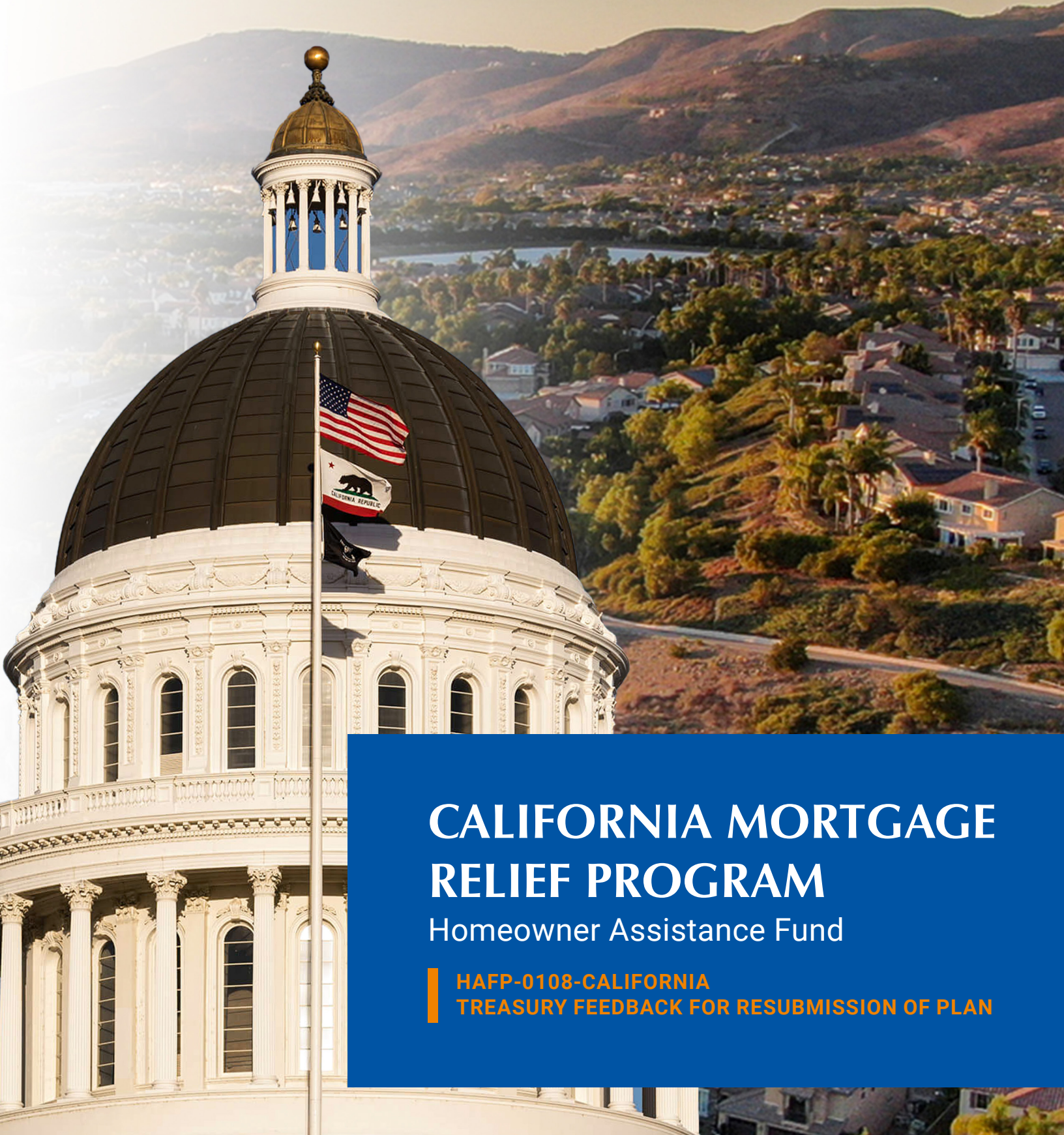




California Housing Finance Agency



CALIFORNIA MORTGAGE RELIEF PROGRAM

Homeowner Assistance Fund

HAFP-0108-CALIFORNIA
TREASURY FEEDBACK FOR RESUBMISSION OF PLAN

RESPONSES TO QUESTIONS

HOMEOWNER ASSISTANCE FUND PLAN HAFP-0108-CALIFORNIA

The California Housing Finance Agency (CalHFA), through its special-purpose affiliate the CalHFA Homeowner Relief Corporation (CalHRC), is pleased to respond to the Homeowner Assistance Fund (HAF) plan questions by providing the responses below about the California Mortgage Relief Program:

