



## **MFM Bulletin: 014-2021**

**Date:** July 28, 2021

**Subject:** Update for Michigan Homeowner Assistance Fund (MIHAF) Program

The Homeowner Assistance Fund was established under section 3206 of the American Rescue Plan Act of 2021 (the ARP) to mitigate hardships associated with the coronavirus pandemic by providing funds to prevent homeowner mortgage delinquencies, defaults, foreclosure, loss of utilities or home energy services and displacements of homeowners experiencing financial hardship after January 21, 2020.

The U.S. Department of the Treasury notified MSHDA on April 14, 2021 that it will allocate \$242,812,277 to the State of Michigan. This number was based on unemployed individuals and the number of mortgagors with delinquent mortgage payments.

Governor Gretchen Whitmer has designated the Michigan State Housing Development Authority (the Authority or MSHDA) as the operating agency to set up the Michigan Homeowner Assistance Fund (MIHAF) program in accordance with the guidance provided by the Treasury.

MSHDA intends to launch the MIHAF program to the public in the third quarter of 2021. An online and mobile application portal is currently under development. Applicants will be able to apply and submit required documentation through the web-based application or may be assisted by a third-party counseling agency or legal aid office. They will partner with Michigan 2-1-1, a Michigan nonprofit organization, to serve as statewide call center support to answer questions, provide program details and assist homeowners with application submissions.

Eligible uses:

- Delinquent mortgage/housing expenses, such as monthly payments, escrow shortages, and corporate advances
- Up to three consecutive, monthly mortgage payments if under maximum assistance amount
- Delinquent land contract payments, mobile home consumer loan payments or contracted park lot payments
- Property taxes
- Condominium/homeowners' association fees
- Homeowner's insurances, hazard, flood, or mortgage insurance
- Utilities: gas, electric, water and sewer
- Internet broadband services

MSHDA's program Term Sheet provides greater details on the MIHAF program. Please see MSHDA's program Term Sheet and FAQ's below.

Please feel free to contact MFM Home Preservation Dept [loss\\_mitigation@memberfirstmortgage.com](mailto:loss_mitigation@memberfirstmortgage.com) if you have any further questions.

Thank you.



## Michigan Homeowner Assistance Fund (MIHAF) Term Sheet

**Program:** Michigan Homeowner Assistance Fund (MIHAF)

**Date:** June 28, 2021

<b>Program Overview</b>	This MIHAF program was established under section 3206 of the American Rescue Plan Act of 2021 (the ARP) 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 after January 21, 2020 through qualified expenses related to mortgages and housing.
<b>HAF Program Goal</b>	To provide financial assistance to Michigan Eligible Homeowners to eliminate or reduce past due payments associated with homeownership.
<b>Size of MIHAF Program</b>	Michigan State Housing Development Authority (the Authority) will utilize up to <b>\$218,531,049</b> (total award \$242,812,277 less 10% administrative costs) of its total HAF allocation for this program.
<b>Targeted Population of Homeowners and Financial Challenges Program Seeks to Address</b>	Not less than 60% of amounts made available to each State must be used for qualified expenses to assist homeowners having incomes equal to or less than 100% of the area median income. Any amount not made available to homeowners that meet this income-targeting requirement must be prioritized for assistance to socially disadvantaged individuals, with funds remaining after such prioritization being made, available for the other eligible homeowners having incomes equal to or less than 150% of the area median income.
<b>Eligible Homeowners</b>	<p>“Eligible Homeowners” for Michigan’s MIHAF program must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Homeowner must have experienced a Qualified Financial Hardship after January 21, 2020.</li> <li>• Homeowner must have owned the home on or before January 21, 2020.</li> <li>• Homeowner must currently own and occupy the property as their primary residence.</li> <li>• Homeowner applicant must own and occupy the Michigan property for a minimum of six consecutive months plus one day as their primary residence.</li> <li>• Homeowner must meet the Homeowner Income Eligibility Requirements.</li> <li>• Homeowner must attest that they experienced a financial hardship after January 21, 2020. The attestation must describe</li> </ul>



