

Frequently Asked Questions

1. What is the Michigan Hardest Hit Fund® loan program?

Michigan's Hardest Hit Fund loan program, also known as *Step Forward Michigan*, is a federally funded loan program designed to help eligible homeowners who are struggling with their mortgage, condo association fees, and/or property taxes to retain ownership of their primary residence.

2. What programs are available and who will it help?

Step Forward Michigan has programs designed to assist homeowners who are facing different circumstances. Review the [ABOUT THE PROGRAM](#) and the [DO I QUALIFY](#) information provided at www.stepforwardmichigan.org to learn about the unique eligibility requirements and features of each program.

3. What are the homeowner eligibility requirements for Michigan's Hardest Hit Fund® programs?

Homeowners must have had a qualifying involuntary hardship (see #6) and meet all of the following requirements:

- Be a Michigan resident
- Be a legal U.S. citizen or a legal alien
- Maintain an ownership interest and be occupying the property as their primary residence, presently and at the time of the qualifying hardship event
- Have limited cash reserves no greater than \$10,000.00. (see FAQ #13)
- Have the ability to sustain ongoing mortgage and/or property tax payments

Homeowners are **NOT** eligible if they have:

- A conviction within the last 10 years on a financial-related felony; including larceny, theft, fraud, forgery, money laundering and/or tax evasion
- A completed Foreclosure Sale on the property. This is the Sheriff Sale date for non-judicial foreclosure or the date a Foreclosure Judgment is entered for judicial foreclosure actions.

4. What are the property eligibility requirements for Michigan's Hardest Hit Fund® programs?

Homeowners' primary residence must be located in Michigan and can be any of the following types of structures:

- A single-family home
- A single-family condominium (attached or detached)
- A manufactured or mobile home (single or doublewide) on a foundation, permanently affixed and taxed as real estate (a recorded Affidavit of Affixture of Manufactured Home may be requested)
- 1-4 unit residential properties are eligible if one unit is occupied as primary residence of homeowner
- Not currently listed for sale or have a pending purchase agreement

The property is **NOT** eligible if, currently or at the time of the qualifying hardship event is

- A vacation property or second home
- An investment property (except 1-4 unit residential properties as listed above)
- Abandoned, vacant, or condemned property
- A commercial property
- A mobile home located in a mobile/manufactured home park
- Not owned by the person applying for assistance
- Held in Trust or held in a business name
- Has an active land contract
- Secured by a senior lien that is not current or cannot be brought current using program funds
- Secured by a lien that has been charged off

5. What are the mortgage assistance eligibility requirements?

Homeowners may be eligible for a Hardest Hit Fund® loan if their mortgage:

- Is currently being serviced by a participating lender/servicer
- If their participating lender/servicer agrees to accept Hardest Hit Funds®
- Has an unpaid principal balance equal to or less than \$729,750

Homeowners are NOT eligible if the mortgage:

- Is a land contract transaction or privately held mortgage
- Is not active or is a charged off debt
- Has a Foreclosure Sale that has already been completed. This is the Sheriff Sale date for non-judicial foreclosure or the date a Foreclosure Judgment is entered for judicial foreclosure actions

6. What is a “qualifying involuntary hardship”?

A *qualifying involuntary hardship* is an unexpected event beyond the homeowner’s control that caused the delinquency or has impacted the homeowner’s ability to maintain payments. The hardship must have happened to the homeowner, spouse or a legal dependent of the homeowner or spouse, while occupying the property as their primary residence.

Below are examples of acceptable and unacceptable hardships, this list is not all inclusive and is intended to be used as a guide.

Examples of *acceptable hardships* are; job loss, reduction of gross income, medical condition, death, divorce, disability, one-time critical expense, etc.

Examples of *unacceptable hardships* are; excessive obligations, reduction of net income, abandonment of property, payment increase or adjustments, educational expenses, increased living expenses, loss of third party income/contributions to household, death or expenses of a non-dependent, insufficient income, marital separation, etc.

