HAFP-0096-Texas
Treasury Feedback for Resubmission of Plan
Revised January 21, 2022 (see page 9)

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 Monica Galuski as the Authorized Official, while the original application for HAF payments was signed by Bobby Wilkinson. 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, a request should be submitted by email to HAF@treasury.gov.

TDHCA modified the plan to list Bobby Wilkinson as the Authorized Official.

Homeowner Needs and Community Engagement

Data

- Please explain how the plan targeting and outreach reflect the data referenced in your plan.

TDHCA's Data Driven Assessment of Homeowner Needs (Needs Assessment) has been provided as Attachment A, and Targeting HAF Funding has been provided as Attachment B. Unemployment data and trends indicate a specific need for assistance to lower income households, particularly within rural counties and colonias. A combination of CHAS data, data provided by the Federal Reserve Bank and Treasury, and TDHCA's loan portfolio plus that of one of the largest government loan servicers in the state support targeting government loans, as does published Treasury guidance. The unique dynamics of Texas with respect to population, geographic distribution, and lending practices, combined with a lack of available data with respect to non-traditional loans, resulted in specific targeting for non-traditional loans and properties, the majority of which are expected to be within rural and Persistent Poverty Counties.

A review of Appendix B confirms that TDHCA is targeting and performing specific outreach to 1) Persistent Poverty Counties (majority are rural; include all six counties with the highest concentration of colonias), 2) Government Loan and Affordable Housing Portfolios, and 3) Non-Traditional Loans and Properties, all in direct reflection of the results of the Needs Assessment and supporting data.

Community Engagement and Public Participation

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

There are three federally recognized tribes in Texas, with a 2019 population of 141,425 (US Census Bureau). Those tribes are the Alabama-Coushatta, Tigua, and Kickapoo. TDHCA has been in discussions with the Ysleta del Sur Pueblo (Tigua) and Kickapoo Tribes regarding the availability of HAF funds. TDHCA plans to communicate with the tribes regarding the availability of HAF funds, and can assist eligible tribe members that need assistance.

- 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.

Public comments received, and responses to those comments, are included in Attachment C. All responses to public comment were posted to the Department's website.

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

As requested by Treasury, TDHCA performed a Needs Assessment to determine program design for its HAF Plan. The Needs Assessment, included as Attachment A, incorporates and cites the sources of data listed in the section on Homeowner Needs, supports the design elements included in TDHCA's plan, including the determination that the highest need was for a Reinstatement Program and a Property Charge Program to avoid homeowner default and displacement, and for which homeowner need is expected to exceed the total HAF dollars available for the program. The Needs Assessment also informed the determination of qualifying income, the establishment of program maximums, and program targeting and outreach. **Please note that the TDHCA pilot currently underway offers a Modified Mortgage Principal Reduction Program (referred to herein as the Loan Modification with HAF Contribution Program)**. Please see the attached program template. TDHCA has added this as an additional loan program under the revised HAF Plan submitted with responses to these questions.

- 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)?

Homeowners applying for HAF Funds will check a box if foreclosure is pending on their home. At all times while HAF funds are available, homeowners facing imminent foreclosure will be moved to the front of the line for expedited and prioritized processing.

- 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.

TDHCA is contracting with housing counselors and legal service providers to assist homeowners that require those services. Through the application process, homeowners will indicate whether or not they wish to, or need to, meet with a housing counselor or be referred to legal services. Homeowners that respond in the affirmative will be directed to a participating HUD approved counseling agency or to a participating provider of legal services. TDHCA is requiring housing counselors to include curriculum for the purpose of resolving or preventing mortgage delinquency and default. The counseling and education provided under this category includes, but is not limited to, understanding the consequences of default and foreclosure; loss mitigation, budgeting and credit; restructuring debt; and establishing reinstatement plans. Housing counselors will be involved with the homeowner early in the process to increase the likelihood that the default will be cured and the homeowner will be able to retain ownership. The housing counselors will conduct follow-up housing counseling with the homeowner on an as-needed basis until the default is corrected. Housing counselors, who are required to be HUD certified, have completed training under the National Foreclosure Mitigation Counseling program and will be well-equipped to handle loss mitigation counseling and planning for homeowners in the HAF program.

Housing counselors have indicated that the servicer is the appropriate party to determine, with the homeowner, the appropriate loss mitigation strategy for each homeowner, and have expressed a reluctance to counsel homeowners with respect to determining or recommending a specific loss mitigation strategy. Servicers have specific investor guidelines for loss mitigation, and have a vested interested in the successful outcome for the borrower. That, combined with housing counselor services (when requested) should assist homeowners in achieving their best financial outcome.

- 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?

TDHCA's approach with respect to the availability of loss mitigation has been designed to achieve, to the extent possible, the best and most equitable financial outcomes for homeowners that experienced a COVID impact that resulted in delinquent mortgage loan payments, while ensuring that HAF funds are effectively deployed for sustainable homeownership. TDHCA's program, as revised, includes both a Reinstatement Program and a Loan Modification with HAF Contribution Program. Homeowners that attest that they can continue to make their existing PITI payments if reinstated, and who have a housing debt to income calculation of 55% or less, may be reinstated. Homeowners with a ratio above 55% cannot be reinstated, but can be referred to their servicer for a loss mitigation option, may be referred to the Loan Modification with HAF Contribution under TDHCA's program if their servicer is participating, and/or may be referred for counseling by a HUD approved counseling agency. Homeowners with reverse mortgages are not subject to a housing debt to income calculation or limitation.

TDHCA has not yet determined if HAF funds will be used to fund already resolved partial claims. TDHCA does not consider the use of HAF funds to repay partial claims to be the most efficient or effective use of HAF funds, and in most cases does not result in the best outcome for homeowners. A more effective application of HAF funds is through reinstatement or as a contribution to a loan modification if, for no other reason, it preserves the partial claim ability for the homeowner in the future. However, TDHCA recognizes that Servicers have been working to resolve COVID forbearances for more than a year and they will be actively working to reduce remaining forbearance numbers in a manner that does not always encourage borrowers to use HAF funds. TDHCA included a Loan Modification with HAF Contribution in its pilot program that was launched last week. To this point, large servicers have indicated that they are unable to participate in that program without either clear investor guidance regarding the application of HAF funds into the loss mitigation waterfall, or without consensus or a consistent approach by HAF Administrators around the country.

- 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?

As indicated above, and in conformance with Treasury's direction of streamlined processes and low documentation requirements, homeowners are attesting to their ability to continue to make their existing PITI payments if reinstated. Also as indicated above, TDHCA is implementing a housing debt to income limitation of 55% for loan reinstatement.

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

TDHCA is not offering a utility program. TDHCA will refer homeowners in need of utility assistance to the Comprehensive Energy Assistance Program and the Weatherization Assistance Program, both administered by TDHCA.

- Your programs set $40,000 as the maximum amount of 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?

The maximum amount of assistance for a homeowner under the proposed HAF Plan is $65,000. $40,000 for reinstatement or loan modification, and $25,000 for delinquent property charges. A homeowner with a non-government loan for which property charges are not escrowed could receive up to $40,000 to bring a delinquent mortgage loan current, and receive up to $25,000 for delinquent property taxes, or a combination of delinquent property taxes and delinquent HOA or condo fees or charges and delinquent insurance. Based on an analysis of TDHCA's delinquent and forbearance loan portfolio, combined with communications with servicers and subservicers that TDHCA has onboarded into our program, general data and feedback provided indicates that the $40,000 limit for reinstatement will be sufficient for most borrowers.

Eligibility

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

Treasury described two permissible approaches for income determination. TDCHA attempted to develop a reasonable, fact-specific proxy, but was unable to develop a proxy that could be applied across the state with consistent results. As such, TDHCA is using the second permissible approach, that of borrower attestation with supporting documentation. TDHCA is making the supporting documentation that may be provided as broad and flexible as possible to reduce any potential barriers to participation. As noted in the program templates provided, income determination will include applicant attestation as to household income, plus supporting documentation, including paystubs, W-2s or other wage statements, IRS Form 1099, tax filings, depository institution statements demonstrating regular income, or an employer attestation. Additional documentation being considered includes evidence of current participation in Head Start, the Low Income Home Energy Assistance Program (LIHEAP), the Comprehensive Energy Assistance Program (CEAP), or the Supplemental Nutrition Assistance Program (SNAP). TDHCA will consider other forms of income support on a case-by-case basis.

