

Program Design

The following customized programs were designed with the intent to prevent foreclosure and displacement of the maximum number of homeowners who are at the greatest risk of housing instability. Over time, programs may be amended to best meet homeowner needs and maximize the number of households retaining their housing. Additionally, DEHCR plans to work with the University of Wisconsin's Institute for Research on Poverty to study the effectiveness of program design and assistance provided. DEHCR is currently working with the Office of the State Treasurer, county treasurers and the University to design this evaluative approach.

Please note, utility assistance under the HAF programs listed below require homeowners to first apply for energy assistance through the Wisconsin Home Energy Assistance Program (WHEAP). Homeowners will be directed to their local WHEAP provider to apply for energy assistance, as well as home weatherization eligibility²⁴.

Mortgage Reinstatement/Principal Reduction Program

Program Overview	Homeowners who cannot achieve an affordable loss mitigation solution offered by their loan servicer may be eligible for a partial or full reinstatement of owed principal, interest, taxes, and insurance (PITI) payments under this program. Homeowners exiting a mortgage forbearance agreement, as well as homeowners who were denied or missed the option to go into forbearance, are encouraged to apply.
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²⁴ Wisconsin Home Energy Assistance Program (WHEAP), Wisconsin Department of Administration, Division of Energy, Housing and Community Resources: <http://homeenergyplus.wi.gov/section.asp?linkid=118&locid=25>

	<p>The underlying mortgage issues are to be resolved in their entirety. In instances where the Wisconsin HAF funds are insufficient to resolve the situation, homeowners may leverage HAF with other available funds, including personal resources.</p> <p>Loan servicers/investors should offer all available loss mitigation options to the borrower prior to the WI HAF eligibility being determined, and if the option is affordable and reasonable, the homeowner should accept the offer.</p>
<p>Foreclosure/Displacement Risk Factor</p>	<p>Once mortgage foreclosure moratoria and mandatory forbearance periods expire, this population will be at risk. This population may not have been placed in a forbearance agreement during the pandemic, and consequently, are now delinquent on their mortgage. Additionally, the post-forbearance loss mitigation solution being offered to the borrower by the mortgage holder or servicer will not be financially viable without additional economic relief.</p>
<p>Program Goal</p>	<p>To provide financial assistance to eligible homeowners to make their mortgage affordable and sustainable, resulting in homeownership retention where it otherwise would not be possible.</p>
<p>Targeted Population</p>	<p>Eligible Homeowners with mortgages who are exiting forbearance or are delinquent and who earn less than 100% AMI and/or who earn less than 150% of the AMI and meet the definition of socially disadvantaged.</p>

<p>Eligible Homeowners</p>	<p>Eligible Homeowners must meet the following criteria:</p> <ul style="list-style-type: none"> • Homeowner must be a natural person or trustee of a living trust that holds title to the property. Heirs, equitable owners, and successors-in-interest, as that term is defined in section 1024.31 of Title 12 of the Code of Federal Regulations, meet this ownership requirement. • Homeowner must have experienced a Qualified Financial Hardship after January 21, 2020. • Homeowner must currently own and occupy the property as their primary residence. • Homeowner must meet the Homeowner Income Eligibility Requirements. • Homeowner must agree to provide all necessary documentation to satisfy program guidelines within timeframes established by the State, including self-certification or attestation of Socially Disadvantaged status, as applicable. • The original, unpaid principal balance of the homeowner’s first mortgage or housing loan, at the time of origination, was not greater than the conforming loan limits in effect at time of origination. <p>Eligible Homeowners should have the ability to pay their ongoing housing costs and are encouraged to receive housing counselling services, if offered.</p> <p>Co-owners are not permitted to separately apply for the WI HAF Program assistance.</p>
<p>Qualified Financial Hardship</p>	<p>A Qualified Financial Hardship is defined in the American Rescue Plan, §3206 (ARP), as a material reduction in income or material increase in living expenses associated with the Coronavirus pandemic that has created or increased the risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.</p>