COMMUNITY ENGAGEMENT AND PUBLIC PARTICIPATION

Question #1: Please describe any coordination you intend with Tribes or Tribal entities.

Response: A critical component of the community-based outreach program includes coordination and outreach to tribal entities. In this way, the program will partner with trusted messengers within the tribal community to work directly with homeowners who may be eligible. The program has already identified community-based organizations that should be able to provide this outreach. In addition to the community-based outreach, potentially eligible homeowners will also receive culturally appropriate messaging to encourage participation in the program through paid and earned media.

Question #2: Please provide an update indicating any public comments you have received since you submitted your HAF Plan, from which organization you received any such comment, and whether you have responded to the comments.

Response: The California Mortgage Relief Program has set up an email address, info@camortgagerelief.org, to receive public comments and inquiries. This email address is currently available through the program's website, camortgagerelief.org, which can also be accessed through a link posted on CalHFA's website. Homeowners who send an email to this address have received a personalized response within three business days of receipt. By and large, the comments and inquiries the program has received since submitting the plan are from homeowners asking when the program will be available, how they will be able to apply, if there are any updates on the approval process and general questions about eligibility. In addition to receiving and responding to public comment, California continues to be proactive in feedback solicitation through engaging in open dialogue with various housing advocacy groups and other stakeholders. Since the plan submission, California has met with several groups and individuals to review the plan in detail and get feedback. California is also surveying applicants on their experience in the pilot and using that data to inform program changes.

ONGOING ASSESSMENT OF HOMEOWNER NEED

Question #3: Please explain how the program will address changes in homeowner needs in the coming years.

Response: As described on Page 14 of the submitted plan, CalHFA will continue to monitor the data which the plan was built upon and compare it to the data we receive from real applications. This data includes U.S. Census QCT data, UCLA Owner Vulnerability Data and more. Program leaders and staff will meet quarterly to review this data and adjust the program as necessary using the information gained about the populations that are requesting assistance. Additionally, we will continue to monitor mortgage delinquency and foreclosure impacts in the targeted areas. California will also be monitoring additional information sources and Federal and State program updates to avoid duplication of programs as well as to continually reassess how to provide assistance that best responds to the needs of California homeowners. In addition to analyzing program data and monitoring external program and data sources, California intends to hold outreach meetings with advocates and other stakeholders to solicit their feedback once the program is up and running.

PROGRAM DESIGN

Question #4: Please explain how the sources of data listed in the section on Homeowner Needs informed the Program Design Elements included in your plan.

Response: The tables on Pages 11-15 of the submitted plan, within the Homeowner Needs section, lists several data sources which helped shape the program. The method for using that data to form the plan is described on Page 12. This section explains how California leveraged census data to identify demographics of socially disadvantaged populations. Mortgage data was used to understand geographic need, type of need and amount of assistance needed. Finally, labor and income data were used to identify the population that would be eligible per the HAF Guidance. Using these data elements to define the population of California homeowner need, the program guidelines and outreach activities were designed to address that need.

Question #5: Will there be a method in your HAF program, early in the process of engaging with a household, to evaluate immediate threats to the housing stability of applicants, which may need to be addressed under an expedited or prioritized timeline (e.g., HOA liens, tax delinquencies, utility shut off)?

