

# Excerpts from Vermont Emergency Mortgage Assistance Program Applications

*"Before the pandemic, I was a hair stylist in a nursing home but am now prohibited from entering the building and unable to pay all of my bills with unemployment"*

*"I was to be hired as a full time accountant... but I am now getting 5 to 10 hours a week... I've taken out 4 loans from family just pay bills. They now are also tapped out and my savings is drained to nothing ... I've worked my whole life and never had assistance before...this is humiliating and humbling."*

*"We got shortened hours at work and our son's daycare rates have increased due to Covid"*

*"[After losing job in March], I found work in April and am working full time but my income is nowhere near what it was. I am struggling. I want to sell my house but there are some repairs that are necessary that I can't afford. If I can pay my back mortgage then I can put the money into the repairs and get out from under a house I can't afford."*

*"My job will not be hiring me back until probably 2021. The extra \$600 in unemployment has been a godsend and has kept food on the table. My mortgage company thankfully allowed me to go into forbearance, but I don't know how I am going to pay back the forbearance."*

*"We are cruise planners... ALL bookings had been canceled or postponed. There is no way of predicting when travel will pick-up again, but we hope soon, and we are still actively promoting the business for when client confidence is improved."*

*"Due to Covid-19, my children are home 24/7 increasing my home expenses for power, heat and food."*

*"I worked hard to get my two businesses strong, but now, I fear that two very solid points of income may be affected drastically for months to come...with no end in sight."*

*"We are still waiting for unemployment to kick in, plus our COBRA payment if we want to keep health insurance is \$627 per person! We are just trying to stay afloat at this point until we can find new jobs."*

*"I am not able to work through my sole proprietorship. I have been told to stay home due to recovering from cancer, and also having high blood pressure, boarder-line diabetic, over 70 years old, and lung disease."*

*"I am an adult foster care provider. The person I was caring for is no longer with me. And I can not get a new client until this pandemic is over because they are not moving anyone."*

*"We have had some great years in the past where we contributed a lot of tax revenue... unfortunately this year we need help. It's devastating but trying to stay positive."*

To: Josh Hanford, Commissioner, Vermont Department of Housing and Community Development

Cc: Sen. Jane Kitchel, Chair, Senate Committee on Appropriations  
Sen. Michael Sirotkin, Chair, Senate Committee on Economic Development, Housing and General Affairs  
Rep. Catherine Toll, Chair, House Committee on Appropriations  
Rep. Thomas Stevens, Chair, House Committee on General, Housing, and Military Affairs

From: Maura Collins, Executive Director of Vermont Housing Finance Agency

Date: August 10, 2020

Re: Vermont Emergency Mortgage Assistance Program (MAP)

The Vermont Housing Finance Agency (VHFA) was invited by the Governor and named by the Legislature to administer \$5 million in mortgage assistance funding as foreclosure protection ([Sect. 11 of Act 137](#)). The purpose of this report is to describe the activities taken to design and launch this program, as well as report on the first month of administration.

To begin, I want to thank the Administration and the Legislature for allowing VHFA the opportunity to help the State of Vermont in this important way. Our mission is to finance and promote affordable, safe, and decent housing opportunities for low- and moderate-income Vermonters and so we are proud and pleased that VHFA is able to live this mission by doing this work on behalf of the Vermonters we serve.

## Program Design

### Income Eligibility

With limited funding for this program, and a desire to serve Vermonters most impacted by COVID-19, the Legislature required VHFA to set income limits for this program. Because a goal was also ease-of-use and speed in making funding available to those in need, VHFA aimed for as many universal rules as possible, without regional differences, yet statute requires VHFA to set “limitations for eligibility regarding the earned income of the homeowners in comparison to the area median income.”

In response VHFA aimed for roughly 80% of Area Median Income (AMI) which meant one income limit for Chittenden County and another for the balance of the state to recognize that with incomes being higher in Chittenden County this would keep all areas at approximately 80% AMI.