7. What information is needed in the required hardship affidavit?

The hardship affidavit should *be brief, specific, and clearly describe how a qualifying involuntary hardship reduced gross household income or caused an increase in expenses that impacted the homeowner’s ability to maintain payments.* Using dates and details of the event(s) are recommended to create a timeline that describes how the *qualifying involuntary hardship* impacted the homeowner’s ability to maintain payments. Additional supporting documentation or details may be required to correlate how the qualifying hardship was involuntary and how it directly impacted the homeowner’s ability to maintain mortgage payments, property taxes, or condo fees.

8. What does Michigan’s Hardest Hit Fund® program consider to be a “sustainable” monthly payment”?

Hardest Hit Funds® can only be used if a homeowner can sustain their monthly payments. A *sustainable* payment is a monthly mortgage payment that is less than or equal to 45% of the homeowner’s gross household income. The monthly mortgage payment refers to the next monthly payment due on the primary mortgage. If a homeowner is being considered for Property Tax or Condo Association Fees Assistance, the annual amount divided by twelve will be added to the monthly mortgage payment, if any, to determine sustainability.

9. Are Michigan’s Hardest Hit Fund® programs limited to homeowners who are delinquent on their mortgage?

No; there are programs available for homeowners who are current OR delinquent on their mortgage. However, homeowners must still have had a qualifying hardship and meet all program eligibility requirements.

10. Is there a minimum or maximum delinquency required for Property Tax Assistance?

No; any property tax that is due to the County, City, Township, or Village can be considered if the property is located in a participating county. However, the homeowner must have endured a qualifying involuntary hardship and meet all program eligibility requirements.

11. How do I apply for Hardest Hit Funds® assistance?

Apply online at www.StepForwardMichigan.org. This site contains a helpful [About The Program](#) guide to help determine if the program is right for you. Click APPLY NOW and follow the step-by-step instructions. Once complete the online questions, simply print and follow instructions to submit the application with required supporting documents. If you do not have access to a computer, you may contact our toll free number at 866-946-7432 for assistance. If you previously applied, a notification will appear if you attempt to create another account; login to your original account and update information as necessary.

12. Can someone help me complete the application?

Yes. Any third party may assist you with completing the application or gathering the required supporting documentation, however a fee cannot be charged to the homeowner for this assistance. The homeowner applicant must sign the application documents and be available to answer any questions regarding their application for a Hardest Hit Fund® loan. Written approval from the applicant is required before the Program can share, release, or discuss any information about the application with a third party.

13. What documentation is needed to support the program income requirements?

All required applicants (see #20) must submit recent documentation of their income.

Below is a list of various forms of income and examples of standard documentation that may be used;

- *Wages:* Recent paystub reflecting employer name, gross earnings, and year to date earnings
- *Self Employed Income:* Recent federal income tax return and as applicable, the business tax return, and profit/loss statement
- *Benefit or Pension Income:* Award statement showing amount and frequency, and recent bank statement showing deposits
- *Rental Income:* Recent federal income tax return and as applicable, the business tax return, current lease agreement, and recent bank statement showing deposits
- *Investment Income:* Recent investment statements and recent bank statement showing deposits
- *Alimony or Child Support:* Copy of divorce decree or court order and recent bank statement showing deposits
- *Supplemental Assistance:* Supplemental assistance program award statement, such as food or utility assistance, showing amount and frequency and recent receipt. This amount may be considered if homeowner is also receiving other income.
- *Third Party Contributions:* Signed letter from third party contributor showing amount and frequency, and recent bank statement showing deposits that reflect homeowner receipt of funds.

