

# Michigan Homeowner Assistance Fund (MIHAF) Term Sheet

**Program: Michigan Homeowner Assistance Fund (MIHAF)**

**Date: February 2, 2023**

<b>Program Overview</b>	This MIHAF program was established under section 3206 of the American Rescue Plan Act of 2021 (the ARP) 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 experiencing financial hardship on or after January 21, 2020, through qualified expenses related to mortgages and housing.
<b>HAF Program Goal</b>	To provide financial assistance to Michigan Eligible Homeowners to eliminate or reduce past due payments associated with homeownership, including payments under a forbearance plan, deferred payments, full or partial reinstatements, corporate advances on a Reverse mortgage, and past due payment on loans secured by manufactured home or contracts of deeds. To provide financial assistance to Michigan Eligible Homeowners to eliminate or reduce past due property tax, condominium association dues, and/or housing utility payments.
<b>Size of MIHAF Program</b>	Michigan State Housing Development Authority (the Authority) will utilize up to <b>\$206,086,279</b> (total award \$242,812,277 less 15% administrative costs) of its total HAF allocation for this program.
<b>Targeted Population of Homeowners and Financial Challenges Program Seeks to Address</b>	Not less than 60% of amounts made available for MIHAF program expenses will be used for qualified expenses to assist homeowners having incomes equal to or less than 100% of the area median income household limit in accordance with HUD’S FY HAF Income Limits adjusted annually in the spring. Any amount not made available to homeowners that meet this income-targeting will be used for qualified expenses to assist homeowners having incomes equal to or less than 150% area median income and will be prioritized for assistance to socially disadvantaged individuals as outlined in U.S. Department of the Treasury Guidance dated August 2, 2021. Program funds will be made available to assist all eligible homeowners on a first come, first serve basis.
<b>Eligible Homeowners</b>	<p>“Eligible Homeowners” for Michigan’s MIHAF program must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Homeowner must have experienced and attest to a Qualified Financial Hardship on or after January 21, 2020 or had a Qualified Financial Hardship that began before January 21, 2020 but</li> </ul>

	<p>continued after that date. The attestation must describe the nature of the financial hardship.</p> <ul style="list-style-type: none"> <li>• Homeowner must currently own and occupy the property as their primary residence.</li> <li>• Homeowner must meet the Homeowner Income Eligibility Requirements.</li> </ul>
<b>Eligible Legal Ownership Structures</b>	<p>“Eligible Legal Ownership Structures” include only the following:</p> <ul style="list-style-type: none"> <li>• Those where the home is owned by a “natural person” (i.e., LLP, LP, S-Corp, or LLC <u>do not</u> qualify). Where the estate of a deceased natural person is the ownership entity, the owner may be eligible, subject to review by the Authority.</li> <li>• Those where the homeowner has transferred their ownership right into non- incorporated, Living Trusts, provided the homeowner occupies the home as the primary/principal residence.</li> <li>• Those where the home is under a Purchaser’s Interest in a Land Contract valid under Michigan law.</li> <li>• Those where the home is owned by a certificate of title.</li> <li>• Those where the occupant is a member of a “Consumer housing cooperative organized under Michigan law.”</li> </ul>
<b>Qualified Financial Hardship</b>	<p>A “Qualified Financial Hardship” is 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.</p> <ul style="list-style-type: none"> <li>• <b>Reduction of Income</b> – Temporary or permanent loss of earned income on or after January 21, 2020, or that began before January 21, 2020, but continued after that date.</li> <li>• <b>Increase in living expenses</b> – Increase in out-of-pocket household expenses such as, medical expenses, inadequate medical insurance, increase in household size, or costs to reconnect utility services directly related to coronavirus pandemic on or after January 21, 2020, or that began before January 21, 2020, but continued after that date.</li> </ul>
<b>Homeowner Income Eligibility Requirements</b>	<p>To be eligible for assistance under the Michigan’s MIHAF Program, homeowners <b>must not exceed incomes equal to or less than 150% of the area median income</b> household limit in accordance with HUD’S FY HAF Income Limits adjusted annually in the Spring. (“Homeowner Income Eligibility Requirements”).</p>
<b>Homeowner Prioritization</b>	<ul style="list-style-type: none"> <li>• The Authority will prioritize funding to the following populations:</li> <li>• Not less than 60% will be used for qualified expenses that assist</li> </ul>

