

TEXAS EMERGENCY MORTGAGE ASSISTANCE PROGRAM (TEMAP)

A COMMUNITY DEVELOPMENT BLOCK GRANT CARES ACT (CDBG-CV) PROGRAM

PROGRAM GUIDELINES

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1. Background

The Texas Emergency Mortgage Assistance Program (TEMAP) provides mortgage assistance to income-eligible households impacted by COVID-19 to help them ensure housing stability during the pandemic. Administered by the Texas Department of Housing and Community Affairs (TDHCA), with Community Development Block Grant CARES Act funds (CDBG-CV), the program can pay up to a term of six consecutive months of all or part an eligible household's mortgage payments, including mortgage arrears, with at least one of those months covering a future monthly mortgage payment.

Funded through the U.S. Department of Housing and Urban Development (HUD), this CDBG-CV program is specifically designed to help households prepare for, respond to, and recover from the impacts of COVID-19. The Governor of the State of Texas designated TDHCA as the administrator of the state's allocation of these funds. TDHCA has currently designated approximately \$70 million to eligible jurisdictions or entities through a competitive process to provide emergency mortgage assistance for Texans.

These program guidelines list program requirements including homeowner and Mortgage Servicer/Lender eligibility requirements, minimum federal administration and reporting requirements, length of assistance, maximum amounts of assistance, and maximum household income.

2. Program Goals

The goal of the Texas Emergency Mortgage Assistance Program is to help stabilize low- and moderate-income Texas homeowners impacted by the coronavirus pandemic through the provision of up to a term of six months of mortgage assistance.

3. CDBG National Objective

Mortgage assistance payments will be available to households whose incomes are at or below 80% or less of Area Median Income (AMI). This activity qualifies under the "limited clientele" category of the CDBG national objective of benefit to low- and moderate-income persons or households ([24 CFR §570.483\(\(b\)\(2\)\(C\)\)](#)).

4. Governing Requirements

The following regulations establish federal and state requirements. Relevant legal authority includes, but is not limited to, the following as now in effect or as amended in the future:

- [CARES Act \(Public Law No: 116-136\)](#)
- [Texas Government Code 2105: Administration of Block Grants](#)
- [Housing and Community Development Act of 1974 \(42 U.S.C. 5301 et seq\)](#)
- [24 CFR Part 570 Subpart I](#)
- [CDBG-CV Notice, FR-6218-N-01](#)
- [24 CFR Part 58](#)
- [2 CFR Part 200](#)
- [Uniform Grant Management Standards \(UGMS\)](#)
- [Texas Department of Housing and Community Affairs 2019 Annual Action Plan, as amended](#)
- [Texas Administrative Code: Title 10, Part 1, Chapters 1 and 2](#)

If state or federal statutes or regulations, or other laws, relating to the CDBG-CV funds are modified by the United States Congress, HUD, the Department, the Texas State Legislature, or the Governor, the changes may become effective immediately and may be applicable to existing contracts.

If there is a conflict between the state and federal regulations, the federal regulations shall prevail. In addition, the Department reserves the right, at its sole discretion, to suspend or amend the provisions governing this program. If such an action occurs, the Department will notify interested parties.

Financial Management

Subrecipients must demonstrate to the satisfaction of the Department that they are in compliance with the financial management requirements at 2 CFR Part 200, including the single audit requirements of 2 CFR §200.501. All Subrecipients are subject to the requirements of 10 TAC §1.403, concerning Single Audits. If a Subrecipient utilizes subawardees the Subrecipient is responsible for monitoring the subawardees financial management systems in accordance with 10 TAC §1.402.

Previous Participation Review and Federal/State Debarment

All entities will be subject to a Previous Participation Review by the Department, as outlined in 10 TAC §1.302.

Pursuant to 24 CFR Part 5, all CDBG-CV applicants are required to verify that they and their principals, or any/all persons, contractors, consultants, businesses, subawardees, etc., that will be conducting business with the applicant as part of the mortgage assistance activity are not presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction.

