

FREQUENTLY ASKED QUESTIONS

Hardest Hit Fund Round 2 opened Monday August 1, 2016

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Introduction to HHF HELP Assistance

What is the Hardest Hit Fund® Program?

The HHF Homeowner Emergency Loan Program (HELP) provides mortgage assistance to homeowners who have experienced at least a 15% income reduction due to a qualifying hardship event and who meet the eligibility criteria. The assistance allows eligible households to avoid foreclosure while they work to regain employment and financial stability. In 2011, IHDA was approved by the US Treasury Department to administer \$445,603,557 in Hardest Hit funding. In 2016, IHDA was awarded an additional \$269,474,060 of funding to expand the HHF program.

What is a Qualifying Hardship Event?

Applicants must have experienced a reduction in income due to a qualifying hardship event that was “through no fault of their own”. Hardship must have occurred after January 1st, 2010 and after property purchase date.

- Unemployment
- Underemployment
- Decrease/Loss of in Business Income
- Loss of Income Due to Disability or Health-Related Event
- Death of a Spouse or Title Holder
- Divorce of a Spouse or Title Holder

What are the other eligibility criteria?

- Property is located in Illinois
- Property is primary residence of applicant(s)/title holder(s)
- Property is owner occupied 1-4 unit
- Property is single family, multi-family (4 unit max), townhome, condominium, mobile home on a permanent foundation
- Household must have experienced a 15% reduction in income
- Household income cannot exceed 120% Area Median Income
- Household liquid assets cannot exceed \$17,500
- Loan must be secured by a 1st lien position
- Unpaid principal balance must not exceed \$500,000
- Loan must be fixed rate or an adjustable (No interest-only or negative amortization loans).
- Home Equity Loans or Home Equity Line of Credit (HELOC) loans are not eligible for funding.
- Lender must be participating in the HHF program and willing to accept payments on applicant's behalf
- Applicant(s) must not have been convicted of a mortgage related felony in the last 10 years
- Other criteria may apply.

What types of assistance can I receive? And for how much?

Effective August 1st, 2016, for households that are eligible and get approved HHF offers two types of assistance: HHF assistance cannot exceed 12 months or the \$35,000 allocation.

Reinstatement Assistance (RA) is a one-time payment to bring the mortgage current. Payments may include all escrowed first mortgage expenses including property taxes, insurance, and certain fees.

Monthly Mortgage Payment Assistance (MMPA) pays 100% of monthly mortgage payments for up to 12 months.

RA & MMPA reinstates the mortgage and pays 100% of monthly mortgage payments for up to 12 months.

How is the type of assistance determined?

The type of assistance is determined by the household's debt-to-income (DTI) ratio. The DTI ratio is calculated using monthly household income and housing costs. Assistance eligibility is broken out by the following DTI parameters:

DTI is less than 32%: eligible for Reinstatement Assistance only.

DTI is between 32% and 39%: eligible for Reinstatement and/or Monthly Mortgage Payment Assistance.

DTI is 39% or greater: there must be enough funds (max \$35,000) to reinstate the delinquent mortgage and pay at least 4 months of Monthly Mortgage Payment Assistance. For example, a household with a delinquency of \$33,000 and a mortgage payment of \$1,200 will not be eligible for assistance because:

$\$33,000 + (\$1,200 \times 4 \text{ months}) = \$37,800$. \$37,800 is \$2,800 greater than the program cap of \$35,000.

What about Reverse Mortgage Assistance?

Reverse Mortgage Assistance is available for seniors with HECM reverse mortgages that are delinquent on their housing expenses. Assistance will reinstate the loan and may pay up to two years of housing expenses.

Follow this [link](#) to find one of our participating Reverse Mortgages sponsor to start an application.

What type of loan is this?

HHF assistance disbursed by IHDA is given as a 5-year forgivable loan. A lien will be recorded against the property. The total amount disbursed by IHDA is forgiven over the 5-year loan term starting from the month after your assistance ends. Funds may have to be repaid to IHDA if you sell your home at a profit or refinance during the 5-year loan term.

Online Application Help

How do I apply?

