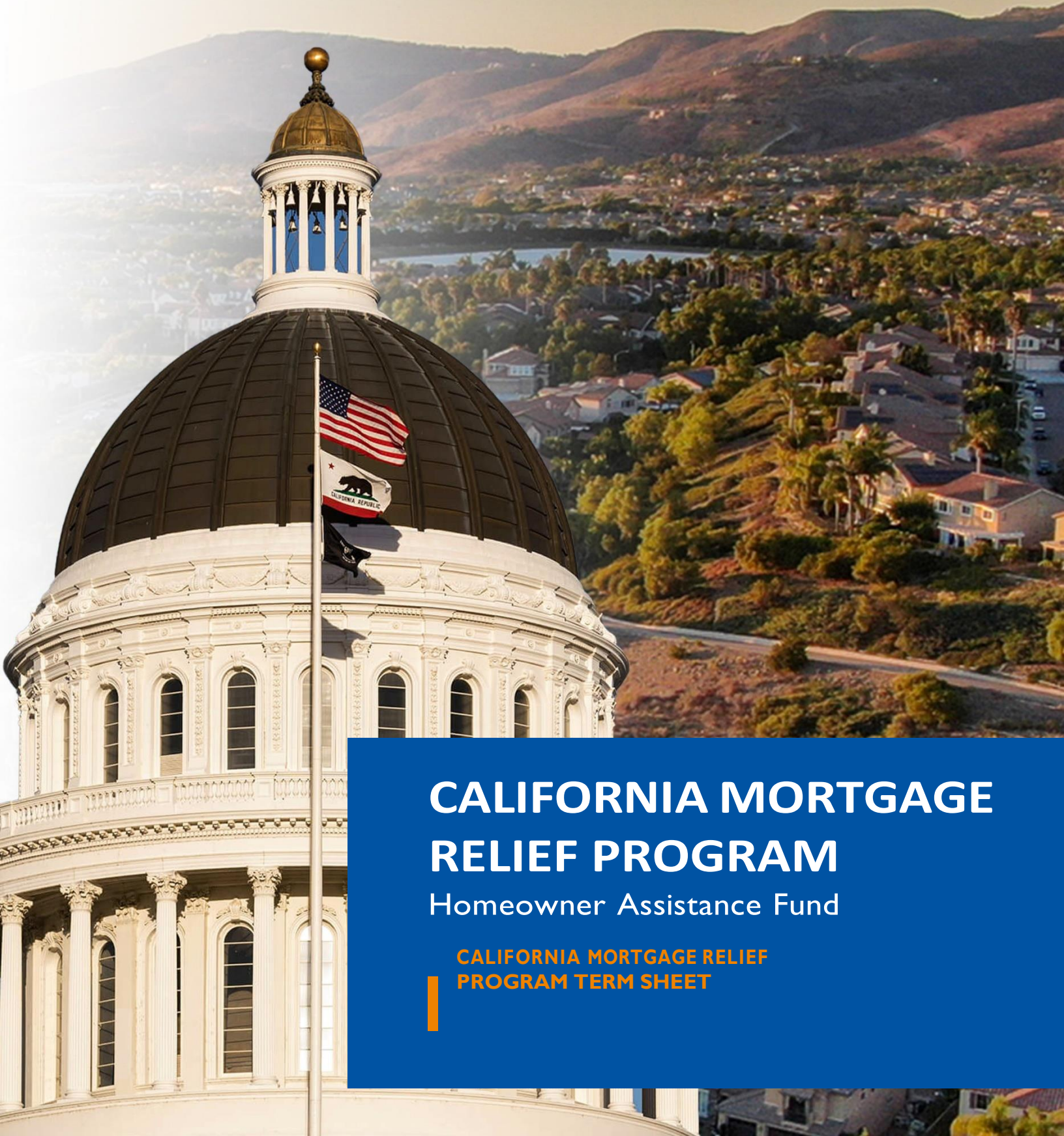




California Housing Finance Agency



CALIFORNIA MORTGAGE RELIEF PROGRAM

Homeowner Assistance Fund

**CALIFORNIA MORTGAGE RELIEF
PROGRAM TERM SHEET**

California Mortgage Relief Program (“Program”) PACE Term Sheet

The U.S. Treasury first issued guidance for the use of the Homeowner Assistance Fund “HAF” funds on April 14, 2021. As an eligible entity approved to participate in HAF, the California Housing Finance Agency “CalHFA” entered into a Financial Assistance Agreement with U.S. Treasury and received 10% of California’s total allocation amount on June 22, 2021. In August 2021, CalHFA launched a pilot phase of the Program using funds from that initial allocation of California’s HAF funds. Upon Treasury approval on December 17, 2021, CalHFA allocated \$750 million to a program for full reinstatement of mortgage and reverse mortgage payments owed. Through its continued evaluation of the needs of Californians, CalHFA reallocated \$75 million from property tax assistance for this additional program to assist Eligible Homeowners with sustaining homeownership by providing payment assistance or principal reduction for Property Assessed Clean Energy (PACE) loans (assessments*) to assist homeowners. The program began accepting applications on October 6, 2023.

