

Hardest Hit Fund
Memorandum of Understanding between
Oregon Affordable Housing Assistance Corporation and
Yamhill County

This Memorandum of Understanding is made this 13th day of October, 2016 by and between the Oregon Affordable Housing Assistance Corporation (OAHAC) and Yamhill County (County), the undersigned, and hereby confirms their mutual agreement on the following principles relating to OAHAC's Hardest Hit Fund (HHF) program:

1. **Program.** OAHAC has created a federally funded program (the Program) utilizing HHF to assist homeowners (Borrowers) who are delinquent in paying their real property taxes. The Program is administered through Oregon Housing and Community Services' Oregon Homeownership Stabilization Initiative (OHSI).
2. **Application Access.** Borrowers will access the Program through the OHSI online application at www.oregonhomeownerhelp.org. County may refer potentially eligible Borrowers to OHSI. County is encouraged but not required to market the Program. OHSI shall make marketing materials available to County.
3. **Program Eligibility.** OHSI shall be responsible for the selection/qualification of Borrowers to receive Program funding. County agrees that it is not authorized or empowered to determine and/or communicate to the Borrower eligibility for Program funds. OHSI retains sole authority for its Program eligibility determination and communication to the Borrower and County.
4. **Points of Contact.** OHSI shall provide a list of key contacts to County. County agrees to provide a primary and secondary point of contact for exchanging Borrower information to OHSI.
5. **Payments.** County and OAHAC agree to exchange payment information and funds through ACH/wire transfer, or other mutually agree upon mode.
6. **Information Sharing/Written Authorization.** OHSI shall be responsible for procuring written authorization from each Borrower to share information between OHSI and County. A copy of the signed authorization will be provided to County. County agrees to communicate information about the assisted Borrower's property tax account and delinquency status. It is anticipated that all of the data exchanged between OHSI and County is public information.
7. **Transmission of Non-Public Personal Information.** OAHAC and County agree that under no circumstances will nonpublic personal information be exchanged in connection with the Program. In the event communication involving a Borrower's **Nonpublic Personal Information** is made between OHSI and County, it shall be sent through encrypted e-mail, secure portal, or other similar secure electronic delivery system provided by OAHAC. OAHAC and County agree that they will maintain or implement appropriate measures designed to ensure the security and confidentiality of any Nonpublic Personal Information it receives from the other party, in compliance with the Gramm-Leach Bliley Act.
8. **Workout.** OAHAC and County agree that the Program will be conducted in accordance with the Program description and requirements detailed in the Program term sheet attached as Exhibit A and incorporated herein. County has reviewed the current Program term sheet and agrees to comply with all Program guidelines as outlined by OAHAC. County agrees the Program term sheet may be amended by

OAHAC from time to time. OAHAC will notify the primary contact provided by County of any Program amendments and/or changes.

- 9. **Program Approval.** Upon notification by OHSI that a Borrower has been conditionally approved for the Program, County agrees to promptly provide the balance due on the borrower's account, and by doing so confirm County's agreement to accept the HHF payment on the account. Alternatively, County may object to Borrower's participation in the Program, for good cause. County is required to place collection and foreclosure activity on hold upon the acceptance of the homeowner into the Program; and cancel active foreclosure action upon receipt of funds. Notwithstanding these requirements, County must at all times follow Oregon State law, and in the event of a conflict between any requirement or provision in this MOU and Oregon State law, County shall follow Oregon State law.
- 10. **Fund Application.** County agrees to apply Program funds towards delinquent taxes, interest, and late fees or penalties. In addition, OAHAC agrees County may apply such funds towards attorney's fees, property inspection fees, and other fees and expenses if they are deemed an advance on behalf of the Borrower by County.
- 11. **Timing.** County acknowledges that it is responsible for timely application of Program funds. County shall hold the Borrower harmless if payments are not applied timely, to the extent allowed under Oregon State law. County agrees that it will timely provide OHSI with reports documenting application of Program funds or any funds that could not be applied.
- 12. **Repayment of Funds.** OAHAC agrees that County will not be required to repay amounts applied to a Borrower's delinquent taxes if that Borrower is later determined to be ineligible.
- 13. **Termination.** Participation in the Program is voluntary and either party may terminate the agreement without cause on 30 days written notice. County shall continue to accept payments on behalf of a Borrower already enrolled through the term of the agreed upon assistance unless good cause can be shown for Borrower not to continue in the Program.