14. What documentation is needed to support the program asset requirements?

All required applicants (see #20) must submit documentation of their assets. Assets are any liquid cash reserves that are held in a depository account; such as certificates of deposit, checking, saving, money market, debit, demand deposit, and NOW accounts. A recent statement from each account that reflects the financial institution's name, account number, owner(s) name, current balance, and a 30 day transaction history is required. All pages of the statement(s) are required, even if blank, to confirm the information is reviewed in its entirety. Additional supporting documentation or details may be required to explain any transfers, withdrawals, or large transactions. If homeowner does not have an asset account, a written statement from the homeowner may be provided.

15. Can homeowners qualify for more than one program?

No; homeowners can only be able to be approved for one program loan. Once an approval has been made and funds disbursed, homeowners cannot reapply.

16. Can Hardest Hit Fund® help with multiple debts?

Yes; some program loans do allow multiple Participating Partners to be paid with Hardest Hit Funds® if the 1st lien mortgage is already current, or being brought current with program funds, the program may also assist with property taxes or condominium fees.

17. Can I apply again if I withdrew or never completed my prior application for a Hardest Hit Fund® loan?

Yes; homeowners that withdrew their prior application may reapply. To reapply, it is necessary to provide up to date information on your existing online application. Simply click "LOGIN" in the toolbar on the www.stepforwardmichigan.org website and login using the e-mail address you originally registered with us. You will need to print the updated application and submit it with updated documentation outlined on the application checklist.

18. Can I apply again if my prior application for a Hardest Hit Fund® loan was declined?

Yes; homeowners that were previously determined to be ineligible may reapply. To reapply, it is necessary to provide up to date information on your existing online application. You will need to print the updated application and submit it with updated documentation outlined on the application checklist. Because you were previously determined to be ineligible, an explanation and documentation that reflects how the declination reason is no longer applicable must be provided.

19. How do I apply for Property Tax Assistance?

You must complete the standard Hardest Hit Fund® application online and submit with copies of your recent tax bills reflecting the amount owed and your parcel number.

20. Who is required to sign the application?

All persons who own the property and their spouse, and all persons that have an obligation to pay the debt being considered for Hardest Hit Funds® assistance are considered to be “required applicants” and must jointly apply, sign, and provide required documentation. (See attached Applicant Matrix for specific requirements)

21. Why do others have to apply and sign the Hardest Hit Fund® documents, if I am the only one on title or responsible for the debt?

Any individuals with an ownership in the property, marital interest in the property, or that have a financial responsibility for the debt that being paid with Hardest Hit Fund® are considered to be receiving a financial benefit from the Hardest Hit Funds® and must participate in the application process.

22. What happens once the online application is complete?

Once you have completed the online application, you must print the application package and submit it to us along with the supporting documentation; just follow the directions on the cover page of the application package. You will then be contacted by an advisor or counselor to review your request for assistance.

23. How long will it take to consider my application?

We will work with you to make sure you have submitted everything we need to make a decision. Once you have submitted a complete application, you will be informed that we are contacting your lender/servicer to confirm they can accept you to the program. Although some cases may take more or less time because of the unique factors surrounding the application, the process typically takes about 30 to 90 days to complete.

24. Am I eligible if I have filed bankruptcy?

Homeowners who have filed for bankruptcy protection may be eligible for assistance if you receive authorization from the Bankruptcy Court or Trustee or if the case has already been dismissed or discharged, and if your lender/servicer agrees to accept Hardest Hit Funds® toward your mortgage. (See attached Notice For Bankruptcy Clients for specific instructions)

25. How can I find out if my lender/servicer, condo association, or county is participating?

A list of Participating Partners that have signed our Participation Agreement is available on the website www.StepForwardMichigan.org.

26. What if my lender/servicer, condo association, or county is not participating?

Request to pay amounts owed to a non-participating lender/servicer or county cannot be considered. Contact your lender/servicer, condo association, or county and let them know about the Hardest Hit Fund® loan program. Encourage them to visit our website to learn more about the program.