Outreach

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

The TDHCA HAF Plan incorporates non-traditional marketing strategies designed to reach Limited English Proficiency (LEP) consumers. As part of those strategies, TDHCA is contracting with eligible organizations, particularly HUD approved housing counseling agencies and other affordable housing providers, to serve as intake centers. In addition to providing assistance to homeowners in applying for HAF assistance, intake centers will be responsible for community marketing and outreach efforts. Each intake center will be required to have or to create a Language Access Plan to assist homeowners in English, Spanish, and other appropriate languages based on the needs of the service area for that intake center. Other non-traditional marketing strategies include, for example, a method employed by Ayuda, a non-profit organization operating out of the rural area of El Paso. Ayuda utilizes a network of Spanish speaking "promotoras" as a direct-to-consumer form of marketing. Promotoras are a band of Spanish speaking middle aged woman who serve as news outlets and coordinators of goods and services to their community.

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

As described above, TDHCA plans to include non-traditional marketing strategies. The use of intake centers and local non-traditional marketing strategies will, by its nature, result in culturally relevant marketing. In addition, TDHCA is soliciting the services of a marketing firm to help develop marketing materials in Spanish using culturally relevant language and visual aids that are reflective of those individuals and populations that we are trying to reach. When developing messaging, TDHCA intends to be mindful of the region being served. Texas is a culturally diverse state, and what works in one area of the state may not work in another. TDHCA will monitor marketing efforts to ensure that the message remains culturally relevant, with maximum reach, particularly within harder-to-serve markets. Intake centers, housing counseling agencies, and other affordable housing partners will assist TDHCA in evaluating the message to ensure that it remains culturally relevant for maximum impact.

- Your plan indicates that homeowners whose address is in a Persistent Poverty County will be determined to be socially disadvantaged individuals (SDIs). Also, please explain what outreach you are doing to these counties your rationale for using this as the only factor determining SDI status.

The marketing strategies described above with respect to reaching LEP consumers and providing culturally relevant marketing will be used in Persistent Poverty Counties. TDHCA has employed a boots-on-the-ground approach along the "border region" and has engaged with community leaders (mayors, council members, county officials, and heads of non-profit entities) throughout the area. Residents of this region are predominately Hispanic, low-income, and include two federally recognized Tribal Nations, Ysleta del Sur Pueblo (City of Socorro) and Kickapoo of Texas (Eagle Pass). This region of the state is also home to 12 of the state's 35 persistent poverty counties. A site survey of colonias, rural towns, one of the two reservations, and a number of cities located in this region was previously conducted, and revealed that strategic partnerships in certain geographic areas like El Paso, Laredo and the Rio Grande Valley will cover the most heavily populated areas of the Persistent Poverty Counties. However, due to the immensity of this region, many rural towns with smaller populations will require a more concerted marketing and outreach effort.

The Texas HAF plan established Persistent Poverty Counties as socially disadvantaged due to the significant number of individuals living in Persistent Poverty Counties that often need concentrated affirmative marketing efforts to access federal resources. Persistent Poverty Counties in Texas contain disproportionate numbers of persons with language barriers and lack of access to technology. Texas wishes to use its HAF funding to specifically target these areas of historic underinvestment.

Prioritization

- No questions.

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public. Please indicate which three metrics will serve as the best indicators of the success of your program.

TDHCA intends to provide a dashboard, similar to that used for Texas Rent Relief (texasrentrelief.com) to communicate progress for overall performance and key indicators. The three metrics that we will track as the best indicators of the success of the HAF program are:

1) The number of homeowners that avoided foreclosure and displacement through reinstatement of their mortgage loan or through a loan modification with HAF contribution.
2) The number of homeowners for which tax-related delinquencies were brought current, eliminating the risk of foreclosure and displacement.
3) The percent of homeowners assisted through HAF directly (reinstatement, modification, or property charges) or indirectly (counseling or legal aid) that reside in Persistent Poverty Counties.

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

TDHCA will disaggregate metrics by income, race, ethnicity, gender, and geographic location.

- 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.

TDHCA will require housing counselors and legal service providers with which TDHCA contracts to provide HAF support services to report foreclosure prevention achieved with counseling or legal services, but without a direct contribution of HAF funds. As such, TDHCA will include as an additional metric, but will be relying on third-party reporting for the data.

Readiness

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

- ➢ TDHCA has contracted with Yardi as its turnkey vendor to provide application intake, call center operations, application review and approval, payment calculations, and payment services.

- ➢ Last week, TDHCA launched a reinstatement/loan modification pilot. As such, Yardi is appropriately staffed to provide program support, and has worked with TDHCA to ensure that as the second pilot (property charge) rolls out, and as the entire program converts from pilot to statewide availability, staffing, from call center to application review and payment services, is sufficient to manage expected volume.

- ➢ TDHCA has approved payment of approximately $136,000 under its pilot (which will be paid this week) and has $454,000 in applications under review. The number and volume of homeowners being assisted through the pilot is expected to increase dramatically now that the systems have been tested.

- ➢ TDHCA has onboarded 20 Servicers into the Yardi system. Yardi and TDHCA have been hosting weekly webinars with servicers to familiarize them with the portal; some have completed CDF testing of data exchange with the system. Another 16 servicers have signed collaboration agreements, but have not yet attended trainings. TDHCA and Yardi continue to reach out to servicers that have been unresponsive with respect to HAF participation.

- ➢ TDHCA has hired a HAF Director, a Reinstatement Program Senior Manager, a Property Charge Senior Manager, and an Outreach Senior Manager, and is evaluating and will post for additional staff shortly.

- ➢ TDHCA has solicited for a Quality Assurance/Quality Control vendor, and is in the process of evaluating responses submitted. That contract should be awarded by December 20.

- ➢ TDHCA's Board has designated the ability to award intake center contracts to its Executive Director, and those awards will begin once TDHCA legal has approved the contract template, which is in process.

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

TDHCA is prepared to launch upon approval. With two pilots in process, depending on when approval is received, TDHCA may delay full launch for a week or two in order to provide sufficient time for the second pilot to adequately test the application process from intake to approval and payment for the property charge program.

- 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 stated above, TDHCA released a reinstatement pilot with Idaho Housing and Finance Association (IHFA), the servicer for TDHCA's loan portfolio. On December 6, 2021, we started with two homeowners, and have since reached out to approximately 2,700 homeowners. Payment has been made on behalf of 24 homeowners, and an additional 118 applications are under review. Initial homeowner response was slow, as many were reluctant to speak on the phone with IHFA. TDHCA has modified its approach, and is sending emails directly to homeowners on behalf of the TXHAF program. Since that change, an additional 58 homeowners have applied. It is noteworthy that 24 of the applications in progress have requested assistance through the Loan Modification with HAF Contribution Program.

TDHCA released its property charge pilot on January 10, 2022, at which time we began reaching out to homeowners in Hidalgo County with delinquent property taxes. Delinquent property taxes have been paid for 1 homeowner under this program, with an additional 623 applications under review.

Under the pilots, HAF funds in the amount of $410,658.09 have been remitted to cure delinquencies on the behalf of homeowners.

Budget

- No questions.

PLAN CHANGES MADE

Concurrent with this submission, TDHCA has made the following changes to the HAF Plan previously submitted:

- ✓ Added an additional performance goal (% of homeowners assisted through HAF that reside in Persistent Poverty Counties)
- ✓ Modified the budget by program design element to include a Loan Modification with HAF Contribution (Mortgage Principal Reduction) Program
- ✓ Modified contacts making Bobby Wilkinson the primary contact, Tanya Birks the reporting contact, and Monica Galuski the additional contact.

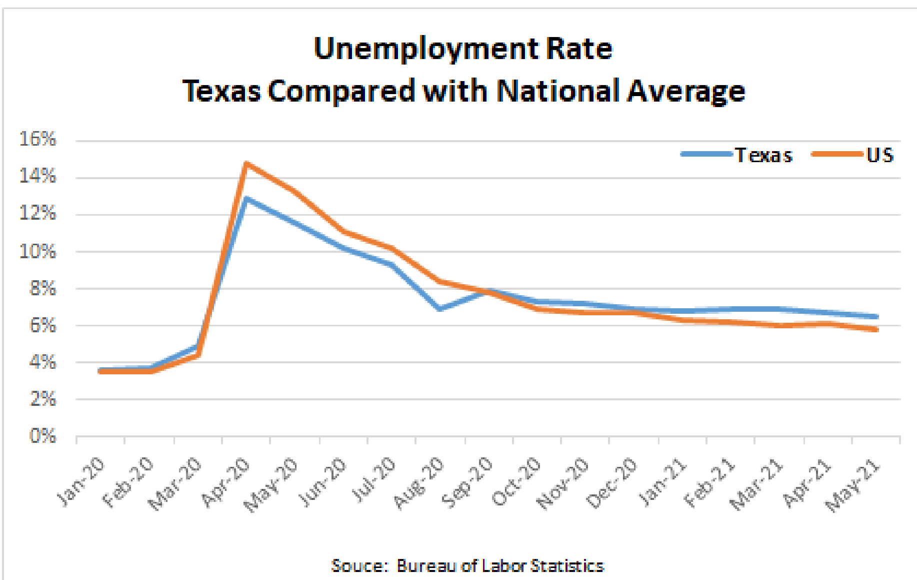
APPENDIX A

DATA DRIVEN ASSESSMENT OF HOMEOWNER NEEDS

Because employment is a major factor impacting mortgage loan forbearance and delinquency, this analysis begins with a look at current unemployment rates and trends in Texas.

