Frequently Asked Questions for BUILDING THE BRIDGE TO *Recovery* (Indiana's Hardest-Hit Fund)

What is BUILDING THE BRIDGE TO *Recovery* (Indiana's Hardest-Hit Fund)?

The U.S. Department of the Treasury established the Housing Finance Agency Innovation Fund for the Hardest-Hit Markets in early 2010 to provide financial assistance to families in the states most impacted by the downturn of the housing market. Subsequently on August 11 2010, U.S. Treasury announced that Indiana received $83 million to help unemployed homeowners pay their mortgage. In September 2010, an additional $139 million was added to this funding. The Indiana Housing and Community Development Authority (IHCDA) will administer the program and use the funding to help families who have fallen behind on their mortgage loans due to the loss of employment.

IHCDA has worked with Lieutenant Governor Becky Skillman, the Indiana Department of Workforce Development (DWD) and the Indiana Foreclosure Prevention Network (IFPN) partners to develop a comprehensive, statewide strategy. The plan aims to assist 13,392 homeowners who are experiencing financial hardship and are at-risk of mortgage loan default or foreclosure. Indiana's Hardest Hit Fund (HHF) program options will assist homeowners with financial hardships who have been unable to qualify for existing loan modification and foreclosure prevention programs.

How will Indiana's Hardest Hit Fund (HHF) help Indiana homeowners?

Indiana's HHF will provide an Unemployment Bridge Program (UBP) to assist homeowners throughout the state to avoid foreclosure resulting from loss of income due to layoff, reduction in force, or other job loss through no fault or neglect of their own. Within the UBP, there are three (3) options to address the needs of homeowners:

Partial Mortgage Payment Assistance offers partial mortgage payment assistance to eligible unemployed homeowners who have suffered job loss through no fault or neglect of their own. Homeowners who are eligible in the hardest hit counties may receive up to $18,000 of assistance up to three (3) months after re-employment, whichever comes first. Homeowners in balance of state may receive up to $12,000 of assistance or up to three (3) months after reemployment.

Rescue Payment Assistance offers a reinstatement for re-employed homeowners who were unemployed within the past twelve (12) months from the date of the application and became delinquent due to that unemployment. In order to be eligible for the one-time reinstatement, the homeowner must (a) be prepared to verify the dates in which they received unemployment insurance, (b) must qualify at 31/55 DTI, (c) is only eligible for $1,000 per month that they were receiving unemployment insurance, and (d) meet all other eligibility requirements according to the UBP.

Rescue Payment Assistance with Partial Mortgage Payment Assistance offers a combination of reinstatement and partial mortgage payment assistance for eligible unemployed homeowners. Eligibility criteria is the same for those receiving only Partial Mortgage Payment Assistance. Available funds for Partial Mortgage Payment Assistance will be reduced by the total amount that is required to bring the homeowner current on their mortgage upon commencement of Rescue Payment Assistance.

By coordinating our efforts with DWD, which administers unemployment insurance and many workforce training programs in the state, and connecting unemployed homeowners with opportunities to engage in education, training or structured volunteer work, HHF funds will help us remedy the effects of both structural and cyclical unemployment while offering Hoosiers who face only time-limited unemployment the opportunity to give back to their communities through structured volunteer work. This is particularly critical as Indiana's economic base continues its evolution from manufacturing to knowledge.

Who is eligible?