	<p>Reduction of Income is a temporary or permanent loss of income after January 1, 2020.</p> <p>Increase in living expenses is an increase in out-of-pocket household expenses, such as medical expenses, inadequate medical insurance, increase in household size, increase in childcare costs, or other costs associated with the Coronavirus pandemic after January 1, 2020.</p>
<p>Homeowner Income Eligibility and Documentation Requirements</p>	<p>Homeowner Income Eligibility Requirements are limited to households with incomes at or below the median income unless the household is Socially Disadvantaged, in which case the household income can be at or below 150% of the AMI.</p> <p>With respect to each household applying for assistance, eligibility may be established between using the definition of “annual income” as provided by HUD in 24 CFR 5.609 and using adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.</p> <p>For determining annual income, applicants should provide at the time of application source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement), or a copy of Form 1040 as filed with the IRS for the household.</p> <p>For determining monthly income, applicants should provide income source documentation, as listed above, for one month prior to the submission of the application for assistance. If an applicant qualifies based on monthly income, the grantee must recertify after three months and it must be documented in system notes, no additional application is required.</p>
<p>Homeowner Prioritization</p>	<p>Funding will be prioritized to the applicants whose servicer/lender agrees to modify the mortgage through a combination of maturity extension, interest rate reduction, deferment of arrears and/or principal reduction (whichever waterfall options are permissible for the loan and investor type).</p>

Eligible Properties	<p>Eligible Properties are those that are:</p> <ul style="list-style-type: none"> • Single-family properties. • Condominium units. • 2- to 4-unit properties where the homeowner is living in one of the units as their primary residence. • Manufactured homes permanently affixed and taxed as real property. <p>Ineligible properties are those that are:</p> <ul style="list-style-type: none"> • Homes that are vacant or abandoned. • Second homes. • Non-owner-occupied investment property.
Eligible Uses of Proceeds	<p>Housing obligations as listed below and that were not due prior to January 21, 2020 are Eligible Uses of Proceeds:</p> <ul style="list-style-type: none"> • Existing first mortgage loan payment (principal and interest), escrow shortages. • Mortgage refinance (closing cost, points) • Subordinate lien payment (principal and interest). • Land Contract monthly payment (P&I). • Utilities, including electric, gas, home energy and water, if arrearages not otherwise covered from another source of funds. • Internet service, including broadband internet access, if arrearages not otherwise covered from another source of funds. • Condominium association fees, including for lien extinguishment. • Homeowner’s hazard, flood and/or mortgage insurance. • Delinquent property taxes.
Maximum Per Household With HAF Assistance	<p>Depending on the loss mitigation option made available by the loan servicer, the Mortgage Reinstatement / Principal Reduction Program will pay the amount needed to make the loss mitigation solution affordable and sustainable to the borrower.</p>

	Awards will be provided only if the underlying matter is resolved in its entirety and will not exceed the WI HAF Maximum Assistance amount of \$40,000 per household.
Assistance Type	Assistance will be structured as follows: <ol style="list-style-type: none">1. Total WI HAF monetary assistance below \$10,000 will be structured as a grant.2. Total WI HAF monetary assistance exceeding \$10,000 will be structured as a 1-year, non-interest bearing, non-amortizing forgivable loan. The loan is due in full upon sale, refinance, or transfer of ownership. If no resale, transfer, or refinance occurs within 1 year and the homeowner remains in the home, the loan will be fully forgiven.

