

MORTGAGE REINSTATEMENT PROGRAM

ELIGIBILITY POLICIES AND

PROCEDURES

VERSION 3.6

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1. Executive Summary

The American Rescue Plan Act of 2021 (ARPA) provides \$9.961 billion for a Homeowner Assistance Fund (HAF) to mitigate financial hardships associated with the coronavirus pandemic by providing funds to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacement. Based on the allocation formula to states established by U.S. Treasury, California will receive \$1.055 billion in HAF funds.

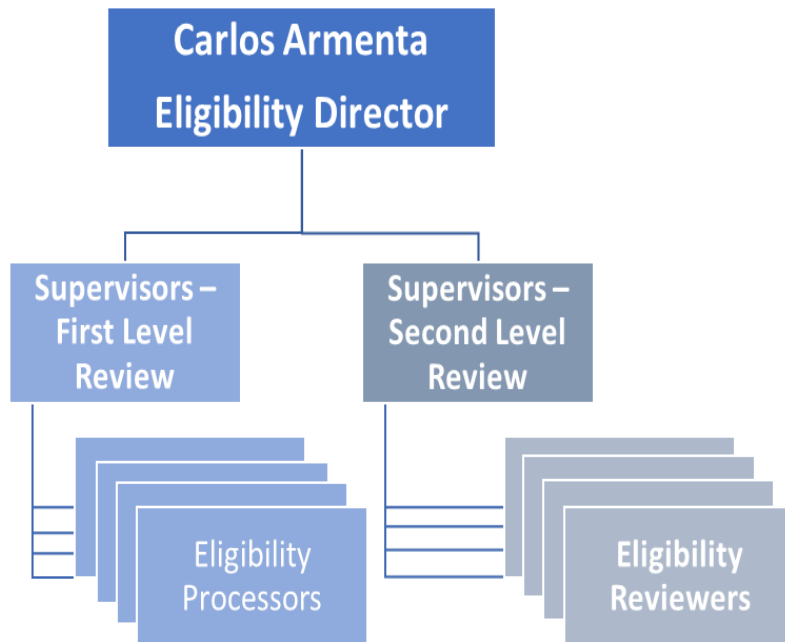
The California Housing Finance Agency (CalHFA), through its special-purpose affiliate the CalHFA Homeowner Relief Corporation (CalHRC), will be managing HAF funds on behalf of the State of California given its extensive expertise in the mortgage assistance and homeownership space.

The California Mortgage Relief Program (“Program”) is designed as a stopgap measure to avoid preventable foreclosures and displacement of the most vulnerable homeowners that do not have other loss mitigation options, with a focus on serving socially disadvantaged populations. This will complement the various initiatives already announced by United States Federal Government, the State of California, local government, and community organizations.

The Program is initially designed to provide streamlined assistance to fully reinstate mortgage delinquencies, thus providing vulnerable homeowners a fresh start as they pass the COVID-19 forbearance period. The Program will be available to households under 150% of Area Median Income that are either: a) on various forms of public assistance; b) significantly housing burdened; or c) where the servicer has not provided any loss mitigation options for the borrower to stay in their home. Recipients will also be encouraged to connect with HUD-approved housing counselors.

This document outlines the policies and procedures of the California Mortgage Relief Reinstatement Program as it relates to eligibility review, consistency of communications with applicants, consistency of the appeal process and prompt disbursement of funds to help homeowners stay in their homes.

2. Roles and Responsibilities



ROLE	RESPONSIBILITIES
Eligibility Director: Carlos Armenta	<ul style="list-style-type: none"> • Create eligibility policies and procedures • Facilitate appeal and exemption reviews • Provide updates to the executive team
Eligibility Supervisor (ES)	<ul style="list-style-type: none"> • Answer questions from eligibility reviewers and eligibility processors • Assign applications to eligibility reviewers • Review approval and decline recommendations from the eligibility reviewer
Eligibility Reviewer (ER)	<ul style="list-style-type: none"> • Determine gross monthly income calculations • Determine if the documentation provided by the applicant is fraudulent • Review credit reports and identify bankruptcies, delinquent trade lines, mortgages, installment versus revolving credit lines as well as indications of fraud
ROLE	RESPONSIBILITIES

-
- Review applications and provide approval or decline recommendations

3. Program Eligibility Criteria

The Program is available to eligible homeowners statewide based on the following criteria:

1. Eligible Homeowners

- 1.i. Homeowner must currently own and occupy the property in California as their primary residence.
- 1.ii. Homeowner must not own and occupy more than one property.
- 1.iii. Homeowner must meet the Income Eligibility Requirements
- 1.iv. Homeowner must attest that they experienced a Qualified Financial Hardship after January 21, 2020.
- 1.v. The original, unpaid principal balance of the homeowner's first mortgage loan, at the time of origination, cannot be greater than the "conforming loan limit" (as determined under the provisions of the Housing and Economic Recovery Act of 2008) in effect at the time of origination.

2. Property Type

- 2.i. Property is a single unit house, condo, or permanently affixed manufactured home.

3. Qualified Financial Hardship

- 3.i. Reduction of Income: Temporary or permanent loss of earned income after January 21, 2020 directly related to the coronavirus pandemic.
- 3.ii. Increase in Living Expenses: Increase in out-of-pocket household expenses after January 21, 2020 such as: medical expenses, increase in household size, or costs to reconnect utility services directly related to the coronavirus pandemic.

4. Eligible Legal Ownership Structures

Only natural persons (i.e., LLP, LP or LLC do not qualify), and unincorporated/revokable living trusts, provided the homeowner occupies the home as their primary residence.

5. Income Eligibility Requirements

All household members 18 years or older, must have a collective income equal to or less than 150% of the Area Median Income adjusted by household size, as defined by the FY 2022 [Homeowner Assistance Fund Income Limits](#).

6. Maximum Assistance.

The amount requested to bring the mortgage to current must be less than \$80K.

- 6.i. If an application at the time of submittal is under \$80K in delinquency but reaches or exceeds \$80K due to the time it takes to process the application, the application can continue to move forward for approval for total sum delinquent.

6.i.1. Example: An application is submitted asking for \$78k. Due to the duration of the review process, the applicant now owes \$82k at approval. The application would be approved for the \$82k to bring their mortgage current.

7. **Liquid Asset maximum.** Homeowner(s) must not have sufficient liquid assets to pay the amount needed to bring the mortgage to current.

4. OnAir Application Status

This section describes the current state of an application according to its status in the OnAir application. This guide provides the eligibility reviewers, eligibility processors and service center staff with a quick reference of where the application is as it relates to the entire application lifecycle and provides notes about action items and future states of the application. (Please see [Status Diagram](#))

4.1. Saved Applications

This is the first status of the application; applicant has 30 calendar days to submit all the required documentation and sign the application.

Every co-borrower listed in the mortgage loan must sign the application during the 30-day period. • If co-applicants exist, all co-applicants must complete and sign one common application during the 30-day period.

Other than the applicant, every person 18 years or older living in the household is considered a coapplicant regardless of their income.

Applicant will receive reminders every 3 days if the application is not completed during the first 10 calendar days.

Application is automatically canceled if the applicant doesn't complete the application within the 30-day window.

