

Proposed Washington State HAF Plan  
Treasury Questions and WSHFC Responses

**Exhibit A**

Public Comment Received



*Opening doors to a better life*

Below are the comments we have received through 12:00 pm, Tuesday, March 22, 2022 regarding the Proposed Homeowner Assistance Fund Plan scheduled for Public Hearing at your meeting on Thursday, March 24, 2022. These materials supplement Tab Number 3 in your meeting packet.

Comments were gathered by allowing interest parties to email the Commission ([HAF@WSHFC.ORG](mailto:HAF@WSHFC.ORG)), at our public comment meeting on March 16, 2022 or via a survey on our website.

Via Survey; General Comments:	"As Executive Director of the Washington Homeownership Resource Center and someone who was actively working on behalf of struggling homeowners during the Great Recession, I have experience with helping distressed homeowners. I commend the WSHFC on a well-thought and thorough plan for homeowner relief. In particular, I appreciate the dedication to partnership and listening that Commission staff displayed as they developed this plan. Our foreclosure prevention partnership - Hotline, counseling, legal aid, and mediation - has been tested and proven effective. Relying on the strengths of this network will leverage the ARPA resources as effectively and efficiently as possible while ensuring as many homeowners as possible can be helped back on their feet post-forgbearance or post-hardship. I look forward to continued partnership once the plan is approved to implement the program and deliver these much needed services."
Staff Perspective:	Comment received.

Via Survey; General Comments:	"Use the funds to eradicate homelessness so use the funds to get the homeless people ,medical help psychological help . There a lot of abandoned homes I see buy those and make it easy for those in the lower income level to move in . A lot of of commercial buildings are empty buy those building and convert to living spaces for low income familys Increase the down payment assistance amount since rates have gone up and ratios and not getting higher increase the amount. You can start a program like other states that forgive the down payment program if the refinance and sale conditions are followed ."
Staff Perspective:	Comment received.

Via Survey; General Comments:	"From my initial reading of the Proposed Plan, I am unsure if the funding is for existing homeowners, or is intended to make new homeowners. The down payment assistance, as an eligible use, seems to suggest that this is not entirely a foreclosure prevention/anti-displacement tool for those who have sustained financial hardship in continuing their home ownership due to conditions beyond their control."
Staff Perspective:	The proposed program is for existing homeowners.

Proposed HAF Plan Comments – Through Noon on March 22, 2022

Via Survey; Program Eligibility:	"I support these eligibility requirements and believe they will help the funds reach those most in need of assistance."
Staff Perspective:	Comment received.

Via Survey; Program Eligibility:	"What is meant by "reasonable expectation"? Will there be any follow-up to determine if the homeowner has been able to bring all arrearages current? Or if the homeowner has continued to make mortgage payments?"
Staff Perspective:	Will be developed as a part of the program guidelines.

Via Survey; Program Eligibility:	"Homeowner should have banks statements reviewed for income & spending habits. Several people came to me for cash out refinances while in forbearance and as I did a thorough review of the bank statement they had enough income to make the house payment yet were over spending and taking advantage of the system."
Staff Perspective:	Treasury encourages that program requirements not be burdensome on homeowners. Treasury also does not require homeowners to "demonstrate" their need beyond meeting program requirements. Necessary documentation and review will be developed as a part of the program guidelines.

Via Survey; Program Eligibility:	"The definition of method of assessing "reasonable expectations could give further clarity to the meaning of this phrase, such as the amount of assistance is effective, rather than raising expectations only to have the homeowner enticed but ultimately disappointed due to the value provided that does not address enough of the problems to make this solution anything more than too little money chasing solutions that will cost more for the homeowner to remain in place. Also, as I consider conditions "to be met" to prove eligibility I hope guidance is provided on how an applicant "proves" it."
Staff Perspective:	Will be developed as a part of the program guidelines.

Via Survey; \$60k Grant Amount:	"In reviewing the plan, it looks like eligible homeowners will be able to receive assistance with HOA dues and fees independently of a need related to mortgage forbearance or delinquency. I believe this is important because there are very few consumer protection tools available to homeowners as it related to HOAs. Additionally, some homeowners whose hardship prevents them from paying both their mortgage AND their HOA will prioritize paying their mortgage to avoid default and end up in significant arrears on the HOA, with fewer options to resolve things. The majority of homeowners seeking help will be those with mortgage issues or issues with both mortgage and HOA, but it is good to see that the homeowners who do need help with HOA only will be able to apply and received assistance if they otherwise qualify. Thank you!"
Staff Perspective:	Comment received.

