

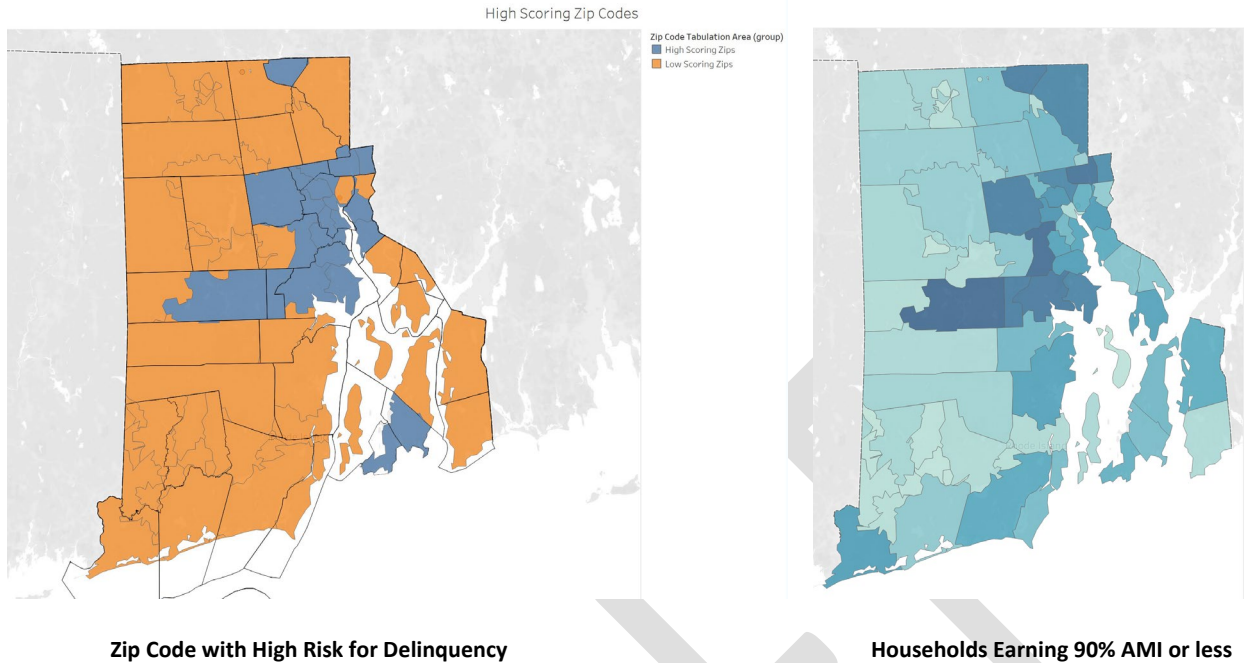
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**Rhode Island Homeowner Assistance Fund Plan**  
*June 16, 2021*

**Homeowner Needs:**

Rhode Island, like the rest of the nation and world, has been greatly impacted by the COVID-19 pandemic. Rhode Island employment sectors are heavily weighted in the service and tourism industries. According to the Rhode Island Department of Labor and Training, The Accommodation & Food Services sector experienced a 12% year-over-year decline. In March and April of 2020, 108,000 jobs were lost throughout the state. The pandemic brought about closure of the service industry, particularly hotels and restaurants. Some of these service businesses remain fully or partially closed today having folded during the pandemic or open with reduced capacity or hours. The unemployment rate in the state as of February 2021 was 7.3%, nearly double that in February 2020. In addition, many Rhode Islanders have become underemployed, lost overtime, or lost a second job due to the pandemic. This has had a dramatic impact on homeowner's ability to pay their mortgage and other household bills. Mortgage delinquencies have increased, and many homeowners have entered into forbearance agreements with their lenders potentially leaving many Rhode Islanders at risk of foreclosure now or in the near future.

Based on Q4 2020 statewide delinquency rates, we anticipate that approximately 4.84% of Rhode Island homeowners are delinquent on their mortgage compared to 2.24% in Q4 2019 (Source: Mortgage Bankers Association's *National Delinquency Survey*). Q4 2020 FHA loan delinquency was 10.14% compared to 3.58% in Q4 2019. This includes homeowners already in forbearance but who are likely to need mortgage assistance when their forbearance agreements begin to expire. Based on data from the Mortgage Bankers Association and the Federal Housing Finance Agency we estimate that upwards of 80% of RI borrowers have government-backed loans that are eligible for forbearance for up to 12 months. The forbearance options provided through the CARES Act allowed borrowers to temporarily pause their payments, and many borrowers have since exited forbearance as they started working again. However, it appears that many of those who remain in forbearance are generally not yet back at work and began owing payments again as early as March.

