

Kansas Homeowner Assistance Fund

Term Sheets



KANSAS OFFICE OF RECOVERY

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September 14, 2021, Treasury Approved January 21, 2022, Updated October 7, 2022

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Introduction

The COVID-19 public health crisis and resulting economic crisis have severely strained many households across the United States, threatening housing stability for renters and homeowners. In response to this crisis, Congress passed the American Rescue Plan Act (ARPA), to assist residents, small businesses, and governments respond and recover from the impacts of the coronavirus pandemic, including \$9.96 billion to assist vulnerable homeowners through the Homeowner Assistance Funds (HAF).

Kansas was allocated \$56.6 million through HAF to assist Kansas homeowners in need. The HAF was established to mitigate financial hardships associated with the coronavirus pandemic by providing eligible homeowner assistance to prevent mortgage delinquencies and defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship associated with the coronavirus pandemic.

The COVID-19 pandemic is creating a housing crisis, threatening Kansas homeowners' ability to keep up with mortgage and utility payments. As of May 2021, this has led to 15,430 home loans delinquent, of which 70% of these loans were behind more than 90 days. As a result, thousands of homeowners are at risk of losing their homes and having their utilities shut off.

To address this crisis, the Kansas Recovery Office has partnered with the Kansas Housing Resource Corporation (KHRC) to create the Kansas Homeowner Assistance Fund (KHAF) program. KHRC is a self-supporting, nonprofit, public corporation that serves as the primary administrator of federal housing programs for the state of Kansas. KHRC delivers solutions to those who are working to end the housing crisis in Kansas. The corporation's vision can only be achieved when all Kansans have the support and resources they need to achieve their goals, no matter where they are in their housing journey.

The KHAF program is currently in the design phase, with particular attention to ensuring the program is responsive to the needs of Kansas homeowners during this difficult time. The program design is guided by three principles, as outlined below, and includes four elements that address homeowner mortgage and non-mortgage assistance needs. These four program elements are summarized below, followed by draft Term Sheets that detail the program goals, eligibility, the form and amount of assistance and other key program design components.

[Guiding Principles for Program Design](#)

1. To best position homeowners to obtain and maintain secure housing and best position homeowners to securely remain in their home.
2. To expedite delivery of assistance.
3. To not use taxpayer funds to pay what is already resolved with the mortgage servicer.

Summary of Program Elements

The draft program design includes 4 program elements to be paired with housing counseling services to assist homeowners achieve and maintain their housing. See Table 1 for additional information about the elements.

1. **Mortgage Reinstatement Assistance** – to better position homeowners to obtain stable housing by curing past due mortgage payments (principal, interest, taxes, insurance, and related fees) through reinstatement or a loan modification from their service provider.
2. **Mortgage Payment Assistance** – to better position homeowners to obtain or maintain stable housing by maintaining monthly mortgage payments current for up to 6 months.
3. **Property Charge Assistance** – to assist with past due property charges and maintain charges coming due within 90 days that threaten displacement and/or the homeowner’s ability to sustain ownership of the property by assisting with property taxes, insurance premiums, and certain fees.
4. **Utility/Broadband Assistance** – to assist with homeowners’ past due payments and maintain charges coming due within 90 days for utilities and internet, including broadband services.