The Unemployment Bridge Program (UBP) eligibility requirements target homeowners with the greatest need, as determined by the following criteria:

- Unemployed and eligible for unemployment insurance and able to document current financial hardship; or a prior period of unemployment (must have been eligible for unemployment insurance during the prior period of unemployment) resulting in a current delinquency (for Rescue Payment Assistance only).
- Engaged in approved training, education or structured volunteer work (as defined by IHCDA) except for those homeowners who receive Rescue Payment Assistance;
- Current household income at or below 140% AMI adjusted for borrower's household size (except for Rescue Payment Assistance, where the maximum annual household income may not be at or greater than $150,000).
- The "Gross Annual Income" of the Borrower(s) must be considered, *as well as the income of any other person intending to reside in the residence who is the age of eighteen (18) and over and not a full-time student*;
- Gross Annual Income should be determined based on gross pay from employment, including any part-time, seasonal or sporadic income, shift differentials, overtime pay, and bonuses. It also includes:
    1. Alimony and separate maintenance payments;
    2. Periodic payments for trust, annuities, inheritances, insurance policies, pensions, retirement funds and lotteries;
    3. All public assistance payments (excluding Medicaid and food stamps) including any amount by which educational grants, scholarships, and/or Veteran Administration educational benefits exceed expenses for tuition, fees, books, and equipment and reasonable rent and utility costs for a student living away from home;
    4. Interest and dividends;
    5. Payments in lieu of earnings, including social security, unemployment benefits, worker's compensation, severance pay, disability or death benefits;
    6. Income from partnerships;
    7. Rental income for property owned;
    8. Recurring monetary contributions or gifts regularly received from a person not living in the residence; and
    9. All regular pay, special pay and allowances of a member of the Armed Forces, not including hazardous duty pay.
- Agreement to pay a minimum of 15% of household income at time of enrollment toward principle, interest, taxes, and insurance (PITI) based on verified documentation of any and all household income, (with the exception of those homeowners who receive Rescue Payment Assistance);
- Owning only one home;
- Submission of hardship affidavit documenting inability to pay mortgage;
- Priority of service will be extended to veterans and military personnel (active or reserve);
- At IHCDA's sole discretion, borrower may be removed from the program for failing to make the required partial payments to IHCDA;
- Borrower cannot have liquid assets sufficient to make six months or more mortgage payments, excluding retirement accounts
- Borrower that is unemployed and receiving unemployment insurance must be on the Mortgage.
- The home must be the borrower's principal residence and borrower may own no other property.
- Borrowers must meet the appropriate income limits. Borrower will be required to engage in either a job training program, educational courses or participate forty hours of volunteer activities per month.

How much assistance is available to help each homeowner?
Total assistance per household is not to exceed $18,000 in hardest hit counties or $12,000 in remaining counties. No funds will be paid directly to homeowner.

Will the homeowner have to pay back the assistance they receive from Indiana's HHF?
All assistance is structured as a forgivable, non-recourse, non-amortizing loan, secured by a junior lien on the property. The loan has a term of 10 years and is forgiven at a rate of 20% per year in years 6 through 10 of the loan term. If the borrower sells the property before the forgiveness period expires, all net sale proceeds up to the full principal balance outstanding will be due and payable to IHCDA. All funds returned to the UBP may be recycled until December 31, 2017; thereafter they will be returned to Treasury.

Term (in years from closing date)	Amount Due Back to IHCDA
Years 1 through 5	100%
Year 6	80%
Year 7	60%
Year 8	40%
Year 9	20%
Year 10	0%

The HHF loan is not forgivable by reason of death of the borrower. However, because it is a non-recourse loan, the borrower's estate has no personal liability for the debt, and IHCDA is limited to collecting from the available proceeds after sale of the property

How will homeowners apply for the Unemployment Bridge Program?
To begin the application process, homeowners may register online at www.877GetHope.org or call the Indiana Foreclosure Prevention toll-free hotline (1-877-GET-HOPE) to be referred to one of the U.S Department of Housing and Urban Development (HUD) or state-approved housing specialist agencies selected by IHCDA. An HHF-trained housing specialist will work with each homeowner to screen eligibility and develop an individualized action plan to address the homeowner's particular needs. IHCDA will review and approve eligibility applications and will authorize payments to the homeowner's mortgage servicer.

Is the assistance limited to people who are delinquent on their mortgage?
No, Indiana's HHF is available to homeowners who are either delinquent or current on their mortgage, but who face imminent default due to an involuntary reduction in income.