Response: Early in the application process, applications will be reviewed to identify homeowners in need of expedited processing or referral to other programs, as appropriate. Through the program Contact Center and a broad range of outreach efforts, including social media, letters and website postings, the program will provide encouragement and contact information to promote HUD-certified housing counseling for potential applicants, especially those in the most immediate need of assistance. More information on the program's interaction with housing counselors can be found in the answer to Question #7 of this questionnaire.

Question #6: Please confirm your exclusion of reverse mortgages and explain what steps you have taken to assess the needs of homeowners with reverse mortgages. Please summarize any community feedback or data on which you have based this decision.

Response: CalHFA initially made the decision to focus on reinstatement of first mortgages based on community feedback and survey results that identified reinstatement as a high-priority need. Reverse mortgage assistance was discussed by advocates in listening sessions, but the results of California's broader community survey reflected mortgage reinstatement and delinquent property tax as clear priorities. In response to feedback and data provided by U.S. Treasury, the Federal Housing Administration, and other stakeholders, CalHFA will now provide assistance to reverse mortgage holders as a way to help vulnerable seniors in California and is proposing to include HECM reverse mortgages as an eligible use through our mortgage reinstatement program, available immediately upon the launch of the California Mortgage Relief Program.

Question #7: 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: the role housing counseling or legal services providers will play in supporting homeowners' efforts at engaging in loss mitigation.

Response: At numerous points in the process, starting with initial outreach and continuing throughout the application process, CalHFA is providing encouragement and contact information for California homeowners in need to connect with HUD-certified housing counselors to get assistance recognizing loss mitigation options and other state programs, or help accessing HAF mortgage relief. The California Mortgage Relief Program plan references the four foundational goals of the program, one of which is "Encourage connections with California's effective housing counseling network to complement the assistance with education and create the best possible outcomes for homeowners." However, in response to U.S. Treasury and FHA feedback regarding the importance of loss mitigation options such as the COVID-19 Recovery option, CalHFA has created an even more robust outreach strategy to provide an avenue – housing counselors – to connect homebuyers with these loss mitigation options, starting by displaying encouragement to connect with counselors even more prominently on website pages and in correspondence such as email blasts. One particularly notable web page placement is on CalHFA's National Mortgage Settlement Housing Counseling Program (NMS) page. The successful NMS program uses state funds to not only provide Californians with free sessions with HUD-certified housing counselors, but also to help the approximately 80 participating agencies build capacity. The NMS program is the reason CalHFA does not need to use HAF funds to provide housing counseling. Going forward, CalHFA has also made adjustments to its planned Mortgage Relief Program application portal, technical assistance call center and the marketing strategies of its partner community-based organizations, to incorporate this encouragement and contact information prominently. California's housing counselors will be trained in the specifics of the program, including how it interacts with loss mitigation, and encouraged to share all options with interested applicants.

Question #8: Your mortgage reinstatement program (the California Mortgage Relief program) contemplates for homeowners with housing debt-to-income greater than 40% will receive reinstatement assistance without consideration of loss mitigation options available. Please explain what steps your program will take to determine whether it is appropriate for these homeowners with high housing debt-to-income to consider loss mitigation options that reduce their housing payments.

Response: In response to the feedback from U.S. Treasury and FHA, which provided clarity on the interaction of HAF assistance and loss mitigation available to homeowners, CalHFA will be creating a robust process to ensure that loss mitigation options are considered by MRP applicants, with the encouragement to discuss which option is more beneficial with housing counselors and qualified members of the community-based organization outreach network:

- All applicants, regardless of housing burden, must attest to their knowledge that loss mitigation options may be a better option, and to their knowledge that housing counselors will see them for free to explain these options, to complete their application.
- If applicants call the California Mortgage Relief call center, specialists may encourage exploration of these options with housing counselors, and all correspondence emails will have encouragement to applicants to contact housing counselors for this same reason.
- Contact information for housing counselors and the encouragement to visit them to learn about loss mitigation options is located on each page of the soon-to-be launched California Mortgage Relief Program website, including on the home page just above the link to apply.
- As mentioned in the response to Question 7 above, community-based organizations doing outreach and marketing of the program in socially disadvantaged areas will be trained to provide connections to housing counselors, who can provide guidance on the best options for the homebuyer, including loss mitigation options.
- The State of California is already strongly encouraging vulnerable homeowners to contact mortgage servicers and housing counselors to discuss loss mitigation option. Servicer and counselor contact information was provided in various email blasts and featured prominently on CalHFA's initial placeholder website, along with the website of California's mortgage servicer regulator (Dept. of Financial Protection and Innovation) and California's Housing is Key website, which collects all housing related Covid recovery efforts in one convenient place.

