

# Mortgage Reinstatement Assistance Program

## Summary Guidelines



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### 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.

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### Program Goals

The MRAP program 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 otherwise may not qualify for modification.

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### 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.

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### Program Allocation

(Excluding Administrative Expenses)

\$159,400,000.00

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### Eligibility Criteria

Homeowner must qualify as a low-to-moderate income household, as follows:

- Low-to-moderate income of 120% or less of the HCD Area Median Income (as defined by the California State Department of Housing and Community Development), for a family of four, in the county where homeowner resides.
- A loan financed in whole or in part by bonds that are tax-exempt under IRC section 143, the homeowner is presumed to satisfy income limits.

Homeowner must complete and sign a Hardship Affidavit/3rd Party Authorization documenting 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 established by CalHFA MAC.

Mortgage loan is delinquent or at risk of imminent default as substantiated by homeowner's hardship documentation. Loans in foreclosure are eligible.

Homeowner in an "active" bankruptcy is ineligible for KYHC program assistance consideration. KYHC will handle written requests for assistance received from a homeowner's bankruptcy attorney or trustee on an exception basis.

Final approval is subject to servicer participation in accordance with investor guidelines.

Homeowners who have previously filed bankruptcy are eligible for consideration with proof of court order "Dismissal" or "Discharge".

General program eligibility is determined by CalHFA MAC, the housing counselor or servicer based on information received from the homeowner. Program-specific eligibility is

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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.

Funding allocation will be tracked, monitored and performed by CalHFA MAC in a centralized processing operation

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### Property/Loan Eligibility Criteria

Current unpaid principal balance (UPB) of the first lien mortgage loan is not greater than \$729,750 (GSE conforming limit for a one-unit property).

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.

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### Program Exclusions

Homeowner's "hardship" is a result of voluntary resignation of employment.

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 homeowner's gross monthly income, excluding unemployment benefits be considered unaffordable and is excluded from MRAP benefit consideration. CalHFA MAC reserves the right to approve investor guidelines that utilize affordable mortgage payment definitions greater than 38%.

Loan is less than two (2) payments delinquent as of the date of request for assistance.

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### 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 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.

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### Per Household Assistance

Up to \$20,000 per household (average funding of \$14,492.74) 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 \$50,000 with respect to monies previously received under other HHF Programs, if any).

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### Duration of Assistance

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

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### Estimated Number of Participating Households

Approximately 10,999. This figure is based on loans with unpaid principal balances ranging

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from \$200,000 to \$400,000 with an average funding of \$14,492.74.

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### Program Inception/Duration

The statewide launch of MRAP was February 7, 2011 and it will continue up to three (3) years or until funding is fully reserved.

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### Program Interactions with Other HFA Programs

MRAP will serve as a gateway to other loss mitigation programs including loan modification which may include principal reduction, including other HHF Programs and the Principal Reduction Program.

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### Program Interactions with HAMP

MRAP will serve as a gateway to HAMP which may include principal reduction of homeowner's mortgage.

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### 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.

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### Qualify as an Unemployment Program

No.