

Kansas Homeowner Assistance Fund

Draft Term Sheets



KANSAS OFFICE OF RECOVERY

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Introduction

The COVID-19 public health crisis and resulting economic crisis have severely strained many households across the United States, threatening housing stability for renters and homeowners. In response to this crisis, Congress passed the American Rescue Plan Act (ARPA), to assist residents, small businesses, and governments respond and recover from the impacts of the coronavirus pandemic, including \$9.96 billion to assist vulnerable homeowners through the Homeowner Assistance Funds (HAF).

Kansas was allocated \$56.6 million through HAF to assist Kansas homeowners in need. The HAF was established to mitigate financial hardships associated with the coronavirus pandemic by providing eligible homeowner assistance to prevent mortgage delinquencies and defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship associated with the coronavirus pandemic.

The COVID-19 pandemic is creating a housing crisis, threatening Kansas homeowners' ability to keep up with mortgage and utility payments. As of May 2021, this has led to 15,430 home loans delinquent, of which 70% of these loans were behind more than 90 days. As a result, thousands of homeowners are at risk of losing their homes and having their utilities shut off.

To address this crisis, the Kansas Recovery Office has partnered with the Kansas Housing Resource Corporation (KHRC) to create the Kansas Homeowner Assistance Fund (KHAF) program. KHRC is a self-supporting, nonprofit, public corporation that serves as the primary administrator of federal housing programs for the state of Kansas. KHRC delivers solutions to those who are working to end the housing crisis in Kansas. The corporation's vision can only be achieved when all Kansans have the support and resources they need to achieve their goals, no matter where they are in their housing journey.

The KHAF program is currently in the design phase, with particular attention to ensuring the program is responsive to the needs of Kansas homeowners during this difficult time. The program design is guided by three principles, as outlined below, and includes four elements that address homeowner mortgage and non-mortgage assistance needs. These four program elements are summarized below, followed by draft Term Sheets that detail the program goals, eligibility, the form and amount of assistance and other key program design components.

Guiding Principles for Program Design

1. To best position homeowners to obtain and maintain secure housing and best position homeowners to securely remain in their home.
2. To expedite delivery of assistance.
3. To not use taxpayer funds to pay what is already resolved with the mortgage servicer.

Summary of Program Elements

The draft program design includes 4 program elements to be paired with housing counseling services to assist homeowners achieve and maintain their housing. See Table 1 for additional information about the elements.

1. **Mortgage Reinstatement Assistance** – to better position homeowners to obtain stable housing by curing past due mortgage payments (principal, interest, taxes, insurance, and related fees) through reinstatement or a loan modification from their service provider.
2. **Mortgage Payment Assistance** – to better position homeowners to obtain or maintain stable housing by maintaining monthly mortgage payments current for up to 6 months.
3. **Property Charge Assistance** – to assist with past due property charges and maintain charges coming due within 90 days that threaten displacement and/or the homeowner's ability to sustain ownership of the property by assisting with property taxes, insurance premiums, and certain fees.
4. **Utility/Broadband Assistance** – to assist with homeowners' past due payments and maintain charges coming due within 90 days for utilities and internet, including broadband services.

Mortgage Reinstatement Assistance Term Sheet

Criteria	Terms
Brief description	Provide financial assistance to eligible homeowners to better position them to obtain housing stability. This may be accomplished by curing their delinquent mortgage payments (principal, interest, taxes, insurance, and related fees) through reinstatement or a loan modification from their mortgage servicer where possible.
Maximum amount of assistance per homeowner	Each homeowner will be eligible for up to a combined total of \$35,000 in mortgage assistance (Mortgage Reinstatement Assistance + Mortgage Payment Assistance) through this program, to be used only for the homeowner's primary residence.
Homeowner eligibility criteria and documentation requirements	<p>General Eligibility Requirements:</p> <p>The property is the homeowner's primary residence</p> <p>The property is in Kansas</p> <p>The homeowner is on the mortgage and/or title</p> <p>The household income is equal to or less than the applicable HAF Income Limits (income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater)</p> <p>Homeowner had a qualified financial hardship after January 21, 2020.</p> <p>Documentation Requirements:</p> <p>To confirm income for eligibility, targeting, and qualified financial hardship the homeowner must provide the following:</p> <ol style="list-style-type: none"> 1. A written attestation as to household income and a fact-specific proxy in lieu of income documentation. Fact-specific proxies include residing within a HUD designated Qualified Census Tract and may be based on data from other state and federal entities including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), Kansas Department of Revenue, Kansas Department of Labor, Kansas Department for Children and Families (DCF). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. A written attestation as to household income and income documentation such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, an attestation from an employer, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increases in expenses, a complete and signed affidavit is required. <p>Plus: Statement of ability to resume any required regular payments after account is reinstated when Mortgage Payment Assistance is not necessary.</p>
Loan eligibility criteria specific to the program	Delinquent by at least one mortgage payment.

