

12.20.21 IHCD A HAF Term Sheet Summary of Changes and Clarification Responses

12.20.21: Removed requirement to submit proof of bankruptcy discharge from applicants that have previously filed for bankruptcy. This requirement was removed from all Term Sheets.

- 1) Your program guidelines contain a requirement that homeowners who have previously filed for bankruptcy must provide proof of court ordered discharge or dismissal. Does this requirement apply to all homeowners who have filed for bankruptcy at any point in time or does it only apply to homeowners who have recently filed for bankruptcy? And if so, how recent?

After internal discussion, IHCD A has elected to modify its documentation requirements for applicants who have previously filed for bankruptcy. IHCD A will no longer require proof of court ordered “discharge” or “dismissal” from these applicants. Instead, IHCD A will treat applicants on a case-by-case basis and allow servicers/lenders to determine when proof of discharge is required. If a servicer/lender requires this documentation to move forward, a counselor or case manager will reach out to the homeowner to request the appropriate documentation. Additionally, IHCD A will still allow applicants to submit this documentation at the time of application (with a notice that doing so could help avoid delays in their application review) but doing so will be optional, not a requirement. IHCD A believes this policy change will improve the efficiency of the application process and ensure applicants are not discouraged from applying due to burdensome documentation requirements. IHCD A is also prepared to modify its policy if it becomes clear that reviewing applicants on a case-by-case basis is causing delays. In this situation, IHCD A would modify its policy to require proof of discharge for any homeowner that has filed for bankruptcy in the previous two years. However, IHCD A intends to start with the least burdensome requirement possible and will only modify this policy if it becomes clear doing so is necessary. Updated term sheets have been uploaded to the Treasury Portal that reflect this change.

- 2) Given that your program is excluding homeowners who have a land contract instead of a mortgage, has there been analysis undertaken to identify the proportion of these homeowners in the state of Indiana? If Indiana identifies significant need among this population, will it reconsider its exclusion of these homeowners?

Because land contracts were ineligible for IHCD A’s HHF program as well, IHCD A does not have an exact number of homeowners that applied for HHF but were deemed ineligible because they had a land contract. These homeowners usually received assistance outside of the HHF program through IHCD A’s existing IFPN network, therefore, they were never entered into IHCD A’s HHF system. However, after discussion, IHCD A staff estimates that no more than 5% of applicants, over the course of the entire HHF program, had land contracts. To ensure more specific data is available for HAF, IHCD A will include a question in the HAF application portal asking whether the applicant has a land contract. This will allow IHCD A to track and analyze metrics specifically related to land contracts. If it becomes clear that there is a significant need among this population, IHCD A is willing to entertain multiple options to assist them including offering housing counseling to these individuals outside of the HAF program through its IFPN network or reconsidering its exclusion of these homeowners from the HAF program itself.