TEXAS EMPLOYMENT

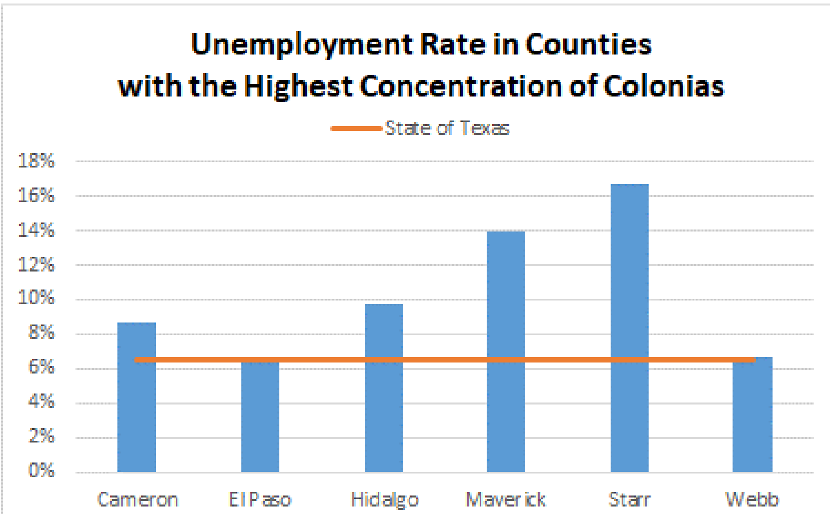
Prior to the coronavirus pandemic, Texas, like the country overall, was enjoying a healthy economy and low unemployment rates. But two months into the pandemic, unemployment rates across the country increased dramatically. According to the Bureau of Labor Statistics, in April 2020, the national unemployment rate was 14.8%, while the unemployment rate in Texas was 12.9%, almost 2% lower than the national average. However, while the economy in Texas is recovering, improvement in employment has lagged a bit. In May 2021, the unemployment rate in Texas was 6.5%, almost 1% higher than the national unemployment rate of 5.8%. The below chart tracks the unemployment rate for the United States and for Texas.



And while Texas has seen improvement in its employment rate, data available through Opportunity Insights, a Harvard-based research and policy institute that publishes data and trends related to the impact of COVID-19 and the economic recovery, suggests that the recovery has been significantly slower for employment at lower income levels:

Change in Employment Rates by Annual Income January 2020 compared to May 5, 2021	
Annual Income	**% Change**
Less than $27,000	**-19.9%**
$27,000 to $60,000	-3.4%
Greater than $60,000	60.0%
Source: Opportunity Insights	

Texas unemployment data supports the need for targeted outreach to rural counties, and in the colonias, areas which would typically have a higher prevalence of non-traditional mortgage loans, including contract for deed financings, than urban population centers. Unemployment rates for the six Texas counties with the highest concentration of colonias are reflected below.



Souce: Bureau of Labor Statistics (May 2021 Data)

<u>MORTGAGE LOAN DELINQUENCIES AND LOANS IN FORBEARANCE</u>

Using a combination of CHAS data (Comprehensive Housing Affordability Strategy) available through HUD, single family mortgage loan forbearance and delinquency data provided by Treasury, and data from TDHCA's homeownership loan portfolio (TDHCA Portfolio), TDHCA performed a Homeowner Needs Assessment. The TDHCA Portfolio is a portfolio of approximately 35,000 mortgage loans originated through TDHCA's Homeownership Division, with a total outstanding principal balance of approximately $6.1 billion. Loans types are 91% FHA, 2% VA, 2% USDA, and 5% conventional loans backed by Fannie Mae or Freddie Mac. With over 70% of TDHCA Portfolio loans made to homeowners at or below 80% of AMFI, TDHCA considers the portfolio a relevant proxy for this analysis. Please note that due to the nature of CHAS data, rounding, and the number of percentages used, totals are not always an exact reflection of the component data.

CHAS data indicates that there are approximately 5.9 million owner occupied households in Texas (excluding residences with more than 4 units), approximately 3.4 million of which have a mortgage on their property.

Owner Occupied Households			Owner Occupied Households With a Mortgage			
Household Income	# of Households	% of Total Households	1-4 Units	Non-Traditional (Mobile Homes, etc.)	# of Households	% of Total Households
<= 100% AMFI	2,299,443	39%	925,412	92,986	1,018,398	30%
>100% AMFI	3,551,575	61%	2,292,144	73,891	2,366,035	70%
Total	5,851,070	100%	3,217,556	166,877	3,384,433	100%
Source: 2013-2017 CHAS, Tables 1, 8, and 18A						

Of the approximately 3.4 million owner occupied homes with a mortgage, approximately 1,018,398, are households at or below 100% AMFI. Due to challenges posed by a lack of data compatibility among various sources and the difficulty locating reliable data for non-traditional mortgage loans in Texas (outside the traditional channels of FHA, VA, USDA-RD, Freddie Mac, and Fannie Mae), assumptions were made as noted below.

Various data sources (none of which include 100% of the mortgage loans in Texas, are not consistently detailed by income level, and typically exclude non-traditional mortgage loans) produced a range of Texas forbearance rates between 5.7% and 15.6%. On the low end, the 5.7% forbearance rate was provided through the Federal Reserve Bank Mortgage Dashboard. On the high end, the 15.6% forbearance rate is the actual experience of the TDHCA Portfolio and, with approximately 70% of homebuyers at or below 80% of median income, suggests that lower income homeowners have been impacted disproportionately by the pandemic. Using this range, TDHCA estimated the amount of funds needed to reinstate loans for households at or below 100% AMFI. The $12,565 per loan reinstatement amount was calculated using the average reinstatement amount for TDHCA's mortgage loan portfolio and the loan portfolio of one of the largest government loan servicers in the state. The reinstatement amount is based on delinquent PITI; as such, a separate calculation for property taxes was not performed. The below table details the estimated amount of funds necessary to reinstate delinquent and forbearance loans, depending on the assumed forbearance rate.

Owner Occupied Households With a Mortgage Household Income <=100% AMFI				
Data Source	**Forbearance Rate**	**Estimated # Loans in FB**	**Estimated $ Per Loan to Reinstate**	**Estimated Total $ to Reinstate**
Federal Reserve Bank Mortgage Dashboard, TX	5.7%	58,049	12,565	729,378,257
Federal Reserve Bank Mortgage Dashboard, TX Low-Income	6.9%	70,269	12,565	882,931,574
Government Loans (Treasury Data)*	10.3%	104,793	12,565	1,316,719,695
TDHCA Mortgage Loan Portfolio*	15.6%	158,524	12,565	1,991,842,446
Average of Above Sources	**9.6%**	**97,909**	**12,565**	**1,230,217,993**
Calculations are based on a total of 1,018,398 Owner Occupied Households (<= 100% AMFI) with a Mortgage *Includes loans delinquent at least 60 days but not in forbearance.				

The above table reflects an estimated need for approximately $1.2 billion to reinstate mortgage Texas loans in forbearance or delinquent 60 days or more, and not on a forbearance plan.

The impact of COVID-19 on Texas homeowners was exacerbated by a growing affordability crisis in Texas. In recent years, many areas of Texas have experienced a decrease in the supply of available homes, particularly with respect to homes for which low to moderate income homebuyers qualify. The Federal Reserve Bank of Atlanta provides an interactive home affordability tool, the HOAM (Home Ownership Affordability Monitor) Index, which measures the ability of a median-income household to absorb the estimated annual costs associated with owning a median-priced home. This data can be used to measure home affordability for MSAs and Counties across the country. A HOAM index value lower than 100 indicates that the median household income is insufficient to cover the annual costs of owning a median-priced home (the housing cost is greater than 30 percent of income).

Multiple counties in Texas are considered unaffordable. Travis County has a HOAM Index of 85.6, Hays County has a HOAM index of 99.1, and Bastrop County has a HOAM index of 95.4. The affordability issue expands beyond the Austin-Round Rock Metro, and can be seen in the Houston-The Woodlands-Sugarland TX Metro, DFW Metro, San Antonio-New Braunfels Metro, and El Paso Metro, where affordability has declined by 6%, 5%, 4%, and 2% respectively between March of 2020 and March of 2021.

As affordable home inventory decreases, homebuyers stretch their finances to be able to afford to purchase a home, and as they push those finances to the limit to achieve homeownership, they become less able to afford unexpected expenses or a reduction in income. A household is defined as experiencing housing cost burden when a household pays more than 30% of its gross income for housing costs including utilities. Even before the pandemic, Texas homeowners were experiencing a high level of cost burden, with approximately 19.4% of Texas homeowners considered housing cost burdened.