According to data from CoreLogic, mortgage delinquency for households earning 90% of Area Medium Income (AMI), moderate to low income homeowners are at the great risk of delinquency and foreclosure.



Relief in the form of The American Rescue Plan Act will be instrumental to helping the economy recover. The Homeowner Assistance Fund (HAF) within the Act will be an invaluable tool to aid many Rhode Island homeowners in getting back on their feet by providing resources to bring them up to date with mortgage payments and other real estate related expenses. RIHousing’s goal is to use these funds to keep Rhode Island homeowners impacted by the pandemic in their homes without a financial burden that could lead to foreclosure in the future. RIHousing looks forward to launching foreclosure prevention products that are tailored to the hardships that Rhode Islanders are currently facing. We do not believe in a “one size fits all” approach and will strive to be able to assist as many homeowners as possible under the provided US Department of Treasury (Treasury) guidelines. We will work to bring homeowners current on their mortgage and assist them with their monthly mortgage payments to allow them time to become reemployed in the workforce. We will provide assistance for related expenses including utilities, taxes, and insurance. Finally, we will provide housing counseling and legal support for those homeowners who need additional help navigating their next steps.

**Public Participation and Community Engagement:**

RIHousing strongly believes that community partner and homeowner input is invaluable when developing programs to most effectively help struggling homeowners in Rhode Island. We convened a committee of eleven community leaders and lenders and one national lender, to seek feedback and ideas on program development and homeowner outreach specifically targeting low income and socially disadvantaged individuals. Meetings were held on May 19, 2021 and June 10, 2021 with this committee. A follow up meeting will be scheduled in December 2021 to assess the available programs and make any necessary changes to the programs and/or community outreach to best serve Rhode Island homeowners.

RIHousing also posted our HAF Plan draft for public comment on June 16, 2021. We held a virtual public meeting presenting the draft plan and took public comments on June 17, 2021. The plan was available to

the public for review and response through June 23, 2021. [{Information on public comments received to be inserted}](#)

**Program Descriptions:**

HAFRI will launch three foreclosure prevention programs aimed to assist Rhode Island homeowners. We will be engaging a software vendor to provide a web-based system with a public facing portal for the submission of program applications as well as a back-end management system. We issued a Request for Proposal on April 26, 2021 and received six proposals for review. A selection committee composed of staff from the Homeownership and Loan Servicing Divisions, Information Technology Department and the Hardest Hit Fund Rhode Island program reviewed each proposal and evaluated each vendor on multiple criteria. The public facing portal will be user-friendly and intuitive to make applying for the program as streamlined as possible. We will be engaging non-profits and community action agencies strategically situated throughout the state to provide information and outreach to homeowners on the program and to help with the application process. These agencies will offer assistance in various languages. They will meet with applicants to enter their information directly into the web-based application portal and will collect any necessary documentation to be submitted.

Program Summaries for the Reinstatement Program, Monthly Mortgage Payment Assistance Program and Principal Reduction Program are below.