Mortgage Reinstatement Assistance Term Sheet

Criteria	Terms
Brief description	Provide financial assistance to eligible homeowners (applicants) to better position them to obtain housing stability. This may be accomplished by curing their delinquent mortgage payments (principal, interest, taxes, insurance, and related fees) through reinstatement or a loan modification from their mortgage servicer where possible.
Maximum amount of assistance per homeowner	Each homeowner will be eligible for up to a combined total of \$50,000 in mortgage assistance (Mortgage Reinstatement Assistance + Mortgage Payment Assistance) through this program, to be used only for the homeowner's primary residence.
Homeowner eligibility criteria and documentation requirements	<p>General Eligibility Requirements: The property is the homeowner's primary residence The property is in Kansas The applicant(s) is on the mortgage and/or title The applicant(s) income is equal to or less than the applicable HAF Income Limits (income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater) Homeowner had a qualified financial hardship after January 21, 2020.</p> <p>Documentation Requirements: To confirm income for eligibility, targeting, and qualified financial hardship the homeowner must provide the following:</p> <ol style="list-style-type: none"> 1. A written attestation as to household income and a fact-specific proxy in lieu of income documentation. Fact-specific proxies include residing within a HUD designated Qualified Census Tract and may be based on data from other state and federal entities including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), Kansas Department of Revenue, Kansas Department of Labor, Kansas Department for Children and Families (DCF). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. A written attestation as to household income and income documentation such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, an attestation from an employer, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increases in expenses, a complete and signed affidavit is required. <p>Plus: Statement of ability to resume any required regular payments after account is reinstated when Mortgage Payment Assistance is not necessary.</p>

Eligible Property Type	Eligible properties are dwellings that includes a one- to four-unit dwelling, residential real property that includes a one- to four-unit dwelling, and manufactured/mobile home affixed or unaffixed to real property.
Loan eligibility criteria specific to the program	Delinquent by at least one mortgage payment.
Form of assistance	Mortgage assistance totaling \$25,000 or less will be structured as a non-recourse grant. If Mortgage assistance exceeds \$25,000, mortgage assistance will be structured as a recourse grant with a two-year term (up to the maximum mortgage assistance amount).
Payment requirements	Funds will be paid directly to servicers and service providers or other applicable third parties authorized to collect eligible charges.

Mortgage Payment Assistance Term Sheet

Criteria	Terms
Brief description	Provide financial assistance to eligible homeowners (applicants) to better position them to obtain or maintain housing stability. This may be accomplished by maintaining their monthly mortgage payments (principal, interest, taxes, insurance, and related fees) for a period of six (6) month increments.
Maximum amount of assistance per homeowner	Each homeowner will be eligible for up to a combined total of \$50,000 in mortgage assistance (Mortgage Reinstatement Assistance + Mortgage Payment Assistance) through this program, to be used only for the homeowner's primary residence.
Homeowner eligibility criteria and documentation requirements	<p>General Eligibility Requirements:</p> <p>The property is the homeowner's primary residence</p> <p>The property is in Kansas</p> <p>The applicant(s) is on the mortgage and/or title</p> <p>The applicant(s) income is equal to or less than the applicable HAF Income Limits (income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater)</p> <p>Homeowner had a qualified financial hardship after January 21, 2020.</p> <p>Documentation Requirements:</p> <p>To confirm income for eligibility, targeting, and qualified financial hardship the homeowner must provide the following:</p> <ol style="list-style-type: none"> 1. A written attestation as to household income and a fact-specific proxy in lieu of income documentation. Fact-specific proxies include residing within a HUD designated Qualified Census Tract and may be based on data from other state and federal entities including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), Kansas Department of Revenue, Kansas Department of Labor, Kansas Department for Children and Families (DCF). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. A written attestation as to household income and income documentation such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, an attestation from an employer, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increases in expenses, a complete and signed affidavit is required.
Eligible Property Type	Eligible properties are dwellings that includes a one- to four-unit dwelling, residential real property that includes a one- to four-unit dwelling, and manufactured/mobile home affixed or unaffixed to real property.

<p>Loan eligibility criteria specific to the program</p>	<p>If Reinstatement Assistance was not received, statement of current inability to maintain mortgage payments due to unemployment, underemployment or other continuing hardship demonstrating a material reduction in income or material increase in expenses is required. Substantiation of a material reduction in income must be documented by paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, unemployment documentation, documentation of deceased family member resulting in loss of income, or an attestation from an employer, proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF.</p> <p>For households experiencing a material increases in expenses, a complete and signed affidavit is required.</p>
<p>Form of Assistance</p>	<p>Mortgage assistance totaling \$25,000 or less will be structured as a non-recourse grant. If Mortgage assistance exceeds \$25,000, mortgage assistance will be structured as a recourse grant with a two-year term (up to the maximum mortgage assistance amount).</p>
<p>Payment requirements</p>	<p>Funds will be paid directly to servicers and service providers or other applicable third parties authorized to collect eligible charges.</p>