- Start your FREE application at www.illinoishardesthit.org.
- Each applicant is assigned an HHF Sponsor Agency (or you can choose one). Your HHF Sponsor Agency will ensure that your application is complete and meets program requirements.
- If you meet all program requirements, your counselor will submit your application to IHDA for review and underwriting.
- Save time. Submit a complete and signed application package to your Sponsor Agency.

How long does it take to be approved after I start my application?

The average timeframe for an approval decision is 90 to 120 days (4 months). The timeframe can be significantly shorter if the homeowner completes the application and provides the Sponsor Agency with all documents promptly. The approval process includes five steps:

- Homeowner completes the application online
- An assigned Sponsor agency collects all the required documentation and reviews for eligibility
- HHF staff review all documentation and underwrite the application
- HHF submits request to the mortgage servicer to make payments
- Homeowner completes the closing process

Submitting an application does not guarantee funding and there may be insufficient funds to support all applications.

Do I need to call my bank about starting/ending HHF assistance?

No. If your application meets basic eligibility and is submitted to IHDA by your Sponsor, HHF Program will notify your mortgage servicer that you have a pending application. When you exit the HHF Program, you should contact your bank about next steps such as re-setting direct withdrawal, potential need for a modification, etc.

Who is my assigned Sponsor Agency?

The online system automatically assigns a Sponsor Agency to you based on the county in which you live. Your assigned Sponsor Agency's information is listed on the first page of your downloaded application. The assigned Sponsor Agency is also notified that your application has been assigned to them and may reach out to you first. Your Sponsor will contact you to review the required documents.

Who do I contact if I have questions about my pending application?

Contact your assigned Sponsor Agency if you have questions about completing the online application, the need to submit missing documents, or to find out the status of the application review. Sponsor Agencies communicate with HHF staff when an application is submitted.

Should I continue paying my mortgage during the application process?

Yes. You should continue paying your mortgage during the application process. HHF will notify you in writing if you are approved for assistance and when to stop paying your mortgage. Here are more tips.

1. **Do not avoid your lender's communications.** Tell your lender that you are working with Sponsor Agency to apply for HHF assistance.
2. **Attend all court dates.** This is your opportunity to respond to the lender and ask the judge for additional time to work things out. Let the judge know that you are applying for HHF assistance.
3. **Prioritize your debts and reduce your expenses.** Make sure that you pay all of your housing bills (mortgage payment, utilities, etc.) each month. Search for ways to cut your monthly expenses.
4. **Talk to relatives, friends, or someone at your place of worship.** Although this is a difficult subject to discuss, family and friends may be willing to help you through this situation.
5. Visit [IHDA's website](#) to learn about other ways to save your home from foreclosure.

Closing the HHF Loan

How will I know I am approved?

IHDA and your Sponsor Agency will notify you if your application met all criteria and was approved or denied.

What is the next step after I am approved?

IHDA will distribute loan closing documents to your Sponsor who will schedule a loan closing meeting with you. At this meeting you will sign your loan documents, learn about the specific assistance you are eligible for and when IHDA will make the first payment to your Servicer. This meeting is important. Make sure you review and sign the documents in the specified timeframe.

When does the 1st payment start?

Your servicer notifies HHF with the exact arrearage and monthly mortgage payment amounts along with the first payment date. IHDA will set up your payments based on the information provided by your Servicer. You will receive a *1st Payment Notice* with this same information.

NOTE: It can take approximately 45 days for your Servicer to post your HHF assistance payment.

Do I get a check for \$35,000?

No. HHF makes payments directly to your Servicer.

Denied for HHF Assistance

How will I know if I am denied for assistance?

The Sponsor Agency and/or IHDA can deny an application if the homeowner's hardship, income, property, mortgage type or arrearage amount do not meet these and other eligibility criteria. If a borrower does not submit the requested application documentation, the file will be "withdrawn from review" and denied. Depending on the source of review, the Sponsor or IHDA will notify you of the denial.

I was denied by my Sponsor. Can I reapply?

Sponsors are required to review the entire application. The Sponsor will notify the homeowner if the application does not meet program eligibility or the homeowner submitted an incomplete application, the Sponsor will notify the applicant. You cannot appeal a Sponsor's denial decision. You can reapply after 90 days of denial if the reason for denial changes.