## Homeowner Assistance Fund Rhode Island (HAFRI)

### Reinstatement Program

#### Summary Guidelines

1. Program Overview	The Reinstatement Program offers grant assistance up to \$50,000 for partial or full reinstatement of a delinquent first mortgage (including a forbore amount), junior liens, or other mortgage related expenses. If approved for reinstatement, HAFRI may also pay past due water, sewer, gas, oil, electricity, and internet.
2. Program Goal	To help Rhode Island homeowners avoid foreclosure by mitigating financial hardships related to the Covid-19 pandemic.
3. Target Population	Rhode Island homeowners having incomes equal to or less than 150% of the area median income. 60% of homeowners must have incomes equal to or less than 100% of the area median income and priority will be given to Socially Disadvantaged Individuals as defined in 13 CRF 124.103.
4. Borrower Eligibility Criteria	To be eligible, homeowners must: <ul style="list-style-type: none"><li>• Have experienced a financial hardship after January 21, 2020 related to the Covid-19 pandemic.</li><li>• Have income equal to or less than 150% area median income.</li><li>• Own and occupy the property for which they seek assistance as their primary residence.</li><li>• Submit a hardship affidavit as explanation of a material reduction of household income or material increase in household expenses.</li><li>• Have less than \$20,000 in liquid assets excluding retirement and educational accounts.</li><li>• Be able to afford their mortgage payments going forward or be seeking employment.</li></ul>
5. Property Eligibility Criteria	One- to four-family Rhode Island properties and condominiums.
6. Structure of Assistance	The Reinstatement Program provides one-time lump sum mortgage reinstatement assistance grant for eligible homeowners. Loans in forbearance are eligible. Assistance can be used to pay, but may not be limited to: <ul style="list-style-type: none"><li>• Principal and interest payments</li><li>• Taxes</li><li>• Homeowner's Insurance and Flood Insurance</li><li>• Homeowner Association fees</li><li>• Attorney's fees</li><li>• Tax liens or other liens related to the property</li><li>• Special assessments</li><li>• delinquent junior liens</li></ul>

	<ul style="list-style-type: none"> <li>Delinquent tax and insurance payment advances by Reverse Mortgage holders</li> </ul> <p>If approved for a reinstatement, past due water, sewer, gas, oil, electricity, and internet balances can be paid.</p> <p>Funds are paid directly to the existing mortgage servicer, tax authority, lien holder, applicable utility company(s) or other debtors.</p> <p>Assistance can be combined with other HAFRI program grants not to exceed a total of \$50,000 and/or 24 months of assistance.</p>
7. Per Household Assistance	Up to \$50,000 of HAFRI assistance is available per household across all HAFRI program grants.
8. Duration of Assistance	The Reinstatement Program offers one-time lump sum payments of up to 24 months of delinquent mortgage payments, delinquent junior liens, mortgage related expenses and past due utilities.
9. Program Inception/Duration	August 2, 2021 until September 30, 2026 or until program funds are exhausted.

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## Homeowner Assistance Fund Rhode Island (HAFRI)

### Monthly Mortgage Payment Assistance Program

#### Summary Guidelines

1. Program Overview	<p>The Monthly Mortgage Payment Assistance Program offers grant assistance up to \$50,000 to help stabilize unemployed or underemployed homeowners. If approved for reinstatement, HAFRI may also pay past due water, sewer, gas, oil, electricity, and internet.</p> <p>Monthly mortgage payment assistance may be used to pay mortgage and mortgage-related expenses until the maximum household assistance of \$50,000 is reached or the homeowner returns to work. Monthly mortgage payment assistance is available for up to 24 months or until the dollar amount limit is reached.</p>
2. Program Goal	To help unemployed or underemployed Rhode Island homeowners avoid foreclosure by mitigating financial hardships related to the Covid-19 pandemic.
3. Target Population	Rhode Island homeowners having incomes equal to or less than 150% of the area median income. 60% of homeowners must have incomes equal to or less than 100% of the area median income and priority will be given to Socially Disadvantaged Individuals as defined in 13 CRF 124.103.
4. Borrower Eligibility Criteria	<p>To be eligible, homeowners must:</p> <ul style="list-style-type: none"><li>• Be unemployed or underemployed and unable to make their mortgage payments.</li><li>• Experienced a financial hardship after January 21, 2020 related to the Covid-19 pandemic.</li><li>• Have income equal to or less than 150% area median income.</li><li>• Own and occupy the property for which they seek assistance as their primary residence.</li><li>• Submit a hardship affidavit as explanation of a material reduction of household income or material increase in household expenses.</li><li>• Have less than \$20,000 in liquid assets excluding retirement and educational accounts.</li><li>• Be seeking employment.</li></ul>
5. Property Eligibility Criteria	One- to four-family Rhode Island properties and condominiums.
6. Structure of Assistance	<p>Monthly Mortgage Payment Assistance may be used to make ongoing mortgage and mortgage related expenses such as:</p> <ul style="list-style-type: none"><li>• Escrows</li><li>• Taxes and insurance</li><li>• Condo or homeowner association fees</li></ul>