Additionally, based on Legislative intent and community input from VT Legal Aid and the state’s Homeownership Centers, it was important to set the income limit as a household’s *current* income (post-pandemic) regardless of their pre-COVID earnings. Therefore the income limits pertain to a household’s income during the past 90 days, so that a household could have earned no more than \$18,000 over the past three months in Chittenden County and no more than \$15,000 elsewhere.

### Amount of Assistance

Our initial assumptions of program demand were based on hearing from lenders that roughly 7-10% of mortgaged households in their portfolio (and nationally) were in forbearance. There are approximately 46,000 mortgaged Vermonters with incomes below the program’s thresholds, so we originally estimated we could see over 4,000 applications.

As a result, VHFA originally advertised that the program could provide up to three months of past due mortgage payments, despite the statute allowing us to pay up to six months of payments. Within two weeks after seeing lower-than-expected applications, VHFA revised its practices to pay up to the full six months and changed all advertising to reflect this.

## Other Program Requirements

To reduce the risk of moral hazard (enticing someone to *not* pay their mortgage as a result of knowing that this funding was available), we required households to be at least two months' delinquent in their mortgage.

Because this was intended as a foreclosure protection program, VHFA allowed the mortgage holder to apply for assistance, due to their COVID-19 economic hardship, but past due mortgage payments are paid directly to the mortgage servicer so that the funding would go directly to the intended use. By accepting even a partial payment on past due balances, a mortgage servicer is required to stay all foreclosure activities and restart any foreclosure process from the beginning. Working directly with mortgage servicers also serves as an anti-fraud protection because VHFA can confirm the delinquent amount and pay up to six months of missed mortgage payments.

VHFA allowed mobile home owners on owned land to participate in the program since it launched. Mobile home owners on leased land (in parks) may receive financial assistance for their lot rent through the Vermont State Housing Authority's Rental Assistance Program (also authorized in Act 137). Vermont Legal Aid encouraged us to request that eligibility for the mortgage program be expanded to include mobile home owners in parks, which the Vermont Department of Housing and Community Development quickly approved. VHFA expanded the program's eligibility two weeks after launching it. Now all primary residence types in Vermont are eligible.

## Program Process

VHFA created a separate webpage ([www.vhfa.org/map](http://www.vhfa.org/map)) that was intentionally not branded with VHFA's logo so as to not confuse those who might think only VHFA borrowers were eligible. On this page there is information about the program, Frequently Asked Questions, and other resources.

Staff also created a secure online application portal that first asks the applicant a few eligibility questions to weed out those who are clearly not eligible. From there it takes a user approximately 15 minutes to complete the online application and the only documentation needed is a copy of their most recent mortgage statement and a forbearance agreement (if they have one). All other information (including income information) is entered by the applicant with no documentation required. When the applicant signs the application, they attest to its accuracy under penalty of perjury.

VHFA decided to not design this program as first-come-first-served in order to serve the lowest income Vermonters most at risk of foreclosure. Therefore we took a "batching" approach, accepting applications from July 13 through August 31<sup>st</sup>. (*See below for information on program extension.*)

Having received 224 full applications to date, currently staff is reviewing applications for completeness, eligibility, and legibility of the document uploads. Starting the week of August 10<sup>th</sup> we will be contacting mortgage servicers to confirm information and their willingness to accept past due payments from the program.

VHFA expects to begin making payments to mortgage servicers in late August/early September.

VHFA staff has been reviewing applications for quality control, following up on ones with \$0 income or unusual data entry (such as abnormally large monthly mortgage amounts). We will be conducting spot checks of information to request additional documentation of certain borrowers to confirm information such as income over the past 90 days. We are in discussions with the Vermont Department of Labor and hope to sign an MOU with them this week that will allow limited information sharing so that they can confirm the amount of unemployment earnings for applicants who claim to have received that, and as a way to confirming their unemployment is COVID-related.