The following table details households experiencing housing cost burden by income category and does not include data for households for which housing cost burden could not be calculated.

Number of Homeowner Households with Housing Cost Burden by Income Category

Income Categories	Homeowners with Cost Burden	Total Owner Households	% of Owners with Cost Burden
<= 30% HAMFI	293,444	422,915	69.4%
>30% to <=50% HAMFI	254,737	504,625	50.5%
>50% to <=80% HAMFI	280,045	828,045	33.8%
>80% to <=100% HAMFI	111,124	543,865	20.4%
>100% HAMFI	194,185	3,551,595	5.5%
Total	**1,133,535**	**5,851,045**	**19.4%**

Source: 2013-2017 CHAS, Table 8

Currently, government loan delinquencies in Texas, as provided by Treasury, indicate that approximately 120,000 government loans in Texas are delinquent at least 60 days (including loans in forbearance). Many of the delinquent homeowners will not qualify for HAF Assistance for various reasons, including income eligibility requirements or because their loan was delinquent prior to February 1, 2020.

While many of these homeowners may have available loss mitigation options, typically, those options come at a high price, particularly after months of forbearance and following an extended period of financial hardship. These options are primarily payment deferrals and loan modifications, which may involve the inclusion of additional mortgage loan payments beyond the original maturity of the mortgage loan, or the addition of a second mortgage, representing amounts to be paid at loan maturity. Loan modifications may require a certain level of savings in order for the loan to be eligible for modification and not all mortgage loans will qualify. While under more normal economic conditions these may be reasonable alternatives for homeowners, these are unique times. Many homeowners have been in forbearance for over a year and are approaching 18 months, due to a COVID-19 related financial hardship. Many of these homeowners experienced a loss or significant reduction to their income, or an increase in expenses, for an extended period of time. Approximately 1,400 homeowners in TDHCA's portfolio have undergone the Partial Claim process with HUD for COVID-19 related delinquencies, resulting in Partial Claims (amount added to the back of the mortgage as a second loan), with the highest Partial Claim amount being $53,920, the lowest $1,143, and an average of approximately $12,000. For various reasons, not all homeowners in forbearance will have the opportunity to use existing loss mitigation options. Using HAF funds, in accordance with HAF Guidance, to reduce or eliminate homeowner delinquencies, defaults, foreclosures, and displacement, will help tens of thousands of low to moderate income homeowners to recover financially and to achieve housing stability.

PROPERTY CHARGE DEFAULT

Delinquent property taxes put homeowners at risk of foreclosure by the taxing entity. The Department has been gathering data from tax assessors and tax collectors throughout the state. With 254 counties and multiple tax assessors and collectors within each county, obtaining specific, relevant information with respect to delinquent property taxes has been difficult at best. Data that covers approximately 70% of the state has been collected, reflecting approximately 183,000 homestead properties delinquent in payment of property taxes. The average delinquency is approximately $3,000 per home, for a total of approximately $550 million of delinquent property taxes for 70% of the state. Scaling up from the 70%, the Department estimates that there are approximately 260,000 homestead properties that are delinquent in the payment of property taxes. Based on the $3,000 per home average delinquency, we estimate there is approximately $800 million in delinquent property taxes in the state. The Department recognizes that this approach is a bit imprecise. Of the estimated $800 million in delinquent property taxes, many households may not qualify for assistance through HAF due to eligibility requirements. In addition to property taxes, other property charge delinquencies that impact a homeowner's ability to stay current on their mortgage and to avoid default and foreclosure include insurance premiums, homeowner association fees, condominium association fees, cooperative maintenance or common charges, and legal fees.

Considering the factors detailed above, the proposed HAF plan has been designed to provide Texas homeowners with much-needed assistance as quickly and effectively as possible. The Department's assessment of homeowner supports a Reinstatement Program and a Property Charge Default Resolution Program to assist eligible homeowners.

APPENDIX B

TARGETING HAF FUNDING

TDHCA will target all HAF funding to homeowners with household income less than or equal to 100% of AMFI, or 100% of the median income for the United States, whichever is greater. Based on the demographics of the state and of TDHCA's Portfolio, targeting at this income level will effectively serve those most in need, including homeowners considered to be socially disadvantaged. Specific targeting and outreach efforts will be directed to the following:

- Persistent Poverty Counties. Persistent Poverty Counties (PPCs) are counties where 20% or more of the population have lived in poverty over the past 30 years (measured by 1990 and 2000 decennial censuses and 2011-2015 5-year data series available from the American Community Survey of the Bureau of the Census). There are 35 PPCs in Texas:

Persistent Poverty Counties in Texas

County	1990 Poverty %	2000 Poverty %	2011-2015 Poverty %	County	1990 Poverty %	2000 Poverty %	2011-2015 Poverty %
Bee County	27.4	24.0	21.2	Jim Wells County	30.3	24.1	22.3
Brazos County	26.7	26.9	27.9	Karnes County	36.5	21.9	25.4
Brooks County	36.8	40.2	39.6	Kleberg County	27.4	26.7	26.1
Cameron County	39.7	33.1	33.8	Lamb County	27.1	20.9	23.5
Cochran County	28.3	27.0	20.0	Marion County	30.6	22.4	22.6
Crosby County	29.5	28.1	22.9	Maverick County	50.4	34.8	26.7
Culberson County	29.8	25.1	29.7	Nacogdoches County	25.2	23.3	24.6
Deaf Smith County	27.7	20.6	20.8	Nolan County	21.3	21.7	21.2
Duval County	39.0	27.2	23.9	Presidio County	48.1	36.4	21.7
El Paso County	26.8	23.8	22.8	San Augustine County	29.7	21.2	24.8
Falls County	27.5	22.6	22.0	Starr County	60.0	50.9	36.6
Floyd County	27.1	21.5	22.4	Terrell County	27.4	25.2	20.2
Frio County	39.1	29.0	22.1	Val Verde County	36.4	26.1	20.6
Hall County	29.1	26.3	26.9	Webb County	38.2	31.2	31.8
Haskell County	20.8	22.8	20.5	Willacy County	44.5	33.2	39.0
Hidalgo County	41.9	35.9	34.2	Zapata County	41.0	35.8	37.4
Houston County	25.6	21.0	25.0	Zavala County	50.4	41.8	33.4
Hudspeth County	38.9	35.8	40.3				

12_FY21_CDFE_NACA_Persistent_Poverty_Counties_2011_2015ACS_and_Island_Areas_Decennial_Census

- Government Loan and Affordable Housing Portfolios. In accordance with HAF Guidance and recognizing that homeowners earning up to 100% of the area median income are overrepresented in portfolios of government-backed and guaranteed mortgages compared to the market as a whole, TDHCA will prioritize assistance to homeowners with FHA, VA, and USDA mortgages and homeowners who have mortgages made with proceeds of mortgage revenue bonds or other mortgage programs that target low and moderate income homeowners.

  Targeting will include outreach to mortgage programs designed for low and moderate income homeowners, including TDHCA's own portfolio, and the portfolios of Texas State Affordable Housing Corporation, Texas Veterans Land Board, and local Housing Finance Corporations, that have issued mortgage revenue bonds or mortgage credit certificates, or who operate an affordable housing program. This outreach will also include banks, servicers, CDCs, CDFIs, and other nonprofits that offer affordable housing programs to low, very low, and moderate income homebuyers. TDHCA has already begun working with these entities and their servicers to gather relevant data and to discuss the process for reinstating delinquent loans.

- Non-Traditional Loans and Properties. Recognizing the unique needs of homeowners in border towns, colonias, and rural areas and communities with less housing stock than larger MSAs, TDHCA will set-aside a portion of funds to assist homeowners that would not typically be included in Government Loan and Affordable Housing Portfolios. Through these set-asides, TDHCA will be able to assist homeowners with less traditional financing instruments, including contract for deed and reverse mortgages, and will be able to provide assistance to homeowners whose property is a manufactured home or mobile home that is not permanently affixed to land, who would traditionally also not be included in the above-described portfolios.

  Targeting will include contracting with housing counselor organizations, CDCs, CDFIs, and other affordable housing organizations throughout the State. Through a pay-for-performance compensation model, these organizations will establish help centers to serve as intake hubs, assisting homeowners in determining eligibility and with making application for the funds, as well as providing any necessary supporting documentation. They may be expected to knock on doors, if necessary, to seek out those identified as hard to serve due to social, language and economic barriers. Once these centers have been established and begin operations, we will gain a better understanding what will be required to reach and serve this subgroup of homeowners as effectively and efficiently as possible. TDHCA will target a traditionally underserved area in South Texas that borders Mexico from South Padre Island, the southernmost part of the state, then West to the city of El Paso and all points in between.