27. Are mortgage lenders/servicers required to participate in all of the Hardest Hit Fund® programs?

No; participation is voluntary, therefore, each lender/servicer can select which programs they will offer to their customers and determine on a case by case basis if they can accept funds toward your specific account. We can only consider your application for the programs that your lender/servicer has made available to their customers. Contact your lender/servicer directly with any questions regarding their criteria for acceptance into the program and which Hardest Hit Fund® programs they participate in.

28. How does my lender/servicer, condo association or county know that I have applied for assistance?

After we determine you are eligible for the Michigan Hardest Hit Fund® program, we will contact your lender/servicer, condo association or county directly to inform them. Your lender/servicer, condo association or county will determine on a case by case basis if they can accept you into the program. If accepted by their office, they will provide us with a quote of the total amount owed and other information necessary for us to make a final approval determination.

29. What can Hardest Hit Funds® be applied to by the lender/servicer, condo association or county?

Application of the funds may vary depending on the loan program the homeowner has been approved for. In general, Hardest Hit Funds® may be used to pay any amounts owed by the Homeowner to the Participating Partner such as; mortgage payments, escrow shortages, lender/servicer corporate advances, mortgage principal, delinquent condominium association fees, delinquent property taxes, and the interest, fees and cost associated with a property tax default. The servicer/lender must waive all accumulated late charges and non-sufficient funds (NSF) fees.

30. When does my lender/servicer, condo association or county receive payment and apply the Michigan Hardest Hit Funds®?

Approximately two weeks after you have been approved, signed, and returned the required Hardest Hit Fund® Mortgage and Note; we will schedule funds to be sent directly to your lender/servicer, condo association and/or county. We will notify you using your registered e-mail address when funds are sent to them. The lender/servicer, condo association or county is required to apply funds timely; this typically occurs within 14 days; however, sometimes it may take longer for you to see it on your account. Contact your lender/servicer, condo association or county if you have questions regarding the application of funds.

31. What if I receive a Quality Control notice from your office?

All applications are subject to a random quality control review by our compliance area to ensure the accuracy and integrity of our loan decisions. You may be asked to validate specific information in your application or to provide additional supporting documentation to help us quickly complete this compliance review of your application. Contact our office at 866-946-7432 if you have questions.

32. How are payments sent to my lender/servicer, condo association or county?

All funds are sent electronically to the bank account established by the Participating Partner to accept payments. Depending on the program you are approved for, funds may be sent as a one-time lump sum payment or a series^ of payments.

^ The *Unemployment Mortgage Subsidy Program* disburses funds using a series of payments over the course of one year. This may include an initial one-time lump sum payment to help reinstate any outstanding mortgage, property tax, or condo delinquency and up to twelve additional monthly 1st lien mortgage payments disbursed at the beginning of each month. During the monthly funding cycle, the MHA will disburse the full monthly payment and the homeowner must reimburse the MHA their required monthly portion through our sub-servicer US Bank before the next disbursement is scheduled.

33. Who do I contact to confirm funds are applied to my mortgage or property taxes?

Contact your lender/servicer, condo association or county directly for confirmation of their receipt and application of Hardest Hit Funds®.

34. What are the terms of the Hardest Hit Fund® loan?

For all programs, homeowners must sign a Hardest Hit Fund® Mortgage and Note. The loan note is zero percent interest, requires no monthly payments, is a non-amortizing loan, and is forgivable over a five-year period at a forgiveness rate of 20 percent per year as long as you are occupying the property as your principal residence. The balance of the loan is due upon sale or transfer of the property, or when the property ceases to be your principal residence.

35. When do I have to pay back the Hardest Hit Fund® loan?

The terms of the Hardest Hit Fund® zero percent interest loan, requires no monthly payments, and the amount borrowed is forgivable as long as you continue to occupy the property as your principal residence for five years. At the end of the five years, our mortgage lien will be removed. If you stop occupying the property as your principal residence prior to the end of the five years, the remaining balance is no longer forgivable. When you sell or transfer ownership of the property the remaining balance is due. Information is available on the attached document titled "Payoff Information".