Accepted and agreed to by:

Yamhill County

By:  Date: 10-13-16

Print: MARY STARRETT Address: 535 NE Fifth St, McMinnville, OR 97128

Its: COMMISSIONER, CHAIR

Oregon Affordable Housing Assistance Corporation

By:  Date: 10/19/16

Print: Julie V Cady Address: 725 Summer ST NE Suite B Salem, OR 97301

Its: President

Accepted by Yamhill County Board of Commissioners on

10-13-16 by Board Order # 16-418

EXHIBIT A

SERVICE SCHEDULE B-3

**Oregon Affordable Housing Assistance Corporation
Loan Preservation Assistance Program
Summary Guidelines**

<p>1. Program Overview</p>	<p>The Loan Preservation Assistance Program is intended to help homeowners remain in good standing under their existing first-lien mortgage, reverse mortgage or property tax account. Funds provided through this Program will be provided to lenders/servicers and county tax authorities to bring a delinquent account current. Eligibility will be determined by staff representing OAHAC.</p> <p>There are four principal tiers of benefit provided under the Program:</p> <p>(A) Reinstatement Benefit: For homeowners with a qualifying arrearage who receive funding under the Mortgage Payment Assistance program.</p> <p>(B) Preservation Benefit: For homeowners with a qualifying arrearage who can demonstrate the ability to sustain their loan payments going forward.</p> <p>(C) Property Tax Benefit: For homeowners who own their homes free and clear of mortgages, have a property tax arrearage, and can demonstrate the ability to sustain their property tax payments going forward. Payments will be made to county tax authorities.</p> <p>(D) Reverse Mortgage Benefit: For homeowners with a HECM reverse mortgage that have had property taxes, homeowner's insurance and/or homeowner or condo association fees and/or assessments (collectively, Property Charges) impounded and who can demonstrate the ability to sustain their Property Charges going forward.</p> <p>Homeowners may decline the Reinstatement Benefit in order to be considered for the Preservation Benefit, but homeowners cannot receive funding under more than one benefit option of this program.</p>
<p>2. Program Goals</p>	<p>To help homeowners remain in good standing under their first-lien mortgages, reverse mortgages and property tax accounts by bringing delinquent accounts current. The program is designed to preserve existing homeownership, reduce the risk of imminent foreclosure, and help stabilize the housing market.</p>

<p>3. Target Population/ Areas</p>	<p>The program will be available in all counties of Oregon for homeowners with a qualifying arrearage related to their first-lien mortgage, reverse mortgage or property taxes.</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>Program allocation amount on file with Treasury.</p>
<p>5. Borrower Eligibility Criteria</p>	<p><u>Reinstatement Benefit:</u></p> <p>The borrower must have been approved under the Mortgage Payment Assistance program, subject to certain limitations in the program guidelines.</p> <p><u>Preservation Benefit:</u></p> <p>The borrower must have a current household income equal to or less than 120 percent of state median income and demonstrate a gross monthly income-to-PITIA ratio not to exceed 45 percent.</p> <p><u>Property Tax Benefit:</u></p> <p>The borrower must have a current household income equal to or less than 120 percent of the state median income and demonstrate a gross monthly income-to-property tax ratio not to exceed 45 percent.</p> <p><u>Reverse Mortgage Benefit:</u></p> <p>The borrower must have a current household income equal to or less than 120 percent of state median income and demonstrate a gross monthly income-to-Property Charge ratio not to exceed 45 percent.</p> <p style="text-align: center;">* * *</p> <p>In addition to the foregoing, borrowers receiving a benefit under this program (i) must complete and sign a financial hardship affidavit attesting to the prior loss of income or other applicable financial hardship, and (ii) cannot have been convicted, within the last 10 years, of any one of the following in connection with a mortgage or real estate transaction: (A) felony larceny, theft, fraud or forgery, (B) money laundering or (C) tax evasion.</p>