PRIORITIZATION

At all times while HAF funds are available, homeowners facing imminent foreclosure will be moved to the front of the line irrespective of geographic location of the residence. Homeowners residing in Persistent Poverty Counties will be also be prioritized (moved to the front of the line) for the first 60 days after full release of the program.

OUTREACH AND MARKETING PLAN

Outreach and Marketing will include a designated webpage on the TDHCA website and TDHCA homeownership specific website, email listserv, social media , press releases, digital and print advertising, and through partner organizations including lenders, Realtors, housing counseling organizations, CDCs, CDFIs, and other affordable housing organizations throughout the State. Outreach and marketing materials, particularly those detailing homeowner and property eligibility, will be made available in multiple languages, currently expected to include English, Spanish, Vietnamese, Korean, and Mandarin.

TDHCA will, at least monthly, review its outreach and marketing efforts, in conjunction with its performance goals, to ensure that outreach and marketing efforts are effectively reaching target homeowners. Adjustments to the outreach and marketing plan will be made accordingly.

APPENDIX C

Public Comment and Response September 2021

Draft Homeowner Assistance Fund Plan
Comment Period: September 3, 2021 through September 15, 2021

Public Comment provided by Lone Star Legal Aid on Behalf of Pleasantville Civic League

Comment Summary

Pleasantville Civic League encourages HAF plan to allocate funding to prevent homeowner displacement due to repairs and habitability, and recommends funding for title clearing and related mediation services due to predatory investors, tax foreclosures, and enforcement violations.

TDHCA Response

Due to the number of homeowners that are delinquent on their mortgage loan or property charges and, as a result, are at risk of foreclosure and displacement, the initial programs offered under HAF are the Reinstatement Program and the Property Charge Default Resolution Program. Additional programs, such as one for home repair, may be considered and proposed to Treasury in the future, depending on available funds. Eligible homeowners facing foreclosure due to delinquent property taxes may qualify to receive assistance through the Property Charge Default Resolution Program. In addition, the HAF budget includes funds for legal services to assist homeowners in default and foreclosure, and subject to Treasury approval, those funds may be used to assist in clearing title and avoiding displacement.

Public Comment provided by Stephanie Clemons

Comment Summary

Plan does not specify if applicant can apply for multiple items of assistance, ie: Mortgage reinstatement and also property tax relief.

TDHCA Response

Homeowners are eligible to apply for either or both the Reinstatement Program and the Property Charge Default Resolution Program, subject to the requirements of each program.

Comment Summary

Suggests that borrowers who can be assisted on a short term basis and avoid foreclosure may be in better position for a short sale for the long term solution, should also be considered, rather than only to borrowers who expect to remain in the home.

TDHCA Response

Due to the number of homeowners that are delinquent on their mortgage loan or property charges and, as a result, are at risk of foreclosure and displacement, the initial programs offered under HAF are the Reinstatement Program and the Property Charge Default Resolution Program. Additional programs may be considered and proposed to Treasury in the future, depending on available funds and homeowner need.

Comment Summary

Income capacity to service the mortgage debt should be expanded for Single HH borrowers. This borrower believes they would not qualify under proposed plan guidelines without loan modification to reduce payment amount.

TDHCA Response

TDHCA recognizes that while many homeowners have loan modification available through loss mitigation with their servicer, some do not. Due to the number of homeowners that are delinquent on their mortgage loan or property charges and, as a result, are at risk of foreclosure and displacement, the initial programs offered under HAF are the Reinstatement Program and the Property Charge Default Resolution Program. Additional programs, may be considered and proposed to Treasury in the future, depending on available funds.

Public Comment provided by Amanda Reyes

Comment Summary

By limiting the Reinstatement Program to mortgages that are at least 30 days delinquent, Texas homeowners will not have access to the assistance and relief provided by the HAF. TDHCA should expand the eligibility for the Reinstatement Program to mortgages that are current at the time of application to the program, but that would have met the delinquency criteria during the time frame of July 1, 2021 to the date the full program launches.

TDHCA Response

A reinstatement is, by definition, to cure delinquency. Homeowners that become delinquent between July 1, 2021 and full program launch can apply for funds at the time they are 30-days delinquent.

Comment Summary

The delayed availability of the federal Homeowner Assistance Fund and the proposed eligibility criteria for the state's Reinstatement Program will prevent otherwise eligible homeowners from receiving assistance.

TDHCA Response

Eligibility criteria has been developed based on Treasury Guidance and a data-driven needs assessment. TDHCA is submitting its HAF plan to Treasury by September 30, 2021, and will implement its full program following Treasury approval.

Public Comment provided by Delores Pierce

Comment Summary

Concerned about her inability to repay a HELOC that was originated ten years ago with a ten year payback period beginning in November 2021 and a potential high variable interest rate due to low credit score.

TDHCA Response
Subject to Treasury Approval, delinquent HELOCs are eligible for assistance through the Reinstatement Program.

Comment Summary
Concerned about an inability to pay back property taxes, for which there is a lien on her property.

TDHCA Response
The Property Charge Default Program provides assistance for delinquent property taxes and associated penalties and interest, subject to program maximum charges.

Comment Summary
Concerned about paying delinquent HOA charges, for which there is a lien on her property.

TDHCA Response
The Property Charge Default Program provides assistance for delinquent HOA fees and associated penalties and interest, subject to program maximum charges.

Comment Summary
Concerned about fines owed to the City for services on the property, for which there is a lien on her property.

TDHCA Response
The Property Charge Default Program provides assistance for delinquent fees expenses that place a homeowner at risk of foreclosure and displacement. To the extent the referenced fees place the homeowner at risk of foreclosure and displacement, the Property Charge Default Program provides the related assistance, subject to program maximum charges.

Comment Summary
Concerns over high water/sewage bills escalating as other property costs are increasing

TDHCA Response
Due to the number of homeowners that are delinquent on their mortgage loan or property charges and, as a result, are at risk of foreclosure and displacement, the initial programs offered under HAF are the Reinstatement Program and the Property Charge Default Resolution Program. Additional programs, such as those that might assist with delinquent water and sewage bills, may be considered in the future.

Public Comment provided by Texas Housers

Comment Summary
Suggest building in performance goals that track and ensure long term stability for the assisted households that also assures Servicers and Lenders do not accept funds, and then proceed with foreclosure, despite receiving assistance on behalf of the borrower.

TDHCA Response

Performance goals have been established in accordance with Treasury guidance and template. TDHCA intends to monitor, to the extent possible and for a limited period of time, the status of reinstated loans. In addition, homeowners for whom assistance has been provided can reach out to TDHCA in the event foreclosure proceedings have been initiated or resumed.

Comment Summary

Plan should include Set Asides for Low, Very Low and Extremely Low Incomes.

TDHCA Response

The initial programs assist homeowners with incomes up to 100% AMFI or 100% US Median income, whichever is greater, with targeted outreach to, and set-asides for, Persistent Poverty Counties. At this time, TDHCA does not believe additional set-asides are necessary.

Comment Summary

Plan should include Set Asides for Non Traditional Mortgages which include Seller Financed loans that cannot explicitly qualify for an exemption to the NMLS rule which may result in a disproportionate negative impact on Texas based on race or national origin.

TDHCA Response

TDHCA believes the exemptions to the NMLS requirement provided by Texas Finance Code Section 156.202 to be sufficiently broad to accommodate non-traditional mortgage loans while safeguarding against potential fraud and abuse.

Comment Summary

Plan should include self-certification to address property eligibility documentation, similar to the self-certification for homeowner eligibility.

TDHCA Response

Self certification for property eligibility documentation remains under consideration and will be included to the extent it is determined to be prudent and may be limited to certain circumstances.

Comment Summary

Allocate and approve funds to be used to clear title and heirship issues to assist disadvantage households who otherwise may be displaced.

TDHCA Response

The HAF budget includes funds for legal services to assist homeowners in default and foreclosure, and subject to Treasury approval, those funds may be used to assist in clearing title and avoiding displacement.

Comment Summary

Plan must emphasize that all outreach, marketing, intake, qualification, approval or disqualification, appeals be conducted in manner that provides persons with LEP the same level of benefits and services received by native English speakers. Recommend native speakers in primary language of applicant.

TDHCA Response
Outreach, marketing, intake, qualification, approval or disqualification, and appeals are being implemented and conducted in a manner that will provide persons with LEP the same level of benefits and services as those received by native English speakers.

Comment Summary
Plan should include special attention to the Colonias with aggressive marketing and outreach.

TDHCA Response
As stated in the HAF Plan, specific targeting and outreach efforts will be directed to Persistent Poverty Counties, which include the six counties with the highest concentration of Colonias in the state. Also included is specific targeting and outreach will be performed directed to reach the traditionally underserved area in South Texas that borders Mexico from South Padre Island, the southernmost part of the state, then West to the city of El Paso and all points in between.

Comment Summary
Provide funding to engage Community Action Agencies and Legal services for homeowners going through default and foreclosure to help identify and solicit program applicants.