Proposed HAF Plan Comments – Through Noon on March 22, 2022

Via Survey; \$60k Grant Amount:	"Mortgage assistance up to \$60,000 is a lot of money. Is it expected that most applicants will qualify for the maximum amount? If so, this funding will help less than 2,000 homeowners."
Staff Perspective:	The PILOT program has brought us applicants in excess of \$60,000 in needed relief, as well as those that do not need the full \$60,000. We agree this is a finite resource which is why we are 1) funding counseling and civil legal aid; and 2) having applicants reviewed for all options available to them through their servicer and other programs, prior to funding being distributed.

Via Survey; \$60k Grant Amount:	"Is the payment to a housing counselor part of the \$60,000? Are there enough "civil legal aids" to provide guidance for no fee to meet the need? Will housing counselors be available is sufficient supply to work with all who would like to apply? I also have concern about not mention of "Mortgage Insurance Premiums" (MIPs). This is an area of great abuse since it should be reduced to zero is the equity/appraised value of the home, measured against debt has achieved by LTV 80% LTV. This often never gets reviewed and corrected so that this expensive MIP monthly stops being charged."
Staff Perspective:	Housing counseling is paid through administrative fees in excess of the program funding. Removal of Mortgage Insurance Premiums is not a direct component of the proposed program, but may be a part of the counseling process.

Via Survey; \$60k Grant Amount:	"You have to provide more funds and help with closing costs. Income levels should also be increased to keep up with the high cost of housing. Also you need to consider allowing buyers to waive inspections so they can be complete in the market"
Staff Perspective:	Comment received.

Via Survey; \$15k Grant Amount:	"Any funds allocated through the Treasury should go to a fully vetted candidate. To blindly allow a homeowner to apply for \$15,000 financial assistance without the assistance of a housing counselor will bog down the system & could potentially exhaust funds before those in dire need, with proof, receive them."
Staff Perspective:	All applicants will be required to go through an application process to determine eligibility and use of funding.

Via Survey; \$15k Grant Amount:	"Is there a requirement among those who received \$15K to continue reporting on the outcome of the assistance, or is that available on-line in some way to determine if the \$15K continued to keep a homeowner from foreclosure, or forbearance, or future late payments?"
Staff Perspective:	Payments are made to a third-party to ensure they eliminate any default. There is no monitoring of the homeowner in the future.

Proposed HAF Plan Comments – Through Noon on March 22, 2022

Via Survey; Eligible Uses:	"I appreciate the stated intention to outreach to underserved communities and believe that this is an important strategy to ensure the assistance is available to those most impacted by the pandemic."
Staff Perspective:	Comment received.

Via Survey; Eligible Uses:	"By allowing the funds to be used beyond mortgage payments, you are helping to insure that homeowners are not just staying in their homes, but that these homes stay safe and habitable. There are a variety of non-profit and government run low-interest home repair loan programs in Washington, and being able to use these funds to access these programs is a great idea."
Staff Perspective:	We strongly support the home repair programs throughout Washington and will encourage their usage.

Via Survey; Eligible Uses:	"Not understanding "down payment assistance loans provided by non-profit or gvt entities" Is this for new home owners? Thought the intention of the program was for existing homeowners in trouble financially. The program, then, is "home owner expansion and access" not just remedy for financial strain? A little confusing I think."
Staff Perspective:	These are allowed usage of the funds. They can be used to repay down payment assistance loans provided by non-profits and governmental agencies as a part of curing a default or negotiating lower interest rates or other retention options.

Via Survey; Eligible Uses not Implemented:	"I look forward to working with the Commission and any other partners on other programs to expand access to repair and modification assistance to Washington homeowners."
Staff Perspective:	Comment received.

Via Survey; Eligible Uses not Implemented:	"How can you have a homeowner assistance fund and not assist with being behind on your mortgage due to the pandemic."
Staff Perspective:	The proposed program assists homeowners not current with their mortgage payments.

Via Survey; Eligible Uses not Implemented:	"This seems appropriate, as these programs already exist elsewhere."
Staff Perspective:	Comment received.

Via Survey; Eligible Uses not Implemented:	"Agreed."
Staff Perspective:	Comment received.

Proposed HAF Plan Comments – Through Noon on March 22, 2022

Via Survey; Eligible Uses not Implemented:	"No doubt home owners in default or close to default might have arrearages in these costs as well that are excluded. I would suggest that utilities should be included--without that, this becomes another program where it's not One-Stop efficiency, but requiring home owners to braid together various resources, using scarce time, energy and research to manage that puzzle of what from where, how, and when."
Staff Perspective:	Assistance regarding payment of utilities is not a focus of the proposed plan.

