

FLORIDA HOUSING FINANCE CORPORATION

CHAPTER 67-59

HARDEST HIT FUND PROGRAM

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**67-59.001 Purpose and Intent.**

In 2010, the United States Department of the Treasury (“U.S. Treasury”) created the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (“Hardest Hit Fund”) and

allocated funds under the Emergency Economic Stabilization Act of 2008 (“EESA”) to Florida and other states. Florida Housing was directed by U.S. Treasury to create and administer foreclosure prevention assistance programs and to use a portion of these funds specifically for targeted unemployment programs that provide temporary assistance to eligible homeowners. Florida Housing’s use of these funds is governed by written agreements with U.S. Treasury. The Agreements, FHHF-01 Rev 8/13 ~~5/12~~, are hereby adopted and incorporated by reference. Copies may be obtained at no cost, by contacting Florida Housing, HHF program at (850) 488-4197. Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History–New 12-4-12, Amended\_\_\_\_\_.

67-59.005 Definitions.

- (1) “Applicant” means a person who has applied for Hardest Hit Fund assistance.
- (2) “Florida Housing” means the Florida Housing Finance Corporation as defined in Section 420.503, F.S.
- (3) “Hardest Hit Fund” means the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets as established by the U.S. Treasury.
- (4) “Programs” mean the Unemployment Mortgage Assistance Program (UMAP), ~~and~~ the Mortgage Loan Reinstatement Program (MLRP) and the Principal Reduction (PR) Program created under the Hardest Hit Fund.
- (5) “Substantially Underemployed” means having a reduction in income of at least 10% due to an employment-related hardship.
- (6) ~~(5)~~ “U.S. Treasury” means the United States Department of the Treasury.
- (7) ~~(6)~~ “Unencumbered Assets” means assets including savings, checking and money market accounts, certificates of deposit, stocks, bonds, mutual funds, taxable investment accounts and

cash, but does not include qualified retirement accounts such as an IRA, 401(k), 403(b) and 457 and Keough Accounts. It also does not include qualified education accounts such as a Florida Prepaid College Plan, 529 accounts and Coverdell Education Savings Accounts.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History–New 12-4-12, Amended \_\_\_\_\_.*

**67-59.010 Programs.**

(1) The following Programs are available under the Hardest Hit Fund:

(a) Unemployment Mortgage Assistance Program (UMAP) will provide up to the lesser of 12 months or \$24,000 in payments to the mortgage servicer to assist eligible unemployed or underemployed Applicants with their first mortgage until they can resume payments on their own.

(b) Mortgage Loan Reinstatement Payment (MLRP) Program will provide up to \$25,000 (\$18,000 when used in conjunction with UMAP) towards mortgage arrearages for eligible Applicants.

(c) Principal Reduction Program will provide up to \$50,000 to pay down the principal balance on mortgage loans for eligible Applicants.

(d) The maximum amount of HHF assistance available to a household from any combination of Programs is \$50,000.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History–New 12-4-12; Amended \_\_\_\_\_.*

**Part I - Unemployment Mortgage Assistance Program (UMAP) and Mortgage Loan Reinstatement Program (MLRP)**

**67-59.020 Eligibility for UMAP or UMAP/MLRP.**

To be eligible for assistance under the UMAP Program or the MLRP Program when used in conjunction with the UMAP Program:

- (1) The Applicant must document that he or she is a borrower or co-borrower on the mortgage loan and document that he or she:
  - (a) Has suffered a temporary employment-related hardship, meaning that they have become unemployed or Substantially Underemployed through no fault of his or her own;
  - (b) Is a Florida resident;
  - (c) Occupies the property as his or her primary residence;
  - (d) Has a total household income, adjusted for household size, that is below 140% of the county area median income. The Area Median Income List, AMI-01, Rev 12/12 ~~12/11~~, for counties in Florida is hereby adopted and incorporated by reference. Copies may be obtained at no cost, by contacting Florida Housing, HHF program at (850) 488-4197.
  - (e) Does not have Unencumbered Assets in excess of \$5,000 or three times the amount of their monthly payment of principal, interest, taxes, insurance and association dues (PITIA), whichever is greater;
  - (f) Has a total monthly housing debt greater than 31% of the gross monthly household income;
  - (g) Does not have a bankruptcy that has not been discharged or dismissed;
  - (h) Has not been convicted of a mortgage related felony in the last ten years; and
  - (i) Does not own more than one property other than their primary residence.
- (2) The Applicant must document that his or her primary residence:
  - (a) Is located in Florida;

