

Reverse Mortgage Assistance Pilot Program

Summary Guidelines



1. Program Overview

The Reverse Mortgage Assistance Pilot Program (“RevMAP”) is one of CalHFA MAC’s federally-funded programs developed to provide assistance to senior homeowners who are in danger of losing their homes to foreclosure due to their inability to pay the required property expenses associated with their reverse mortgage loans.

CalHFA MAC will use HHF funds to provide an up-front, forgivable loan to eligible homeowners to be used to (i) reinstate past due amounts (property taxes, homeowner’s insurance, homeowner’s association dues or assessments, and other CalHFA MAC-approved property-related expenses, collectively referred to as “Property Expenses”) that were paid on their behalf by their mortgage loan servicer for the payment of Property Expenses, and (ii) provide an advance of Property Expenses for up to an additional twelve (12) months to enable the homeowner to recover from their hardship.

2. Program Goals

The goal of RevMAP is to prevent avoidable foreclosures by helping senior homeowners remain in their homes by helping them pay their required Property Expenses associated with their reverse mortgage loans.

3. Target Population/ Areas

RevMAP is designed to target low-to-moderate income senior homeowners with reverse mortgage loans who have suffered an involuntary financial hardship that has resulted in their inability to pay the required Property Expenses associated with their loan.

4. Program Allocation (Excluding Administrative Expenses)

\$10,000,000.00

5. Borrower Eligibility Criteria

- Homeowner qualifies as low-to-moderate income based on per-household income thresholds set forth in the county in which the homeowner resides. Income thresholds are as posted on the Keep Your Home California website.
- Homeowner must complete and sign a Hardship Affidavit/3rd Party Authorization to document the reason for the hardship.
- Homeowners who have suffered a financial hardship as described in the program guidelines must show a reasonable likelihood of recovering from the hardship sufficient to sustain the Property Expenses on a go-forward basis, as described in the program guidelines.

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- Homeowner agrees to provide all necessary documentation to satisfy program guidelines within the timeframes established by CalHFA MAC.
- Reverse mortgage Property Expenses are delinquent as substantiated by homeowner's hardship documentation. The delinquent Property Expenses, including the total amount required to advance such expenses for one 12-month period, will be verified with the servicer.
- General program eligibility is determined by CalHFA MAC based on information received from the homeowner and servicer. Program-specific eligibility is 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.

6. Property/Loan Eligibility Criteria

- Property must be the homeowner's principal residence, located in California.
- Property securing the loan must not be abandoned, vacant or condemned.
- The property must be currently subject to a reverse mortgage loan. Mobile homes are eligible if they are permanently affixed to the real property that is secured by the first lien.
- Homeowner's reverse mortgage loan must be serviced by a regulated financial institution.
- Current, mortgage balance of the reverse mortgage loan is not greater than \$625,500.

7. Program Exclusions

- Homeowner has a subordinate lien that is in foreclosure as evidenced by a recorded NOD or Notice of Trustee's Sale ("NOS").
- Homeowner is in an active bankruptcy. Homeowners who have previously filed bankruptcy are eligible for consideration only with proof of "Dismissal" or "Discharge."

8. 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 assistance.

At the conclusion of (2) two years, the subordinate loan will be released. Loan funds will only be repaid to Eligible Entity (CalHFA MAC) in the event of a sale or a refinance that includes cash out and there are equity proceeds available prior to forgiveness. Recovered funds will be recycled in order to provide additional program assistance in accordance with the Agreement.

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| 9. Per Household Assistance | Up to \$25,000 per household in total (average funding of \$12,000) to (i) repay the delinquent amounts advanced on the borrower's behalf by their mortgage loan servicer for the payment of Property Expenses and (ii) pay estimated Property Expenses for up to twelve (12) months in advance. In all cases, subject to the HHF program household maximum benefit cap of \$100,000 with respect to monies previously received under other HHF programs, if any. |
| 10. Duration of Assistance | Available on a one-time only basis, per household. |
| 11. Estimated Number of Participating Households | Approximately 830. This figure is based on an average funding of \$12,000. |
| 12. Program Inception/Duration | The statewide launch of RevMAP was January 2015 and it will continue until December 31, 2020 or until funding is fully reserved. |
| 13. Program Interactions with Other HFA Programs | Homeowners who are found ineligible for the RevMAP are eligible for consideration for TAP benefit assistance. |
| 14. Program Interactions with HAMP | None. |
| 15. Program Leverage with Other Financial Resources | CalHFA MAC is partnering with Fannie Mae and reverse mortgage loan servicers to coordinate reinstatement of the homeowner's loan and payment of future Property Expenses for up to 12 months following reinstatement. |