Via Survey; Closing Comments:	"Thank you for your commitment to Washington homeowners and to your partners in the foreclosure prevention safety net. Together, we will get folks back on track! Looking forward to rolling up my sleeves with you when this excellent plan is approved by the U.S. Department of the Treasury."
Staff Perspective:	Comment received.

Via Survey; Closing Comments:	"This seems like a great opportunity to help those impacted by COVID-19 stay in their homes. I wish there had been more information on the specific counseling that will be provided to insure homeowners can continue to make future mortgage payments/payments after grant funding is exhausted. It is important to help them on the path toward long-term success."
Staff Perspective:	Default housing counseling requires providing assistance to the homeowner for future success.

Via Survey; Closing Comments:	"You should not make being affected by Covid a requirement. There is so much need for assistance nowadays that its ridiculous to add that restriction. There is some flawed thinking going on I think."
Staff Perspective:	A COVID-19 impact is required by Treasury in the program.

Via Survey; Closing Comments:	"These funds must be allocated out only to those who have been most stringently vetted. All bank statements reviewed showing all deposits, spending habits, utility bills reviewed etc. We must take the time to make sure we helped those in dire need and not those not wanting to help themselves. We have elderly & Veterans struggling. We must peel back the layers and say NO to those who we can see dug a hole so someone else could bail them out. Shopping every day, nail salons, fast food, expensive coffee but not paying utilities each month on the bank statement doesn't mean you're worried about making ends meet."
Staff Perspective:	Treasury encourages that program requirements not be burdensome on homeowners. Treasury also does not require homeowners to "demonstrate" their need beyond meeting program requirements. Necessary documentation and review will be developed as a part of the program guidelines.

Proposed HAF Plan Comments – Through Noon on March 22, 2022

Via Survey; Closing Comments:	"Some of your clients fell into forbearance use some of that money to help pay the forbearance debt since their credit is already messed up"
Staff Perspective:	Comment received.

Via Survey; Closing Comments:	"It is interesting that \$60,000 is provided in cash assistance for home owners, who also get a mortgage interest deduction on annual income for tax purposes. If we were to convert this to hypothetically thinking of the renter experience, that would be \$5,000 per month in subsidy for one year. Or \$2,500 per month in subsidy for 24 months. I suspect this would prevent significant numbers of evictions due to inadequate financial resources. Or \$1,660 per month for 3 years. Not relevant perhaps but interesting all the same."
Staff Perspective:	Comment received.

Via Survey; Closing Comments:	"Recommend very specific guidelines to determine that the financial need is attributable to Covid-related issues. Otherwise, loose interpretation will result in questionable claims."
Staff Perspective:	Treasury has encouraged the use of attestations whenever possible. The Covid-related impacts are well-defined.

Via Email:	I am requesting information on the Homeowner Assistance Fund, which is funded through the US Department of Treasury. I have read the Department of Treasury guidance and I'm a little bit confused about the requirements. I am not in forbearance or foreclosure. The US Department of Treasury makes it clear that a person does not have to be either in foreclosure or forbearance in order to apply for funds. Rather, this is a federal program, in part, to provide federal assistance in order to prevent homeowners from either foreclosure or forbearance. I am asking for someone to explain to me why Washington State is apparently deciding to not adhere to federal guidelines. I am a homeowner trying to find any possible financial assistance to help defray expenses.
Staff Perspective:	We are confident that the proposed plan meets Treasury's and Congress' intent for these funds and are consistent with Treasury's guidelines. Treasury will ultimately approve the plan.

Via Email:	HFC might expand its planned short-term outreach (pg 14) to include notice to city/county home repair programs. These programs are common to most city/county governments and target homeowners with low-incomes and physically distressed housing. HUD Region X staff can likely provide contact info with their grantees statewide. This outreach may increase foreclosure prevention for homeowners less likely to independently seek help.
Staff Perspective:	We strongly support the home repair programs throughout Washington and will encourage their usage.

Proposed HAF Plan Comments – Through Noon on March 22, 2022

Via Email:	You should make payment optional and no enforcement mechanism, yes very similar to Governor Inslee’s Emergency pandemic order. I will be very excited to learn if the feds accept optional payment, no enforcement (OPNE).
Staff Perspective:	Comment received.

Via Public Comment Meeting:	What organizations will be handling the program? Have we selected partners? Will other organizations have an opportunity to be involved?
Staff Perspective:	Using existing network; will likely have RFP process when additional funds are allocated by Treasury.