4.2. Pending Signatures

Other than the applicant, every person 18 years or older living in the household is considered a coapplicant.

All co-applicants are required to provide documentation of their income and sign the application

Application is automatically canceled if the applicant doesn't complete the application within the 30day window or if the co-applicants don't complete signatures in that window.

If the application is canceled, the applicant may reapply by completing a new application.

4.3. Unassigned

Applicants provided all the minimum documentation to submit the application. (See **first-level review** section below)

If there are co-borrowers, all co-borrowers completed signatures.

If there are co-applicants, all co-applicants completed signatures.

Application is awaiting assignment to an Eligibility Reviewer (ER).

Application is not under review until the application is assigned, and the servicer is validated.

Eligibility Supervisor (ES) should assign applications within 24 hours of the application being placed in Unassigned status.

4.4. Under Review

The application has been assigned to an EP.

The EP has begun application review.

4.5. Under Review- Correction Requested

If there are documents missing, questions unanswered, or critical pieces of intake information that needs to be adjusted/alterd/added to by the applicant.

This status requires that the applicant make changes to application and to resubmit the application before further review can be completed.

4.6. Under Review- Correction Submitted

The applicant has made the required to application.

Once changes have been submitted by applicant then this status is automatically set, and Eligibility Reviewer or Processor is alerted via email.

4.7. Under Review – Loan servicer selected

This status is set once the servicer is selected.

Reviewer selects to initiate a data exchange that transmits the CDF and TPA files to the servicer for verification

4.8. Under Review – 1st Level

ER reviews the documentation provided by the applicant to identify any missing documents

ER creates the eligibility checklist for this application. See [eligibility checklist](#)

4.9. Under Review – Additional information required

ER completed an initial review of the application and finds deficiencies that need to be addressed by the applicant (Under Review-1st Level).

ER submitted an initial communication to the applicant (Under Review-Additional Information Required). Initial communication includes the complete list of documents required for the ER to provide an approval or decline recommendation (See first level review section).

Applicant has 30 calendar days to provide additional information, or the application is canceled.

4.10. Under Review – Additional information Submitted

Applicant submits information requested by ER

ER selects status Under Review-2nd Level to perform review and establish eligibility

4.11. Under Review – 2nd Level

Applicant provided all the information necessary for the ER to make an eligibility determination

Servicer provided a Validation (V) record and the “reinstatement good through date” covers current month plus one month

If the application is still deficient then the ER returns the application with a status of Under review – Additional information required

If the application is not deficient, ER will complete a full review of the application and provide a recommendation.

If the ER determines that the applicant is not eligible, status is changed to Under Review – Declined QA review pending

4.12. Under Review – Declined Supervisor Review Pending

ER completed a full application review and applicants does not meet eligibility criteria

ER submits a completed eligibility checklist

Application is awaiting review and denial from the ES

4.13. Declined

ES determines that the applicant is not eligible.

ES send applicant communication with the denial reason.

Denial communication offers applicant appeals process with appeals@camortgagerelief.org email.

Denial Reason is selected from Review Tab in OnAir system.

Status is changed to Declined

4.14. Under Review – Approved Supervisor Review Pending

ER completed a full application review and applicants meets eligibility criteria

ER submits a completed eligibility checklist

Application is awaiting review and approval from the ES

4.15. Approved - Pending Servicer

ES concurs with the approval recommendation.

ES sends conditional approval communication to the applicant

4.16. Approved Payment in progress

SEI is processing approved application and creating the CDF file for the servicer

Great Plains receives approved application and schedules ACH Payment

4.17. Approved Payment Applied

Servicer returned a Payment applied (P) record

Servicer applied the payment and loan is current

5. PII Security Guidelines

Personal Identifiable Information (PII) is defined as: Any representation of information that permits the identity of an individual to whom the information applies to be reasonably inferred by either direct or indirect means.

Each individual with access to the OnAir application must acknowledge the following:

99% of the documents provided by the applicant contain PII information.

All the information and documentation provided by applicants in the OnAir system must be kept in the system.

OnAir users shall not create electronic or paper copies of documents provided by the applicant.

OnAir users must erase all downloaded files from their local downloads folder and empty the recycling bin every 24 hrs.

When discussing cases with people other than the applicant, only use the case number as a reference.

Users shall not create spreadsheet with application information.

Report PII Security incidents: If you receive an email or any communication with PII you must report the incident to the supervisor.

In the event of a security incident, disciplinary and legal actions will apply.

When a security incident occurs, the program will notify the affected applicants about the incident so they can protect their information.

6. Eligibility Review Process

6.1. First Level Review

This review is performed by the Eligibility Processor and Eligibility Reviewer. The purpose of this review is to confirm that the applicant meets **minimum requirements** and has submitted all the **minimum required documentation**. Initial review can be done at any point in time of the application lifecycle.

Final review requires that the servicer validates or objects the information sent in the CDF file:

6.1.1. Minimum requirements

Property is in California

Property type is a single-family home

Amount due less than \$80,000.00

Applicant attested “Yes” to 1.5 I/we experienced a COVID-19 related financial hardship after January 21, 2020.

Applicant attested “Yes” to 1.6 I/we missed a mortgage payment prior to December 27, 2021

Applicant attested “Yes” to 1.7 I/we only own one residential property

Applicant attested “Yes” to 1.8 This home is my/our primary residence (where you live)

Applicant attested “Yes” to 1.9 I/we are applying for assistance on our first mortgage loan

Applicant attested “No” to 1.10 A business (LLC, LP, LLP) is listed as the homeowner on my mortgage

Applicant attested “No” 1.11 Do you have a second loan, HELOC (Home equity line of credit) or other type of financing on your home?

Applicant attested “No” 1.12 Is the mortgage a reverse mortgage?

6.1.2. Proof of Income Documentation

For all household member 18 years or older:

Employed (W2)

Applicant provided two (2) most recent paystubs **and**

Applicant provided two (2) most recent bank statements

Self Employed (1099)

Applicant provided two (2) most recent **personal** bank statements **and**

Applicant provided two (2) most recent **business** bank statements

Or business profit and loss statement for the period of delinquency claimed.

Public Assistance

Unemployment insurance statement **or**

Public assistance award letter Medi-Cal, WIC, SNAP, FDPIR, TANF, SNP, Section 8 and any other income-based county, municipality, state and or federal assistance program.

6.1.3. Supporting Documentation - Required

Mortgage statement

Utility Bill

Bank Statements

Income documentation (i.e., paystubs, tax returns, or unemployment document)

If the co-borrower does not live in the household, proof of co-borrower main residence.

If in active bankruptcy, require Trustee approval letter or email

Action items for the ER

If all the documentation is complete, then wait for the CDF verification from the servicer to complete the review.

If additional information is required, then:

Communicate via OnAir messages with the applicant to request additional documentation.

Does the entity get notified when Set application status to “Under review - Additional information required.”