<p>6. Property/Loan Eligibility Criteria</p>	<p>The subject property must be a one-unit, single-family, owner-occupied, primary residence located in Oregon.</p> <p><u>Reinstatement Benefit:</u></p> <p>The unpaid principal balance of the borrower's first-lien mortgage cannot exceed the Federal Housing Administration loan limit, for calendar year 2013, as effective on November 19, 2012, for the county in which the subject property is located.</p> <p><u>Preservation, Property Tax, and Reverse Mortgage Benefits:</u></p> <p>The existing property valuation may not exceed \$625,000.</p> <p><u>Reverse Mortgage Benefit:</u></p> <p>The property must be subject to a reverse mortgage serviced by a HUD-approved HECM servicer or a regulated financial institution.</p> <p style="text-align: center;">* * *</p> <p>Lender/Servicer or tax authority , as applicable, will be required to (i) provide timely communication of the homeowner's account data to OHSI, (ii) place collection and foreclosure activity on hold upon the acceptance of the homeowner into the Hardest Hit Fund Program, and (iii) cancel active foreclosure action upon receipt of Hardest Hit Funds.</p>
<p>7. Program Exclusions</p>	<p>The borrower cannot be in active bankruptcy.</p> <p>The borrower's first-lien mortgage cannot be a home equity line of credit, land sale contract, or otherwise privately financed mortgage.</p> <p>The borrower cannot own other residential real property.</p>
<p>8. Structure of Assistance</p>	<p>The Program will make a five-year, non-recourse, zero-percent, forgivable, non-amortizing loan for which a junior lien will be recorded against the property. Twenty percent of the loan will be forgiven for each year the loan is outstanding. If the property is sold or refinanced prior to the loan termination date, the Program will recover funds should sufficient equity be available from the transaction. The Program shall recycle recovered funds in order to provide additional program assistance in accordance with the Agreement.</p>

	<p>Assistance will be paid to the Lender/Servicer or tax authority, as applicable, and applied to the homeowner's total accrued delinquent mortgage payments, escrow shortages, corporate advances, delinquent property taxes and / or delinquent homeowner or condo association fees or assessments on the homeowner's account.</p> <p>If assistance is paid directly to the tax authority, the homeowner will be required to execute an additional, simultaneous demand note in the amount of the delinquent taxes.</p>
9. Per Household Assistance	<p><u>Reinstatement Benefit:</u></p> <p>A maximum of \$15,000, subject to certain limitations in the program guidelines, for Mortgage Payment Assistance Program applications under the Underemployed Pathway.</p> <p><u>Other Benefits:</u></p> <p>A maximum of \$40,000, subject to certain limitations in the program guidelines, for the each of Preservation Benefit, Property Tax Benefit or Reverse Mortgage Benefit, and any combination thereof.</p>
10. Duration of Assistance	Assistance is a one-time payment paid directly to the Lender / Servicer or tax authority, for application to the homeowner's account as provided above.
11. Estimated Number of Participating Households	It is estimated that 8,900 homeowners will receive assistance.
12. Program Inception/ Duration	The Program began in May 2012 and is expected to last until September 2019, but may extend beyond that date depending on demand for the program and availability of funding.
13. Program Interactions with Other Programs (e.g. other HFA programs)	The Program's Reinstatement Benefit will operate in conjunction with the Mortgage Payment Assistance program.
14. Program Interactions with HAMP	Homeowners can receive assistance under HAMP prior to or after receiving assistance under the Hardest Hit Fund. However, Hardest Hit Fund assistance cannot be used to pay HAMP trial period payments. The foregoing is subject to HAMP requirements and investor guidelines in effect from time to time.

OHSI Property Tax Benefit

To receive US Treasury's Hardest Hit Funds (HHF), the State of Oregon created the Oregon Affordable Housing Assistance Corporation (OAHAC), a nonprofit public benefit company, which qualifies as a financial institution. OAHAC contracts with Oregon Housing and Community Services to administer the programs, collectively known as the Oregon Homeownership Stabilization Initiative (OHSI), eligible to receive HHF. The benefits for these programs are provided in the form of no-interest, five-year, forgivable loans, secured with a mortgage. OAHAC makes the loans to the participants and will pay the proceeds directly to the counties (mortgage servicers in other programs) on the owner's behalf.

Set-up:

1. County executes a Participation Agreement provided by OHSI
 - a. This is a US Treasury requirement. The key elements of the agreement are:
 - i. County agrees to timely communicate regarding the property owner's account
 - ii. Hold foreclosure/collection action once applicant is approved
 - iii. Cease foreclosure/collection action once the HHF funds have been received
2. County designates a contact person
3. County provides ACH information for wire transfers
 - a. OHSI can only make batch wire transfers

Record Exchange (made via OHSI secure email portal):

- OHSI sends Excel spreadsheet with customer/properties that pass OHSI eligibility determination (data points to be determined**)
- County sends spreadsheet back with payoff amount good for 30 days
- OHSI wires funds in a batch and sends spreadsheet indicating how much was sent for each account
- County sends spreadsheet back confirming funds applied to each account

Applicants apply online at www.oregonhomeownerhelp.org. Our local intake partners, (community action agencies that provide HUD-approved counseling) coordinate document submission in each county. OHSI is fully responsible for making the eligibility determination. Below are the eligibility requirements, for your information:

Eligibility Criteria for Participants:

- Experienced a loss of income or other applicable financial hardship
- Demonstrate that they can afford property taxes going forward
- Current income must not exceed 120% of the state median income
- May not own other residential property
- The subject property must be a one-unit, single-family, owner occupied, primary residence (includes condos, townhomes, and de-titled manufactured homes)
- Property value may not exceed \$625,000
- Borrower cannot be in active bankruptcy

Benefit:

- Up to \$40,000
- No-interest, five-year forgivable loan
 - Twenty percent of the loan will be forgiven each year
 - If the property is sold or refinanced prior to the loan termination, the loan may become due

Outreach:

1. OHSI will provide press releases and marketing materials to the public
2. OHSI will partner with counties to create a mailing insert, or other forms of county outreach, if desired



MEMORANDUM

TO: County Counsel
FROM: Carmel Charland, OHHSI Operations Manager
DATE: September 21, 2016
RE: MOU for OHHSI Property Tax Benefit

Oregon Affordable Housing Assistance Corporation (OAHAC) was created to be the eligible entity to receive Hardest Hit Funds (HHF) in Oregon. As such, it is considered a financial institution. The HHF benefits provided are in the form of loans secured with a subordinate mortgage. Oregon's HHF programs are administered by the Oregon Homeownership Stabilization Initiative (OHHSI), a section of Oregon Housing and Community Services' (OHCS) Finance Division.

The Memorandum of Understanding (MOU) provided to each county to participate in OHHSI's Property Tax Benefit program has been adapted from an MOU used with mortgage servicers in the other HHF programs. Since this program is piggybacking on programs designed for the lending industry there are provisions that are not a direct fit with taxing authorities. However, we are hopeful accommodations can be made in order for Oregon to offer this benefit, as has been done in other HHF states. Below I will address the specific sticking points identified by Oregon Counties.

Nonpublic Personal Information and Secure Transmission

OAHAC's agreement with US Treasury requires it to comply with several Federal laws pertaining to housing and lending, including the Gramm-Leach-Bliley Act which contains provisions regarding the safeguarding of nonpublic personal information (NPI).

While we recognize that the information (name, address, tax account number, and account balance), OHHSI will be exchanging with counties is publicly available, and we agree that it is not necessary to use our secure portal for the record exchange, we believe that we need to include a provision that addresses the appropriate treatment of NPI in order to be in compliance with our agreement with US Treasury. As drafted, the provision is general and applicable only in an as needed scenario. Alternatively, we may be able to work around this by specifically excluding NPI with language such as this:

OAHAC and County agree that under no circumstances will nonpublic personal information of borrower be exchanged in connection with the Program.

Holding Foreclosure Action Upon Acceptance of Borrower

There are three provisions that must be included in the MOU based on OAHAC's Treasury term sheet for this program:

- “Lender/Servicer, tax authority or Association, as applicable, will be required to
- (i) provide timely communication of the homeowner's account data to OHSI,
 - (ii) place collection and foreclosure activity on hold upon the acceptance of the homeowner into the Hardest Hit Fund Program, and
 - (iii) cancel active foreclosure action upon receipt of Hardest Hit Funds.”

We understand that (ii) is a particular problem because there are statutory timelines that counties must follow for foreclosure actions. This was addressed in the MOU by qualifying that that the provision applies to the extent not in conflict with state law. The qualifying language can be revised, but the provision must be in the MOU.

In practice here is what the approval/payment process looks like:

1. OHSI makes an initial eligibility determination and notifies counties by sending a record (Excel spreadsheet with names addresses and tax account numbers of approved applicants) to County to initiate the process.
2. County responds with confirmation the property owner, address, and account number are correct, and provides a reinstatement quote to bring the account current. (Alternatively, County can object if there is some reason that it does not want to include a specific property owner in the program – the only reason I can think of is that the property has already transferred, or transfer is imminent and cannot feasibly be redeemed.)
3. OHSI makes final determination – the only approval criterion to evaluate at this point is that the reinstatement payment does not exceed the program maximum (\$40,000).
4. OHSI initiates the wire transfer and sends a record to County showing the intended allocation of the payment. This is the point in which the county is notified in writing that the property owner is accepted to the Program. This is usually done the same day, but the process can be adapted to best suit the county.
5. County provides confirmation that the payment was correctly applied to the property owner's account.
6. OHSI sends a record to indicate that the property owner's participation in the program is terminated.

Our intent is that the qualifying language and the process flow provide counties the ability to first meet their obligations under state law.