Property Charge Assistance Term Sheet

Criteria	Terms
Brief description	<p>Provide funds to assist with property charge expenses and past due expenses that threaten displacement and/or the homeowner's (applicant's) ability to obtain or maintain ownership of the property.</p> <p>Assistance funds may be used to pay past due amounts in full, including reasonable late fees, for property taxes, insurance premiums (including homeowner's insurance, flood insurance), HOA fees, condominium fees, cooperative maintenance, or common charges.</p> <p>Funds may also be used to pay charges coming due in the 90 days following program approval.</p> <p>Provided assistance may not exceed the non-mortgage Maximum Assistance.</p>
Maximum assistance per homeowner	<p>Each Homeowner will be eligible for up to a combined total of \$10,000 in non-mortgage assistance (Property Charge Assistance + Utility/Internet/Broadband Payment Assistance) through this program, to be used only for the homeowner's primary residence.</p>
Homeowner eligibility criteria and documentation requirements	<p>General Eligibility Requirements:</p> <p>The property is the homeowner's primary residence</p> <p>The property is in Kansas</p> <p>The applicant(s) is on the mortgage and/or title</p> <p>The applicant(s) income is equal to or less than the applicable HAF Income Limits (income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater)</p> <p>Homeowner had a qualified financial hardship after January 21, 2020 .</p> <p>Documentation Requirements:</p> <p>To confirm income for eligibility, targeting, and qualified financial hardship the homeowner must provide the following:</p> <ol style="list-style-type: none"> 1. A written attestation as to household income and a fact-specific proxy in lieu of income documentation. Fact-specific proxies include residing within a HUD designated Qualified Census Tract and may be based on data from other state and federal entities including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), Kansas Department of Revenue, Kansas Department of Labor, Kansas Department for Children and Families (DCF). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. A written attestation as to household income and income documentation such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, an attestation from an employer, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increases in expenses, a complete and signed affidavit is required.

Eligible Property Type	Eligible properties are dwellings that includes a one- to four-unit dwelling, residential real property that includes a one- to four-unit dwelling, and manufactured/mobile home affixed or unaffixed to real property.
Loan eligibility criteria specific to the program	<p>Eligibility criteria for assistance for past due amounts: Must have at least one payment past due on an eligible expense;</p> <p>Eligibility criteria for assistance for charges coming due: If Reinstatement Assistance was not received, statement of current inability to maintain payments due to unemployment, underemployment, or other continuing hardship by attesting to a material reduction in income or a material increase in expenses. Documentation of a material reduction in income is required and may include paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, unemployment documentation, documentation of deceased family member resulting in loss of income, an attestation from an employer of reduced income, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF.</p> <p>For households experiencing a material increase in expenses, a complete and signed affidavit is required.</p>
Form of assistance	Assistance will be structured as a non-recourse grant.
Payment requirements	Funds will be paid directly to servicers and service providers or other applicable third parties authorized to collect eligible charges.

Utility/Internet/Broadband Payment Assistance Term Sheet

Criteria	Terms
Brief description	<p>Provide funds to assist with past due payments for utility and/or internet access services.</p> <p>Assistance funds may be used to pay past due amounts in full, including reasonable late fees, for utilities (including electric, gas, home energy, water, and wastewater) and/or internet service, including broadband service.</p> <p>Funds may be used to pay prospective charges for up to the first 90 days following approval.</p> <p>Provided assistance may not exceed the non-mortgage Maximum Assistance.</p>
Maximum assistance per homeowner	<p>Each Homeowner will be eligible for up to a combined total of \$10,000 in non-mortgage assistance (Property Charge Assistance + Utility/Internet/Broadband Payment Assistance) through this program, to be used only for the homeowner's primary residence.</p>
Homeowner eligibility criteria and documentation requirements	<p>General Eligibility Requirements:</p> <p>The property is the homeowner's primary residence</p> <p>The property is in Kansas</p> <p>The applicant(s) is on the mortgage and/or title</p> <p>The applicant(s) income is equal to or less than the applicable HAF Income Limits (income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater)</p> <p>Homeowner had a qualified financial hardship after January 21, 2020.</p> <p>Documentation Requirements:</p> <p>To confirm income for eligibility, targeting, and qualified financial hardship the homeowner must provide the following:</p> <ol style="list-style-type: none"> 1. A written attestation as to household income and a fact-specific proxy in lieu of income documentation. Fact-specific proxies include residing within a HUD designated Qualified Census Tract and may be based on data from other state and federal entities including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), Kansas Department of Revenue, Kansas Department of Labor, Kansas Department for Children and Families (DCF). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. A written attestation as to household income and income documentation such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, an attestation from an employer, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increases in expenses, a complete and signed affidavit is required.