I was denied by IHDA Underwriting. Can I reapply?

Sponsors are required to review the entire application. Not all applicants are eligible for review by IHDA because they do not meet basic eligibility. The Sponsor submits the application to IHDA for review if the application meets eligibility. IHDA conducts a second review. If the application does not meet eligibility at this stage, IHDA will notify the homeowner of the denial. You can reapply after 90 days of denial letter date if the reason for denial changes.

Approved & Post-HHF Assistance

How will I know my mortgage is being paid during assistance?

IHDA will send you a monthly payment statement email between the eighth and 10th of each month. Make sure your email is active and current with HHF.

Why did I receive an IRS tax form?

The 1098MA tax form is a mortgage assistance form used to complete your federal tax return indicating that you received assistance toward your mortgage. If you obtained assistance through the HHF program, you will receive a 1098 MA from the U.S. government. You may also receive a 1098 form from your lender for any payments you made to your lender before or after HHF assistance. A tax professional can help you with your tax returns. Do not call HHF for 1098 MA questions. Please contact your tax preparer, tax expert, or the IRS help line at 1(800)829-1040.

What if my mortgage payment changes during assistance?

When you are in the HHF program, we communicate with your mortgage servicer directly. They are obligated to communicate with us if your payments change. If your payment changes, we will pay that changed amount as long as there is a remaining balance available to do so.

What if I get a delinquency / past due payment notice during assistance?

Note Servicers can take up to 45 days to post your HHF payment. Contact HHF customer service at 855-873-7405 or hfcustomerservice@ihda.org and email the delinquency / past due notice. We will work with your Servicer to fix the payment discrepancy. The process to correct payment errors may take up to 60 days.

What if I get a foreclosure notice during assistance?

Contact HHF customer service at 855-873-7405 or hhfcustomerservice@ihda.org and email the foreclosure notice. We will work with your Servicer directly.

What if I enter bankruptcy after being approved for HHF assistance?

HHF will be notified by your mortgage servicer that the household is now in active bankruptcy and the mortgage servicer often cannot accept HHF funds on behalf of the household. Bankruptcy will end HHF's ability to provide assistance due to legal requirements placed on most servicers about accepting payments on behalf of the household bankruptcy.

What if my income increases during HHF assistance?

If your income increases or declines while in the program, contact hhfincomechange@ihda.org. You do not have to pay back HHF if your income increases or declines during the assistance period.

How will I know when my assistance ends?

IHDA will notify you approximately 90 days before we disburse the final assistance payment. At which point, you must resume paying your mortgage. Make sure your email is active and current with HHF.

What if I sell my house during or after HHF assistance?

You will need to provide the Hardest Hit Fund (HHF) with a HUD-1 Settlement Statement so that we can begin the lien release process. If you have net proceeds from the sale, these will be repaid to IHDA; then we will prepare a Release of Lien to be filed with the County Recorder of Deeds.

CONTACT: If you are selling your home, refinancing your mortgage, or transferring your property hhfsubpayoffrlse@ihda.org for more information.

What if I refinance during HHF assistance?

Refinancing your current loan, effectively terminates any HHF assistance you are currently receiving. However, your newly refinanced loan may qualify to receive any remaining HHF assistance. You can refinance your mortgage but you will have to ask your potential lender if they will accept HHF assistance. Your new lender must obtain a subordination from IHDA by completing a Subordination Request Form. Once HHF has reviewed the requested information and is assured that you have met the requirements for permitted refinancing, the subordination will be completed and sent to the potential lender. If the loan meets our criteria for a permitted refinancing AND the new lender agrees to accept HHF payments, then you can continue to receive HHF assistance through end of your term or exhaustion of funds.

CONTACT: If you are selling your home, refinancing your mortgage, or transferring your property hhfsubpayoffrlse@ihda.org for more information.

How do I get a release of lien or subordination agreement?

A release of the lien is prepared when HHF assistance has been repaid, typically resulting from the sale of your home or other Recapture event as described in the Recapture Agreement. A Subordination Agreement is completed when you have completed a permitted refinance of your current mortgage.

CONTACT: If you are selling your home, refinancing your mortgage, or transferring your property hhfsubpayoffrlse@ihda.org for more information.