	<p>homeowners having incomes equal to or less than 100% of the area median income.</p> <ul style="list-style-type: none"> <li>• Amounts not made available to homeowners that meet the above income-targeting requirement will be used to assist homeowners having household incomes equal to or less than 150% of area median income and prioritized for assistance to socially disadvantaged individuals as defined by the Department of U.S. Treasury’s guidance dated August 2, 2021.</li> </ul> <p>“Socially Disadvantaged Individuals” are those whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in Michigan as documented by the U.S. Census. “Socially Disadvantaged Individuals” are those who have been subjected to racial or ethnic prejudice or cultural bias within American society because of their identities as members of groups and without regard to their individual qualities. Social disadvantage must stem from circumstances beyond their control.</p> <p>Indicators of socially disadvantage impairment may include being a 1) member of a group that has been subjected to racial or ethnic prejudice or cultural bias with American society; 2) resident of a majority-minority Census tract; 3) individual with limited English proficiency; 4) individual who lives in a persistent-poverty county that has had 20% or more of its population living in poverty over the last 30 years; 5) single-member households, Female heads of households with related children and Shelter overburden households as supported in Michigan’s data analysis, and 6) an individual who identifies and self-attests to being socially disadvantaged within the application process.</p>
<p><b>Eligible Properties</b></p>	<p>“<u>Eligible Properties</u>” are those that are:</p> <ul style="list-style-type: none"> <li>• Single-family (attached or detached) properties</li> <li>• Condominium units.</li> <li>• 1 to 4-unit properties where the homeowner is living in one of the units as their primary residence.</li> <li>• Manufactured homes permanently affixed to real property and taxed as real estate.</li> <li>• Mobile homes not permanently affixed to real property.</li> </ul> <p><u>Ineligible properties:</u></p> <ul style="list-style-type: none"> <li>• Vacant, lacking a dwelling, or abandoned.</li> <li>• 2<sup>nd</sup> homes.</li> <li>• Investment property.</li> <li>• 1 to 4-unit properties where the homeowner/landlord has received Emergency Rental Assistance <b>Funds or utility payments using CERA funds.</b></li> <li>• Mortgage assistance is limited to transactions that the unpaid principal balance of which was, at the time of origination, not more than the conforming loan limit. For purposes of this</li> </ul>

	<p>definition, the conforming loan limit means the applicable limitation governing the maximum original principal obligation of a mortgage secured by a single-family residence, as determined, and adjusted annually under section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) and section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)).</p>
<p><b>Eligible Qualified Expenses MIHAF Program Proceeds</b></p>	<p>Housing obligations as listed below and incurred by a Homeowner’s Qualified Financial Hardship on or after January 21, 2020, or had a Qualified Financial Hardship before January 21, 2020, but continued after that date are eligible “Qualified Expenses” of MIHAF Program Proceeds:</p> <ul style="list-style-type: none"> <li>• Existing delinquent first mortgage lien payments (principal, interest, taxes, insurances (PITI)), escrow shortages, corporate advances.</li> <li>• Existing first mortgage lien partial or full forbearance reinstatement and/or delinquent monthly forbearance payments.</li> <li>• Existing delinquent subordinate mortgage lien payment (P&amp;I)</li> <li>• Existing delinquent government subsidized, amortized lien payments (P&amp;I)</li> <li>• Land Contract delinquent monthly payment (P&amp;I)</li> <li>• Manufactured/mobile home delinquent loan monthly payment (P&amp;I) and delinquent lot rent, if applicable.</li> <li>• Utilities, including electric, gas, home energy and water delinquent balances and costs to restore services, if arrearages not otherwise covered from another source of funds.</li> <li>• Internet service, including broadband internet access, delinquent balances, and costs to restore services, if arrearages not otherwise covered from another federal assistance source of funds.</li> <li>• Homeowner’s association fees, condominium association fees or common charges, delinquent balances including costs for lien extinguishment.</li> <li>• Homeowner’s hazard, flood and/or mortgage insurance delinquent balances, including force place coverage, and costs to reinstate coverage.</li> <li>• Delinquent property taxes, including assessed interest and penalties for all delinquent tax years; for delinquent property tax accruing before January 20, 2020, those delinquencies that received a past-due tax notice or were subject to the statutory tax forfeiture or foreclosure process after January 20, 2020.</li> <li>• Homeowner counseling/non-profit legal entity application assistance costs</li> <li>• De minimis lender-assessed fees.</li> </ul> <p>Arrearages of qualified expenses are eligible for purposes of HAF regardless of the date they were incurred, including if arose before January 21, 2020, per U.S. Treasury guidance dated August 2, 2021, if it can be tied to a COVID related hardship.</p>