	Plus: Statement of ability to resume any required regular payments after account is reinstated when Mortgage Payment Assistance is not necessary.
Eligible Property Type	Eligible properties are dwellings that includes a one- to four-unit dwelling, residential real property that includes a one- to four-unit dwelling, and manufactured/mobile home affixed or unaffixed to real property.
Loan eligibility criteria specific to the program	Eligibility criteria for assistance for past due amounts: Must have at least one payment past due on an eligible expense; Eligibility criteria for assistance for charges coming due: If Reinstatement Assistance was not received, statement of current inability to maintain payments due to unemployment, underemployment or other continuing hardship by attesting to a material reduction in income or a material increase in expenses. Documentation of a material reduction in income is required and may include paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, unemployment documentation, documentation of deceased family member resulting in loss of income, an attestation from an employer of reduced income, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increase in expenses, a complete and signed affidavit is required.
Form of assistance	Assistance will be structured as a non-recourse grant.
Payment requirements	Funds will be paid directly to servicers and service providers or other applicable third parties authorized to collect eligible charges.

Program Design Deviation Justification

Program Design Element	Deviation from sample terms	Justification
Reinstatement	Change from requiring an applicant to pursue loss mitigation prior to seeking assistance to providing support 'adjacent' to loss mitigation – including pre-modification.	<p>HAF programs and mortgage servicers have a shared desire to mitigate financial hardships for associated with the coronavirus pandemic by preventing homeowner mortgage delinquencies, defaults, foreclosures and displacement of homeowners experiencing financial hardship after January 21, 2020. The HAF programs' and mortgage servicers' coordinated effort to accomplish this shared desire has two basic elements driven by two different sets of motivating factors. Mortgage servicers' primary objective is to collect a debt owed by their client in the most efficient and effective means possible for them. HAF programs' primary objective is to provide financial assistance to eligible applicants in the most effective and efficient means possible for the applicant – while providing the greatest opportunity for long-term viability and housing stability.</p> <p>While these two entities share a common desire, their differing objectives and motivation necessitate a program assistance delivery approach that calls for aiding eligible applicants independently of mortgage servicers to the highest extent possible. This is not to imply no coordination of effort is required. Mortgage servicers will still do what they must to accomplish their prescribed objective. Their being aware that a borrower of theirs has received HAF assistance can serve as a means of streamlining their processes for assisting HAF assisted applicants that remain housing insecure.</p> <p>Our intent in program design is to put the Homeowner in the best position for success in a forward driven mindset. Providing reinstatement and ongoing mortgage assistance payments enables a homeowner to emerge from forbearance, achieve reinstatement and establish a reliable track record of on time payments for 90 days or more thereby positioning the homeowner for pre-modification loss mitigation options such as enhanced (if low equity) or traditional refinance options (for established equity and lower % of principal remaining). This accomplishes two things: empowers the homeowner to work more collaboratively with their loan servicers on options that are more favorable to the borrow; and provides future modification options should the borrow continue to experience difficulty in the mid-long term with ongoing payments and reduces the impact on credit worthiness by preventing delinquent credit reporting post forbearance.</p> <p>Kansas specifically has two significant impediments to a forced loss mitigation:</p> <ol style="list-style-type: none"> 1) The State lacks an expansive network of foreclosure prevention and housing counseling service providers. Kansas was not a Hardest Hit Fund recipient and has not had the same opportunity to build a robust foundation of foreclosure prevention support networks that many other states have. While we have budgeted funding for expansion of housing counseling and legal services, the current Treasury limitation on those services only being accessible to HAF recipients and capped at just 5% of a HAF recipient's total award will leave inadequate support available to applicants being forced through complex and often time-intensive loss mitigation. 2) The State has a significant majority of conventional mortgage borrowers who will not have the same streamlined Advance Loan Modifications options available to GNMS borrowers. Our program design empowers an equity framework, allowing for both FHA/USDA/VA and other government backed borrowers to emergence from forbearance while working through ALM options – ensuring that non GNMS are not 'first up' for assistance resulting in a disproportionate benefit to low DTI and moderate-income borrowers. <p>Our design leverages proven success in similar 'prepare for refinance' frameworks developed and deployed to achieve the same objective, the Homeowner Affordable Refinance Program (HARP) as a primary example. An applicant having already received any eligible assistance from the HAF programs' will be better positioned to benefit from <u>all</u> options made available by mortgage servicers.</p>