## Outreach and Access

Knowing that people with Limited English Proficiency, people with disabilities, people living in poverty and other groups are commonly marginalized, VHFA has worked hard to ensure equal access to MAP resources. VHFA has taken the following steps to increase outreach and access to this funding and to ensure this limited funding gets to households who need it most:

1. VHFA coordinated with the Vermont State Housing Authority (VSHA) to ask the same demographic questions of applicants to track who had access to the program and who was most in need. The fields collected were determined by VHFA, VSHA, the Vermont Department of Housing and Community Development, and VT Legal Aid.
2. The program was **not** set up as first-come-first-served, which creates barriers to those without computers, high speed Internet, or need assistance in applying.
3. Prior to launching the program, VHFA contracted with AALV to translate an application guide and fact sheet about the program into nine of the most commonly spoken languages in Vermont.
4. VHFA trained the staff at the five regional Homeownership Centers, AALV, and the Vermont Center for Independent Living on the program, on program eligibility, how to apply, and other details. Knowing that there will be individuals who need help with accessing computers, the internet, language services, and more, these seven non-profits have agreed to be available to assist applicants in applying for the MAP and VHFA will reimburse them \$50 for every application they help a homeowner submit.
5. VHFA trained Legal Services of Vermont prior to the program's launch in similar details of the program, and is using their hotline as a primary phone number for consumer calls and questions. Legal Services of Vermont has a contract for interpreter services as needed for callers.
6. VHFA's communications and marketing plan is too expansive to adequately summarize, but the highlights of how we got the word out include:
  - Purchased digital ad buys throughout Vermont using Google, Facebook/Instagram, Front Porch Forum, four TV channel websites, VPR, Seven Days, and the Caledonia Record.
  - Worked to get as much earned media attention when the program launched as possible, including 3 TV new interviews, at least 5 media articles and 2 free public webinars. We will follow up in another week with pitching targeted regional stories of applicants who could be profiled as examples of who the program can help.
  - Emailed all 180 legislators announcing the program launch with [social media assets](#) for them to post on their channels to help spread the word to constituents.
  - Worked with the Department of Financial Regulation to email every mortgage servicer with loans in Vermont to notify them of the program, and we asked them to notify all delinquent borrowers of the availability of the program. Prior to launch we also held two webinars with representatives from the Vermont Bankers' Association, Vermont Mortgage Bankers' Association, and Vermont Association of Credit Unions to explain the program, answer questions, and ask for support in marketing MAP.

- Informed Vermont 2-1-1 about the program, as well as other community partners such as Community Action Agencies, the Vermont Food Bank, Chambers of Commerce, Regional Planning Commissions, Regional Development Corporations, and scores more.
- And finally, we've notified the Vermont League of Cities and Towns and emailed every Town Clerk asking for them to help us spread the word in their upcoming tax and utility mailings as well as through their websites and communications with residents.

## Program Results To Date

With 224 completed applications to date borrowers owe a median monthly mortgage payment of \$1,224. The majority of applicants owe more than six months of mortgage payments, making this truly a foreclosure protection program as intended by the legislature.