	<ul style="list-style-type: none"> <li>Planned unit development (PUD) homeowner’s association dues and special assessments.</li> </ul> <p>The homeowner may continue receiving assistance for up to two months after reemployment or substantially increased employment as long as the program household assistance limit has not been reached.</p> <p>Loans in forbearance are eligible.</p> <p>If approved for monthly mortgage payment assistance, past due water, sewer, gas, oil, electricity, and internet balances can be paid.</p> <p>Funds are paid directly to the existing mortgage servicer, tax authority, lien holder, applicable utility company(s) or other debtors.</p> <p>Assistance can be combined with other HAFRI program grants not to exceed a total of \$50,000 or 24 months of assistance.</p>
7. Per Household Assistance	Up to \$50,000 of HAFRI assistance is available per household across all HAFRI program grants.
8. Duration of Assistance	The Monthly Mortgage Payment Assistance Program offers up to 24 months of mortgage and mortgage related payments.
9. Program Inception/Duration	August 2, 2021 until September 30, 2026 or until program funds are exhausted.

## Homeowner Assistance Fund Rhode Island (HAFRI)

### Principal Reduction Program

#### Summary Guidelines

1. Program Overview	The Principal Reduction Program offers grant assistance up to \$50,000 to help facilitate an affordable mortgage modification, recast, pay off or pay down of debt accumulated while the borrower was under a forbearance agreement with their lender.
2. Program Goal	To help Rhode Island homeowners avoid foreclosure by mitigating financial hardships related to the Covid-19 pandemic.
3. Target Population	Rhode Island homeowners having incomes equal to or less than 150% of the area median income. 60% of homeowners must have incomes equal to or less than 100% of the area median income and priority will be given to Socially Disadvantaged Individuals as defined in 13 CRF 124.103.
4. Borrower Eligibility Criteria	To be eligible, homeowners must: <ul style="list-style-type: none"><li>• Have experienced a financial hardship after January 21, 2020 related to the Covid-19 pandemic.</li><li>• Have income equal to or less than 150% area median income.</li><li>• Own and occupy the property for which they seek assistance as their primary residence.</li><li>• Submit a hardship affidavit as explanation of a material reduction of household income or material increase in household expenses.</li><li>• Have less than \$20,000 in liquid assets excluding retirement and educational accounts.</li><li>• Be able to afford their mortgage payments going forward or be seeking employment.</li></ul>
5. Property Eligibility Criteria	One- to four-family Rhode Island properties and condominiums.
6. Structure of Assistance	<p>The Principal Reduction Program provides one-time lump sum mortgage assistance grant for eligible homeowners to help facilitate an affordable mortgage modification, recast, pay off or pay down debt accumulated while the borrower was under a forbearance agreement with their lender.</p> <p>If approved, past due water, sewer, gas, oil, electricity, and internet balances can be paid.</p> <p>Funds are paid directly to the existing mortgage servicer, tax authority, lien holder, applicable utility company(s) or other debtors.</p>



	Assistance can be combined with other HAFRI program grants not to exceed a total of \$50,000 or 24 months of assistance.
7. Per Household Assistance	\$50,000 of HAFRI assistance is available per household across all HAFRI program grants.
8. Duration of Assistance	The Principal Reduction Program offers up to 24 months of mortgage and mortgage related payments.
9. Program Inception/Duration	August 2, 2021 until September 30, 2026 or until program funds are exhausted.

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### **Methods for Targeting HAF Funding:**

HAFRI is confident that it will be able to successfully target and serve homeowners with incomes equal to or less than 100 percent of the area median income and socially disadvantaged individuals. Internally, HAFRI staff will collaborate with RIHousing colleagues from the Loan Servicing, HelpCenter, Policy & Research, Communications, and Hardest Hit Fund Rhode Island (HHFRI) departments to analyze data that will provide insight to these target markets. RIHousing currently services approximately 21,500 residential mortgages and is a HUD-approved counseling agency which provides foreclosure prevention services. Also providing foreclosure prevention services, since 2010 the HHFRI has successfully administered and deployed approximately 118 million dollars from Treasury to help those affected by the financial crisis of 2007-2008. HHFRI has assisted Rhode Islanders in every community which is indicative of the success of the program's customer outreach efforts and a strong team; some of whom will also form part of the new HAFRI staff. While the cause of the crises and the economic landscape is different than that of 2007, HAFRI management believes it will benefit immensely from the knowledge and outreach skills of these employees.

HAFRI will also analyze and evaluate RentRelief RI's efforts to target socially disadvantaged groups and replicate those communication efforts which have been successful. Since opening to applicants on April 1, 2021, the program has received about 5,000 applications for rental and/or utility assistance. A large percentage of these applicants fall in the low median area income or socially disadvantaged categories identified by Treasury.