These processes ensure proper consideration of loss mitigation options while not creating any undue burden on homeowners in the most challenging housing situations (housing debt-to-income greater than 40%) to receive HAF funds in an expeditious manner.

Question #9: How will your program leverage resources available through a loss mitigation process to benefit eligible homeowners and how will your program avoid using HAF funds in ways that duplicate relief that available loss mitigation options might provide?

Response: As stated in the response to Question 8, CalHFA is responding to U.S. Treasury and FHA feedback by creating a robust process to ensure that applicants are aware and consider federal loss mitigation options available to them, particularly the new FHA COVID-19 loss mitigation. In addition, CalHFA is requiring applicants with less acute housing burden (below 40% housing-to-income ratio) to provide letters stating that their servicers are not providing sufficient alternative workout options. However, in response to U.S. Treasury feedback, CalHFA will create an alternative option for those applicants that find it is burdensome or excessively time-consuming to obtain such a denial letter from their servicer. Under this option, a homeowner can work with a housing counselor, legal services provider, or another qualified organization to attest that they have reviewed their loss mitigation options. These organizations could provide a letter attesting to the homeowner's consideration of loss mitigation options, and this attestation letter would be accepted by CalHFA in-lieu of the servicer denial letter.

Question #10: Please explain what steps, if any, your program will take to assist the homeowner in determining whether a HAF-resolution will result in a sustainable monthly payment?

Response: U.S. Treasury guidance, best practices from other states, information provided by advocates and CalHFA's own experience all tell us that homeowners connecting with housing counselors is the number one way for them to get all the information they need to make the best decisions for future housing success, including whether this program or loss mitigation will create the most sustainable path forward. Responses to previous questions have listed the myriad ways CalHFA will encourage connections between struggling California homeowners and HUD-certified housing counselors, in addition to describing our state-funded NMS program funds counseling sessions for Californians in need. Additionally, California Mortgage Relief call center specialists may inform homeowners of this option while giving technical assistance, and all correspondence emails will have encouragement to applicants to contact housing counselors to learn about potential loss mitigation options.

Question #11: Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve?

Response: Yes, we anticipate that home energy costs will increase throughout California, and do understand this may become hardship for homeowners to pay their utilities. The state of California provides various programs to support homeowners struggling with utilities payments, including the California Low Income Home Energy Assistance Program and the ERA program that provides utilities assistance.

ELIGIBILITY

Question #12: Please provide the rationale for not using a fact-specific proxy as one method for establishing eligibility under your plan, including how you determined that without such a proxy, your program can avoid unnecessary barriers to participation by eligible homeowners.

Response: The plan submitted by California uses fact-specific proxies to determine eligibility and to reduce documentation requirements for those applicants receiving public assistance. Recipients of public assistance such as CalWORKS and WIC are presumed to be eligible for and in need of assistance. For instance, public assistance recipients will be presumed to be housing burdened and will not be asked to provide servicer denial letter. California designed this feature to encourage the participation of the most vulnerable homeowners in our State. California will require minimal, readily-available documents, but our application process avoids unnecessary barriers and uses cutting-edge technology that simplifies the document upload process. Applicant feedback received during the pilot phase has been extremely positive on the application process being easy to navigate and complete.

OUTREACH

Question #13: Please explain how the program will provide culturally relevant marketing.