The Department will not award any CDBG-CV funds to organizations that are debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from participation from federal or state assisted programs, or that are proposing to partner, contract, or otherwise fund mortgage assistance activities through an organization that is debarred, suspended, proposed for debarment, or otherwise ineligible from participation in federally assisted programs. If an organization has a member of its governing body that has this status, the Department will allow the member to resign so that the organization can enter into a Contract with the Department.

5. Program Overview

The following table provides an overview of eligible program components explained in detail in subsequent sections.

Program Component	Criterion
Eligible Activities	<ul style="list-style-type: none"> ● Emergency Mortgage Assistance <ul style="list-style-type: none"> ○ Principal, Interest, taxes and insurance are allowable expenses if they are part of the mortgage payment made to an eligible lender in first or second lien position, as further described in the Mortgage payment section. ○ Late fees are allowable expenses, but homeowners should first negotiate with the lender to request late fee forgiveness and/or reduction.
Income Determination	<ul style="list-style-type: none"> ● Considered Income-Eligible → if household has 6 or fewer members and is receiving SNAP, LIHEAP or SSI (for the head or co-head of household) benefits. If a household has 7 or more members income must be verified. ● Zero Income to 60% of AMI → Self-Certification form ● 61% to 80% of AMI → Income Verification
Maximum Assistance	<ul style="list-style-type: none"> ● To ensure the program is paying for mortgages that are cost reasonable, the household's total monthly mortgage payment must be at or below 150% of the Small Area Fair Market Rent or 150% of the Fair Market Rent – whichever is applicable. For areas where no Small Area Fair Market rent is available, Fair Market Rent must be used. If monthly mortgage payments are higher than this limit, program will only pay to this cap and homeowners will be responsible for the difference remaining. ● Subrecipient may not use funds under this Contract to assist a Household where 1/12 (one twelfth) of the annual mortgage payment for its residence exceeds 150% of the Small Area Fair Market Rent ("SAFMR"), or where no SAFMR exists, the Fair Market Rent ("FMR").
Mortgage Payment	<ul style="list-style-type: none"> ● Up to 6 consecutive months (the first payment month pay be used to cover 6 months of mortgage in arrears) with an additional 5 months of mortgage payments for current or future months ● To document that the payment has been made, program administrator will issue an award letter to the homeowner's program file identifying the months of assistance provided. ● Includes mortgage arrears or payments in forbearance, but not amounts owed that have been sent to a collection agency. ● At least one month must cover a month of a future mortgage payment. ● Payments may include all escrowed first mortgage expenses including principal, interest, property taxes, and insurance (the escrow must have been established with the mortgage and is being managed by the Mortgage Servicer/Lender). ● HOA fees or special assessments are not eligible expenses. ● Must be a first lien mortgage or a first and second lien mortgage, but if paying first and second lien mortgage, the mortgages must be part of the same months of assistance. ● FHA, VA, or USDA backed mortgages where no federal, state, or local funds were involved, are eligible for assistance.

	<ul style="list-style-type: none"> • The first lien mortgage must not have been made with federal, state, or local government funds (e.g. HOME, NSP, CDBG, CDBG-DR, HTF etc.). A homeowner with both a first and second lien mortgage where the second lien mortgage was funded with Federal, state or local funds may still receive a payment for the first lien mortgage. • Contract for deed or rent to own instruments are not eligible. • A Mortgage Payment must be made to an Eligible Lender.
Administrative Costs for Grantee	<ul style="list-style-type: none"> • Salary and benefits • Supplies and equipment • Overhead (administration utilities, maintenance, etc.) • Transportation/mileage
Homeowner Certification	<p>Required certification from Homeowner that:</p> <ul style="list-style-type: none"> • Have been economically impacted by the pandemic, • Are in need of mortgage assistance, • Have not already received assistance for these same months, • Have not previously received CDBG-CV assistance for mortgage payments, • The mortgage(s) were not made with federal, state, or local funds; and • The residential property, in Texas, is their primary residence.
Eligible Lenders	<ul style="list-style-type: none"> • Must be a bank, trust company, savings bank, mortgage company, credit union, national banking association, savings and loan association, life insurance company, or another financial corporation regulated by a federal banking agency and registered with the National Multi-State Financial Licensing System or be a lenders/servicer that qualifies for an exemption pursuant to the Finance Code, Section 156.202. • All entities must be authorized to do business in Texas.
Ineligible Lenders	<ul style="list-style-type: none"> • A unit of government or affiliate, or a payday lender or other short-term (less than one year) financing are not eligible lenders. • An entity that is suspended or disbarred by the Texas Department of Agriculture, the Texas Department of Housing and Community Affairs, the Texas Department of Banking, or on the System for Award Management suspended or disbarred list are not Eligible Lenders.
Duplication of Benefits	Prohibited; cannot have already received payment from another payment method covering the same time period.
Lead-based Paint Requirement	For more than 3 months of CDBG-CV current or future mortgage assistance on units built prior to 1978 (and that do not qualify for a federal exception), a visual assessment must be performed. If the situation does not allow for an onsite visual inspection, a remote visual inspection is allowable.
Environmental Review	TDHCA has received statewide clearance for this activity and no action is required from the program administrator.