(b) Is a single family home, a townhouse, a condominium where financial reporting for the condominium association, pursuant to Section 718.111(13), F.S., for the most recent two years is provided by the Applicant, a 1 to 4 family home where the owner occupies one unit or a mobile or manufactured home or mobile home on a foundation permanently affixed to real estate owned by the borrower on a permanent foundation;

(c) Is not abandoned, vacant or condemned;

(d) Is not the subject of any pending litigation, except for a mortgage foreclosure action by the first mortgage servicer.

(3) The Applicant must document that the mortgage loan for his or her primary residence:

(a) Is serviced by a regulated financial institution, Habitat for Humanity, the United States Department of Agriculture or other servicer whose servicing activities are regulated by the State of Florida or the United States Government;

(b) Has an outstanding principal balance that does not exceed \$400,000; and

(c) Is in first lien position.

(4) Procedures for determining eligibility are detailed in the Florida Hardest Hit Fund Procedures Manual, HHFM-01, Rev. 6/12, which is hereby adopted and incorporated by reference. Copies may be obtained at no cost, by contacting Florida Housing, HHF program at (850) 488-4197.

(5) Should it be determined at any time that an Applicant has provided false or misleading information in an attempt to improperly obtain Hardest Hit Fund assistance, the Applicant will be deemed ineligible for all Programs and the matter will be referred to the U.S. Treasury and other authorities, as appropriate.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History—New 12-4-12, Amended \_\_\_\_\_.*

**67-59.030 Eligibility for MLRP Only.**

To be eligible for assistance under the MLRP Program:

(1) The Applicant must document that he or she is a borrower or co-borrower on the mortgage loan and document that he or she:

(a) Has suffered a temporary employment-related hardship, meaning that they have become unemployed or Substantially Underemployed through no fault of his or her own, from which he or she has now recovered;

(b) Is a Florida resident;

(c) Occupies the property as his or her primary residence;

(d) Has a total household income, adjusted for household size, that is below 140% of the county area median income. The Area Median Income List, AMI-01, Rev 12/12 ~~12/11~~, for counties in Florida is hereby adopted and incorporated by reference. Copies may be obtained at no cost, by contacting Florida Housing, HHF program at (850) 488-4197.

(e) Does not have Unencumbered Assets in excess of \$5,000 or three times the amount of their monthly payment of principal, interest, taxes, insurance and association dues (PITIA), whichever is greater;

(f) Has a total monthly housing debt less than 31% of the gross monthly household income, unless the Applicant can show that he or she has recovered from the hardship and is no longer Substantially Underemployed;

(g) Does not have a bankruptcy that has not been discharged or dismissed;

(h) Has not been convicted of a mortgage related felony in the last ten years; and

(i) Does not own more than one property other than their primary residence.

(2) The Applicant must document that the property:

- (a) Is located in Florida;
- (b) Is a single family home, a townhouse, a condominium where financial reporting for the condominium association, pursuant to Section 718.111(13), F.S., for the most recent two years is provided by the Applicant, a 1 to 4 family home where the owner occupies one unit or a mobile or manufactured home or mobile home on a foundation permanently affixed to real estate owned by the borrower on a permanent foundation;
- (c) Is not abandoned, vacant or condemned;
- (d) Is not the subject of any pending litigation, except for a mortgage foreclosure action by the first mortgage servicer.
- (3) The Applicant must document that the mortgage loan:
  - (a) Is serviced by a regulated financial institution, Habitat for Humanity, the United States Department of Agriculture or other servicer whose servicing activities are regulated by the State of Florida or the United States Government;
  - (b) Has an outstanding principal balance that does not exceed \$400,000; and
  - (c) Is in first lien position.
- (4) Procedures for determining eligibility are detailed in the Florida Hardest Hit Fund Procedures Manual, HHFM-01, Rev. 6/12, which is hereby adopted and incorporated by reference. Copies may be obtained at no cost, by contacting Florida Housing, HHF program at (850) 488-4197.
- (5) Should it be determined at any time that an Applicant has provided false or misleading information in an attempt to improperly obtain Hardest Hit Fund assistance, the Applicant will be deemed ineligible for all Programs and the matter will be referred to the U.S. Treasury and other authorities, as appropriate.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History—New 12-4-12,*

Amended \_\_\_\_\_.

