

# Mortgage Reinstatement Assistance Program

## Summary Guidelines



### 1. Program Overview

The Mortgage Reinstatement Assistance Program (“MRAP”) is one of CalHFA MAC’s federally-funded programs developed to provide temporary financial assistance to eligible homeowners who wish to remain in their homes, but are in imminent danger of losing their home to foreclosure.

MRAP provides funds to assist income-qualified homeowners to help them cure their delinquent first mortgage loan arrearages, which may also include payments needed to reinstate their loans from foreclosure.

### 2. Program Goals

The MRAP will prevent avoidable foreclosures by helping homeowners reinstate their past due first mortgage loans.

MRAP will also mitigate the need for large reinstatement dollars to be capitalized with remaining loan balance, and thus, broaden the population of homeowners who qualify for modification.

### 3. Target Population/ Areas

MRAP is designed to target low-to-moderate income homeowners and address the needs of a homeowner’s specific situation in lieu of targeting certain regions or counties.

### 4. Program Allocation (Excluding Administrative Expenses)

\$165,900,000.00

### 5. Borrower Eligibility Criteria

- Homeowner qualifies as low-to-moderate income based on per-household income thresholds set forth in the county in which the homeowner resides. Income thresholds are as posted on the Keep Your Home California website.
- Homeowner must complete and sign a Hardship Affidavit / 3rd Party Authorization to document the reason for the hardship.
- Homeowners who have recently encountered a financial hardship due to their military service are eligible.
- Homeowner has adequate income to sustain reinstated first-lien mortgage loan, per CalHFA MAC approved investor guidelines.
- Homeowner must agree to provide all necessary documentation to satisfy program guidelines within the timeframes established by CalHFA MAC.

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- Mortgage loan is delinquent as substantiated by homeowner's hardship documentation. The delinquency and the total amount required to cure the delinquency is verified with the servicer.
- Loans in foreclosure are eligible.
- The homeowner's first-lien PITI, and any escrowed homeowner's association dues or assessments, payment must be a maximum of 38% of the gross household income excluding temporary income (e.g., unemployment or short-term disability benefits) to meet the definition of an affordable payment. Reinstatement assistance may be combined with a loan modification (that meets the CalHFA MAC modification and program guidelines) in order to achieve the definition of an affordable payment.
- On a case by case basis, CalHFA MAC reserves the right to review and approve investor program guidelines that utilize affordable mortgage definitions greater than 38%.
- General program eligibility is determined by CalHFA MAC based on information received from the homeowner. Program-specific eligibility is determined by CalHFA MAC on a first-come, first-approved basis until program funds and funding reserves have been exhausted. Loan servicer will implement the HHF program based on participation agreement terms and conditions.

### 6. Property/Loan Eligibility Criteria

- Current, unpaid principal balance ("UPB") (includes the interest-bearing unpaid principal balance and any existing non-interest bearing forbearance balance) of the first-lien mortgage loan is not greater than \$729,750.
- The property securing the mortgage loan must not be abandoned, vacant or condemned.
- The applicant must own and occupy the single family, 1-4 unit home (an attached or detached house or a condominium unit) located in California and it must be their primary residence. Mobile homes are eligible if they are permanently affixed to the real property that is secured by the first lien.

### 7. Program Exclusions

- Homeowner is in "active" bankruptcy. Homeowners who have previously filed bankruptcy are eligible for consideration only with proof of court order "Dismissal" or "Discharge".
- MRAP benefit assistance request for reinstatement with a first-lien PITI and any escrowed homeowner's association dues or assessments, payment of greater than 38% of the

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homeowner's gross monthly household income, excluding temporary income (e.g., unemployment or short-term disability benefits) will be considered unaffordable and is excluded from MRAP reinstatement benefit assistance unless that assistance is combined with a loan modification (that meets CalHFA MAC modification and program guidelines).

- Loan is less than two (2) payments past due as of the date of request for assistance.
- Property is subject to a first priority lien securing a Home Equity Line of Credit ("HELOC").

### 8. Structure of Assistance

CalHFA MAC will structure the assistance as a non-recourse, non-interest bearing subordinate loan in favor of the Eligible Entity (CalHFA MAC) secured by a junior lien recorded against the property in the amount of the HHF assistance. At the conclusion of (3) three years, the subordinate loan will be released. Loan funds will only be repaid to Eligible Entity (CalHFA MAC) in the event of a sale or a refinance that includes cash out with sufficient net equity proceeds prior to forgiveness. Recovered funds will be recycled in order to provide additional program assistance until December 31, 2017, at which time any recovered funds will be returned to Treasury.

After December 31, 2017, any remaining or returned funds will be returned to Treasury.

### 9. Per Household Assistance

Up to \$25,000 per household in total (average funding of \$18,000) for PITI and any escrowed homeowner's association dues or assessments, arrearages (and in all cases, subject to the HHF program maximum benefit cap of \$100,000 with respect to monies previously received under other HHF programs, if any).

### 10. Duration of Assistance

Available on a one-time only basis, per household.

### 11. Estimated Number of Participating Households

Approximately 9,200. This figure is based on loans with unpaid principal balances ranging from \$200,000 to \$400,000 with an average funding of \$18,000.

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- 12. Program Inception/ Duration** The statewide launch of MRAP was February 7, 2011 and it will continue up to five (5) years or until funding is fully reserved.
- 13. Program Interactions with Other HFA Programs** Other HFA program benefits may be available to the homeowner provided the HHF program maximum benefit cap of \$100,000 has not been exceeded. The homeowner is required to apply separately for each HFA program.
- 14. Program Interactions with HAMP** MRAP will serve as a gateway to HAMP which may include principal reduction of homeowner's mortgage.
- 15. Program Leverage with Other Financial Resources** CalHFA MAC will require that the servicer waive all accrued and unpaid late charges and NSF fees for all payments funded with MRAP benefits.
- 16. Qualify as an Unemployment Program**  Yes  No