Via Public Comment Meeting:	Will we target aid by county? Some other method? Wants to ensure the whole state is covered, but is concerned that the more agencies with their “hands in the pot pulling salaries”, the less is available for homeowners in need
Staff Perspective:	Geographic distribution is a priority.

Via Public Comment Meeting:	Criteria for program eligibility? Will it be more stringent than self-attestation like in ERAP? Is concerned that this program will have similar problems to ERAP, that there is no programmatic mechanism to “prove you deserve it, actually need it”
Staff Perspective:	Treasury encourages that program requirements not be burdensome on homeowners. Treasury also does not require homeowners to “demonstrate” their need beyond meeting program requirements. Necessary documentation and review will be developed as a part of the program guidelines.





*Opening doors to a better life*

Below are the comments we have received AFTER 12:00 pm, Tuesday, March 22, 2022 through the closing of Public Comment at 5:00 pm on March 23, 2022. These comments are regarding the Proposed Homeowner Assistance Fund Plan scheduled for Public Hearing at your meeting on Thursday, March 24, 2022. These materials supplement Tab Number 3 as well as the supplemental materials you received on March 23, 2022.

**ADDITIONAL COMMENTS:**

Via Survey; General Comments:	"The plan looks good. More details are needed on process."
Staff Perspective:	Comment received.

Via Survey; Program Eligibility:	"Reasonable criteria aligned with the ARPA's criteria."
Staff Perspective:	Comment received.

Via Survey; Program Eligibility:	"Looks Good."
Staff Perspective:	Comment received.

Via Survey; \$60k Grant Amount:	"Looks good."
Staff Perspective:	Comment received.

Via Survey; \$15k Grant Amount:	"Looks good."
Staff Perspective:	Comment received.

Via Survey; Eligible Uses:	"Reasonable uses."
Staff Perspective:	Comment received.

Via Survey; Eligible Uses:	"To unwind a partial claim in a detailed and complicated process. ISN will be the service provider to make this happen. Not the mortgage servicer."
Staff Perspective:	Comment received.

Proposed HAF Plan Comments –Noon, March 22, 2022 through 5:00 pm March 23, 2022

Via Survey; Eligible Uses not Implemented:	"Agreed, not the best use of limited funds."
Staff Perspective:	Comment received.

Via Survey; Eligible Uses not Implemented:	"Looks good."
Staff Perspective:	Comment received.

Via Survey; Closing Comments:	"While the commission has put together a reasonable plan, including criteria and eligibility, I believe that the commission could and should have allocated a portion of those eligible funds towards the ARPA's defined Socially Disadvantaged populations. The Commission determined that since 100% of the funding will be used towards those within the 100% income limit of AMI, it was within the commission's right to allocate less than 100% of funding to only income-limited households so that it could consider socially disadvantaged households. There is social science research that shows that regardless of the income threshold, socially disadvantaged groups face barriers to outright homeownership, and by dedicating 100% of the funding to the limit of income, the commission risks potentially exacerbating these existing disparities where income is not a direct limiting factor."
Staff Perspective:	It was determined that a program that "targets" Socially Disadvantaged Individuals (SDI)—or other groups—was not permissible. Nor was it allowable to create set-asides for specific groups beyond Treasury's specific guidelines for the program. Treasury's guidelines state that SDI "must" be "prioritized" if the program AMI is in excess of 100% of AMI. At this time, the program contemplates a limit of 100% of AMI, so that requirement does not nor cannot apply. If the program is later adjusted to allow AMI beyond 100%, then SDI will be "prioritized."

Via Survey; Closing Comments:	"On the Technology Support Page. What is the difference between the State Assistance Call Center and the HAF Call Center? Will there be complications/confusion with different processing centers and data bases? Two call centers providing different services and reporting different data could confuse program oversight. Additionally, as a homeowner- who do I call? The program or third parties who will refer me back to the program (?) Referring to the list of services for the technology Program Service Provider is dense. Organizing these different technology providers and the state providers will require time and much consideration. (Then integrate servicers) If possible, as the tools are developed, convene servicers and educate on process. Its safe to say, at least half of the stakeholders will be out of State. How could services be combined with the partners already identified? It seems the program will be managing many stakeholders: Non profits 2 call centers Servicers Technology vendors Attorneys Existing State Programs (Mediation Program) Where can
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	<p>some efficiencies or removing duplication of services be removed? If the above path is chosen, there will be several hundred folks that need to be organized and educated. Thank you for the opportunity to comment on your program."</p>
<p>Staff Perspective:</p>	<p>The HAF Call Center is a support center for users of the application portal. This could consist of homeowners, counselors, civil legal aid, or other advocates that have issues with the <u>technology</u> necessary to complete the application process. The HAF Call Center is NOT where homeowners go to seek assistance with their mortgage issues. The proposed program will focus its efforts on getting homeowners to contact the existing state-supported foreclosure hotline: 1-877-894-4663 where they can receive assistance; including accessing potential HAF funding. It is our intention to make it as seamless and easy as possible for homeowners to receive assistance.</p>