36. How are Hardest Hit Funds® assistance reported to the IRS?

Only the amount of mortgage assistance that is paid directly to a mortgage lender/servicer on your behalf is reported on IRS Form 1098 annually. A copy of IRS Form 1098 will be mailed to you by January 31st in the year following our disbursement(s). Hardest Hit Funds® are issued in the form of a loan and are not considered to be taxable income. Contact the IRS or your tax preparer directly with any questions related to IRS codes, regulations, or guidance.

37. Will this program impact my credit?

Your existing lender/servicer must continue to report factual information to the credit bureaus regarding the standing of your mortgage. Our office may obtain a copy of your credit report to validate your mortgage information. If you are approved for the Michigan Hardest Hit Fund® loan program, we do not report any information to the credit bureau.

38. Can I still refinance my primary mortgage if I am approved for this program?

Yes. We will consider subordinating our mortgage lien if you have been approved by a lender/servicer for a new mortgage. If we are still actively paying toward your existing mortgage, our assistance will end once the old mortgage is paid off by the new mortgage loan as part of the refinance transaction. Our assistance does not transfer to the new mortgage. You may choose to pay off the Hardest Hit Fund® loan when you refinance or request the lender/servicer that is offering the new mortgage to contact us with a subordination request. Information is available on the attached document titled "Payoff Information".

39. Can I get a Hardest Hit Fund® loan to assist with property taxes or other liens already due when I purchased the property?

No; Hardest Hit Funds® can only be used to assist with a mortgage lien, condo association fees or property taxes that became due since the homeowner purchased and began occupying the property. Liens or property taxes due prior to the purchase or that are owed by another individual must be paid in full before the current homeowner's application can be considered for assistance.

40. I previously had a Hardest Hit Fund® loan but no longer can afford to stay in my property, what do I do?

You can call your lender/servicer, condo association or county directly for assistance or visit the Michigan State Housing Development Authority's website www.mshda.info/counseling_search to be referred to a non-profit housing counseling agency in your area.

41. What assistance is available to homeowners who do not qualify for Michigan's Hardest Hit Fund® programs?

You can call your lender/servicer, condo association or county directly for assistance or visit the Michigan State Housing Development Authority's website www.mshda.info/counseling_search to locate a non-profit housing counseling agency in your area.

42. Where can I find more information about Michigan's Hardest Hit Fund® programs?

More information can be found by visiting the Michigan State Housing Development Authority Web site at www.michigan.gov/HardestHit or by calling toll-free 1-866-946-7432.

Payoff Information

*All requests from third parties, such as title companies or other mortgage lenders, must contain a signed authorization letter from the homeowner specifically authorizing **Step Forward Michigan** or the **Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)** to release information to the third party.*

CONTACT INFORMATION

Step Forward Michigan
George W. Romney Building – 8th Floor
111 S. Capitol Ave.
Lansing, MI 48933-1555

FAX: 517-636-6170
EMAIL: stepforward@michigan.gov
PHONE: 866-946-7432

PAYOFF QUOTES

A payoff quote may be obtained by submitting your request to our PAYOFF DEPARTMENT by e-mail, mail, or fax. Include the phrase *PAYOFF QUOTE* in the subject line.

SUBORDINATION REQUESTS

In the event a senior lien is to be paid in full due to a refinance, a lien subordination request may be considered by Step Forward Michigan.

Submit a written request by e-mail, mail, or fax to our PAYOFF DEPARTMENT.
Include the following items for our consideration:

- 1) Documentation of Lender's Refinance Transaction Approval
- 2) Preliminary HUD1 Settlement Statement
- 3) Prepared Subordination Agreement using the following information:
Name: **Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)**
Address: **735 Michigan Avenue, Lansing MI 48912**
Authorized Agent: **Katy Twining**
- 4) Prepaid overnight return label, if items are to be returned by way other than 1st class mail

MORTGAGE RELEASE AND LOAN SETTLEMENT REQUEST

In the event of a Deed-In-Lieu or Settlement (short payoff) of a senior lien, a mortgage release or settlement for less than amount owed may be considered by Step Forward Michigan.