6. Eligible Activities

Emergency Mortgage Assistance

To help Texans who need assistance with their mortgages because of the impact of COVID-19, TEMAP provides income-eligible, COVID-impacted households, with up to a term of six months of mortgage assistance. Per HUD guidance, mortgage arrears will count as one month of assistance. Homeowners are eligible to receive up to 6 months of mortgage in arrears in their first month of assistance and up to 5 current/future additional months. Any combination of arrears, current and future mortgage payments will be available to assist the household so long as at least one month of assistance is not for arrears (that it is a current or future mortgage payment and the combined months of assistance are for consecutive

months). Assistance can be in the form of a one-time lump-sum payment and/or scheduled payments for future mortgage payments up to term of six months including reasonable late fees. Late fees can be charged only in the amount specifically authorized in the mortgage documents.

The program realizes that a household's need for assistance may fluctuate and if the household is able to cover one month of mortgage and then needs assistance for the following month, then that is allowable because it is within the period of up to six consecutive months.

For example, if a household owed four months of arrears (May, June, July, August), one month of current mortgage (September) and were able to pay next month's mortgage (October), they would be eligible for:

- Four months of arrears (counts as ONE month of assistance)
 - May, June, July, August
- Four current/future months of mortgage assistance, not counting the month the household is able to pay (October)
 - September, November, December, January
 - If your contract ends on June 14, 2022 - All costs incurred as of June 14th can be paid for. If the mortgage is due on June 1st for the month of June, then all of June rent can be paid. However, if payment is not due until June 15th, then the month of June could not be paid.
 - If your contract ends on September 14, 2022 - All costs incurred as of September 14th can be paid for. If the mortgage is due on September 1st for the month of September, then all of September rent can be paid. However, if payment is not due until September 15th, then the month of September could not be paid.

Administrative Costs

Subrecipients can incur the following administrative costs to deliver the emergency mortgage assistance program (per 24 CFR § 570.206(a) and UGMS): salaries and related costs, supplies, overhead (utilities, insurance, maintenance, etc.), equipment (with prior Department approval), transportation, and mileage. Funds requested for administration are limited up to 13 percent of the total amount of funds requested. Preparation of the CDBG-CV application and staff time to attend pre-contract training are eligible pre-award administrative costs and may be reimbursed.

All methods of allocating administrative costs (per 2 CFR §§200.405, 414 & 416) to the Department are allowable; however, indirect costs are only allowable if the entity has an approved federal indirect cost rate or are using the de minimis rate per 2 CFR §200.414(f). In the application, applicants that are units of government must identify each department or division that will administer activities under the grant.

7. Geographic Coverage and Duplication of Benefits

A Duplication of Benefits (DOB) occurs when a program beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular funding need. The amount of the duplication is the amount of assistance provided in excess of the need. In the case of mortgage assistance, a duplication of benefits would occur if a program beneficiary (homeowner) received assistance from another source for the same months and portion of assistance covered by the TEMAP program.

Per CDBG-CV Notice Part III.B.9, it is the Department's responsibility to ensure that each CDBG-CV grantee provides assistance only to the extent that the mortgage assistance needs have not been met by another source.