# Months Delinquent	% Applicants
2	4%
3	5%
4	16%
5	20%
6	32%
6-12	19%
12+	4%

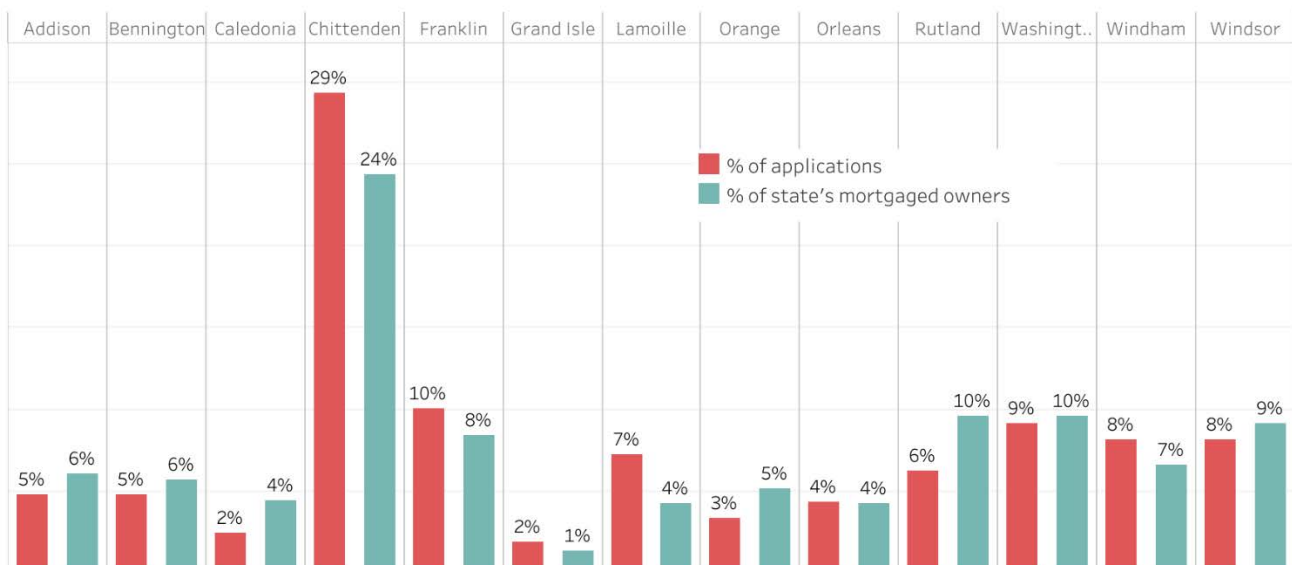
**With the applications received to date, if VHFA were to fund all applications in full, it would expend approximately \$1.4 million of the \$5 million appropriated on direct program costs.** Considering this, VHFA intends to keep the program open beyond its original August 31<sup>st</sup> deadline and continue to operate the program into the Fall.

70% of these applicants have a forbearance agreement – meaning they have been told they can miss making some mortgage payments – but they are still potentially at risk of foreclosure if the repayment agreement of that forbearance will increase their future mortgage payments.

Applicants so far have been younger, more racially diverse, with larger households, and are more likely to be disabled than the general population. We think it helps that we're working with the state's Homeownership Centers, AALV and the Vermont Center for Independent Living for outreach and our marketing is continuing.

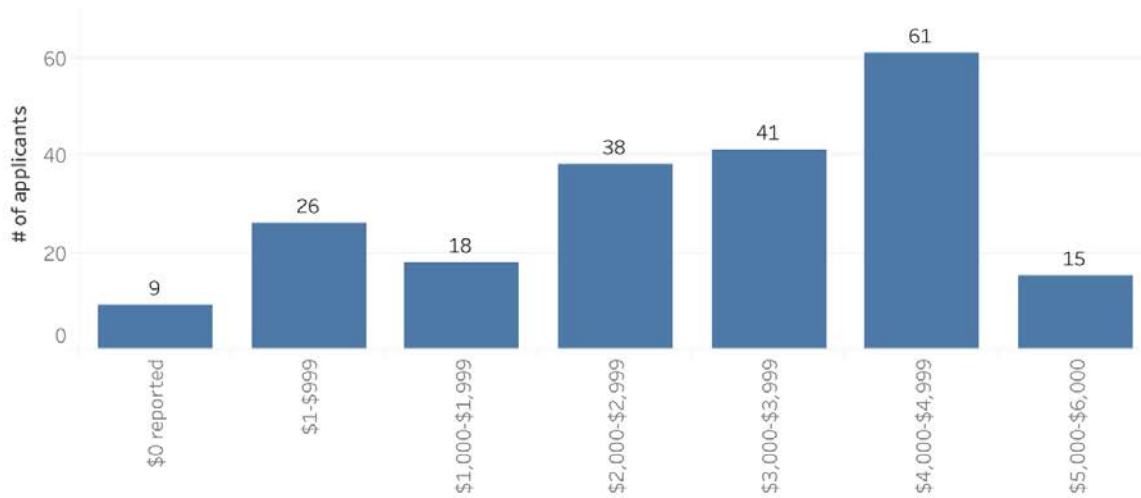
The regional dispersion of applicants is fairly in line with the state's mortgaged owners, with the exception of higher levels in Chittenden and Lamoille counties and lower in the Northeast Kingdom.