Submit a written request by e-mail, mail, or fax to our PAYOFF DEPARTMENT with the following items for mortgage release or mortgage settlement consideration:

- 1) Senior Lender(s) written agreement with terms of Deed-In-Lieu or Settlement approval and agreement to release liability and not pursue homeowner for deficiency balance
- 2) Signed hardship letter from homeowner explaining request for Mortgage Release or Settlement
- 3) Purchase Agreement and Preliminary HUD1 Settlement Statement, if applicable
- 4) Payoff quote from Senior Lender(s)
- 5) Other documents may be required following our initial review
- 6) If request is approved, a signed homeowner acknowledgement of our terms is required prior to discharge of our mortgage lien

Information for Bankruptcy Clients

This is a general letter for applicants seeking assistance from Michigan's Helping Hardest Hit Homeowners program, otherwise known as Step Forward Michigan. If an applicant is currently in an active bankruptcy, this letter may be provided to their attorney and/or Bankruptcy Court to offer more information regarding the Step Forward Michigan program.

In 2010, the State of Michigan was awarded 498.6 million dollars from the U.S. Department of the Treasury's Hardest Hit Fund® to provide aid to families hit hard by the economic and housing market downturn.

Through the Michigan State Housing Development Authority (MSHDA), the State developed the *Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)* to implement several programs to assist Michigan homeowners stay in their home.

Homeowners begin their application for Hardest Hit Funds® online at www.stepforwardmichigan.org. Homeowners may seek third party assistance with the application process, but cannot be charged a fee for that service. **Homeowners do not have to be delinquent on their mortgage to apply.** Further program details and a list of participating mortgage, condo association, and county Program Partners can be found online.

If approved, the awarded funds must be paid directly to the Program Partner and applied toward amounts owed by the homeowner. Hardest Hit Funds® may be paid in one or a series of payments over a twelve month period.

Homeowners must be able to execute a subordinate Mortgage and Note in favor of the MHA. The Note will have a 0% interest rate, require no payments, and the principal amount of assistance is forgivable over a 5-year term at 20% per year. During that time, any non-forgiven portion of the principal is due only if there is a transfer of the property or if the property ceases to be the homeowner's principal residence.

Homeowners who have filed for bankruptcy protection may be eligible for Hardest Hit Funds® assistance if the Program Partner agrees to accept Hardest Hit Funds® during a bankruptcy and one of the following is provided:

- 1) Acknowledgement from the Bankruptcy Court that the bankruptcy case has been dismissed or the debt has been discharged
- 2) Authorization from the Bankruptcy Court or Trustee permitting the debtor to:
 - a) Execute the MHA Note (terms outlined above)
 - b) Execute and record a MHA Mortgage Lien on the principal residence
 - c) Accept that Hardest Hit Funds® assistance will be paid directly to the Program Partner

After receipt of the necessary Court documentation, the MHA will proceed with the homeowner's eligibility review. If a homeowner is determined eligible, the MHA will contact the Program Partner to confirm their acceptance of the homeowner to the program. Once confirmed, the anticipated time needed for the debtor to execute the required lien documents and for the MHA to release Hardest Hit Funds® assistance is 14 to 45 days.

If bankruptcy protection is filed after a homeowner has been approved for Hardest Hit Funds® the Program Partner will need to determine the impact of the bankruptcy filing on the Partner's ability to accept and apply Hardest Hit Funds® to the debtor's mortgage loan. We encourage homeowners to contact the Program Partner directly to determine if the Partner will be able to continue to accept funds after a bankruptcy is filed.

10/16/2014

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) is acting through the Michigan State Housing Development Authority