Response: Culturally appropriate outreach and engagement is integrated into all elements of the California Mortgage Relief Program. Most significantly, the single largest component of outreach is the community-based outreach program, in which California will leverage the expertise and resources of local partner organizations, who work in and interact with diverse communities. California welcomes feedback from stakeholders such as community leaders and other trusted voices within these communities and will make any necessary adjustments to the marketing approach. Materials will be created in a culturally relevant manner and these community outreach efforts will be tracked through our reporting system. Additional strategies include paid media to engage with local providers of channels that specialize in diverse outreach marketing, and ensuring the program website supports multiple languages and provides culturally relevant guidance.

PERFORMANCE GOALS

Question #14: Please explain how you intend to communicate your progress towards performance to the public.

Response: California will communicate our progress to the public through a real-time data dashboard that will be made available through our website, and also provide various automated and manually-created monthly reports that are created for specific stakeholder audiences.

Question #15: Please indicate which three metrics will serve as the best indicators of the success of your program.

Response: The three metrics that will best demonstrate program success are;

1. Percentage of the allocated funds provided to socially disadvantaged and underserved communities.
2. Percentage of assisted targeted households from communities at/below 100% AMI
3. Speed at which allocated HAF funds are disbursed to applicants, from initial inquiry through disbursement of funds that reduced mortgage delinquency.

Question #16: Please indicate whether you intend to disaggregate metrics by income, race, gender, etc.

Response: California plans on disaggregating data metrics and has set up reporting capabilities on all data elements that are available to us through the application, outreach, and compliance processes. This is in addition to the existing data sources that California is leveraging, such as U.S. Census data and the UCLA Owner Vulnerability Index.

Question #17: Please consider including as an additional metric the number of homeowners assisted/ foreclosures prevented solely through counseling or legal services without payment of HAF funds to resolve the homeowner's defaults or delinquencies.

Response: California currently supports HUD-certified counseling services through a state-funded program. As part of this program, agencies are required to collect data on the number of California homeowners served and the type of service provided. This data is presented quarterly.

READINESS

Question #18: Please provide the most recent available information about your program's readiness, including staffing, contractors, etc.

Response: California has been live with its Mortgage Relief pilot program that has processed, reviewed and funded applications since September 2021. Further activities include the addition of an administrative CBO vendor to oversee and manage the outreach and participation of local CBOs, and bringing on an Information Security Officer to oversee IT security and compliance.

Question #19: Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval?

Response: Barring any significant changes to the proposed program, California is prepared for a full launch of the mortgage reinstatement program immediately after receiving approval. A newly proposed second program to fund delinquent property tax payments, which is detailed below in the response to Question 21, will launch no later than April 2022.

Question #20: Please provide updated information about your progress in spending the initial 10% payment from your jurisdiction's full allocation and the status of any pilot assistance already offered or made available to homeowners.

Response: The Mortgage Relief Program has used the initial allocation for reinstatement disbursements to applicants, program implementation and administration expenses. Expenses incurred to date are estimated to be under the 10% allocation and consistent with the plan. These expenses include IT systems, vendors, internal staffing and external staffing (Refer to pages 26 – 34 of the plan). Major implementation expenses include Contact Center setup and training; application management system configuration; eligibility staffing and training; marketing and outreach program design and system configuration; servicer program design and onboarding; and back-office accounting setup and system configuration.

BUDGET

Question #21: Your plan indicates reinstatement as the only design element that will be offered a corresponding budget allocation. Please confirm.

Response: California's proposed reinstatement program provides for the payment of delinquent property taxes, as well as insurance and HOA fees, provided those items are impounded by the servicer or if the homeowner sets up an impound account with the servicer during the process of reinstatement. California would like to amend its previous proposal to include the addition of HECM reverse mortgages in the reinstatement program, and the creation of a second assistance program to fund delinquent property tax payments for those that would not receive funding for that utility through the mortgage reinstatement program.

For those homeowners who are only delinquent on property taxes, which was the second most requested utility during our outreach efforts, California would like to amend the plan to allocate \$150 million of the state's HAF funds toward this utility. Implementation will require significant coordination with 58 separate counties, and therefore California anticipates launching this program by April 2022.