6.2. Second Level Review - Eligibility Verification

This is a step-by-step list of items that need to be validated by the Eligibility Reviewer to accept or decline either a mortgage relief application or a reverse mortgage application (see Section 6.6 Reverse Mortgage / Home Equity Conversion Mortgage (HECM) for additional information). See Section 0

6.3. Determining Mortgage Delinquency and Rolling Arrearage

Applicants must prove that they were delinquent two months prior to June 30, 2022. For an applicant to be eligible, at the time the application was submitted:

Applicant must have missed mortgage payments starting on May 2022, or

Applicant must have made late or partial payments starting or prior to May 2022, and never became current

Verify eligibility using the account history in the most current mortgage statement.

Example 1: Eligible. May is delinquent.

Recent Account History

*Payment due 04/22: Fully paid on 04/31/22

*Payment due 05/22: Unpaid amount

*Payment due 06/22: Unpaid amount

*Payment due 07/22: Unpaid amount

Example 2: Eligible, rolling arrearage. May payment was a partial payment or made late, and applicant never became current prior to the submission of the application. This is considered a rolling arrearage.

Recent Account History

*Payment due 04/22: Fully paid on 04/31/22

*Payment due 05/22: Fully paid on 07/07/22

*Payment due 06/22: Fully paid on 08/02/22

*Payment due 07/22: Unpaid amount

Example 3: Ineligible, not delinquent prior to program start: May payment was paid late in June. The applicant was not delinquent 2 months prior to June 30, 2022.

Recent Account History

*Payment due 04/22: Fully paid on 04/26/22

*Payment due 05/22: Fully paid on 06/16/22

*Payment due 06/22: Fully paid on 08/21/22

*Payment due 07/22: Unpaid amount

*Payment due 08/22: Unpaid amount *Payment

due 09/22: Unpaid amount **Example 4:**

Ineligible, not delinquent prior to program

start. May payment was made on time, in the

same month, and is not delinquent two months prior to June 30, 2022.

Recent Account History

*Payment due 04/22: Fully paid on 04/27/22

*Payment due 05/22: Fully paid on 05/27/22

*Payment due 06/22: Unpaid amount

*Payment due 07/22: Unpaid amount

Denial and Cancel Codes for a complete list of denial and cancel codes and definition of each code.

ELIGIBILITY CRITERIA	MORTGAGE RELIEF	REVERSE MORTGAGE	VALIDATION	DENIAL REASON
Own and occupy property as primary residence	Y	Y	Review the name and the address listed in the mortgage statement and the utility bill	The name and address listed in your mortgage statement and your utility bill don't match, therefore we are unable to verify that the home listed in your application is your primary residence.
Own and occupy one property	Y	Verify applicant attested "Yes" to: "I/we only own one available for homeowners of	Program assistance is only not more than residential property. Review credit report and confirm there is only one active mortgage" residential property" or your credit report shows more than one active mortgage.	no more than one residential property. You attested "No" to "I/we only own one residential property" or your credit report shows more than one active mortgage.
Financial hardship after January 21, 2020	Y	Y	Verify applicant attested "Yes" to: "I/we experienced a COVID-19 related financial hardship after January 21, 2020"	Program assistance is only available for homeowners that experienced a financial hardship after January 21, 2020, and you attested "No" to "I/we experienced a COVID-19 related financial

ELIGIBILITY MORTGAGE REVERSE VALIDATION DENIAL REASON CRITERIA RELIEF MORTGAGE

Qualified Financial Hardship	Y	Y	Verify applicant has attested “Yes” to the financial hardship section: “I have experienced	Program assistance is only available to homeowners that experienced hardships
Original loan not greater than conforming loan limit	Y	N/A	Review servicer worksheet, loan should be under the conforming loan limits at the origination of the loan	Program assistance is only available for loans under the conforming loan limits at the time of the origination of the loan. The information provided by your servicer shows that your original loan is greater than the conforming loan limit
				hardship after January 21, 2020”
Missed mortgage related payments	Y	Y	Review the mortgage statement prior to Program delinquency date	Program assistance is only available to households that have missed mortgage payments for two months prior to June 30, 2022.
Home is owned by a natural person or nonincorporated, Living Trusts	Y	Y	Review servicer worksheet in the CDF tab on OnAir portal your and compare to the mortgage servicer indicates that the statement provided by homeowner of the residence applicant is a business (LLC, LP, LLP)	Information provided by
	Y	Y	Program assistance is only available to homes owned by a natural person or nonincorporated, living trusts.	
ELIGIBILITY CRITERIA		MORTGAGE RELIEF	REVERSE VALIDATION	DENIAL REASON
Amount needed to loan current is less	Y	Y	In the CDF Tab, verify the “Total Amount mortgage loan current is higher than the \$80,000.00	Amount needed to bring the bring the mortgage limit allowed by the program

Homeowner(s) does not have sufficient liquid assets to pay the amount needed to bring the mortgage to current	Y	Y	Verify that the current balance in personal bank accounts is not greater than \$20,000 over the amount needed to bring the mortgage to current	The bank documentation you provided for homeowner(s) show liquid assets sufficient to bring the mortgage loan current
<p>Loan is not a Y Y Verify applicant has attested Program assistance is only HELOC (Home “No” to Question 1.1 “Do you available to homeowners if equity line of credit) have a second loan, HELOC the lien position returned or other type of (Home equity line of credit) from the Servicer is “1” financing? or other type of financing on your home?”</p> <p>In the CDF tab, verify the field “Lien Position at Origination” is 1</p>				
Income	Y	Y	Verify that all the proper income documentation has been provided for all adults 18 years or older in the household	Proof of income is required to complete the income verification. You have not provided income documentation for all adults 18 years or older in the household
AMI Calculation	Y	Y	Annual Gross Household Income must be less or equal to 150% the Area Median Income (AMI) for the county of the Household (See Income verification section)	Program assistance is only available to households with an annual gross household income lower or equal to 150% the Area Median Income (AMI) for the county of the residence. Your annual household income is higher than 150% of the AMI of your county.

6.4. Determining Mortgage Delinquency and Rolling Arrearage

Applicants must prove that they were delinquent two months prior to June 30, 2022. For an applicant to be eligible, at the time the application was submitted:

- Applicant must have missed mortgage payments starting on May 2022, or
- Applicant must have made late or partial payments starting or prior to May 2022, and never became current

Verify eligibility using the account history in the most current mortgage statement.

Example 1: Eligible. May is delinquent.

Recent Account History

*Payment due 04/22: Fully paid on 04/31/22

*Payment due 05/22: Unpaid amount

*Payment due 06/22: Unpaid amount

*Payment due 07/22: Unpaid amount

Example 2: Eligible, rolling arrearage. May payment was a partial payment or made late, and applicant never became current prior to the submission of the application. This is considered a rolling arrearage.

Recent Account History

*Payment due 04/22: Fully paid on 04/31/22

*Payment due 05/22: Fully paid on 07/07/22

*Payment due 06/22: Fully paid on 08/02/22

*Payment due 07/22: Unpaid amount

Example 3: Ineligible, not delinquent prior to program start: May payment was paid late in June. The applicant was not delinquent 2 months prior to June 30, 2022.

Recent Account History

*Payment due 04/22: Fully paid on 04/26/22

*Payment due 05/22: Fully paid on 06/16/22

*Payment due 06/22: Fully paid on 08/21/22

*Payment due 07/22: Unpaid amount

*Payment due 08/22: Unpaid amount *Payment
due 09/22: Unpaid amount

Example 4: Ineligible, not delinquent prior to program start. May payment was made on time, in the same month, and is not delinquent two months prior to June 30, 2022.