HAFRI staff understands that while traditional print or digital media campaigns can be effective, they may not be sufficient in targeting hard to reach markets. An "on the ground," multilingual, multicultural, and grass roots approach is essential. HAFRI will work with local community leaders and seek input from members of its HAFRI Advisory Committee to target Rhode Islanders in need of HAFRI relief. The success of the HAFRI program will be largely due to our relationship with community partners (e.g. CDCs and nonprofit organizations) who spread the word of the program to their respective constituencies and provide feedback to the management team.

Several local partner agencies will be trained and equipped to assist applicants with the HAFRI submission process. Applicants are more likely to have candid conversations with these community partners as they are viewed as trusted advisors in their respective footprints. Based on the HHFRI program, a small percentage of applicants will require language and/or technological assistance with the Program's online web-based application portal which offers a user-friendly experience and offers applicants the option of selecting their preferred language. We believe improving access to the program will assist in spreading the message that the required steps to apply for and secure the grant are not daunting endeavors.

Rhode Island is small in terms of land mass and is the state with the second highest population density in the country. These factors afford us the ability to personally visit many municipalities with limited time spent on traveling. The team plans to be present at community centers, seasonal and cultural fairs, places of worship, libraries, etc. to explain the program and answer questions. The team plans to work with real estate-related industry groups, lending partners, Chambers of Commerce, State agencies such as the RI Department of Labor, municipal officials and employers in the state to market the Program and build awareness.

Additional applicant outreach will include emails, telephone calls, social media posts and clear and concise program information on the HAFRI website. We will have human resources that will allow us to serve applicants and initiate outbound communication efforts. We understand the “human touch” is sometimes preferred and will be happy to assist. Mailers and direct customer outreach materials will be provided to partner lenders and banking institutions throughout the state for distribution to their customers.

The use of data and statistics from RIHousing’s Policy & Research team and external sources will prove invaluable in effectively targeting HAF funds. We have a clear vision of where homeowners are concentrated with granular information (at the zip code level) such as AMI levels, homeownership rates, income and cost burden, delinquency, and “high risk” areas.

### **Best Practices and Coordination with Other HAF Participants:**

Foreclosure prevention is a big part of RIHousing’s mission and operations. RIHousing has a strong track record of successfully serving Rhode Islanders in danger of losing their home through the Loan Center, HHFRI, and the loss mitigation efforts with the Loan Servicing department. In 2010, RIHousing was awarded approximately \$80 million in TARP dollars to prevent foreclosures resulting from the financial crisis of 2008. Rhode Island was one of the first states to successfully deploy its HHF funds using a variety of innovative loss mitigation and reinstatement products. In 2016, HHFRI reopened its program as a result of a subsequent \$36 million award. In early 2020, the program was in the process of winding down its operations when RIHousing management elected to develop a program to deploy recycled program dollars to assist Rhode Island homeowners who lost their jobs as a result of the COVID-19 pandemic. Through this program, HHFRI provided approximately an additional \$2 million in COVID-19 relief related funds to Rhode Islanders in need. Over the last 10 years, HHFRI has provided over \$100 million of assistance to nearly 9,500 Rhode Island families in the form of reinstatements, monthly mortgage payment assistance, loan modifications, transitional housing help, down payment assistance and funds to facilitate refinances.

RIHousing will employ underwriting requirements and processes with the goal of deploying much needed funds in a timely manner. RIHousing will look to leverage its human and technological resources to devise an application process that is not burdensome to the applicant yet provides enough information for the underwriter to grant a decision. We will streamline the process wherever possible with the goal of achieving a quick closing and disbursement of funds. HHFRI effectively transitioned from a largely paper-based application and document submission in 2010 to an electronic and digital experience starting in 2016. We will continue that trend when we deploy the HAFRI Program.

We are uniquely aligned to transition to HAF directly from HHFRI. We have IT resources which can be readily modified to deploy to new programs. We have an existing relationship and experience with an underwriting and file management program which will use for the new HAF. Staff, including management, currently working on the HHFRI program will transition out of the HHFRI program to the new HAFRI program. This staff is fully trained and experienced in working on Treasury run programs.