TDHCA Response
The HAF budget includes funding for counseling and educational services, and legal services to assist homeowners in default and foreclosure. The budget also includes funding for intake centers to be primarily housing counselor, community development corporations, and other community action agencies to aid in soliciting program applicants and assisting those homeowners, when necessary, through the application process.

Public Comment provided by Avenue CDC

Comment Summary
Inclusion of all Household income, 18+ may disqualify HHs where minor children and students above 18 are working in the HH.

TDHCA Response
TDHCA understands that income for those over 18 may disqualify a household. Based on Treasury guidance, TDHCA believes the correct approach is to include income from all household members 18 or over.

Comment Summary
Plan mentions Pilot program. Are there other programs such as the Endeavor program that is essentially the same program?

TDHCA Response

The pilot program noted in the draft HAF Plan is a smaller scale of the proposed HAF Plan. The program for which public comment was requested is for the Texas Homeowner Assistance Fund (HAF), for which TDHCA serves as the sole administrator and which is separate and apart from the Endeavor program, which is funded through the Texas Emergency Mortgage Assistance Program (TEMAP).

Comment Summary

Provide a comprehensive list of resources and contact point for Housing Counselor who can assist homeowners on the application process, guidelines and timelines.

TDHCA Response

While the comment pertains to the TEMAP program, with respect to the HAF Plan, a complete list of resources, including intake centers, counselors, and legal assistance will be provided once the program has been approved by Treasury.

Comment Summary

Quite a bit of confusion over the Endeavor program and their methods for assisting delinquent homeowners and whether that program is the same as the TDHCA program.

TDHCA Response

As stated above, the program for which public comment was requested is for the Texas Homeowner Assistance Fund (HAF), which is separate and apart from the Endeavor program, funded through the Texas Emergency Mortgage Assistance Program (TEMAP). TDHCA will market and perform significant outreach with respect to HAF and the type of assistance and requirements associated with HAF funds.

Public Comment provided by BCL of Texas

Comment Summary

Will funds and counseling be available to ITIN foreign nationals. ITIN borrowers are often excluded in federal programs. Recommend that the HAF plan NOT exclude ITIN homeowners from assistance.

TDHCA Response

The HAF plan will provide assistance to Texas homeowners. Proof of US Citizenship is not a requirement for HAF assistance.

Public Comment provided by Michelle P

Comment Summary

Consider principal reductions to reduce the balance or payoff or forgive mortgages for homeowners with significant equity and low balances remaining so that they could access the equity in their homes in the future, if needed and maintain homeownership and not be in jeopardy of losing their homes after many years of paying on the mortgage.

TDHCA Response
Due to the number of homeowners that are delinquent on their mortgage loan or property charges and, as a result, are at risk of foreclosure and displacement, the initial programs offered under HAF are the Reinstatement Program and the Property Charge Default Resolution Program. Additional programs may be considered and proposed to Treasury in the future, depending on available funds and homeowner need.

Public Comment provided by John Garcia

Comment Summary
How will I apply for the HAF Plan work if my income has increased this year but I was on a forbearance since last year shortly after the pandemic happened?

TDHCA Response
To be eligible for HAF, household income cannot exceed the greater of 100% AMFI or 100% US Median income.

Comment Summary
I need assistance with past due utilities due to Covid and can no longer qualify because I do have a higher paying job now and would this affect qualifying for mortgage assistance as well.

TDHCA Response
There are two programs provided through the Department that could potentially assist with utility bills, the Low-Income Household Water Assistance Program (LIHWAP) and the Low Income Home Energy Assistance Program (LIHEAP). With respect to HAF, household income cannot exceed the greater of 100% AMFI or 100% US Median income.

Public Comment provided by Erin Lamkin

Comment Summary
There is no reason a person with a standard mortgage should get 18 months of relief and a person paying separately should only get 12 months. The assistance for the PROPERTY CHARGE DEFAULT RESOLUTION PROGRAM should be approved for both years at the same time. By the time this HAF plan is approved and we can start to complete application the 2021 tax bills will be out and they can be included in the process.

TDHCA Response
There is no set period of delinquency for which assistance is provided under either the Reinstatement Program or the Property Charge Default Resolution Program. The amount of delinquent months covered through the Reinstatement Program is largely dependent on the PITI of the mortgage loan, which is based on the original loan balance, mortgage rate, insurance, and the property tax rate for the home.

Comment Summary

The other thought I would like to add is you can use the money in total instead of having to fit in the 4 designated categories. If a person qualifies, they qualify for their bill to be paid in full. If you have to take some out of the HOA portion to pay the taxes then so be it. Don't let this be a cookie cutter plan. Allow flexibility where and when it is needed only.

TDHCA Response

Treasury requires a defined limit for each of the categories. TDHCA agrees that additional flexibility could be provided and will adjust the categories as follows, subject to a maximum of $25,000 in total:

Delinquent Property Taxes	$25,000
Insurance (homeowner's, flood, wind, mortgage, and hazard)	5,000
Homeowner and Condo Association Fees and Common Charges	5,000
Pre-Foreclosure/Foreclosure-related Legal Fees and Other Charges	5,000

Comment Summary

This plan will need to be completely separate from other fund from the CARES act. Although nothing or no one should get double benefits a person should not be excluded because they received funds from another plan like CDBG CARES Rent Relief.

TDHCA Response

There are no provisions in the HAF plan that prohibit homeowners from receiving various forms of assistance through multiple programs, however TDHCA is implementing safeguards against duplication of benefits. Typically, a homeowner eligible for HAF will not be eligible for rent relief.

Public Comment provided by NDC

Comment Summary

I am writing to encourage TDHCA to allocate funding for one additional eligible activity:

- measures to prevent homeowner displacement, such as home repairs to maintain the habitability of a home or ***assistance to enable households to receive clear title to their properties***.

Specifically, I encourage TDHCA to allocate funding for title clearing and related mediation services that will help low-income Texans receive clear title to their properties and therefore, avoid displacement due to predatory investors, property tax foreclosure, and code enforcement action. Owners of "heirs property" are particularly vulnerable to displacement due to decreases in income because they are unable to access funding for home repairs through a Home Equity Line of Credit (HELOC) or government repair programs that require clear title. Similarly, such owners often pay higher property taxes and are vulnerable to property tax foreclosure due to their inability to obtain a homestead exemption. While recent reforms to the Property Tax Code made it easier for owners of "heirs property" to obtain a homestead exemption, many vulnerable homeowners are not yet aware of these reforms.

TDHCA Response

Due to the number of homeowners that are delinquent on their mortgage loan or property charges and, as a result, are at risk of foreclosure and displacement, the initial programs offered under HAF are the Reinstatement Program and the Property Charge Default Resolution Program. Additional programs, such as one for home repair, may be considered and proposed to Treasury in the future, depending on available funds. Eligible homeowners facing foreclosure due to delinquent property taxes may receive assistance through the Property Charge Default Resolution Program. In addition, the HAF budget includes funds for legal services to assist homeowners in default and foreclosure, and subject to Treasury approval, those funds may be used to assist in clearing title and avoiding displacement.

Public Comment and Response June 2021

Draft Homeowner Assistance Fund Plan
Comment Period: June 14, 2021 through June 21, 2021
Public Hearing: June 17, 2021

Public Comment provided by Avenue CDC

Comment Summary
Asked if the calculation of income will include all household members, or just homeowner income.

TDHCA Response
The calculation of income for eligibility purposes will include all household members age 18 and above.

Comment Summary
Asked if the Reinstatement Program will include corporate and legal fees (late fees, inspection fees, attorney fees).

TDHCA Response
TDHCA is considering an amendment to the HAF Plan to provide the flexibility to pay mortgage-related corporate and legal fees (late fees, inspection fees, attorney fees), subject to Treasury's approval as qualified expenses for HAF.

Comment Summary
Asked if homeowners in active foreclosure with a pending foreclosure sale date (non FHA, VA, USDA loans) will be prioritized and expedited.

TDHCA Response
Avoiding homeowner displacement is a primary purpose of the HAF. As such, TDHCA will prioritize and expedite processing related to applications for assistance from homeowners in active foreclosure, particularly those with a pending foreclosure sale date.

Comment Summary
Noted that targeted homeowners often do not have adequate technology to submit documents or use an online portal

TDHCA Response
TDHCA recognizes the importance of all homeowners having the ability to apply for HAF assistance and the ability to submit the required documents. TDHCA recognizes that not all homeowners have the ability to apply and provide supporting documents by computer or smart phone. The Draft HAF Plan contemplates a centralized intake system utilizing an online application, through which applications can be submitted by computer or smart phone, or through intake hubs (CDCs, CDFIs, and affordable housing organizations throughout the state). Intake hubs can assist homeowners with completing their application, and with submission of required documents. TDHCA will strive to partner in a manner that results in intake hubs throughout the state, particularly in more rural areas, to provide all homeowners access to HAF funds.