As a Grantee, TDHCA is required to develop and maintain adequate procedures to prevent a duplication of benefits that address (individually or collectively) each activity or program. To accomplish this, TDHCA has instituted the following requirements:

- The household must disclose any other housing assistance received for the months of mortgage assistance requested. Having received a forbearance or loan deferral does not constitute having received assistance for the months requested. Homeowners in forbearance may be eligible for emergency assistance payments, however, the assistance must meet the necessary and reasonable requirements of 2 CFR Part 200, meaning that the payments must be due. Having received loan forgiveness of the months requested for assistance or having received assistance by another source (city, county, nonprofit, religious organization, etc.) does constitute having received assistance for the months requested. In the Homeowner Application Form, the homeowner will provide documentation of the relief programs applied for including the history of benefits received or estimated benefits. Any person or entity receiving CDBG-CV assistance certifies that they have not, and will not, pursue assistance for the same period of time for the same dwelling unit;
- Any person or entity receiving CDBG-CV assistance (including Subrecipients) must agree to repay assistance that is determined to be duplicative.
- Prohibiting any geographic area from being covered by more than one CDBG-CV Subrecipient.

Any refunds the Subrecipient receives or other program income must be returned to the Department within ten calendar days.

To analyze duplication of benefits a grantee should complete the following steps:

- 1. Assess Need:** Determine the amount of need (total cost).
- 2. Determine Assistance:** Determine the amount of assistance that has or will be provided from all sources to pay for the cost.
- 3. Calculate Unmet Need:** Determine the amount of assistance already provided compared to the need to determine the maximum CDBG-CV award (unmet need).
- 4. Document Analysis:** Document calculation and maintain adequate documentation justifying determination of maximum award.

Example:

A household that has suffered job loss due to the economic impact of the Coronavirus seeks mortgage assistance under a CDBG-CV Emergency Payment program for 3 months of arrears payments and 2 months of current/ future mortgage payments.

- **Step 1: Assess Need**
Monthly Mortgage = \$1,000 (within 150% of SMFR or 150% of FMR limits, as applicable)
Potential Total Need: \$1,000 * 5 months = \$5,000
- **Step 2: Determine Assistance**
In the application, the homeowner applicant was asked to report if they are receiving or expecting to receive any additional or similar assistance. The homeowner applicant reported that a local faith-based organization provided \$250/ month for the past three months, but that aid is no longer available. The homeowner applicant certified that it has not applied for assistance from any other source.
- **Step 3: Calculate Unmet Need**
Total Need = \$5,000

Other Assistance Received = \$750 (\$250/ month for three months)
Actual Unmet Need (Maximum Award) = \$4,250 (\$5,000- \$750)

- **Step 4: Document the Analysis**

Maintain documentation of calculation and justification to confirm amount of unmet need.

8. Time Period of Assistance

Homeowners may receive financial assistance for past-due mortgage payments dating back to April 1, 2020.

9. Subcontractors and Subawards

Subcontractors

Subrecipient, in subcontracting for any performances described in this Contract, expressly understands that in entering into such subcontracts, TDHCA is in no way liable to the Subrecipient's subcontractor(s). All subcontracts must be for goods or services and paid out of administrative funds. Subcontractors must be procured in accordance with 2 CFR Part 200, UGMS, and 10 TAC §1.404.

Subrecipient has the responsibility for ensuring that the performances rendered under all subcontracts are rendered so as to comply with all Contract terms and as if such performances rendered were rendered by Subrecipient. Department maintains the right to monitor and require Subrecipient's full compliance with the terms of this Contract.

Subawards

Subrecipient may request to the Department to enter into a subaward to a unit of local government, council of government, or private nonprofit organization for some or all of its program and administrative funds through a direct (non-competitive) award. The Subrecipient must fulfil all of the requirement of a pass-through entity listed in 24 CFR §200.332, and must monitor its subawardee at least once during the Contract Term.

Any subaward must contain all the applicable terms and conditions required by federal and state requirements and as further reflected this Contract including but not limited to items specifically identified in this Contract, 2 CFR §200.332, and 2 CFR Part 200 Appendix II (as applicable).

Subrecipient must provide the Department with the applicable contact information for all subawards to ensure that accurate contact information is available to refer homeowners to the mortgage assistance program. Subawardees may not further subaward funds.