RIHousing has over 10 years of experience working with Treasury while managing HHFRI. We anticipate the compliance requirements for HAFRI to be similar. We are familiar with Treasury guidance documents, compliance, and reporting requirements. In August 2020, the Office of Compliance within Treasury’s Office of Financial Stability conducted a compliance review of HHFRI. The periodic compliance

reviews focus on processes and internal controls, program eligibility, income/expense management and reporting. HHFRI was lauded for receiving zero “findings” and one of the few “clean” reports issued nationally by Treasury during the program’s tenure.

Additionally, RIHousing will continue to utilize the network of HFAs across the country that provide partner resources in terms of best practices, program roadblocks, and lessons learned from the administration of similar programs. RIHousing capitalizes on our strong collaborative relationships with many national and local servicers to provide positive outcome for Rhode Island homeowners.

### **Performance Goals:**

RIHousing will initiate the HAFRI program as quickly as possible while creating a seamless application, approval, closing and funding process for homeowners. We anticipate disbursing \$18 million in FY22 helping 450 to 900 households; \$14 million in FY23 aiding 350 to 700 households; \$9 million in FY24 assisting 225 to 450 households; and all remaining funds disbursed by the program end date of September 30, 2026.

Rhode Island homeowners will benefit immediately by the implementation of the Homeowner Assistance Fund Rhode Island. Based on our experience and the average dollar amount of assistance received, RIHousing anticipates helping approximately 1,500 to 2,500 homeowners in the state by September 2026 avoid foreclosure. With the funds, homeowners will have their forbearance amount or mortgage arrearage fully paid off and/or monthly mortgage payments made if still unemployed or underemployed. Payments will be made directly to local and national mortgage servicers. RIHousing anticipates approximately 50-100 closings per month depending on the program guidelines outline by Treasury. The risk of foreclosure to these homeowners, neighborhood and the state will decrease significantly.

RIHousing will track how many households receive assistance, the dollar amount of assistance per household, a breakdown of grants per county, borrower demographics such as race, ethnicity, sex, income data, delinquency data, and outcomes after assistance. These metrics were helpful in quantifying the success of HHFRI and would do the same for HAFRI.

### **Staffing:**

The implementation of HAFRI would require hiring an additional 6.0 full-time equivalents (FTEs) to complement 3.6 FTEs who are currently on staff for a total of 9.6 FTEs in Year 1. Existing FTEs in Finance, Quality Control, and Communications will perform some program related tasks. As the HHFRI program winds down, staff working on HHFRI will fully transition to work on the HAFRI program. Existing staff includes two experienced managers who have a passion for assisting Rhode Islanders in times of crisis. To fill the required FTEs, RIHousing will review its current staff roster in the areas of Homeownership, Finance, Quality Control and other relevant departments. RIHousing will also look to the local job market to hire a small number of professionals who share our commitment to helping Rhode Islanders with their pandemic-related challenges.

FTE estimates are based on past experience with the HHFRI program; we anticipate that the need for positions may grow as the program is rolled out to the public and as more homeowners become aware of the program. Adjustments to staffing levels will occur to accommodate program needs. Salaries will be based on current job descriptions and will be comparable to RIHousing’s rate of pay for work

performed. Benefits will be calculated based on current benefits provided to staff. RIHousing anticipates that a minimum of three FTEs will remain in place until all funds are depleted and program close-out and reporting is done in accordance with Treasury requirements. This timeframe may exceed the program end date of September 30, 2026.

**Contracts and Partnerships:**

RIHousing anticipates contracting with local partner agencies to assist in communications, outreach and application assistance. RIHousing will engage a software vendor to provide a technology solution for application processing and payment processing.

RIHousing has been responsible for managing and administering HHFRI over the last 10 years. Through this experience we have developed numerous relationships with partners to make the program a success. We partner with the Rhode Island Department of Labor and Training to ensure unemployed or underemployed homeowners are aware of the program and have access to program details and how to apply; the United Way 211 to inform homeowners about the program; local non-profits and housing advocates to spread the word about the program and refer their clients; and local and national mortgage lenders and banks to refer those homeowners in their mortgage portfolio at risk of foreclosure or financial hardship to the program. These partnerships will be leveraged for the HAF to allow for an efficient and successful program.

**Budget:**

Total Award: \$50,000,000  
Administrative Expenses (max of 15%): \$7,500,000  
Program Funds: \$42,500,000