Comment Summary
Highly recommends a pilot program to work out issues before launching full program. Suggested working with existing HUD approved counseling agencies as an initial test of the system.

TDHCA Response
TDHCA is evaluating a pilot program that will provide the opportunity to implement, test, and troubleshoot the process, from initial application to payment of assistance, prior to launching the full program. The manner of implementation has not yet been determined, but working with approved counseling agencies will be considered.

Comment Summary
Suggested Public Service Announcements to reduce number of scams that will pop up when program begins.

TDHCA Response
TDHCA recognizes that delinquent homeowners may be vulnerable and susceptible to HAF-related scams and will work at the state and local level to raise awareness of HAF and to provide information in a manner that directs homeowners to legitimate avenues for assistance.

Public Comment provided by Community Loan Servicing

Comment Summary
Comment not specific to the Draft HAF Plan, but relevant to the implementation of the program. Provided data-related input included suggestions for locating and identifying low to moderate income homeowners eligible for HAF assistance, communications (common data file, electronic signature, involvement and education of stakeholders), etc. Also provided Lessons Learned from Hardest Hit Funds, specifically a suggestion to exclude or delay loans already in the loss mitigation process until that process is complete, operational recommendations for the reinstatement program including batch processing, fillable PDFs, etc., discussion of loan modifications for VA and USDA loans, limiting burdens on already distressed homeowners, and recommendations with respect to marketing and communications were provided.

TDHCA Response
TDHCA recognizes the experience and expertise of Community Loan Servicing, particularly with respect to Hardest Hit Funds, and the feedback provided. TDHCA will consider and implement or include, as applicable, the suggestions provided, as the program is developed and implemented.

Comment Summary
Noted that many Texas homeowners lack adequate flood insurance.

TDHCA Response
TDHCA confirms that flood insurance is a qualified expense under the proposed Reinstatement Program in the Draft HAF Plan.

Comment Summary
Noted that seniors on a fixed income and paying a mortgage may default on their mortgage payments as local taxes rise.

TDHCA Response
The Reinstatement Program is the initial program under the Draft HAF Plan; eligible homeowners must have a mortgage to be eligible for assistance. However, to the extent that homeowner needs warrant, and there are sufficient funds available, TDHCA may consider submitting additional programs under the HAF Plan for consideration by Treasury.

Comment Summary
Noted that HOAs are separate from mortgage payments and outside servicing systems.

TDHCA Response
Based on comments received from several parties, TDHCA is amending the HAF Plan to include reimbursement of taxes, insurance, and homeowner association fees, whether escrowed or otherwise, subject to approval by Treasury.

Public Comment provided by Habitat for Humanity Texas

Comment Summary
Expressed concern that limiting eligible mortgage loans to those with a lender or servicer with an NMLS number would exclude many Habitat for Humanity homeowners. Suggested a revision to include private lenders and servicers that qualify for an exemption under Finance Code 156.202.

TDHCA Response
TDHCA agrees with this comment and will revise the Draft HAF Plan to include private lenders and servicers that qualify for exemption pursuant to Finance Code, Section 156.202.

Comment Summary
Expressed concern that homeowners that have remained current on their mortgage loan, but increased credit card debt and are behind on tax and insurance payments may still face foreclosure.

TDHCA Response
The Reinstatement Program, which is the initial program under the Draft HAF Plan, requires that a homeowner be at least 60 days delinquent on their mortgage loan to receive assistance. However, TDHCA is evaluating additional programs and, depending on homeowner needs and available funds, may consider submitting additional programs under the HAF Plan for consideration by Treasury.

Public Comment provided by Erin Lamkin (Homeowner)

Comment Summary
Expressed concern that TDHCA will prioritize Government Loan and Affordable Housing Portfolios and not have available funds for non-traditional loans, such as those for which property taxes and

insurance are paid directly by the homeowner and are not escrowed. Also noted that taxing authorities (in this case, Williamson County) appear to be unaware of the HAF program and that relief is in sight.

TDHCA Response

The Draft HAF Plan includes set-asides to assist homeowners that would not typically be included in Government Loan and Affordable Housing Portfolios. These set-asides are designed to assist homeowners with less traditional financing instruments and properties, such as contract for deed and reverse mortgages, and manufactured and mobile homes.

Public Comment provided by James Brown

Comment Summary

Opposes handouts and programs similar to HAF.

TDHCA Response

TDHCA acknowledges receipt of Mr. Brown's comments.

Public Comment provided by M.A.H. (u2thick@gmail.com)

Comment Summary

Suggested homeowners be able to inform their lenders of program; that TDHCA compile a list of accepted lenders; believes lenders should sign up to receive funds before homeowners complete application and that homeowners should complete applications once approved and ready to receive. Agrees lenders should receive the funds. Suggests that news alerts, email blasts, and social media be used to reach people.

TDHCA Response

While TDHCA is developing a comprehensive marketing and outreach plan designed to raise awareness and inform homeowners, mortgage companies, non-profits, community development corporations, housing counselors, and banks and trade groups throughout the state to reach as many delinquent homeowners as possible of the availability of assistance through the HAF program, homeowners are able to, and even encouraged to, inform their lenders of the HAF program. However, due to the number and variety of entities and individuals that provide mortgage loans in Texas, and the amount of personal and protected information that will be exchanged, it is not feasible to pre-approve lenders, nor is a lender/servicer driven process possible. Homeowners will apply for funds directly to TDHCA, using a centralized intake system. Applications can be submitted by computer or smart phone, or through intake hubs (CDCs, CDFIs, and affordable housing organizations throughout the state).

Public Comment provided by Need a Break

Comment Summary

Suggests that TDHCA let banks know about HAF assistance for delinquent homeowners.

TDHCA Response

TDHCA is developing a comprehensive marketing and outreach plan designed to raise awareness and inform homeowners, mortgage companies, non-profits, community development corporations, housing counselors, and banks and trade groups throughout the state to reach as many delinquent homeowners as possible of the availability of assistance through the HAF program.

Public Comment provided by Proyecto Azteca

Comment Summary

Expressed concern that homeowners have sold cars to make their mortgage payments and suggests ability for them to recoup those amounts. Suggested administration of funds by Hidalgo County Community Service Agency, Hidalgo County Urban County, and the County Commissioners. Non-profit assistance as well, particularly TRLA.

TDHCA Response

TDHCA recognizes that many homeowners, impacted by COVID-19, have taken actions that have strained them financially in order to make their mortgage payments. Reimbursement for actions, such as the sale of a car, is not, however, a qualified expense under the HAF Plan.

Public Comment provided by Texas Housers

Comment Summary

Recommend HAF and American Rescue Plan funds be used not just to help homeowners catch up, but to achieve equitable communities. Suggested uses that would support that goal would be providing funds for down payment assistance loans and home repairs.

TDHCA Response

In accordance with Treasury Guidance, the HAF Plan will be designed to ". . . mitigate financial hardships associated with the coronavirus pandemic by providing funds to eligible entities for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020, through qualified expenses related to mortgages and housing." Providing down payment assistance is not a qualified expense for the HAF. The Reinstatement Program is the initial program under the Draft HAF Plan and currently does not contemplate home repairs; however, to the extent that homeowner needs warrant, and there are sufficient funds available, TDHCA may consider submitting additional programs under the HAF Plan for consideration by Treasury.

Comment Summary

Believe mortgage loan delinquencies will become greater after the pandemic; asked how the maximum of $30,000 was determined.

TDHCA Response

The maximum assistance amount of $30,000 was calculated by using the PITI for mortgage loans originated through TDHCA's Texas Homeownership Division (70% at or below 80% AMFI) and calculating approximately 20 months (includes two months of lag during program development) of payments necessary to reinstate. Recognizing that it will take time to implement the program, and that some homeowner populations will take longer to reach than others, TDHCA is amending the per household maximum to $40,000.

Comment Summary

Recommend use of HAF for repayment of home equity loans to assist people that obtained homes through heirship.

TDHCA Response

Depending on the structure and collateral, most home equity loans may be eligible for assistance through the Reinstatement Program, subject to approval by Treasury.

Comment Summary

Recommend TDHCA engage with consumer advocates, especially legal aid attorneys representing the program's target population. Recommend TDHCA include non-profits and community groups in design and implementation of the program.

TDHCA Response

TDHCA recognizes the importance of including consumer advocates, legal aid attorneys, non-profits, and community groups in the design and implementation of the program. These parties will be integral to successfully reaching and assisting homeowners in need throughout the State. To that end, we have had many individual discussions with key parties. In addition, on June 24, 2021, TDHCA held what is hopefully the first of a series of Community Engagement and Outreach Discussions, where non-profits and community development organizations voiced questions and gave input on the program. Several have followed up with written suggestions and comment.