Applications by county

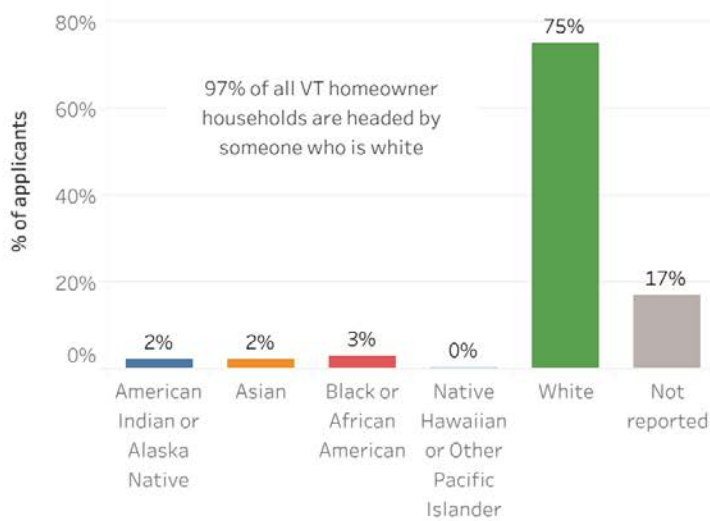


Average current monthly household income

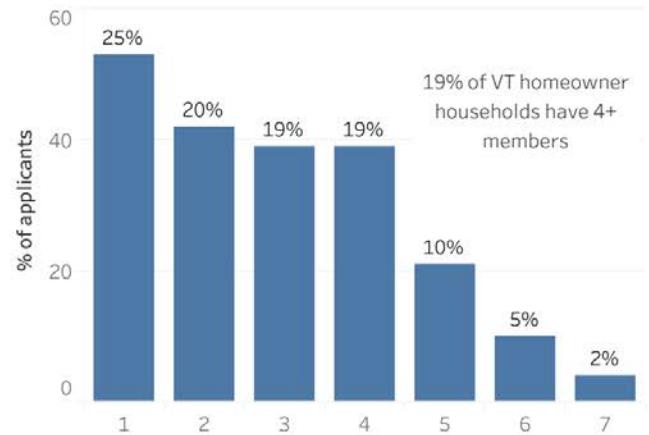
(Applicants reported total income for the last 90 days...)



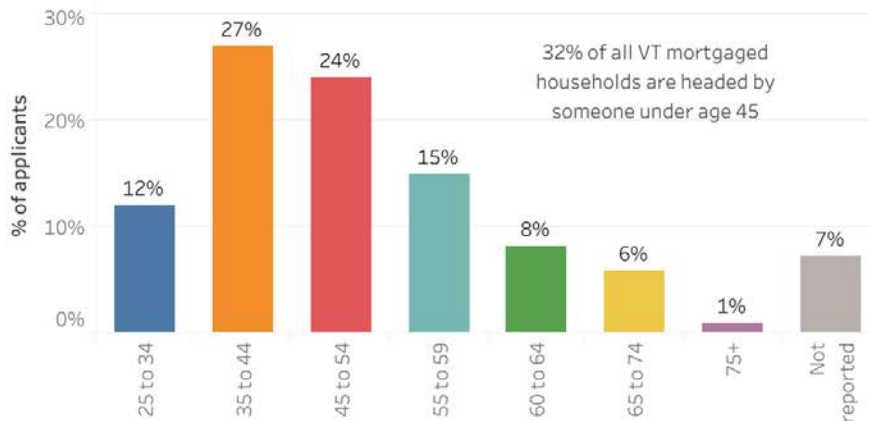
Race of primary borrower



Household size



Age of primary borrower



Primary borrowers with a disability

34%

15% of all Vermonters have a disability