## Memo

To: Lisa DeBrock and Rich Zwicker, WA State Housing Finance Commission

From: Foreclosure Fairness Program Team, WA State Department of Commerce

Date: March 29, 2022

Subject: Comments on the Homeowner Assistance Fund plan to be submitted to U.S. Department of Treasury

Thank you for allowing Commerce staff time to review and comment on your proposed HAF Plan. Below are the comments Commerce would like on record. We are happy to answer any questions you might have or provide more information.

1. The main mortgage assistance program proposes a \$60,000 limit. It is unclear from the plan how that number was derived, and whether there is data that suggest this level of funding will meet the needs of the arrearages homeowners face while still helping the greatest number of homeowners possible. Is there any background data or methodology that could be shared to provide insight into the limits established in the plan? **Response: we used internal delinquency data for the Commission's portfolio, along with other industry data, and feedback from our housing counseling network and civil legal aid, to determine the grant limit.**
2. The plan includes \$15,000 direct grants via a streamlined process for those homeowners who choose not to work with a housing counselor. That process does not seem to include an in-depth review of the homeowner's financial situation. Additionally, the plan does not speak to what safeguards are in place to determine the viability of a grant to this group of homeowners. It would benefit homeowners, stakeholders, the real estate community, and public partners to have some insight into how these homeowners will qualify for the \$15,000 grant. **Response: All applicants will be thoroughly reviewed for eligibility per program and Treasury guidelines, but the \$15k grants do not require—although they can work with—housing counselor assistance.**
3. In combination with our first comment on how the \$60,000 limit was derived, has the Commission considered any monitoring protocols or safeguards to prevent a sale of a home after an award has been made? If the \$60,000 limit will potentially prevent the HAF from serving every homeowner in need, it would be beneficial to have some safeguards in place to prevent program funds from being used to exit homeownership with equity vs. stabilizing long-term homeownership. **Response: The program does not require that a homeowner be**

prohibited from moving or selling their home, because of the undue burden it could place on the homeowner by restricting their ability to move (new job, family, etc.). However, applicants will attest that it is their intention—at the time of application—to remain in their homes for one year.

4. Other commenters have raised the issue of visibility into the determination that socially disadvantaged individuals cannot be specifically prioritized with the 100% AMI cap. It would be helpful for stakeholders, and in particular those organizations and leaders serving communities of color, to have information on how this determination was made and some visibility into that analysis. **Response:** Treasury guidelines are clear that SDI “prioritization” should occur only on those that exceed the 100% AMI limit. On advice of counsel, it was determined that the program must be “open to all” and could not specifically target individual groups.
5. The plan contemplates options that exceed the limits provided by Treasury guidelines (e.g., civil legal aid and housing counseling in excess of 5% of HAF). Where the plan contemplates options that require Treasury’s approval, could the Commission provide insight into what the path is for implementing the HAF in the absence of such approvals? **Response:** If the full funding is not approved by Treasury, then the lower funding amount will be used to initially fund the program and alternative funding sources will be sought as the program progresses.
6. The plan contemplates “down payment assistance loans provided by nonprofits or government entities.” As others have commented, that phrasing appears to indicate that down payment assistance will be part of the HAF. It would be helpful to clarify if that is the intent, or if this is the payment of existing down payment assistance loans held by nonprofits or government entities. **Response:** This was an approved use of program funding and we did not want to decline the opportunity to avail the program of this option in case it could be appropriate in the future. And “down payment assistance loans” that are a part of a homeowners overall situation could be eligible for payment if necessary. However, a targeted program for down payment assistance loans is not being considered at this time.
7. To the extent possible, although it may be limited, it would be helpful for stakeholders to have insight into how the current pilot program shaped specific decisions in the HAF plan. **Response:** The PILOT Program exposed that those currently in foreclosure are subject to hard-money lenders not required to provide post-COVID exit strategies and confirmed that the \$60k limit was appropriate (and often even more is needed).