Form of assistance	Mortgage assistance totaling \$25,000 or less will be structured as a non-recourse grant. If Mortgage assistance exceeds \$25,000, mortgage assistance will be structured as a forgivable interest free loan with a two-year term (up to the maximum mortgage assistance amount).
Payment requirements	Funds will be paid directly to servicers and service providers or other applicable third parties authorized to collect eligible charges.

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Mortgage Payment Assistance Term Sheet

Criteria	Terms
Brief description	Provide financial assistance to eligible homeowners to better position them to obtain or maintain housing stability. This may be accomplished by maintaining their monthly mortgage payments (principal, interest, taxes, insurance, and related fees) for a period of six (6) month increments.
Maximum amount of assistance per homeowner	Each homeowner will be eligible for up to a combined total of \$35,000 in mortgage assistance (Mortgage Reinstatement Assistance + Mortgage Payment Assistance) through this program, to be used only for the homeowner's primary residence.
Homeowner eligibility criteria and documentation requirements	<p>General Eligibility Requirements:</p> <p>The property is the homeowner's primary residence</p> <p>The property is in Kansas</p> <p>The homeowner is on the mortgage and/or title</p> <p>The household income is equal to or less than the applicable HAF Income Limits (income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater)</p> <p>Homeowner had a qualified financial hardship after January 21, 2020.</p> <p>Documentation Requirements:</p> <p>To confirm income for eligibility, targeting, and qualified financial hardship the homeowner must provide the following:</p> <ol style="list-style-type: none"> 1. A written attestation as to household income and a fact-specific proxy in lieu of income documentation. Fact-specific proxies include residing within a HUD designated Qualified Census Tract and may be based on data from other state and federal entities including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), Kansas Department of Revenue, Kansas Department of Labor, Kansas Department for Children and Families (DCF). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. A written attestation as to household income and income documentation such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, an attestation from an employer, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increases in expenses, a complete and signed affidavit is required.

<p>Loan eligibility criteria specific to the program</p>	<p>If Reinstatement Assistance was not received, statement of current inability to maintain mortgage payments due to unemployment, underemployment or other continuing hardship demonstrating a material reduction in income or material increase in expenses is required. Substantiation of a material reduction in income must be documented by paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, unemployment documentation, documentation of deceased family member resulting in loss of income, or an attestation from an employer, proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF.</p> <p>For households experiencing a material increases in expenses, a complete and signed affidavit is required.</p>
<p>Form of Assistance</p>	<p>Mortgage assistance totaling \$25,000 or less will be structured as a non-recourse grant. If Mortgage assistance exceeds \$25,000, mortgage assistance will be structured as a forgivable interest free loan with a two-year term (up to the maximum mortgage assistance amount).</p>
<p>Payment requirements</p>	<p>Funds will be paid directly to servicers and service providers or other applicable third parties authorized to collect eligible charges.</p>

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Property Charge Assistance Term Sheet

Criteria	Terms
Brief description	<p>Provide funds to assist with property charge expenses and past due expenses that threaten displacement and/or the homeowner's ability to obtain or maintain ownership of the property.</p> <p>Assistance funds may be used to pay past due amounts in full, including reasonable late fees, for property taxes, insurance premiums (including homeowner's insurance, flood insurance), HOA fees, condominium fees, cooperative maintenance, or common charges.</p> <p>Funds may also be used to pay charges coming due in the 90 days following program approval.</p> <p>Provided assistance may not exceed the non-mortgage Maximum Assistance.</p>
Maximum assistance per homeowner	<p>Each Homeowner will be eligible for up to a combined total of \$10,000 in non-mortgage assistance (Property Charge Assistance + Utility/Internet/Broadband Payment Assistance) through this program, to be used only for the homeowner's primary residence.</p>
Homeowner eligibility criteria and documentation requirements	<p>General Eligibility Requirements:</p> <p>The property is the homeowner's primary residence</p> <p>The property is in Kansas</p> <p>The homeowner is on the mortgage and/or title</p> <p>The household income is equal to or less than the applicable HAF Income Limits (income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater)</p> <p>Homeowner had a qualified financial hardship after January 21, 2020 .</p> <p>Documentation Requirements:</p> <p>To confirm income for eligibility, targeting, and qualified financial hardship the homeowner must provide the following:</p> <ol style="list-style-type: none"> 1. A written attestation as to household income and a fact-specific proxy in lieu of income documentation. Fact-specific proxies include residing within a HUD designated Qualified Census Tract and may be based on data from other state and federal entities including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), Kansas Department of Revenue, Kansas Department of Labor, Kansas Department for Children and Families (DCF). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. A written attestation as to household income and income documentation such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, an attestation from an employer, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increases in expenses, a complete and signed affidavit is required.

