

**New Hampshire's Responses To Treasury's Follow-Up Questions
Regarding New Hampshire's Homeowner Assistance Fund Plan
January 7, 2022**

Treasury's Follow-Up Questions:

1. The term sheets appear to still restrict qualified financial hardships to those that occurred after January 21, 2020, citing Treasury guidance. However, Treasury guidance allows for financial hardships that began before January 21, 2020, as long as they continued afterward. Can you clarify whether you intend to allow for financial hardships that began before January 21, 2020?

Response: New Hampshire agrees with Treasury's suggested change to the dates of qualified financial hardships.

Changes to HAF Plan: New Hampshire has made the following changes to their HAF Plan wherever referenced:

- A Qualified Financial Hardship is a material reduction in income or material increase in living expenses associated with the coronavirus pandemic that has created or increased a risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.
 - Reduction of Income - Documented temporary or permanent loss of earned income that occurred on or after January 21, 2020 or began prior to but continued on or after January 21, 2020; or
 - Increase in living expenses - Documented increase in out-of-pocket household expenses such as medical expenses, inadequate medical insurance, increase in household size, or costs to reconnect utility services directly related to the coronavirus pandemic that occurred after on or January 21, 2020 or began prior to but continued on or after January 21, 2020.
2. Can you provide more details on how the requirement for loss mitigation before assistance will be implemented and enforced, and whether there will be exceptions?

Response: The HAF Plan will be amended to include exception language to ensure homeowners are not thwarted in trying to obtain HAF, especially when homeowners are not able to obtain servicer cooperation with loss mitigation efforts or when there are other extenuating circumstance outside of the homeowner's control.

Discussion: New Hampshire's number one HAF goal is to help homeowners who are struggling with maintaining homeownership, especially when other options

are not readily available. Requiring loss mitigation supports this overall goal and will accomplish two things:

1. It preserves HAF funds while we learn about actual need; and
2. It treats all homeowners the same regardless of the timing of their need.

At this point, New Hampshire does not know the actual need its homeowners will have for HAF funds or the length of time we may face COVID challenges. Thus, New Hampshire has decided to ensure homeowners should first seek other assistance via loss mitigation before using limited HAF funds. New Hampshire intends to watch the actual need and propose HAF Plan changes to meet the needs of New Hampshire homeowners.

For the second point, our concern is that some homeowners have already gone through loss mitigation and have a solution that likely means a lien for the partial claim, additional interest for a modification that capitalized arrearage, or other financial impacts. Currently, those pre-HAF homeowners will not be assisted with HAF because their potential loss of homeownership has already been prevented. Now, a post-HAF homeowner who needs help will similarly (equally) have to complete loss mitigation first and likely experience the same financial impact(s). Otherwise, the pre-HAF homeowners would be treated differently than post-HAF homeowners.

While there will be a loss-mitigation requirement, we will encourage homeowners to use the HAF-funded resources—housing counseling and legal services—to obtain advice and assistance working with their servicer(s).

Implementation & enforcement: New Hampshire’s HAF Plan requires loss mitigation first, and applicants requesting assistance from New Hampshire’s Mortgage Reinstatement Program will be asked to show that they have pursued loss mitigation. This can be shown in one of the following ways:

1. Provide a copy of the servicer’s letter indicating approved/denied loss mitigation options. (Dated within the last 6 months or one month after cessation of a forbearance).
2. All New Hampshire HAF applicants will be provided referral to housing counseling, so housing counselor’s attestation of completed loss mitigation or good-faith unsuccessful effort will be accepted.
3. Some homeowners will also use HAF-funded legal services. New Hampshire will also accept an attorney’s attestation of completed loss mitigation or good-faith unsuccessful effort will be accepted.
4. New Hampshire’s HAF Program will supplement existing loss mitigation efforts if a solution can be secured with this collaboration (example: FHA waterfall).

Note: A good example of why the loss-mitigation approach matters is a recent homeowner call where the homeowners basically said, “My servicer wants to move the amount owed to the end of the mortgage term. I don’t want to do that. I just want the government to pay this off now.”

Changes to HAF Plan: New Hampshire has made the following changes to their HAF Plan wherever referenced:

Exceptions: For program integrity and equity, homeowners must make a good-faith effort at loss mitigation. New Hampshire understands that there will be circumstances where adhering to this loss-mitigation-first policy could hinder an eligible homeowner’s ability to access HAF fund. Examples include: a servicer that is not working with the homeowner/counseling agency/legal services; or where the delay in pursuing loss-mitigation would pose an imminent threat of the homeowner being displaced.

In addition to relying on a statement from a servicer, a housing counseling agency or legal services, homeowners may seek an exception to the loss-mitigation-first requirement by providing:

A written exception request that outlines the efforts made by the homeowner to seek and complete loss mitigation with a statement as to why loss mitigation was not or could not be completed.

Note: A homeowner’s preference to use HAF funds rather than completing loss mitigation is not considered “good cause” for an exception.

3. Would you consider allowing for self-attestation with a fact-specific proxy from the outset? If not, why not? Can you provide more specifics on the fact-specific proxy you would use when you allow this?

Response: New Hampshire will allow for self-attestation for Hardship eligibility and SDI identifiers. New Hampshire will require documentation for verification of income but an exception clause will be added to the HAF Plan.

Changes to HAF Plan: New Hampshire will require documentation for verification of income; with the following exception: Written self-attestation will be permitted as the basis for determining income in circumstances where documentation is not available due to extenuating circumstances including, but not limited to, disabilities, lack of technological access, or lost or unavailable records. Written attestation will be accepted from the applicant, housing counselor, attorney, or other professional with knowledge of the applicant’s circumstances.

4. For your metric on the speed by which an applicant receives a final determination of benefit assistance, would you consider disaggregating this by income, race, gender, etc., as you plan to do for other metrics? If not, why not?

Response: New Hampshire appreciates this question and the extra contemplation it spurred. As a result, New Hampshire agrees to change their HAF Plan.

Changes to HAF Plan: New Hampshire will disaggregate the metric on the speed by which an applicant receives a final determination of benefit assistance by income, race, gender, etc.