	<p>the nature of the financial hardship.</p> <ul style="list-style-type: none"> <li>• Homeowners who have previously filed for bankruptcy but who are no longer in bankruptcy must provide proof of court ordered “discharge” or “dismissal” within the last seven years.</li> </ul>
<b>Eligible Legal Ownership Structures</b>	<p>“Eligible Legal Ownership Structures” include only the following:</p> <ul style="list-style-type: none"> <li>• Those where the home is owned by a “natural person” (i.e., LLP, LP, S-Corp, or LLC <u>do not</u> qualify). Where the estate of a deceased natural person is the ownership entity, the owner may be eligible, subject to review by the Authority.</li> <li>• Those where the homeowner has transferred their ownership right into non- incorporated, Living Trusts, provided the homeowner occupies the home as the primary/principal residence.</li> <li>• Those where the home is under a Purchaser’s Interest in a Land Contract valid under Michigan law.</li> <li>• Those where the home is owned by a certificate of title.</li> </ul>
<b>Qualified Financial Hardship</b>	<p>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.</p> <ul style="list-style-type: none"> <li>• <b>Reduction of Income</b> – Documented temporary or permanent loss of earned income after January 21, 2020.</li> <li>• <b>Increase in living expenses</b> – 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 coronavirus pandemic after January 21, 2020.</li> </ul>
<b>Homeowner Income Eligibility Requirements</b>	<p>To be eligible for assistance under the Michigan’s MIHAF Program, homeowners <b>must have incomes equal to or less than 150% of the area median income.</b> (“Homeowner Income Eligibility Requirements”).</p>
<b>Homeowner Prioritization</b>	<p>The Authority will prioritize funding to the following populations:</p> <ul style="list-style-type: none"> <li>▪ Not less than 60% will be used for qualified expenses that assist homeowners having incomes equal to or less than 100% of the area median income or equal to or less than 100% of the median income for the United States, whichever is greater.</li> <li>▪ Amounts not made available to homeowners that meet the above income-targeting requirement will be prioritized for assistance to socially disadvantaged individuals. <ul style="list-style-type: none"> <li>○ “Socially Disadvantaged Individuals” as defined by Treasury guidance are those who have been subjected</li> </ul> </li> </ul>



	<p>to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities. There is a rebuttable presumption that the following individuals are socially disadvantaged if they self-identify as such: Black Americans, Hispanic Americans, Native Americans, and Asian Americans and Pacific Islanders.</p> <ul style="list-style-type: none"> <li>▪ All remaining funds not otherwise prioritized will be made for other Eligible Homeowners.</li> </ul>
<p><b>Eligible Properties</b></p>	<p><u>“Eligible Properties”</u> are those that are:</p> <ul style="list-style-type: none"> <li>• Single-family (attached or detached) properties</li> <li>• Condominium units.</li> <li>• 1 to 4-unit properties where the homeowner is living in one of the units as their primary residence.</li> <li>• Manufactured homes permanently affixed to real property and taxed as real estate.</li> <li>• Mobile homes not permanently affixed to real property.</li> </ul> <p><u>Ineligible properties:</u></p> <ul style="list-style-type: none"> <li>• Vacant, lacking a dwelling, or abandoned.</li> <li>• 2<sup>nd</sup> homes.</li> <li>• Investment property.</li> <li>• 1 to 4-unit properties where the homeowner/landlord has received Emergency Rental Assistance Funds.</li> </ul>
<p><b>Eligible Qualified Expenses MIHAF Program Proceeds</b></p>	<p>Housing obligations as listed below and incurred by a Homeowner’s Qualified Financial Hardship after January 21, 2020 are eligible “Qualified Expenses” of MIHAF Program Proceeds:</p> <ul style="list-style-type: none"> <li>• Existing delinquent first mortgage lien payments (principal, interest, taxes, insurances (PITI)), escrow shortages, up to three consecutive monthly payments.</li> <li>• Existing first mortgage lien partial or full forbearance reinstatement and/or delinquent monthly forbearance payments.</li> <li>• Existing delinquent subordinate mortgage lien payment (P&amp;I) and/or principal reduction or payoff of a non-profit/government bond second lien.</li> <li>• Land Contract monthly payment (P&amp;I).</li> <li>• Manufactured/mobile home loan monthly payment (P&amp;I) and lot rent, if applicable.</li> <li>• Utilities, including electric, gas, home energy and water, if arrearages not otherwise covered from another source of funds.</li> <li>• Internet service, including broadband internet access, if arrearages not otherwise covered from another source of funds.</li> <li>• Homeowner’s association fees, condominium association fees or</li> </ul>