Before entering into a contract or other agreement with a subawardee, Subrecipient must: 1) check the Federal and State debarment and suspended lists of both the Department (all subawardees) and Texas Department of Agriculture (only if the subawardee is a non-entitlement city or county) for the entity and for governing board members of subawardees; 2) ensure that the entity (if applicable) is current on its Single Audit submission to the Federal Audit Clearinghouse; 3) request a disclosure for matters under 2 CFR §200.113, 2 CFR Part 200 Appendix XII, 24 CFR Part 9, or the Fair Housing Act; and 4) provide the Department this information on the Department's form by a month after the contract start date.

The Subrecipient, in subawarding for any performances described in this Contract, expressly understands that in entering into such subawards, the Department is in no way liable to the Subrecipient's subawardee(s). Department's approval does not constitute adoption, ratification, or acceptance of Subrecipient's or subawardee's performance hereunder. Department maintains the right to monitor and require Subrecipient's full compliance with the terms of this Contract. Department's approval does not waive any right of action which may exist or which may subsequently accrue to Department under this Contract.

Prohibition on Certain Funds Transfers

Per the CDBG-CV Notice Part III.B.5.(c)(ii), all Subrecipients that directly or indirectly receive CDBG-CV funds are prohibited from selling, trading, or otherwise transferring all or any such portion of such funds to another such entity in exchange for any other funds, credits or non-Federal considerations, and must use such funds only for eligible activities, in this case, emergency mortgage assistance.

10. Homeowner Eligibility Requirements

The homeowner must meet the following requirements to qualify for assistance.

- Income Eligibility:** The Household must have gross annual income at or below 80% of the [Area Median Income](#) (AMI) and the program administrator must follow the income verification guidelines in the following section to determine the household's *income eligibility*.
- COVID-19 Impact:** The Household must have been economically impacted by COVID-19 through a loss or reduction of income or increase in expenses due to the pandemic. The household will be asked to describe the impact, but is not requested to submit documentation of such impact with their application.
- Mortgage Statement:** The homeowner applicant must provide copies of recent mortgage statements showing missed payment(s).
- Proof of Primary Residency:** To qualify for assistance the homeowner must provide proof of primary residency established through a combination of documents including: a copy of the current mortgage statement in the homeowner's name, utilities under the name of the homeowner and/or documents from the County Appraisal District showing a homestead exemption. All borrowers on the mortgage statement should be included in the application.
- Home Eligibility:** The property must be the primary residence of the applicant. Secondary or rental properties are not eligible for assistance.
- No Duplication of Benefits:** The homeowner must:
 - Certify that they have not received assistance for the same period of time for the same home and household, or if they do receive funding covering the same portion of assistance that they will pay back the Subrecipient within ten calendar days.
 - Certify that they cannot have previously received mortgage assistance funded with CDBG CARES funds.
- Truth and Accuracy:** The homeowner must certify to the accuracy of all they are stating.

Ineligible Households

- Households receiving duplicative mortgage assistance from any other source for the same period of time for which they are seeking assistance from the CDBG-CV program. Other sources may include but are not limited to mortgage assistance programs run by cities, counties, nonprofits or religious organizations, or forgiveness of the loan by the mortgage company.
- Mortgages that are owned by a unit of government are not eligible for assistance under this program.

11. Appeal Procedures for Households

Subrecipient must establish a written denial of service complaint procedure to address written complaints (or an oral complaint if a person with a disability requests a reasonable accommodation based on their disability) from a household or Mortgage Servicer/Lender.

The appeal procedure is not applicable to a household if the Mortgage Servicer/Lender declines to participate in the program.

If a household's denial is solely based on income eligibility, the complaint procedure would not apply, but the household may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the household's income as ineligible, the household must be notified in writing.

If the household is not satisfied with the Subrecipient's decision under the complaint procedure, the household may appeal the decision in writing (or telephonically if a person with a disability requests a reasonable accommodation based on their disability) to the Department within 10 calendar days of notification of an adverse decision. Households who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Tex. Gov't Code, Chapter 2001. The hearing shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient, for which the procedures are further described in 10 TAC §1.13 (relating to Contested Case Hearing Procedures). If the household appeals to the Department, the Subrecipient's funds that could be pledged to that household should remain unencumbered until the Department completes the appeal process.