<p>Payout of the WI HAF Assistance</p>	<p>Disbursements will be made directly to mortgage lender/servicer, land contract holder, county treasurer or local taxing authority, condominium/homeowners' association, management company, utility provider, internet/broadband service providers, and/or other third-party payee authorized to collect eligible charges.</p> <p>In instances where the resolution exceeds the amount the WI HAF can provide, the homeowner may pay the difference through any means available to them provided, the outcome results in a sustainable homeownership retention outcome.</p>
<p>Program Evaluation Metrics of Success</p>	<ol style="list-style-type: none"> 1. Number of homeowners retained in their home 2. Number of tax delinquencies eliminated
<p>Program Goals</p>	<ol style="list-style-type: none"> 1. Retain 1,000 homeowners in their homes within 24 months. 2. Eliminate 500 tax delinquencies within 24 months.

Non-Mortgage Arrears Satisfaction Program

<p>Program Overview</p>	<p>Homeowners who do not have a mortgage but are delinquent on other housing obligations, such as property taxes, insurances, water and sewer charges, homeowner association and/or maintenance fees, seniors with reverse mortgages, or chattel loans and/or retail installment contracts, may be eligible for the Non-Mortgage Arrears Satisfaction Program.</p>
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<p>Foreclosure/Displacement</p> <p>Risk Factor</p>	<p>Property tax foreclosures are mostly controlled by local county governments and move on a much faster timeline - roughly two to three (2-3) years, as compared with mortgage foreclosures, which in Wisconsin can take as long as five (5) years. In addition, property tax delinquencies often lead to the levying of interest penalties and fees once a homeowner is delinquent, often with very high interest rates.</p> <p>Condominium homeowners are also at risk of displacement for non-payment of homeowner association fees (HOA). Homeowners with association fee delinquency could face civil lawsuits by the HOA, which could lead to judgments, wage garnishments or other collection activity, which could result in the homeowner being placed at risk of foreclosure.</p> <p>Financing options available to purchasers of manufactured homes, particularly in MHCs, often carry very high interest rates and are not regulated by state and federal mortgage banking regulators. Repossession and eviction of homes due to non-payment occur on an expedited timeline, through local courts, sometimes in a matter of months. In most of these cases, borrowers are not represented by legal counsel.</p>
<p>Program Goal</p>	<p>To provide financial assistance to Eligible Homeowners to satisfy non-mortgage arrears, resulting in homeownership retention where it otherwise would not have been possible.</p>

<p>Targeted Population</p>	<p>Homeowners without mortgages who are delinquent on property taxes, insurance, water and sewage, and who earn less than 100% of the AMI and/or who earn less than 150% of the AMI and meet the definition of Socially Disadvantaged. Included in this target population are seniors with reverse mortgages.</p> <p>Homeowners in a Manufactured Home Community (MHC) who are delinquent on their home loans, and who earn less than 100% of the AMI and/or who earn less than 150% of the AMI and meet the definition of Socially Disadvantage.</p>
<p>Eligible Homeowners</p>	<p>Eligible Homeowners must meet the following criteria:</p> <ul style="list-style-type: none"> • Homeowner must be a natural person or trustee of a living trust that holds title to the property. Heirs, equitable owners, and successors-in-interest, as that term is defined in section 1024.31 of Title 12 of the Code of Federal Regulations, meet this ownership requirement. • Homeowner must have experienced a Qualified Financial Hardship after January 21, 2020. • Homeowner must currently own and occupy the property as their primary residence. • Homeowner must meet the Homeowner Income Eligibility Requirements. • Homeowner agrees to provide all necessary documentation to satisfy program guidelines within timeframes established by the State, including self-certification or attestation of Socially Disadvantaged status, as applicable.

	<p>Eligible Homeowners should have the ability to pay their ongoing housing costs and are encouraged to receive housing counselling services, if offered.</p>
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Co-owners are not permitted to separately apply for the WI HAF Program assistance.