**67-59.040 Application.**

(1) Applicants may apply online at [www.flhardesthithelp.org](http://www.flhardesthithelp.org). Applicants without internet access may call (877) 863-5244 for assistance.

(2) Applicants will be assigned to a Florida Housing-approved third party advisor agency that will work with the Applicant and collect the information necessary to make a preliminary eligibility determination.

(3) An Applicant whom an advisor agency determines to be preliminarily eligible for one or more Programs will be submitted to Florida Housing for review and underwriting of the preliminary determination of eligibility.

(4) An Applicant deemed ineligible will be issued a letter specifying the reason(s) for ineligibility and provided information on how to dispute the determination.

(5) Upon confirmation of the preliminary determination that an Applicant has met the eligibility criteria, Florida Housing will offer to make payments to the Applicants mortgage servicer pursuant to the terms of the applicable Program. Should the Applicant's mortgage servicer decline to participate in the Hardest Hit Fund Programs or decline to accept payments on the Applicant's loan, then Florida Housing will be unable to provide any assistance to the Applicant. Applicants will be notified if they have been declined by their mortgage servicer.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History—New 12-4-12.*

**67-59.050 Form of Assistance.**

(1) Eligible Applicants who have not been declined by their mortgage servicer will receive assistance under the applicable Program(s) in the form of a forgivable loan. Applicants must execute Hardest Hit Fund loan documents before any assistance is provided. Assistance will be



paid by Florida Housing directly to the Applicant's mortgage servicer.

(2) The assistance provided will be in the form of a 0% interest, non-recourse, deferred payment, forgivable loan. The loan will be forgiven over a five year period, starting at month 18, at a rate of 20% per year. If the home is sold or refinanced prior to the maturity date and there are sufficient funds to the Applicant out of the transaction, then the balance of the loan that has not been forgiven must be repaid.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History–New 12-4-12.*

#### **67-59.060 Quarterly Reviews.**

(1) Eligible Applicants who receive assistance under the UMAP Program will be required to certify on a quarterly basis that they are still eligible for UMAP assistance and provide all necessary documentation.

(2) Should Applicant fail to provide all of the information necessary to verify his or her continued eligibility in the UMAP Program, Florida Housing will terminate Applicant's participation in the Program.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History–New 12-4-12.*

## **Part II – Principal Reduction Program**

### **67-59.201 Overview.**

The Principal Reduction (“PR”) Program is designed to assist low-to-moderate income homeowners who have been consistently current on their mortgage payments but who owe far more on their home than what it is currently worth, by providing Hardest Hit Funds to reduce the amount of their outstanding principal loan balance to an amount as close to 100% loan-to-value (“LTV”) as possible and also reduce their monthly mortgage payment.

**67-59.210 Eligibility for PR.**

To be eligible for assistance under the PR Program:

(1) The Applicant must document that he or she is a borrower or co-borrower on the mortgage loan and also document that he or she:

(a) Has a LTV ratio on their first mortgage loan of 125% or greater;

(b) Is a legal U.S. Citizen or lawful permanent resident;

(c) Occupies the property as his or her primary residence;

(d) Has a total household income, adjusted for household size, that is below 140% of the county area median income. The Area Median Income List, AMI-01, Rev 12/12, for counties in Florida is hereby adopted and incorporated by reference. Copies may be obtained at no cost, by contacting Florida Housing, HHF program at (850) 488-4197.