<p>PACE Program Goal</p>	<ul style="list-style-type: none"> To address current housing instability, including foreclosure risk, and alleviate long-term economic impacts due to COVID-19 by providing Eligible Homeowners with payment assistance or principal reduction for PACE loans.
<p>Size of PACE Allocation</p>	<ul style="list-style-type: none"> CalHFA has allocated \$75 million to use for payment assistance or principal reduction of PACE loans. Amendments to this program may be made, based on the constant monitoring and reporting of results against goals.
<p>Targeting and Outreach</p>	<ul style="list-style-type: none"> CalHFA is affirmatively targeting socially disadvantaged and vulnerable homeowners using a data-driven approach that uses a combination of Qualified Census Tract data (HUD) and Owner Vulnerability Index (UCLA). This includes data-driven targeted marketing and community engagement along with engaging housing counselors, as well as using levers in the program design to ensure that outcomes effectively prioritize socially disadvantaged individuals.
<p>Eligible Homeowners</p>	<ul style="list-style-type: none"> Homeowner must currently own and occupy one of the Eligible Property Types in California as their primary residence. Homeowner must meet the Homeowner Income Eligibility Requirements. Homeowner must not own and occupy more than one property (up to 4 units). Homeowner’s PACE loan(s) must be recorded against the property prior to May 11, 2023. Homeowner must attest that they experienced a financial hardship after January 21, 2020. The attestation must describe the nature of the financial hardship. Homeowner must have sought assistance with their PACE loan(s) through a legal aid, housing counselor, consumer advocacy group, government agency, contractor, county assessor, county tax collector and/or PACE Administrator regarding a financial hardship that has affected their ability to afford housing payments. Documentation required. Co-owners are not permitted to separately apply for Program assistance. Households are eligible if they have received any other form of governmental assistance, including other forms of COVID-19 assistance from the CARES Act, Consolidated Appropriations Act of 2021 or the American Rescue Plan Act, including Emergency Rental Assistance.

<p>Eligible Legal Ownership Structures</p>	<ul style="list-style-type: none"> • Those where the home is owned by a “natural person” (i.e., LLP, LP or LLC do not qualify) • Those where the homeowner has transferred their ownership interest into a Living Trust, provided the homeowner remains a beneficiary of such trust and occupies the home as their primary/principal residence.
<p>Qualified Financial Hardship</p>	<ul style="list-style-type: none"> • 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, property tax default, foreclosure, or displacement for a homeowner. <ul style="list-style-type: none"> » Reduction of Income – Temporary or permanent loss of household earned income after January 21, 2020. » Increase in Living Expenses – 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 after January 21, 2020. • Homeowner must complete and sign the Affidavit which includes an attestation of Qualified Financial Hardship.
<p>Homeowner Income Eligibility Requirements</p>	<ul style="list-style-type: none"> • To be eligible for assistance, all household members (over 18 years of age) must have a combined total income equal to or less than 150% of the Area Median Income adjusted by household size (AMI) based on HUD Homeowner Assistance Fund income limits. • Homeowners cannot have cash on hand, or assets that can be rapidly converted to cash, that is equal to or greater than the assistance funds needed + \$20,000. (This program defines cash/assets as cash or assets that can be converted into cash in a short amount of time, including things like money market instruments and marketable securities. This excludes savings in a tax-advantaged retirement account).
<p>Homeowner Prioritization</p>	<ul style="list-style-type: none"> • 60% of California’s total allocated funds will be reserved for those making at or below 100% of their AMI. • CalHFA will prioritize funding to socially disadvantaged homeowners, defined as Californians that live in Qualified Census Tracts (QCT) or areas with “high” and “highest” vulnerability values on the Owner Vulnerability Index (OVI), developed by the UCLA Center for Neighborhood Knowledge. <ul style="list-style-type: none"> » 40% of California’s total allocated funds will be reserved for the previously defined socially disadvantaged homeowners.