Recent Account History

*Payment due 04/22: Fully paid on 04/27/22

*Payment due 05/22: Fully paid on 05/27/22

*Payment due 06/22: Unpaid amount

*Payment due 07/22: Unpaid amount

6.5. Denial and Cancel Codes

The following provides a summary of currently used denial and cancel codes.

Denial Reasons / Codes	Definition
Above AMI	The applicant's annual gross household income exceeds the threshold of the Area Medium Income (AMI) for the county of the household.
More than one property	Applicant owns more than one property
More than one unit	The property is not a single unit house, condo, or permanently affixed manufactured home.
No servicer denial letter	No longer applicable
Not an eligible property type	Property is an investment property or is a property owned by a mortgage lender, bank or the mortgage investor which is known as a REO (real estate owned) property.
Not delinquent before Program delinquency date	Applicant was not delinquent 2 months prior to June 30, 2022, e.g., delinquent in May 2022 and June 2022.
Property not in California	<ul style="list-style-type: none">Property is not located in California.

Denial Reasons / Codes	Definition
Property not primary residence	Applicant does not occupy the home as their primary residence.
Property owned by LLC	Applicant attested “no” to application question #1.10 “A business (LLC, LP, LLP) is listed as the homeowner on my mortgage”.
Reinstatement amount over \$80,000	A sum greater than \$80,000 is required to bring the mortgage current.
Servicer is not in the program	The mortgage servicer is not currently participating in the Program.
Sufficient liquid assets	The applicant has sufficient liquid assets to pay the amount needed to bring the mortgage current.
Third Party documentation inconsistency	Documents submitted by applicant appear to inconsistent or present conflicting information.

Cancel Reasons / Code	Definition
Accepted loan modification	Applicant has accepted a loan modification
Applicant did not provide required information	Applicant has not provided additional information that was requested by a reviewer
Duplicate application	Applicant has submitted a duplicate application
Voluntary withdrawal	Applicant voluntarily withdrawn application

6.6. CDF Records

The following describes and illustrates the CDF record types and sequence.

Record Type	Definition
"I" Record	Inquiry (I) record creation from submission of application.
V" or "O" Record	Servicer sends Validation (V) or objection (O) record servicer response from the I record submission
"D" Record	D record creation if application is to be declined, sent to servicer.
"Q" Record	Send "Q" record to servicer to request updated reinstatement amount and good through date.
"Y" Record	Servicer sends "Y" Record to State to provide updated reinstatement amount and good through date.
"C" Record	Servicer sends "C" Record to provide updated or corrected record information
"A" Record	"A" approval Record is sent to Servicer; clear to fund.
"B" Record	Bulk payment (B) record creation from A record creation.
"P" Record	Servicer sends "P" Record / Payments applied.

"R" Record	Servicer sends "R" Record Overage funds returned to the state
"W" Record	Servicer sends after "V" record to indicate homeowner is being withdrawn.
"T" Record	Process termination (T) record creation (sent to servicer) after P record receipt

6.6.1. CDF V/O Files

ER is alerted when V/O file is returned and available in OnAir portal.

See "O Record Response and Actions"

Servicer reviewed the CDF and TPA files and verifies and does not object to the information provided by the applicant:

Occupancy Type

Units

Original loan amount

Total amount of indebtedness as indicated on the V file in the "Total Amount Due" field

Eligibility reviewer can complete **second level** review of the application. (See second level review section).

If the servicer objects to information provided by the applicant:

OBJECTION	OUTCOME
Incorrect Servicer	Update the Servicer and update the status to Under Review – Loan Servicer Selected
Occupancy Type	Decline application if the property is not the primary residence
OBJECTION	OUTCOME

# Units	Decline application if there are more than 1 units
Original Loan Amount	V file returned provides amount
Total amount of indebtedness	V file returned provides the amount. ES to select servicer amount and save for ER to complete 2 nd Level Review
Loan Modification accepted	Decline. No longer delinquent with their servicer. No amount due.

6.7. Credit Reports

Credit reports are not required for all the applications submitted. The purpose of a credit report is to provide supporting documentation for an ER to make an eligibility determination when the information provided by the applicant is not sufficient to approve or decline an application and are only required under specific circumstances described in this section.

Purpose	Scenario
Validate PII	
Name	To verify the applicants name when there is a mismatch between the mortgage statement, utility bill and bank accounts
Address	To verify that a co-borrower does not live in the household
SSN	To verify primary residence when there is a mismatch between the mortgage statement, utility bill and bank accounts
Date of birth	
Employment information	When ER has reasonable doubt that the PII provided by the applicant is misleading / fraudulent.
Validate Credit Accounts	
Credit Card	When applicant does not have a bank account and cannot demonstrate income or living expenses
Auto Loan	When ER has reasonable doubt that the applicant has more than one property
Mortgage	When ER has reasonable doubt that the applicant is experiencing a financial hardship
Validate Credit Inquiries	To verify hardship when the applicant does not have a bank account

Purpose	Scenario
List of lenders who accessed the credit report	
Validate Public Record and Collections State and County collections Bankruptcies Debt overdue	To verify an active bankruptcy

6.8. Income Verification

Review of the minimum required documentation for income verification is completed as part of the initial review. For income verification calculations it is assumed that all adults living in the home that are 18 years or older have provided proof of income. The following is an example of a household of four (4), Three (3) 18 years or older and one (1) minor.

1. Obtain the Area Median Income (AMI) for the county of the Household using the AMI calculator provided on the CalMRP website at <https://camortgagerelief.org>
- 2.

County	People in the household	AMI
Sacramento	4*	\$81,000.00

Use the total number of people (adults and minors) in the household. A pregnant woman is considered 2 people

3. Calculate annual **gross** income and monthly **gross** income for each adult in the household.

a. If the adult is an employee (W2)

Frequency	Gross Income	Annual Calculation	Annual Gross Income	Monthly Gross Income (AGI/12)
Weekly	\$500.00	Gross x 52 weeks	\$26,000.00	\$2,166.00
Bi-weekly	\$1,000.00	Gross x 26 weeks	\$26,000.00	\$2,166.00
Semi-monthly	\$1,000.00	Gross x 24 weeks	\$24,000.00	\$2,000.00
Monthly	\$2,000.00	Gross x 12 weeks	\$24,000.00	\$2,000.00

b. If the adult is self-employee

d (1099)

Document	Monthly Gross Income	Annual Gross Income
Tax returns (if available)	\$2,000.00	\$24,000.00
Business Bank Account Deposits	\$2,166.00	\$26,000.00
Personal Bank Account Deposits**	\$2,166.00	\$26,000.00

** Any distribution from the business accounts including payroll, loans and bonuses is considered gross income.

c. If the adult is receiving public assistance such as Unemployment, Medi-Cal, WIC, SNAP, FDPIR, TANF, SNP, Section 8 and any other income-based county, municipality, state and or federal assistance program (Public Assistance)