<b>Maximum Per Household MIHAF Assistance</b>	<p>The Authority will not exceed its “Maximum Per Household MIHAF Assistance” amount of \$25,000 per household, combined across all Eligible Uses, in the MIHAF Program.</p> <p>Additionally, assistance is limited to one-time, per household unless, in conjunction with receiving MIHAF assistance the household entered a delinquent property-tax repayment plan with their County Treasurer. Such households may reapply to MIHAF for assistance to apply towards such a property-tax repayment plan. All MIHAF assistance is cumulative</p>
<b>Assistance Type</b>	<p>Assistance will be structured as a non-recourse grant.</p>
<b>Payout of MIHAF Assistance</b>	<p>The Authority will disburse MIHAF assistance directly to mortgage lender/servicer, land contract holder, manufactured/mobile home lender/park (lot fees), county treasurer, condominium/homeowners’ association, utility provider, local municipality, internet and/or broadband service providers.</p> <p>The Authority will make no more than one disbursement to each payee, with the exception of County Treasurers for delinquent property-tax assistance as described above.</p> <p>The Authority will disburse the amount quoted by the lender/servicer; any discrepancies to be resolved by the homeowner and lender/servicer.</p> <p>If Homeowner’s past due amount exceeds the amount that the Authority can provide, Homeowner may pay the difference or the lender may complete a loan modification to resolve remaining balance, and the Authority will pay the maximum of their limit.</p>
<b>Structure of Assistance and Payment Process Description of Qualified Expenses</b>	<p>MIHAF assistance will be prioritized to Eligible “Qualified Expenses” of MIHAF Program Proceeds as follows:</p> <ol style="list-style-type: none"> <li>1) Mortgage/housing loan assistance,</li> <li>2) Land Contracts and Reverse Mortgages,</li> <li>3) Property taxes,</li> <li>4) Condominium/homeowners’ association fees,</li> <li>5) Mobile home and/or lot payment assistance,</li> <li>6) Homeowner’s insurances,</li> <li>7) Utilities,</li> <li>8) Internet services.</li> </ol>
<b>Program Launch</b>	<p>The Authority launched the program to the public statewide on February 14, 2022, after approval of Michigan’s legislative appropriation of program funds to the Authority. The terms hereof are subject to change based on the foregoing.</p>
<b>Program Duration</b>	<p>The period of performance for the MIHAF award begins on the date</p>

	<p>hereof and ends on September 30, 2026. HAF recipient shall not incur any obligations to be paid with the funding from this award after such period of performance ends.</p> <p>The Authority plans to disburse all funds prior to the end of program date, September 30, 2026.</p>
<b>Program Leverage with Other Financial Resources</b>	The Authority will undertake best effort approach to leverage the assistance that might be available for homeowners through other federal programs that have been created expressly for that purpose before using MIHAF funds for utility assistance, for example.
<b>Program Exclusions</b>	<ul style="list-style-type: none"> <li>• Home repair/property improvement assistance</li> <li>• Rent to Own or Lease to Own Agreements</li> <li>• Partial payments or Payoff of an FHA Partial Claim</li> <li>• Balloon Payment on Land Contract/Mortgage/Consumer loan (manufactured/mobile home)</li> <li>• Principal Reduction or full payoff of a 1<sup>st</sup> or 2<sup>nd</sup> mortgage lien/land contract</li> <li>• Received assistance from Michigan’s COVID Emergency Rental Assistance (CERA) program</li> <li>• MSHDA employees</li> <li>• Providing assistance to households that at time of origination maintained a jumbo loan or loan amount exceed conforming loan limits.</li> </ul>

**Exhibit A**

<b>Eligible Uses of MIHAF Program Proceeds</b>	<b>Per Item Maximum Amount Per Homeowner</b>	<b>Description of Intended Impact on Eligible Homeowners</b>
Housing Payment Assistance (Mortgage, Land Contract, Mobile Home)	\$25,000 per HH Maximum	Reinstate, avoid foreclosure, retain homeownership
Property Tax Assistance	\$25,000 per HH Maximum	Reinstate, avoid foreclosure, retain homeownership
Condominium Association Assistance	\$10,000 budgeted (and included in \$25,000 Housing payment assistance)	Reinstate, avoid foreclosure, retain homeownership
Homeowner’s Insurances (Hazard, Flood or Mortgage)	\$25,000 (included in Housing payment assistance)	Reinstate and restore coverage
Utility Assistance	\$500 budgeted (and included in \$25,000 Housing payment)	Reinstate and restore services

	assistance)	
Utilities, Condo HOA fees and Insurance costs are not capped at the maximum amount of assistance (per Exhibit A) as they are included in the maximum per household assistance of \$25,000		
<b>HAF Original Plan Budget</b>	<b>Total Budgeted</b>	<b>Description of eligible assistance</b>
Financial Assistance	\$103,956,081.	Payment of delinquent payments, partial or full reinstatement on all housing structures (MH, SF, Reverse Mtg, and LC). Payment of escrow shortages and foreclosure fees assessed by lenders
Payment Assistance Utilities	\$13,060,862.	Electric, Gas, Water, Sewer, and Internet
Payment Assistance Taxes	\$,88,008,472.	Delinquent property taxes
Payment Assistance Insurance	\$1,060,862	Payment of all ancillary collection fees/ condo fees
Counseling/Legal Aid fees	\$2,428,123.	Counseling aide/legal aid services for delinquent homeowners