<p>Loan eligibility criteria specific to the program</p>	<p>Eligibility criteria for assistance for past due amounts: Must have at least one payment past due on an eligible expense; Eligibility criteria for assistance for charges coming due: If Reinstatement Assistance was not received, statement of current inability to maintain payments due to unemployment, underemployment, or other continuing hardship by attesting to a material reduction in income or a material increase in expenses. Documentation of a material reduction in income is required and may include paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, unemployment documentation, documentation of deceased family member resulting in loss of income, an attestation from an employer of reduced income, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increase in expenses, a complete and signed affidavit is required.</p>
<p>Form of assistance</p>	<p>Assistance will be structured as a non-recourse grant.</p>
<p>Payment requirements</p>	<p>Funds will be paid directly to servicers and service providers or other applicable third parties authorized to collect eligible charges.</p>

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Utility/Internet/Broadband Payment Assistance Term Sheet

Criteria	Terms
Brief description	<p>Provide funds to assist with past due payments for utility and/or internet access services.</p> <p>Assistance funds may be used to pay past due amounts in full, including reasonable late fees, for utilities (including electric, gas, home energy, water, and wastewater) and/or internet service, including broadband service. Funds may be used to pay prospective charges for up to the first 90 days following approval.</p> <p>Provided assistance may not exceed the non-mortgage Maximum Assistance.</p>
Maximum assistance per homeowner	<p>Each Homeowner will be eligible for up to a combined total of \$10,000 in non-mortgage assistance (Property Charge Assistance + Utility/Internet/Broadband Payment Assistance) through this program, to be used only for the homeowner's primary residence.</p>
Homeowner eligibility criteria and documentation requirements	<p>General Eligibility Requirements:</p> <p>The property is the homeowner's primary residence</p> <p>The property is in Kansas</p> <p>The homeowner is on the mortgage and/or title</p> <p>The household income is equal to or less than the applicable HAF Income Limits (income equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater)</p> <p>Homeowner had a qualified financial hardship after January 21, 2020.</p> <p>Documentation Requirements:</p> <p>To confirm income for eligibility, targeting, and qualified financial hardship the homeowner must provide the following:</p> <ol style="list-style-type: none"> 1. A written attestation as to household income and a fact-specific proxy in lieu of income documentation. Fact-specific proxies include residing within a HUD designated Qualified Census Tract and may be based on data from other state and federal entities including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), Kansas Department of Revenue, Kansas Department of Labor, Kansas Department for Children and Families (DCF). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. A written attestation as to household income and income documentation such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, an attestation from an employer, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF. For households experiencing a material increases in expenses, a complete and signed affidavit is required.

	Plus: Statement of ability to resume any required regular payments after account is reinstated when Mortgage Payment Assistance is not necessary.
Loan eligibility criteria specific to the program	<p>Eligibility criteria for assistance for past due amounts: Must have at least one payment past due on an eligible expense;</p> <p>Eligibility criteria for assistance for charges coming due: If Reinstatement Assistance was not received, statement of current inability to maintain payments due to unemployment, underemployment or other continuing hardship by attesting to a material reduction in income or a material increase in expenses. Documentation of a material reduction in income is required and may include paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, unemployment documentation, documentation of deceased family member resulting in loss of income, an attestation from an employer of reduced income, or proof of receipt of a federal means-tested program which requires income to be at or below the required income for an eligible homeowner under HAF.</p> <p>For households experiencing a material increase in expenses, a complete and signed affidavit is required.</p>
Form of assistance	Assistance will be structured as a non-recourse grant.
Payment requirements	Funds will be paid directly to servicers and service providers or other applicable third parties authorized to collect eligible charges.

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