Frequency	Gross Income	Annual Calculation	Annual Gross Income	Monthly Gross Income (AGI/12)
Weekly	\$500.00	Gross x 52 weeks	\$26,000.00	\$2,166.00
Bi-weekly	\$1,000.00	Gross x 26 weeks	\$26,000.00	\$2,166.00
Semi-monthly	\$1,000.00	Gross x 24 weeks	\$24,000.00	\$2,000.00
Monthly	\$2,000.00	Gross x 12 weeks	\$24,000.00	\$2,000.00

4. Calculate **household** annual gross income and monthly household income

Co-applicant	Annual Gross Income	Monthly Gross Income
Person 1	\$24,000.00	\$2,000.00
Person 2	\$6,000.00	\$500.00
Person 3	\$0.00	\$0.00
Household	\$30,000.00	\$2,500.00

5. Compare Annual Gross Household Income (AGHI) to the Area Median Income (AMI) for the county. AGHI must be equal to or less than 150% of AMI

County	People in the household	AMI	AGHI	Eligibility
Sacramento	4	\$81,000.00	\$30,000.00	<input checked="" type="checkbox"/>

6.1. Liquid Assets Determination

In testing Liquid Assets there are occasions where there are multiple individuals in the household. To determine eligibility, the program distinguishes the people present in the household based on relationship type. There are spouses, children, parents, relatives and friends. In order to facilitate the eligibility review process, a table below is provided (see **Table 1 - Liquid Asset Determination**).

Spouses' liquid assets are to be counted when discussing eligibility. If one spouse is on the mortgage statement and the other is absent, the absent spouse's assets are included for purposes of determining whether there are liquid assets. This is similar to the spouse absent on the mortgage yet when the named spouse is deceased we do not require substantial documentation to allow mortgage assistance for the surviving spouse.

Children's liquid assets are in two categories. An adult child's liquid assets are not used for purposes of calculating the liquid assets of the homeowner. A minor child's assets are normally not included in the liquid assets test unless there is a recent move from a parent's account into the minor child's account of the significant amount of money which may appear to be an attempt to shift assets and enhance eligibility.

A minor child's 529 college investment account or a 401/457 – retirement account is excluded for a minor child as well.

Other residents not in the familial relationship will not be reviewed for purposes of Liquid Assets guidelines.

Table 1 - Liquid Asset Determination

	Included in Liquid Assets	Excluded from Liquid Assets
Spouse's Separate Account	X	
Adult Child's Separate Account		X
Minor Child's Separate Account		USUALLY *
Family Friend residing in house		X

* The "Usually" comment is addressed in the paragraphs above.

6.2. Public Assistance

Public Assistance is defined as Unemployment Benefits and other public assistance in accordance with HUD guidelines 24 CFR § 5.609 - Annual income (6) Welfare assistance payments which includes: MediCal, WIC, SNAP, FDPIR, TANF, SNP, Section 8 and any other income-based county, municipality, state and or federal assistance program.

6.3. Bankruptcies

Supporting documentation required for applications with active bankruptcies are: 1) documentation from Trustee that servicers can accept funds, and 2) credit report to verify active bankruptcy.

6.4. Loan Modifications

See

O Record Response and Actions and *Section 6.6.1* CDF V/O Files for a description of O record responses that would indicate an applicant has accepted a loan modification. The mortgage statement or an O record can be used to validate that a loan modification has occurred.

6.5. Estates

When the mortgage statement identifies a non-natural person, the reviewer is confronted with having to make a few analytical decisions. This process is outlined in this section of the PnP.

6.5.1. Trusts

Trusts fall into a few categories. The two main categories are *revocable trusts* and *irrevocable trusts*. Depending on which type of trust is on the mortgage statement, there is a different result for eligibility.

Revocable Trust: A *revocable trust* means that the Trustor, person placing property into a “holding” entity (aka “trust”), is still alive and s/he can change their mind about the property at any time. By being a revocable trust, the Trustor is permitted to do as s/he desires. This is akin to a safety deposit box – you can move items into the box or out of the box whenever you want, or you can completely close the box and remove all contents from it. In other words, you revoked the trust by closing it or moving the asset “out” of the box.

A revocable trust is a trust where provisions can be altered or canceled dependent on the grantor or the originator of the trust (Trustor). Only after death of the Trustor does property transfer to the beneficiaries of the trust. A revocable trust is helpful since it provides flexibility and income to the living Trustor. Provisions of the trust can be changed any time before the Trustor's death.

Irrevocable Trust: An *irrevocable trust* means that the trust terms cannot be changed, nor can the asset be removed from the trust. Typically, when a married couple creates a trust, once one of the spouses dies, the trust moves from a revocable trust to an irrevocable trust. An irrevocable trust means that the assets cannot be moved or changed.

Because a revocable trust allows the trustee to do as they wish with an asset (e.g. the house) these are entities that the program allows for purposes of eligibility. An irrevocable trust is not eligible for program benefits.

6.5.2. Estates

When a homeowner dies and is the person identified on the mortgage (loan) and title (deed) documentation, the lenders/servicers place the “Estate of...” in front of the name, e.g., “Estate of John Smith.” However, most “estates” mean that the person paying the mortgage is alive and not on the note/deed. In most estate situations, unless the name of the applicant is on the loan, the application will be denied.

The one situation the program allows for eligibility is when the person applying is the surviving spouse of the decedent, the person may be eligible. If the applicant is not a spouse, but instead a child, or other relative, the applicant will not be eligible until the bank acknowledges that the applicant is liable on the loan.

In order for a spouse to establish eligibility the following must be established:

Married to the decedent at the time of death

Bank acknowledges that the spouse is the successor in the property

These two points can be established via a combination of the following documents:

Joint tax return for period of death (e.g., 2021 joint filing when spouse died in 2021)

Death certificate identifies spouse of decedent to be applicant

Marriage certificate

Letter from loan servicer acknowledging that the applicant is the successor in interest, or that the spouse is liable on the mortgage, or that the surviving spouse is responsible for mortgage payments.

Grant deed identifying spouse/applicant as owner of property. (This also applies to divorce situations).

Oftentimes, the servicers demand that the surviving spouse modify the loan to place their name on the loan. This is not a requirement if the bank acknowledges that the spouse is the successor in interest to the property.

At a minimum, for purposes of eligibility, the applicant must:

- Be identified as spouse of the deceased person; and
 - Acknowledged by the bank to have an ownership interest in the property.
- ### 6.5.3. Matrix of Potential Eligibility

	Revocable Trust	Irrevocable Trust	Estate of - spouse	Estate of other than spouse
Eligible	X		X	
Not eligible		X		X

6.6. Reverse Mortgage / Home Equity Conversion Mortgage (HECM)

The policies and procedures described throughout this document will be followed to process reverse mortgages/ Home Equity Conversion Mortgage (HECM), with the following exceptions:

Conforming loan limit is not required. Original loan amount and year of origination are not needed for this verification

On the CDF file, use the “total amount due” field to identify the delinquency amount

On the CDF file, use the “loan type” field to validate that the loan is a reverse mortgage / HECM loan

On the CDF file, use the “loan status date” to validate that the applicant was delinquent two months prior to June 30, 2022.