<p>Eligible Property Types</p>	<ul style="list-style-type: none"> • “Eligible Property Types” are: <ul style="list-style-type: none"> » Single-family (attached or detached) properties » Condominium units » 1-4 unit owner-occupied » Mobile Homes permanently affixed to real property and taxed as real estate • “Ineligible Property Types” are: <ul style="list-style-type: none"> » Vacant or abandoned » Second homes » Investment property
<p>Eligible Uses of PACE Program Proceeds</p>	<ul style="list-style-type: none"> • Payment assistance or principal reduction of existing PACE loan(s) attached to the property and recorded into official county records, plus any PACE program related costs that the homeowner would incur to pay off or pay down PACE loan(s).
<p>Maximum Per Household</p>	<ul style="list-style-type: none"> • The maximum amount due for program eligibility is \$80,000 at the time of application submission. • Households needing more than \$80,000 for complete reinstatement at the time of application are not eligible. • Homeowners may apply for assistance with current mortgage arrearage (term sheet), Property Tax assistance (term sheet), Partial Claim or Deferral payoff, and/or PACE loan(s) as long as the combined amount of assistance needed does not exceed \$80,000 at the time of application. <ul style="list-style-type: none"> » If the combined assistance needed by any applicant is above \$80,000, assistance needed for complete reimbursement of current eligible mortgage arrearage will be provided first, and the amount remaining to reach the \$80,000 limit will be applied toward property tax (if needed), then PACE loan(s), and lastly the Partial Claim or Deferral, in that order.
<p>Assistance Type</p>	<ul style="list-style-type: none"> • Assistance will be structured as a non-recourse grant.
<p>Payout of PACE Assistance</p>	<ul style="list-style-type: none"> • CalHFA will disburse assistance directly to the local authority.
<p>Program Launch</p>	<ul style="list-style-type: none"> • CalHFA launched the program on October 6, 2023.
<p>Program Duration</p>	<ul style="list-style-type: none"> • The period of performance for the HAF program ends on September 30, 2026, however CalHFA plans to allocate all funds by September 30, 2025.
<p>Program Application Process</p>	<ul style="list-style-type: none"> • Applications will be accepted online through the Outreach Navigator and Intake Review (ONAIR) Portal. All applications will be entered into the online portal and reviewed on the reviewer portal.

**Required
Application
Documents**

In response to feedback about the need for a streamlined application process, efforts will be made to avoid barriers to equitable access and allow for flexibility, particularly with regard to documentation requirements.

Required application documents and attestations include, but may not be limited to, the following:

- California Mortgage Relief Program application, including attestations of:
 - » Qualified Financial Hardship.
 - » Applicant acknowledgment that loss mitigation options may be a better option to address their specific circumstance.
 - » Applicant acknowledgment that housing counselors will see applicants for free to explain these options, to complete their application.
 - » Other related attestations.
- Third Party Authorization (TPA) and Disclosure
- Property Tax Bill
- Assessment Contract
- Notice of Assessment
- PACE Assistance Documentation
- Valid California Identification and Social Security Number

All household members 18 and over must provide income documents such as:

- Most recent income documentation: W2's, paystubs, previous years' tax returns or alternative income documents as applicable such as proof of an Income Proxy such as Unemployment, Medi-Cal, WIC, SNAP, FDPIR, TANF, SNP, Section 8 and any other income-based county, municipality, state and/or federal assistance program.
- Individual's bank statements for all accounts for the two months prior to the date of the application submission.
- Profit and Loss Statements for all self-employed individuals including most recent two months' business bank statements.

Additional Documentation Requirements in Certain Cases

In certain cases, CalHFA will require additional documentation to ensure that assistance is focused on Californians most in need and is delivered efficiently.

- Homeowners in active bankruptcy will need to provide written substantiation from both their loan servicer and/or local authority and the Bankruptcy Trustee that the homeowner(s) may receive assistance funds and said funds shall be applied to any first lien loan arrearage and/or PACE loan(s) on their primary residence.
 - This additional documentation requirement allows CalHFA a more efficient path to review those homeowners by ensuring that the mortgage servicer and/or administrator and bankruptcy trustee will accept the assistance funds.
- Homeowner claiming an upcoming sale date through a Notice of Sale document must provide a copy of that document.
- Documentation that satisfies an ownership interest in the property according to servicer requirements (e.g. inter-spousal transfer deed, a quit claim deed, or grant deed when homeowners divorce or dissolve their marriage).

**Program Partners
Requirements**

- Local authorities will be required to execute a HAF Collaboration Agreement and agree to communicate using the PACE Partner Portal in the Review (OnAir) Portal
- If and as required, partners will be asked to sign a W9.

* For the purposes of this program, CalHFA is following U.S. Treasury Homeowner Assistance Fund Guidance which lists Property Assessed Clean Energy (PACE) loans as a qualified expense. CalHFA acknowledges that California Financial Code Section 22015 establishes PACE "assessments."