

PENNSYLVANIA HOMEOWNER ASSISTANCE FUND GUIDELINES

The Pennsylvania Housing Finance Agency (“Agency”) hereby provides notice of the PENNSYLVANIA HOMEOWNER ASSISTANCE FUND (“PAHAF” or “Program”). PAHAF is pursuant to section 3206 of the American Rescue Plan Act of 2021 (“ARP”). ARP establishes the Program to be administered by the Agency to mitigate financial hardships associated with the coronavirus pandemic. Assistance shall be made available in the form of a grant, and funds will be paid directly to lenders and service providers. The provision of assistance shall, at all times, remain subject to the availability of funding.

This notice describes the eligibility criteria, as well as the application submission and evaluation process. In addition, this notice identifies the Pilot Program timelines for application submission and funding disbursement. Applications are available on the Agency's website at www.phfa.org. The Agency will accept PAHAF applications beginning August 16, 2021.

The guidance contained herein supersedes any previously published PAHAF guidelines.

1. Program Objective.

The purpose of PAHAF is to mitigate financial hardships associated with the coronavirus pandemic by providing funds to eligible entities for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners due to financial hardships experienced after January 21, 2020, (including a hardship that began before January 21, 2020, but continued after that date).

2. Definitions.

The following words and terms shall have the following meanings.

"Applicant." A homeowner or a program partner applying on behalf of a homeowner.

"Homeowner." The owner-occupant of a dwelling consisting of one-to-four-unit dwelling who has experienced a material reduction in income or material increase in living expenses after January 21, 2020, associated with the coronavirus pandemic. This term is interchangeable with the term "mortgagor".

"Income." Income will include compensation for services, including fees, commissions, fringe benefits, and similar items. Income will also include all gross income derived from businesses.

"Lender." A mortgagee whose debt is secured by a first lien on the property of a homeowner. This term is interchangeable with the term "mortgagee."

"Mortgage." A lien, other than a judgment, on a fee simple or leasehold interest in real property which constitutes the principal residence of the homeowner, located in this Commonwealth together with credit instruments secured thereby. The term also includes an obligation evidenced by a security lien on real property upon which an owner-occupied mobile home is located.

"*Mortgagee.*" A lender whose debt is secured by a first lien on the property of a homeowner. This term is interchangeable with the term "lender."

"*Mortgagor.*" The owner-occupant of a dwelling consisting of a one- to four-unit dwelling, who has experienced a financial hardship after January 21, 2020, due to the COVID-19 pandemic. This term is interchangeable with the term "homeowner."

"*Reconsideration.*" PAHAF applicants who believe a denial is due to an error, incorrect, missing, or inconsistent information in accordance with eligibility guidelines will be eligible for a "reconsideration review" to appeal that decision.

3. Limitation on Assistance.

(a) *Total funds available.* A total of \$35 million is available under PAHAF for the Pilot Program. The issuance of PAHAF assistance shall at all times be subject to the availability of funding.

(b) *Covered timeframe.* PAHAF assistance may be available to eligible applicants to cover mortgage expenses for those that have experienced a financial hardship after January 21, 2020, (including a hardship that began before January 21, 2020, but continued after that date), on homeowners' first mortgages. Assistance may be provided on a first mortgage only, subject to all other eligibility criteria. Arrearages of qualified expenses are eligible for purposes of PAHAF regardless of the date they were incurred, including if they arose before January 2020.

(c) *Types of assistance.* Assistance will be provided in the form of a grant, with no repayment terms and only approved on non-continuing basis.

(d) *Assistance cap and applicability.*

(1) Assistance is limited to a maximum of \$30,000 per household over the life of the program. Assistance is available for a first mortgage on the property of an eligible homeowner, subject to all other eligibility criteria. PAHAF Funds will be used to bring account fully current, with no remaining delinquent amounts, and to repay amounts advanced by the lender or servicer on the borrower's behalf for property charges, including property taxes, hazard insurance premiums, flood or wind insurance premiums, ground rents, condominium fees, cooperative maintenance fees, planned unit development fees, homeowners' association fees or utilities that the servicer advanced to protect lien position. Payment may also include any reasonably required legal fees.

4. Eligibility for assistance.

(a) A property must be all of the following:

- (1) An owner-occupied dwelling consisting of one- to four-unit dwelling; and the unpaid principal balance of which was, at the time of origination, not more than the conforming loan limit; and
- (2) Secured by a mortgage or other security interest; and
- (3) Located in the Commonwealth of Pennsylvania.

(b) Assistance may be provided on behalf of a homeowner when the following eligibility criteria have been demonstrated:

(1) The homeowner(s) must have experienced a financial hardship after January 21, 2020, (including a hardship that began before January 21, 2020, but continued after that date). Financial hardship means 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, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.

(2) The homeowner(s) must have an annualized current income of no more than the 100% of the area median income for a household means two times the income limit for very low-income families, for the relevant household size, as published by the Department of Housing and Urban Development (“HUD”) in accordance with 42 U.S.C. 1437a(b)(2) for purposes of the HAF. Applicants may find the Area Median Income for a specific county by reviewing Attachment A to these guidelines.

a. Verification of income will require the household to provide a written attestation as to household income together with supporting documentation such as paystubs, W-2s or other wage statements, IRS form 1099s, tax filings depository institutions statements demonstrating regular income, or an attestation from an employer.

(3) The Homeowner(s) must hold legal or equitable title. In an effort to assist families with tangled titles and intergenerational family homes, as well as applicants or equitable owners, who are not the sole record owner or mortgagor, may be eligible.