	<p>common charges, including for lien extinguishment.</p> <ul style="list-style-type: none"> <li>• Homeowner’s hazard, flood and/or mortgage insurance.</li> <li>• Delinquent property taxes.</li> <li>• Homeowner counseling/non-profit legal entity application assistance costs.</li> <li>• De minimis lender-assessed fees.</li> </ul> <p>Exhibit A to this Program Design contains the other Treasury-required requirements, such as the maximum dollar amount that this program will provide to each homeowner for each type of qualified expense (“Per Item Maximum Amount”).</p>
<p><b>Maximum Per Household MIHAF Assistance</b></p>	<p>The Authority will not exceed its “Maximum Per Household MIHAF Assistance” amount of \$25,000 per household, combined across all Eligible Uses, in the proposed MIHAF Program.</p> <p>Additionally, the Authority will not exceed its Per Item Maximum Amounts listed in Exhibit A.</p> <p>Additionally, assistance is limited to one-time, per household.</p>
<p><b>Assistance Type</b></p>	<p>Assistance will be structured as a non-recourse grant.</p>
<p><b>Payout of MIHAF Assistance</b></p>	<p>The Authority will disburse MIHAF assistance directly to mortgage lender/servicer, land contract holder, manufactured/mobile home lender/park (lot fees), county treasurer or local taxing authority, condominium/homeowners’ association, utility provider, internet and/or broadband service providers.</p> <p>The Authority will make no more than one disbursement to each payee.</p> <p>The Authority will disburse the amount quoted by the lender/servicer; any discrepancies to be resolved by the homeowner and lender/servicer.</p> <p>If Homeowner’s past due amount exceeds the amount that the Authority can provide, Homeowner may pay the difference, and the Authority will pay the max of their limit.</p>



<p><b>Structure of Assistance and Payment Process</b> <b>Description of Qualified Expenses</b></p>	<p>MIHAF assistance will be prioritized to Eligible “Qualified Expenses” of MIHAF Program Proceeds as follows:</p> <ol style="list-style-type: none"> <li>1) Mortgage/housing loan reinstatement (including escrows),</li> <li>2) Property taxes,</li> <li>3) Condominium/homeowners’ association fees,</li> <li>4) Mobile home and/or lot payment assistance,</li> <li>5) Homeowner’s insurances,</li> <li>6) Utilities,</li> <li>7) Internet services.</li> </ol> <p>Disbursement to mortgage/housing lender/servicer may include up to the next three scheduled monthly payments (“Additional Assistance”) if funds are available not to exceed either the Maximum Per Household HAF Assistance or Per Item Maximum Amounts listed in Exhibit A.</p>
<p><b>Program Launch</b></p>	<p>The Authority is planning to launch the program to the public statewide in the third quarter of 2021 subject to the timing of Michigan’s legislative appropriation of program funds to the Authority, MSHDA Board approval, and the Department of U.S. Treasury’s approval of Michigan’s MIHAF Plan. The terms hereof are subject to change based on the foregoing.</p>
<p><b>Program Duration</b></p>	<p>The period of performance for the MIHAF award begins on the date hereof and ends on September 30, 2026. HAF recipient shall not incur any obligations to be paid with the funding from this award after such period of performance ends.<sup>1</sup></p> <p>The Authority plans to disburse all funds prior to the end of program date, September 30, 2026.</p>
<p><b>Program Leverage with Other Financial Resources</b></p>	<p>The Authority will undertake best effort approach to leverage the assistance that might be available for homeowners through other federal programs that have been created expressly for that purpose before using MIHAF funds for utility assistance, for example.</p>
<p><b>Program Exclusions</b></p>	<ul style="list-style-type: none"> <li>• Home repairs or improvements</li> <li>• Overpayment of MIHAF funds relative to Homeowner account may not be paid to Homeowner.</li> </ul>