6.7. Foreclosures

<<to be completed once process has been finalized>>

7. Income Counted and Income not Counted

The following definitions of income counted and not counted are derived from the HUD guidelines 24 CFR § 5.609 - Annual income.

(a) Annual income means all amounts, monetary or not, which:

- (1)** Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2)** Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3)** Which are not specifically excluded in paragraph (c) of this section.
- (4)** Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

24 CFR § 5.609

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	YES	NO	Payroll for regular time and overtime
b.1 The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services			

b.2 The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as

deductions in determining net personal accounts, except income. An allowance for loans.
 depreciation of assets used in a For a loan from a business business or profession may be to
 be excluded from the deducted, based on straight line income calculation, depreciation, as
 provided in applicant must provide Internal Revenue Service valid loan documentation,
 regulations. Any withdrawal of and the business must be cash or assets from the in good
 standing. operation of a business or

YES NO Any
 transfers from the
 profession will be included in
 income, except to the extent the
 withdrawal is reimbursement of cash
 or assets invested in the operation by
 the family;

24 CFR § 5.609

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	YES	NO	
<p>b.3 Interest, dividends, and other net income of any kind from real or personal property.</p> <p>Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current</p>			<p>Rent from roommates, even if seasonal. Commissions during the current most recent two months. (Real Estate, Sales, etc.)</p> <p>Dividends</p>
<p>passbook savings rate, as determined by HUD;</p> <p>b.4 The full amount of periodic amounts received from Social Security, annuities, insurance</p> <p>retirement funds, pensions, disability or death benefits, and other similar types</p>	YES	NO	<p>Social Security (SSA). EDD Disability policies,</p>

	INCLUDED	PUBLIC ASSISTANCE	EXAMPLES
of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);			
b.5 Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);	YES	NO	<p>Worker's Compensation</p> <p>Severance paycheck</p> <p>Veteran's Disability</p> <p>EDD Unemployment is the exception and is considered Income and Public Assistance</p>
(6) Welfare assistance payments.	YES	YES	<p>Medi-Cal, WIC, SNAP, FDPIR, TANF, SNP, Section 8 and any other incomebased county, municipality, state and or federal assistance program (Public Assistance)</p>
24 CFR § 5.609			

24 CFR § 5.609**INCLUDED****PUBLIC****EXAMPLES****ASSISTANCE**

YES

YES

TANF

6.i Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

6.i.A Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

6.i.B Are not otherwise excluded under paragraph (c) of this section.

6.ii If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance

24 CFR § 5.609**INCLUDED****PUBLIC
ASSISTANCE****EXAMPLES**

income to be included as income shall
consist of:

6.ii.A The amount of the
allowance or grant exclusive of
the amount specifically
designated for shelter or utilities;
plus

24 CFR § 5.609**INCLUDED****PUBLIC
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6.ii.B The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

b.8 All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section)

NO

Military pay

Military allowances for food and housing.

Except special pay to a family member serving who is exposed to hostile fire.

YES

NO

b.7 Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

Child Support

Alimony

Regular Gifts/Regular

Allowance from Family

24 CFR § 5.609	INCLUDED	PUBLIC ASSISTANCE	EXAMPLES
<p>b.9 (9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition and any other required fees and charges, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, “financial assistance” does not</p> <p>include loan proceeds for the purpose of determining income.</p>	YES	NO	Section 8 for Higher Education amounts. (Not considered income if 23 with dependent children)

24 CFR § 5.609		INCLUDED	PUBLIC ASSISTANCE	EXAMPLES
(c) Annual income does not include the following:				
24 CFR § 5.609		INCLUDED	PUBLIC ASSISTANCE	EXAMPLES
		NO	NO	
c.1 Income from employment of children (including foster children) under the age of 18 years;				
c.2 Payments received for the care of				Increments
		NO	NO	Inheritances Fire Insurance payment Life Insurance Payouts
c.3 Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property				
foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);				(SCI)/Specialized Care And Incentive Assistance Program (SCIAP)
NO	YES	State AFDC-FC Foster care cash assistance Special Care		

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losses (except as provided in paragraph (b)(5) of this section);

NO

NO

Deposits from a family member for medical expenses

c.4 Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

NO

NO

c.5 Income of a live-in aide, as defined in § 5.403;

c.6 Subject to paragraph (b)(9) of this

NO

NO

section, the full amount of student financial assistance paid directly to the student or to the educational institution;

NO

NO

c.7 The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

c.8.i Amounts received under training programs funded by HUD;

NO

24 CFR § 5.609**INCLUDED****PUBLIC****EXAMPLES****ASSISTANCE**

	NO	NO	
c.8.ii Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);			
c.8.iii Amounts received by a participant	NO	NO	

in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

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NO

NO

c.8.iv Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;

c.8.v Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period

NO

NO

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during which the family member participates in the employment training program;

c.9 Temporary, nonrecurring or sporadic income (including gifts);

Single Gifts from Family/Relatives is NOT considered income. With the exception of gifts that present in both evaluation months from the same source. See b.7 for periodic gifts (allowance)

c.10 Reparation payments paid by a

NO

NO

foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

c.11 Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);

NO

NO

If any co-applicant is a fulltime student (excluding the head of household and spouse); only count \$480 for annual gross income

c.14 Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

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		NO	NO	
c.12 Adoption assistance payments in excess of \$480 per adopted child;				
c.13 Reserved		NO	NO	
NO	NO Supplemental Security Income (Disability) and Social Security benefits that have been			delayed and paid in a lump sum at later time. These onetime occurrences or delayed monthly occurrences are not considered income. Veterans Affairs Dependency and Indemnity Compensation (DIC).
c.15 Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;		NO	NO	
c.16 Amounts paid by a State agency to a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or		NO	NO	family with a

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NO

NO

c.17 Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

7.1. Unemployment Benefits and Child Tax Credit (CTC)

Per the HUD’s Office of Multifamily Housing Programs, on April 28th, 2021, HUD has determined that the \$300 a week unemployment benefit and Child Tax Credit (CTC) payment are to be excluded from the Annual Income Calculation.

7.2. Temporary non-recurring income excluded from income calculations

This section describes the differences between b.7 periodic income including gifts and c.9 temporary, non-recurring income including gifts.

Per HUD guidelines 24 CFR § 5.609 - Annual income, there are two sections that include gifts. This section describes the differences between both sections so the eligibility reviewers can identify the

41 income that should be counted as part of the household annual gross income and the income that should be excluded.

Income included	Income excluded
b.7 Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;	c.9 Temporary, non-recurring or sporadic income (including gifts);

While both sections include gifts, the main difference between these sections is that b.7 includes periodic or recurring deposits and c.9 includes one-time or non-recurring deposits.

The second level review uses 2 months of statements to calculate and project the applicant's annual income. Any transactions from the same source that show in both months will be considered periodic or recurring and will be counted as income. Any transactions that only show in one month will be considered temporary or non-recurring and will be excluded from the household annual gross income calculation.

8. SLAs

8.1. Communication

Under Review – Additional Information Required. Application submitted, but Additional Information has been requested and applicant has NOT provided yet.