	<p>Term Sheets specify the eligibility of Manufactured Homes affixed or unaffixed to real property.</p>	<p>The COVID-19 pandemic and resulting economic crisis has impacted all corners of the country across age, race, class, and nearly every other distinction that can be drawn. The short-term and long-term recovery from the pandemic requires that residents be able to obtain and maintain stable housing. In 2015, there were nearly 8 million families in the U.S. that lived in manufactured homes with a median income of \$29,000, according to the Lincoln Institute of Land Policy.</p> <p>Manufactured homes are second only to 1-Unit housing types in Kansas, according to the U.S. Census 2015-2019 ACS, comprising over 4% of the housing stock. Less than 17% of manufactured homes sold in the U.S. between 2014 and 2020 were titled as real estate. Excluding unaffixed mobile homes would leave the majority of manufactured homeowners without the type of housing safety net provided by the Emergency Rental Assistance Program and the Homeowner Assistance Fund during this crisis and would hinder the State’s recovery.</p> <p>In order to be able to serve the target populations identified in the HAF Plan, manufactured homeowner assistance must be an eligible component. Due to the lower barrier to entry for homeownership of manufactured homes compared to site-built homes, the demographics of manufactured home ownership and those who experienced significant economic impacts have significant overlap. Manufactured homes account for a significant portion of the housing stock for residents in the priority income brackets as identified by the U.S. Treasury. Treasury has further identified the need to target socially disadvantaged communities, including those that have experienced housing discrimination historically. These communities, which include communities of color, were often also disproportionately impacted by the COVID-19 pandemic, both with regard to their physical health and economic stability. Some of the highest rates of loan originations for households of color are in the southwest region of Kansas, which is also the portion of the state with some of the highest portions of manufactured homes ownership in the state.</p> <p>As established in the Treasury guidance, dwelling means any building, structure, or portion thereof that is occupied as, or designed or intended for occupancy as, a residence by one or more individuals. This definition is sufficiently broad to be inclusive of a manufactured home not affixed to the real estate. While typically the term mortgage refers to a security interest in real estate, the definitions provided by the Treasury can include a personal property loan secured by a manufactured home, as that would be a “credit transaction that is secured by a consensual security interest on a principal residence of a borrower that is a one-to four-unit dwelling. . .” Additionally, the Treasury allows for a loan secured by a manufactured home as part of the mortgage definition.</p> <p>Additionally, in the HAF Plan Template on page 7, Treasury lists the types of mortgages to be included in the HAF program and includes “Loans Secured by Manufactured Housing (secured by real estate or a dwelling)”.</p> <p>The use of HAF to assist manufactured home owners, including those with chattel loans, is further supported by analysis from the Manufactured Housing Institute and the National Council of State Housing Agencies.</p> <p>The purpose of HAF, as stated by Treasury is 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. Consistent with the stated purpose, Kansas recognizes the that providing assistance to manufactured home owners, whether the property is, either affixed or unaffixed, is key to effectively address the housing need in Kansas, particularly among the program’s target populations.</p>