(e) Does not have a bankruptcy that has not been discharged or dismissed;

(f) Has not been convicted of a mortgage related felony in the last ten years;

(g) Have remained “current” on their payments on their first mortgage loan, meaning that they cannot have been 60 days or more late on their payments within the last two years; and

(h) The Applicant’s mortgage loan servicer must agree to recast the loan after applying the principal reduction payment except in the case of Federal Housing Administration (“FHA”), Veterans Administration (“VA”) and United States Department of Agriculture Rural Development (“USDA-RD”) loans.

(2) The Applicant must document that his or her primary residence:

(a) Is located in Florida;

(b) Is a single family home, a townhouse, a condominium, a 1 to 4 family home where the owner occupies one unit or a mobile or a manufactured or mobile home on foundation permanently

affixed to real estate owned by the mortgagor;

(c) Is not abandoned, vacant or condemned;

(d) Is not the subject of any pending litigation; and

(e) Was acquired prior to January 1, 2010.

(3) The Applicant must document that the mortgage loan for his or her primary residence:

(a) Is serviced by a regulated financial institution, Habitat for Humanity, the United States Department of Agriculture or other servicer whose servicing activities are regulated by the State of Florida or the United States Government;

(b) Has an outstanding principal balance that does not exceed \$350,000; and

(c) Is in first lien position.

(4) Procedures for determining eligibility are detailed in the Florida Hardest Hit Fund Procedures Manual, HHFM-01, Rev. 6/12, which is hereby adopted and incorporated by reference. Copies may be obtained at no cost, by contacting Florida Housing, HHF program at (850) 488-4197.

(5) Should Florida Housing determine at any time that an Applicant has provided false or misleading information in an attempt to improperly obtain Hardest Hit Fund assistance, the Applicant will be deemed ineligible for all Programs and the matter will be referred to the U.S. Treasury and other authorities, as appropriate.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History—New \_\_\_\_\_.*

**67-59.220 Application**

(1) Applicants may apply online at [www.principalreductionflhhf.org](http://www.principalreductionflhhf.org). Applicants without internet access may call (877) 863-5244 for assistance.

(2) Applicants will be assigned to a Florida Housing-approved third party advisor agency that will work with the Applicant and collect the information necessary to make a preliminary

eligibility determination.

(3) An Applicant whom an advisor agency determines to be preliminarily eligible for the PR Program will be submitted to Florida Housing for review and underwriting of the preliminary determination of eligibility.

(4) An Applicant deemed ineligible will be issued a letter specifying the reason(s) for ineligibility and provided information on how to dispute the determination.

(5) Upon confirmation of the preliminary determination that an Applicant has met the eligibility criteria, Florida Housing will offer to make payments to the Applicant's mortgage servicer pursuant to the terms of the PR Program. Should the Applicant's mortgage servicer decline to participate in the Hardest Hit Fund Programs or decline to accept payments on the Applicant's loan, then Florida Housing will be unable to provide any assistance to the Applicant. Applicants will be notified if they have been declined by their mortgage servicer.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History—New \_\_\_\_\_.*

**67-59.230 Form of Assistance.**

(1) Eligible Applicants who have not been declined by their mortgage servicer will receive assistance under the PR Program in the form of a forgivable loan. Applicants must execute Hardest Hit Fund loan documents before any assistance is provided. Assistance will be paid by Florida Housing directly to the Applicant's mortgage servicer.

(2) For loans that are recast after the application of the PR assistance, the loan will be in the form of a 0% interest, non-recourse, deferred payment, forgivable loan. The loan will be forgiven over a five year period at a rate of 20% per year.

(3) For Federal Housing Administration ("FHA"), Veterans Administration ("VA") and United

States Department of Agriculture Rural Development (“USDA-RD”) loans, if the borrower fails to refinance the loan within 180 days from the date that the principal reduction payment is made on their behalf, then the loan will only be forgiven 100% at the end of the fifth year (no incremental forgiveness).

(4) If the home is sold or refinanced prior to the maturity date of the HHF loan and there are sufficient funds to the Applicant out of the transaction, then the balance of the loan that has not been forgiven must be repaid.

*Rulemaking Authority 420.507(33) FS. Law Implemented 420.507(33) FS. History–New \_\_\_\_\_.*