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- a. After 30 days from the time the ER requested additional information, if the applicant has not provided, the application will be CANCELED and the applicant will be able to reapply.
- b. During the first 10 days, ER reviewer will reach out to the applicant via messages in OnAir to provide notification that the application is being reviewed. Applicants can also exchange email and messages ER via the ONAIR system.

- c. On day 15, the ONAIR system will send the applicant an email reminder that additional information is required to continue the review process. It alerts them to the 30 day cancelation date.

8.2. Application QA review

QA reviews 100% of declined applications.

QA reviews a sample of approved application (sample is decided at the QA team discretion).

The following diagram illustrates the process to resolve any application determination discrepancies identified by the QA Team. A detailed description of the QA process is located in the Quality Assurance Observation Procedure document.

QA team updates the [QA tracker](#) with any applications that may require a second evaluation and a possible reversal of the original determination

Eligibility team completes a second review based on the findings provided by the QA team

If the determination is correct, the eligibility team updates the QA tracker, and no further action is needed. PnP and training materials may need to be updated to make sure the QA Team and Eligibility team use the same eligibility criteria.

If the eligibility team made an incorrect determination:

PnP, job aides and training materials are evaluated to make sure the same error does not occur in the future. In addition to that, Eligibility Supervisors provide coaching if the mistake was made by any specific eligibility team member.

If a declined application needs to be approved, the Appeals Team contacts the applicant and clones the application through the appeal process, or the applicant needs to reapply

If an approved application needs to be declined:

If the payment has not been posted, the finance team stops the payment and the application status is set to declined, otherwise:

If there is a valid reason to sustain the approval, the Appeals team presents the application as an exception

If there is not a valid reason to sustain the approval, the Finance team executes the claw back process

8.3. CDF record creation

The following are SLAs for when the data from the servicer is available in the OnAir application.

Record Type	Process	SLA
I	Inquiry (I) record creation from submission of application	3 business days
V or O	Validation (V) or objection (O) record servicer response from the I record submission	5 business days
I	I record creation from an O record (sub servicer)	3 business days
A or D	Approve (A) or Decline (D) record creation from V receipt	30 calendar days
D	D record creation from O record receipt	5 business days
W	Withdrawal (W) record received (from servicer) after A record receipt	On hold for now
B	Bulk payment (B) record creation from A record creation (the following business day after OnAir approval)	5 business days
P	Payment applied (P) record response after B record receipt	5 business days
P	P record response after W record sent, W record accepted by State and Funds already disbursed	3 business days
T	Process termination (T) record creation (sent to servicer) after P record receipt.	30 calendar days from P record receipt
Q	Updated request to servicer to provide updated information	
Y	Returned record following Q record request for updated information.	

9. 3rd Party Attestation

A 3rd Party Attestation form is used when an applicant authorizes another individual assist in submitting, providing and submitting their application. The applicant and the 3rd party sign the form. The form is uploaded to the MRP.

Once an application is declined, applicants can appeal the decision to the Appeals Board.

Applicants need to submit an appeal through the intake portal for a period of up to ten days from the declination. There is a button on which they can click and go into the appeals module. The appeal

portal will ask for the basis and also provide a space for a written justification for the appeal and allow for submission/attachment of supporting documentation.

If appeals are capable of being disposed of by the appeals team, the team will take action on the appeal and either approve it (and clone a new application) or decline it with explanation. If adequate basis is presented, the appeal team will prepare the appeal to be presented to the appeals board. If the appeal is properly substantiated, the Eligibility Supervisor will present the appeal to the Appeal Board.

If the Appeal Board finds sufficient justification to approve the application, the status of the appeal will be set to Approved, a letter will be sent to the applicant informing the approval decision and the application will be cloned by the appeals team to allow the applicant to move forward.

If the Appeal Board does not find sufficient justification to approve the application, the Eligibility Supervisor will send an appeal denial letter to the applicant.

Applicants can only appeal once.

Appeal Board decision will be returned within 14 business days.

11. Exceptions

- **Applicants with a change in employment status during the 2 months the program uses to evaluate income.**

The purpose of the income evaluation is to establish the current financial situation for each member of the household. Applicants must provide income documentation for the 2 most recent months, if the employment situation has changed during that timeframe, the most recent employment situation should take precedence in the income calculation.

If the applicant was collecting unemployment and is now employed, do not count unemployment benefits, and only count current salary. If applicant only provides one paystub, income can be calculated using hourly rate or annual salary from a valid employment offer letter. If overtime exists, count the overtime for the annual gross income.

Co-borrowers that do not live in the household.

Co-borrowers not living in the household need to prove their residency outside of the household by submitting an official ID and a utility bill with a different address. Documents must be issued before the application was submitted.

If a utility bill is unavailable, a lease or rental agreement will be acceptable.

In circumstances when the applicant and the co-borrower are separated by divorce or by domestic violence, divorce proceedings documentation or restraining orders are sufficient to meet this requirement.

In circumstances where the co-borrower is incarcerated, proof of incarceration is acceptable (i.e., inmate number).

Renting adults/roommates.

For an adult (18 years or older) to be considered a roommate and not part of the household, applicant must provide a valid rental/lease agreement. Agreement must be signed prior to the submission of the application and include rent amount. If the applicant provides the agreement, then the roommate does not need to provide income verification and the rent is included as part of the household income. If the applicant does not provide a valid lease agreement, then the roommate must provide income documentation and be considered as part of the household. If the documents are not provided during the 30-day review period, then the application will be canceled.

Applicant as a party to a divorce and not named on the mortgage statement

In situations where the applicant is not identified on the mortgage statement, and is a party to a divorce, the following exception process applies. This exception is based on the overarching concept of demonstrating “ownership” and “an interest” in the property.

There are occasions in a divorce situation where the parties preemptively allocate assets of the marriage. Sometimes this is done via a Separation Agreement (which courts usually subsequently incorporate into the final divorce orders) along with other actions (e.g., Quit Claim Deed or Interspousal Transfer Deed).

Quit Claim Deed is executed by any person to another where s/he is relinquishing any and all interest or potential interest in the property that the person might have. This is typically a one-page document that identifies the parties and the property and includes language

indicating that one party quits his/her interest in the property to a named party (e.g., husband “quits” his interest to wife).

Interspousal Transfer is similar to the quit claim deed and is usually a part of divorce proceedings. An interspousal transfer deed is a legal document allowing one spouse to assume full ownership of a previously shared property.

Grant Deed is a deed that requires a check on other liens against the property; in some situations, spouses obtain a Grant Deed which basically contains a “warranty” that the property is held by the person transferring their ownership interest. Probably the least frequent type we would see.

Filing the transfer document (quit claim or interspousal transfer) is done at the county level at an assessor’s office or recorder’s office. Once this is filed with the county, the world is now aware or “noticed” that the person no longer has any ownership or other interest in the real estate.

Eligibility Evidence

For the purposes of the California Mortgage Relief Program, a filed/endorsed copy of the quit claim deed or interspousal transfer deed is required to demonstrate that the document is “on record.” *Eligibility determination requires that an applicant demonstrate a possessory and ownership interest in the property.*

In order to process an application that involves a couple that is either divorcing or is already divorced the following documents are required. These documents demonstrate a possessory and ownership interest in the property.

The following table identifies the documents required to demonstrate a possessory and ownership interest in the property for spousal relationships.

