overall allocation, or \$26,262,128.70 for Colorado. Therefore, the Administrative Expense budget of \$26,262,129.00 exceeds the program cap by \$0.30. Please revise your budget to reflect the maximum allocation amount.
- Your plan indicates the following program design elements will be offered with no corresponding budget allocation. Please provide a budget allocation by each program design element. Alternatively, you may group similar types of program design elements, i.e., mortgage related program design elements (i.e., payment assistance, principal reduction, or reinstatement), taxes and insurance (outside of mortgage), etc..
 - Mortgage Principal Reduction
 - Facilitate Mortgage Interest Rate Reduction - these two design elements were accidentally checked in the Program Design section. We have now unchecked those boxes, as our plan does not have these two elements.