## Exhibit A

<b>Eligible Uses of MIHAF Program Proceeds</b>	<b>Per Item Maximum Amount Per Homeowner<sup>2</sup></b>	<b>Description of Intended Impact on Eligible Homeowners<sup>3</sup></b>
Housing Payment Assistance (Mortgage, Land Contract, Mobile Home)	\$25,000	Reinstate, avoid foreclosure, retain homeownership
Property Tax Assistance	Included	Reinstate, avoid foreclosure, retain homeownership
Condominium Association Assistance	Included	Reinstate, avoid foreclosure, retain homeownership
Homeowner's Insurances (Hazard, Flood or Mortgage)	Included	Reinstate and restore coverage
Utility Assistance	Included	Reinstate and restore services



## Michigan Homeowner Assistance Fund (MIHAF) Program

### Frequently Asked Questions

#### **What is the Homeowner Assistance Fund?**

The Homeowner Assistance Fund (HAF) was established under section 3206 of the American Rescue Plan Act of 2021 (the ARP) 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 after January 21, 2020 through qualified expenses related to mortgages and housing.

#### **What was Michigan's allocation amount and how was it determined?**

The U.S. Department of the Treasury (the Treasury) notified us on April 14, 2021 that they will allocate \$242,812,277 (\$242.8) million to the State of Michigan based on the number of unemployed individuals and the number of mortgagors with delinquent mortgage payments. Each State's allocation takes in to account the statutory requirement that no State receive less than \$50 million.

#### **How is Michigan going to distribute the funds to households in need?**

Michigan has designated the Michigan State Housing Development Authority (the Authority or MSHDA) as the operating agency to set up the Michigan Housing Assistance Fund (MIHAF) program in accordance with the guidance provided by the Treasury.

MSHDA intends to launch the MIHAF program to the public in the third quarter of 2021. An on-line and mobile application portal will be set up and is currently under development. Applicants will be able to apply and submit required documentation through the web-based application or may be assisted by a third-party counseling agency or legal aid office. We will partner with Michigan 2-1-1, a Michigan non-profit organization, to serve as statewide call center support to answer questions, provide program detail and assist homeowners with submitting their applications.

#### **What kind of assistance may I be eligible for?**

You may be eligible for up to \$25,000 MIHAF assistance per household on your primary residence which MIHAF will disburse directly to the lender/servicer or service provider:

- Delinquent mortgage/housing expenses, such as monthly payments, escrow shortages, and corporate advances,
- Up to three consecutive, monthly mortgage payments if under maximum assistance amount,
- Delinquent land contract payments, mobile home consumer loan payments or contracted park lot payments,
- Property taxes,
- Condominium/homeowners' association fees,
- Homeowner's insurances, hazard, flood, or mortgage insurance,
- Utilities, gas, electric, water, sewer, and
- Internet broadband services.



**What are the eligibility guidelines?**

- Eligible homeowners must have a qualified financial coronavirus pandemic related hardship that occurred on or after January 21, 2020,
- Must have owned their home on or before January 21, 2020
- Currently own and occupy as their primary residence, and
- Household income equal to or less than 150% of area median income (AMI).

**What is a Qualified Financial Hardship?**

A material reduction in income or a material increase in living expenses associated with the coronavirus pandemic that has increased a risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner, such as

- A documented temporary or permanent loss of earned income on or after January 21, 2020 or,
- A documented increase in living expenses such as medical expenses, inadequate medical insurance, increase in household size, or costs to reconnect utility services directly related to coronavirus pandemic after January 21, 2020.

**When will I be able to apply for MIHAF?**

MSHDA is still in the process of getting their systems set-up and their final approval of the MIHAF Plan from the Department of U.S. Treasury. We have partnered with Michigan 2-1-1 and will publish contact information on the MSHDA web site as soon as it becomes available. It will include a link to the MIHAF application portal once the program has been launched and available for you to apply.

You can reach us at our general mailbox [MSHDA-HO-HAF-Program@michigan.gov](mailto:MSHDA-HO-HAF-Program@michigan.gov).

**Is Step Forward still open?**

No, Step Forward is not open. The last eligible application was approved for funding on 6-30-2021. If you have a servicing request on your existing Step Forward loan, you can reach us by calling **866-946-7432** or email us at [mshda-hhfloanservicing@michigan.gov](mailto:mshda-hhfloanservicing@michigan.gov).