Mandatory	Desirable
Mortgage statement (with <u>either</u> the applicant or his/her spouse’s name on it)	Bank statement or checks reflecting payment of mortgage by applicant
Utility or other statement evidencing the applicant is residing at the property location	Letter from Servicer indicating the applicant is the “successor in interest”

<p>Either a Deed or Court Order:</p> <ul style="list-style-type: none"> – Deed (a quit claim or an interspousal transfer or Grant deed) naming applicant as an owner – Court Order / Divorce decree awarding applicant the residence as their “property” 	Marriage and Divorce documents
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Note that the *mandatory documents* must be provided to approve an application where the spouse is not named on the mortgage or where both spouses are named but only one spouse is the applicant.

Desirable documents are not mandatory however they help evidence the acknowledgement that the applicant is the owner.

Applicant not on the mortgage but has an interest in the property

In situations where a family member or other person applies for the grant relief the reviewer must determine whether the applicant aligns to one of the exceptions described here. If the applicant is a family member (e.g. child, parent, sibling) and establishes that they fall within all eligibility criteria (e.g. not over \$80k; only one property owned; conforming loan amount; this is the primary residence; etc.) the application may be approved with satisfactory documentation submitted by the applicant.

The following matrix addresses documentation for determining eligibility.

Document	Mandatory	Desirable
Letter from lender that applicant is a successor in interest	X	
Utility statement or other bill evidencing residence at that location	X	
Deed or Court Order: – naming applicant as an owner	X	
Document demonstrating no greater claim		X
Will – or testamentary document		X

A document demonstrating no greater claim helps the review team ensure that there are no other known individuals that would have a claim greater than the applicant. For instance, a granddaughter can apply and demonstrate that despite there being other grand-children, she resided

alone in the residence and she has been paying the mortgage until impacted by COVID and payment ceased. In this case, an affidavit under penalty of perjury would suffice; however, a will or other documentation would also be desirable.

Applications with Bank Statements that show no living expenses and no transactions.

Applicants with NO bank statements, applicants MUST provide Tax Returns.

If no returns, must provide written explanation of living expenses. Then must have letter from named family/source attesting to financial support.

Temporary non-recurring deposits or credits. Should not be counted as income.

Liquid Asset. Attestation and Arrearage plus \$20,000.

Applicants must attest to: I certify that I/we (the borrower(s)) do not have combined cash/assets that are equal to or greater than the relief funds needed + \$20,000. (This program defines cash/assets as cash or assets that can be converted into cash in a short amount of time, including things like money market instruments and marketable securities. This excludes savings in a tax-advantaged retirement account).

12. Glossary

ACH: Automated clearing house

CDF: Common Data File

Conforming Loan Limit: The applicable limitation governing the maximum original principal obligation of a mortgage secured by a single-family residence, a mortgage secured by a 2-family residence, a mortgage secured by a 3-family residence, or a mortgage secured by a 4-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)).

Deed: A legal document that is signed and delivered, especially one regarding the ownership of property or legal rights. A Deed doesn't guarantee someone is liable for the loan, but a court appointed award from one divorcee to another is applicable.

Deferred Balance: The amount of deferred unpaid mortgage balance, payment of which has been postponed until a specified period of time. Example: you are behind on month 1, 2, and 3 of your mortgage. With a deferral, you agree to hold off on payments until month 5, at which point all 5 payments are due at once.

ER: Eligibility Reviewer

ES: Eligibility Supervisor

Escrow Account (also called an Impound Account): A bond, deed, or other document kept in the custody of a third party and taking effect only when a specified condition has been fulfilled. A lender may establish an escrow account to pay for taxes and insurance. After closing, the mortgage servicer takes a portion of your monthly mortgage payment and holds it in the escrow account to pay taxes and insurances payments .

Estate: In general, estates are not eligible for the Program. An estate is everything comprising the net worth of an individual, including all land and real estate, possessions, financial securities, cash, and other assets that the individual owns or has a controlling interest in. When someone inherits an estate, they own the home but are not necessarily responsible for the loan. Responsibility of the loan is between the servicer and the person who inherited the property. If there is an official document making the applicant liable for the loan, but the applicant is not currently on the mortgage, then the application can be approved due to that liability.

A Deed doesn't guarantee someone is liable for the loan, but a court appointed award from one divorcee to another is applicable.

Forbearance: A form of repayment relief involving a temporary pause or suspension in the requirement to make mortgage payments for a period of time. During a forbearance period, the debt continues to accumulate and when the forbearance period of time ends, the servicer will start to collect on that debt.

HTI: Home to Income Ratio

SEI: Servicer Exchange Information/BayGrape

Self-Employment: the state of working for oneself as a freelance or the owner of a business rather than for an employer.

PITI: Monthly mortgage payment that includes Principal, Interest, Taxes, and Insurance

PITIA: Monthly mortgage payment that includes Principal, Interest, Taxes, Insurance, and Association dues

13. O Record Response and Actions

The following table identifies some O record responses from servicers and the resulting action to be taken by the eligibility team (please note: this list is not comprehensive).

If there is a response not included on this list, but the correct action can be inferred based on the response and given the context of the application, the supervisor should use their best judgement on action to be taken.

ID	O Record Response	Eligibility Team Action
1.	Mortgage/ loan / account is current	Cancel application
2.	Account paid in full	Cancel application
3.	Final modification docs returned/ accepted	Cancel application
4.	Partial Claim approved/ Modification approved	Cancel application
5.	Accepted FHA Partial Claim	Cancel application
6.	Final modification docs returned/ accepted	Cancel application
7.	Partial Claim approved/ Modification approved	Cancel application
8.	Investment Property	Deny- Not eligible property type
9.	REO / Real Estate Owned	Deny- Not eligible property type
10.	Borrow declined loan modification	Re-send I record
11.	Delinquency greater than 80K	Re-send I record

12.	Trial Modification /Government Trial /Flex Modification in Progress/ Final docs being prepared or reviewed	Re-send I record
13.	Loss Mitigation options being reviewed/ Active Loss mit workout	Re-send I record
14.	Homeowner has made # payments in trial mod	Re-send I record
15.	Homeowner is already in modification or other loss mit program	Re-send I record
ID	O Record Response	Eligibility Team Action
16.	Loan Released/ serving transfer/ sub-servicer (but no servicer identified)	Re-send I record
17.	Service Released to / subserviced by <Mortgage servicer name>	Change servicer and send I record
18.	Active Bankruptcy /Active BK/ BK13	Ensure we have bankruptcy trustee document and re-send I record
19.	Borrower deceased	Determine if there is a coborrower. Applicant/ co-applicant must be legally responsible for outstanding debt.

20.	Borrower not found/ Borrower name incorrect/ Invalid account number/ Invalid Loan Number/ Unable to locate	Review statement, validate loan number is correct and servicer is correct. Make corrections as needed and resend I record. If everything looks correct, escalate to management.
21.	Invalid TPA, Missing TPA	Review homeowner name on statement and on TPA. As needed, ask applicant to ensure names on application match those on mortgage statement. If unable to determine difference- escalate to management
22.	Objection Reason "N"	Wait. Servicer team will investigate