(4) Mortgage payments for which assistance is requested must be delinquent after January 21, 2020.

(5) The mortgage(s) for which assistance is requested must be in a first lien position on the property.

(6) Based on Treasury guidance, HAF funds should supplement other loss-mitigation efforts. Thus, homeowners will be encouraged to utilize other loss mitigation resources, if available, first while simultaneously applying for HAF.

5. Application and Review Process.

(a) *Application process.* Applicants will be able to apply through a web-based application at <https://HAF.phfa.org>. Applicants may submit applications beginning August 16, 2021. All Homeowners of a property for which assistance is sought must complete and execute the application; however, a Homeowner may be eligible if a co-owner is absent, unable or unwilling to complete the application. In addition to completing the application, to be eligible for assistance,

an applicant must provide all of the requested documentation as applicable. The following must be included with the submitted application.

(1) *Required Documentation.* In addition to other documentation, as may be required by the Agency, the required supporting documentation shall consist of the following:

- (i) A copy of any Act 6 Notice of Intent to Foreclose or Act 91 Notice if the homeowner has received such documentation.
- (ii) Verification along with self-attestation of Homeowner's household income. Verification of income will require the household to provide a written documentation for current as well as 2020 & such as paystubs, W-2s or other wage statements, IRS form 1099s, tax filings depository institutions statements demonstrating regular income, or an attestation from an employer.
- (iii) There may be additional documentation needed for further verification such as, document supporting a material increase in expenses.

(2) *Required Attestation and Certification.*

(i) *Homeowner attestation and certification.* In addition to certifying that the information provided on the application is accurate, the Homeowner must attest that they experienced financial hardship after January 21, 2020. The attestation must describe the nature of the financial hardship. They must also certify that such Homeowner, if approved for PAHAF assistance, will not accept additional mortgage assistance for any mortgage payment amounts for which PAHAF assistance has been provided.

(ii) *Lender attestation and certification.* In addition to certifying that the information provided in the application is accurate, any Lender that receives PAHAF on behalf of any Homeowner must agree to apply the PAHAF funds to mortgage payments only, and for the designated period, as approved by the Agency. The Lender must also attest that the Lender releases the Homeowner of any remaining obligation for any past due mortgage payment for which the Agency pays the Lender.

(b) *Application Review.* The Agency will review complete applications to determine fulfillment of the eligibility criteria. Applicants must notify the Agency in writing of any material changes that effect eligibility during the timeframe that the application for assistance is pending.

(c) *Disbursement timeframe.* All approved PAHAF assistance is subject to the availability of funding and will be disbursed upon receipt of grant acknowledgment.

6. Notice of Determination.

(a) Within 60 days of receipt of a completed application, the Agency will provide written notice of its determination regarding eligibility.

(1) If the application for assistance is approved, an approval letter will be issued to the Homeowner and each Lender to which assistance funds will be provided.

- (i) Applicants will be notified of the amount of assistance to be disbursed on the Homeowner's behalf.

- (ii) A PAHAF Verification Form will be sent with the Lender copy of the approval letter, which will request an updated verification of the months and amounts due on the mortgage. The PAHAF Verification Form must be completed by the Lender and returned to the Agency.
- (2) If the application for assistance is denied, a denial letter will be issued to the Homeowner. The denial letter will provide the reason for the denial and notify of the right to appeal.

7. Acknowledgement.

- (a) *Homeowner acknowledgement.* If approved, all Homeowners will be required to sign an acknowledgement. Any Homeowner approved for PAHAF assistance must agree to certain terms, including but not limited to, notifying the Agency in writing of any changes in income or residence during the period that PAHAF assistance is being issued and that the Homeowner(s) have not and will not accept any other mortgage assistance from any other local, state or federal program for the same expenses and time periods covered by any PAHAF assistance paid by PHFA.
- (b) *Lender acknowledgement.* Lenders that have agreed to accept PAHAF assistance will receive an acknowledgment with the PAHAF payment indicating that processing of the check indicates the Lender's agreement to apply the PAHAF funds to mortgage payments according to the itemization provided with the payment and affirming that the lender releases the homeowner for whom assistance was provided of any remaining obligation for the expenses for which PAHAF assistance was applied.

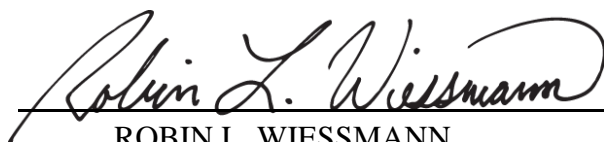
8. Reconsideration

All applications denied under PAHAF will be permitted to appeal that decision under a "reconsideration". Applicants will be sent a letter advising them of the denial along with the reason(s). The letter will notify applicants that if they feel an error was made, they may request reconsideration. The request for reconsideration must be sent in writing within 10 days from the date of the denial and must state the reason for requesting the reconsideration; and include documentation to support the claim.

Reconsideration requests will be assigned to an independent application review officer, who will review the decision, including all file information. If additional information is necessary, the applicant will be contacted. Verification of income changes, or other documents to clarify application eligibility criteria will be obtained, and a determination of eligibility will be made. If the decision remains a denial, a letter affirming that decision is sent.

If the decision is changed to an approval, the file is forwarded to the loan evaluation department for issuance of an approval letter. Funds will be disbursed according to guidelines contained herein.

Date: August 31, 2021

A handwritten signature in black ink, reading "Robin L. Wiessmann", written over a horizontal line.

ROBIN L. WIESSMANN
Executive Director & Chief Executive Officer