<p>Qualified Financial Hardship</p>	<p>A Qualified Financial Hardship is defined in the American Rescue Plan, §3206 (ARP), as a material reduction in income or material increase in living expenses associated with the Coronavirus pandemic that has created or increased the risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.</p> <p>Reduction of Income is a temporary or permanent loss of income after January 1, 2020.</p> <p>Increase in living expenses is an increase in out-of-pocket household expenses, such as medical expenses, inadequate medical insurance, increase in household size, increase in childcare costs, or other costs associated with the Coronavirus pandemic after January 1, 2020.</p>
<p>Homeowner Income Eligibility and Documentation Requirements</p>	<p>Homeowner Income Eligibility Requirements are limited to households with incomes at or below the median income unless the household is Socially Disadvantaged, in which case the household income can be at or below one hundred and fifty percent (150%) of the AMI.</p> <p>With respect to each household applying for assistance, eligibility may be established between using the definition of “annual income” as provided by HUD in 24 CFR 5.609 and using adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.</p> <p>For determining annual income, applicants should provide at the time of application source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement), or a copy of Form 1040 as filed with the IRS for the household.</p> <p>For determining monthly income, applicants should provide income source documentation, as listed above, for one month prior to the submission of the application for assistance. If an applicant qualifies based on monthly income, the grantee must recertify after three months and it must be documented in system notes, no additional application is required.</p>

Homeowner Prioritization	Funding will be prioritized to the applicants whose taxing entity, lender, or Board of Directors, etc., agrees to waive penalties, fees or arrearages that exceed the WI HAF Maximum Per Household Assistance.
Eligible Properties	<p>Eligible Properties are those that are:</p> <ul style="list-style-type: none"> • Single-family properties. • Condominium units. • 2- to 4-unit properties where the homeowner is living in one of the units as their primary residence. • Manufactured homes permanently affixed and taxed as real property. • Manufactured homes on leased land in manufactured home communities. <p>Ineligible properties are those that are:</p> <ul style="list-style-type: none"> • Vacant or abandoned • Second homes • Non-owner-occupied investment property
Eligible Uses of Proceeds	<p>Housing obligations as listed below and that were not due prior to January 21, 2020 are Eligible Uses of Proceeds:</p> <ul style="list-style-type: none"> • Delinquent property taxes. • Homeowner’s hazard, flood and/or mortgage insurance. • Existing chattel or retail installment loan payment (principal and interest). • Manufactured home loan monthly payment (P&I) and lot rent, if applicable. • Utilities, including electric, gas, home energy and water, if arrearages not otherwise covered from another source of funds. • Internet service, including broadband internet access, if arrearages not otherwise covered from another source of funds. • Condominium association fees, including for lien extinguishment.
Maximum Per Household WI HAF Assistance	Eligible homeowners may apply for an amount equal to the arrears due since January 1, 2020 and limited to \$40,000 per household.

Assistance Type	<p>Assistance will be structured as follows:</p> <ol style="list-style-type: none"> 1. Total WI HAF monetary assistance below \$10,000 will be structured as a grant. 2. Total WI HAF monetary assistance exceeding \$10,000 will be structured as a 1-year, non-interest bearing, non-amortizing forgivable loan. The loan is due in full upon sale, refinance, or transfer of ownership. If no resale, transfer, or refinance occurs within 1 year and the homeowner remains in the home, the loan will be fully forgiven.
<p>Program Evaluation</p> <p>Metrics of Success</p>	<ol style="list-style-type: none"> 1. Number of homeowners retained in their home 2. Number of tax delinquencies eliminated
Program Goals	<ol style="list-style-type: none"> 1. Retain 500 homeowners in their homes within 24 months. 2. Eliminate 500 tax delinquencies within 24 months.

<p>Payout of the WI HAF Assistance</p>	<p>Disbursements will be made directly to the county treasurer or local taxing authority, manufactured home lender/community owner (lot fees), condominium or homeowners' association, utility provider, internet/broadband service providers, and/or other third-party payee authorized to collect eligible charges.</p> <p>In instances where the resolution exceeds the amount the WI HAF can provide, the homeowner may pay the difference through any means available to them, and WI will pay the max of its limit, so long as the underlying matter is resolved in its entirety.</p>
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