Comment Summary

Recommend prioritization of homeowners between 30% AMI and 50% AMI due to level of cost burden. Believe program should use Texas income levels, not nationwide. Suggest targeting could be achieved by closing program to people above 80% AMI.

TDHCA Response

CHAS Data (2013-2017 Tables 1 and 8) indicates that 29% of owner-occupied households in Texas (with a mortgage) have incomes less than or equal to 100% AMFI. Of homeowners with a mortgage that have income less than or equal to 100% AMFI, approximately 70% are at or below 80% AMI, with approximately 30% between 80% and 100% AMFI. Of those homeowners between 80% and 100% AMFI, we estimate (based on the CHAS Data) that approximately 60,000 are cost-burdened, increasing the likelihood that they may need HAF to assist with reinstating their mortgage loan. TDHCA believes limiting income to 100% AMFI aligns the purpose of HAF as established by Treasury, and will provide sufficient funds to assist homeowners up to 100% AMFI. With respect to the basis for income calculations, allowing for the greater of 100% US Median

Income or 100% of AMFI may benefit homeowners in rural communities and homeowners with larger households (income is calculated including all household members age 18 and above). For example, in Willacy County, for a household of 5, the maximum income for the household, using AMFI, would be $65,800; using US Median, it would be $79,900, so the greater of would be $79,900 (which was achieved using US Median). TDHCA believes that allowing for the greater of 100% US Median Income or 100% of AMFI aligns with the purpose of HAF as established by Treasury.

<u>Comment Summary</u>
Reiterated the concern expressed by Habitat for Humanity Texas that limiting eligible mortgage loans to those with a lender or servicer with an NMLS number may exclude many homeowners. Suggested a revision to include private lenders and servicers that qualify for exemption under Finance Code 156.202.

<u>TDHCA Response</u>
TDHCA agrees with this comment and will revise the Draft HAF Plan to include private lenders and servicers that qualify for exemption pursuant to Finance Code, Section 156.202.

<u>Comment Summary</u>
Recommend easy certification process due to lack of resources in population being served, including income documentation with alternative forms of documentation to encompass colonia residents with informal jobs in agriculture or domestic work.

<u>TDHCA Response</u>
TDHCA is working to provide homeowners with as easy of a process as possible, including processes for providing certification and fulfilling income documentation requirements, while fulfilling the requirements of HAF with respect to program eligibility and documentation requirements.

<u>Comment Summary</u>
Recommend workaround for proof of ownership as many people of color own their home through heirship, making it difficult to prove occupancy by documented buyer.

<u>TDHCA Response</u>
TDHCA recognizes that there will be homeowners for which proof of ownership is a challenge. As such, TDHCA is exploring non-traditional ways to establish proof of ownership, including possible adoption of an affidavit of heirship.

<u>Comment Summary</u>
Recommend translation of program materials, as well as marketing, in multiple languages and radio ads in Spanish.

<u>TDHCA Response</u>
TDHCA agrees with this comment. The Draft HAF Plan states that outreach and marketing materials, as well as application information, will be made available in multiple languages. In addition, call center operations will have language lines and translation services.

Comment Summary
Recommend paying community organizations to do intake and help applications with required documentation.

TDHCA Response
TDHCA agrees with this comment. The Draft HAF Plan describes contracting with housing counselor organizations, CDCs, CDFIs, and other affordable housing organizations throughout the State. Through a pay-for-performance compensation model, these organizations will establish help centers to serve as intake hubs, assisting homeowners in determining eligibility and with making application for the funds, as well as providing any necessary supporting documentation.

Comment Summary
Recommend review of outreach and marketing efforts bi-weekly to ensure goals and objectives are being met and marketing and outreach efforts are working in key demographics.

TDHCA Response
TDHCA recognizes the importance of monitoring outreach and marketing efforts on a regular basis to ensure that program goals and objectives are being met and expects to do so on an ongoing basis, no less than monthly, and will adjust to a more frequent review if necessary.

Comment Summary
Object to paying the per item maximum amount to the lender if the homeowner's past due amount exceeds that amount, with the concern being that HAF funds would have been spent (wasted) if the lender still foreclosures on the property.

TDHCA Response
TDHCA agrees with this comment and plans to adjust the Draft HAF Plan to reflect the requirement that, to the extent a homeowner’s past due amount exceeds the per item or per household maximum amount, HAF funds can only be used to reinstate the mortgage loan if an additional loss mitigation approach is implemented that will make the homeowner current on their first mortgage. If an additional loss mitigation approach cannot be implemented, the mortgage loan will be ineligible for reinstatement.

Comment Summary
Recommend publication of performance using online data dashboard similar to TDHCA's rent relief program. Recommend tracking of foreclosure rates and forbearance rates by home value, loan type, and race and ethnicity, as well as tracking limited English proficiency program participants.

TDHCA Response
TDHCA intends to publish an online data dashboard similar to that used in the Texas Rent Relief program. The tracking of statewide mortgage loan data, including foreclosure rates and forbearance rates, as well as the specifics suggested, is very difficult in Texas due to a significant amount of non-traditional mortgage loans. TDHCA will continue to track and update in these areas to the extent information is available.

Public Comment provided by Texas RioGrande Legal Aid (TRLA)

Comment Summary
Noted that seller-financed mortgages are common among their client population and expressed concern that limiting to lenders/servicers with NMLS number and excluding private mortgages will exclude many homeowners. Suggest including private mortgages held by lenders/servicers that do not have NMLS number and contracts for deed should be eligible under HAF.

TDHCA Response
TDHCA agrees with this comment and will revise the Draft HAF Plan to include private lenders and servicers that qualify for exemption pursuant to Finance Code, Section 156.202.

Comment Summary
Expressed concern that homeowners without a mortgage are at risk due to property tax and/or HOA lien foreclosure. The exclusion of taxes, insurance, or HOA fees that are not escrowed will leave homeowners vulnerable to foreclosure. Typically, HOA fees are not escrowed.

TDHCA Response
Based on comments received from several parties, TDHCA is amending the HAF Plan to include reimbursement of taxes, insurance, and homeowner association fees, whether escrowed or otherwise, subject to approval by Treasury. The Reinstatement Program does not include assistance for homeowners without a mortgage but, as stated in the Draft HAF Plan, TDHCA may submit additional Programs to Treasury for consideration if homeowner needs warrant and if there are sufficient funds available.

Comment Summary
Expressed concern that if there is not a centralized intake system, like Texas Rent Relief, that homeowners without close access to a CDC or CDFI will not be able to apply. Suggest a referral system in rural areas and on Texas-Mexico border so that local non-profits can refer homeowners directly to HAF, beyond those non-profits who can locally administer the funds.

TDHCA Response
The Draft HAF Plan contemplates a centralized intake system, similar to that of Texas Rent Relief, through which applications can be submitted to TDHCA by computer or smart phone, or through intake hubs (CDCs, CDFIs, and affordable housing organizations throughout the state). Intake hubs can assist homeowners with completing their application, and with submission of required documents. TDHCA will strive to partner in a manner that results in intake hubs throughout the state, particularly in more rural areas, to provide all homeowners access to HAF funds. TDHCA will evaluate and consider expanding the pay-for-performance compensation model outlined in the Draft HAF Plan to include a referral component. Administration of all HAF funds will be directly through TDHCA.

Public Comment provided by Texas Mortgage Bankers Association

Comment Summary

Expressed support for the draft plan, noting that focusing on government or government-insured loans is appropriate; that an applicant/consumer driven approach is preferable to a servicer initiated approach. Encourages TDHCA to continue dialogue with HPC and NCSHA for uniform processes.

TDHCA Response

TDHCA appreciates the support of TMBA, both with respect to the public comment provided, as well as in the continued efforts of TMBA and its members in providing data and suggestions as to reach Texas homeowners, as well as how to effectively leverage HAF funds to assist as many Texas homeowners as possible, as quickly as possible.

Comment Summary

Suggested that the consumer application process be as simple and uniform as possible. Have heard concerns about lack of broadband access making online applications potentially difficult; suggest alternative means of application submission.

TDHCA Response

TDHCA recognizes the importance of all homeowners having the ability to apply for HAF assistance and the ability to submit the required documents. TDHCA recognizes that not all homeowners have the ability to apply and provide supporting documents by computer or smart phone. The Draft HAF Plan contemplates a centralized intake system utilizing an online application, through which applications can be submitted to TDHCA by computer or smart phone, or through intake hubs (CDCs, CDFIs, and affordable housing organizations throughout the state). Intake hubs can assist homeowners with completing their application, and with submission of required documents. TDHCA will strive to partner in a manner that results in intake hubs throughout the state, particularly in more rural areas, to provide all homeowners access to HAF funds.

Public Comment provided by John Woodley

Comment Summary

Comments were submitted beyond the public comment period (received July 12). No comments relevant to HAF were included.

TDHCA Response

No response.