12. Income Determination and Verification

To determine whether a household qualifies for the program they must have gross annual income at or below 80% of the [Area Median Income](#) (AMI). Program administrators must follow these guidelines and should complete the *Household Income Certification (HIC) Form* to determine a household income, unless they have a similar tool that achieves the same purpose. If a household is categorically eligible a HIC form is not required. No HIC Form is required for Income Eligibility for categories 1 or 2.

The household income determination process used for this program is based on HUD's Handbook 4350.3, Part 5, Income Determination, but has been modified by TDHCA to minimize barriers to income documentation recordkeeping.

- A **household** is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. A live in aide is not a member of the household.
- **Gross amount.** For the types of income counted, gross amounts means income before any deductions have been taken.

Annualized Gross Income

Annualized Gross Income provides a "snapshot" of the household's current estimated annual income. For TEMAP the household's circumstances for the most recent four weeks (or month, if monthly) are used to project future income. Please refer to Appendix 1 for details on annualizing income.

Every household must qualify under one of the following three categories of income eligibility. A list of the income types that must be excluded from consideration is provided in Appendix 2.

Income Eligibility Categories and Required Documentation	
Income Eligibility Type	Documentation
<p>Income Eligible If the household has:</p> <ul style="list-style-type: none"> (1) 6 or less members, and (2) Currently receiving SNAP, SSI benefits (for the head or co-head only), or LIHEAP benefits. <p><i>*If a household has 7 or more members income must be verified.</i></p>	<ul style="list-style-type: none"> • Enrollment documentation for the eligible program, e.g. benefit letter (no further documentation is needed and an income self-certification is not needed). <ul style="list-style-type: none"> ○ An email from the source agency for LIHEAP enrollment will be accepted.
<p>Zero Income to 60% of AMI</p>	<ul style="list-style-type: none"> • Submission of the “Self-Certification of Annual Income by Beneficiary” form certifying that their income is below 60% of AMI.
<p>61% to 80% of AMI</p> <ul style="list-style-type: none"> • <u>Included Income:</u> <ul style="list-style-type: none"> ○ The full amount, before any payroll deductions of wages and salaries, overtime pay, commissions, fees, tips and bonuses, (before payroll deductions), ○ The net income from the operation of a business (self-employment) ○ Payments in lieu of unemployment and disability compensation, worker's compensation, and severance pay, and similar payments in lieu of earnings ○ Actual Child Support Received ○ Part-time students over 18 years of age ○ Full-time students over 18 years of age AND Head or Co-head of household ○ Full-time students over 18 years of age and NOT Head or Co-head of household 	<ul style="list-style-type: none"> • <u>Income Verification:</u> <ul style="list-style-type: none"> ○ Pay stub(s) covering at least most recent 4 weeks (weekly, bi-weekly) or covering most recent month (monthly, semi-monthly) ○ Self-certification ○ Benefits statement from agency OR One month's bank statement demonstrating deposit(s) made from agency. Note: unemployment benefits should be included only for the period of time the homeowner applicant is actually eligible to receive those benefits ○ Bank statements or payment log from Attorney General ○ Bank statements or pay stub(s) covering at least most recent 4 weeks (weekly, bi-weekly) or covering most recent month (monthly, semi-monthly) ○ Bank statements or pay stub(s) covering at least most recent 4 weeks (weekly, bi-weekly) or covering most recent month (monthly, semi-monthly) ○ Proof of full-time status from institution

- Social Security (not SSI), annuities, insurance policies, retirement funds, pensions, disability benefits, death benefits or other types of similar periodic receipts. Report the total amount received.
- All regular pay, special pay, and allowance of a member of the Armed Forces except special pay for a household member who is exposed to hostile fire. Report total amount received.
- Do NOT count income if they can prove full-time status
- Social Security or other Award Letter; or Bank Statements
- Bank statements or pay stub(s) covering at least most recent 4 weeks (weekly, bi-weekly) or covering most recent month (monthly, semi-monthly)

13. Maximum Assistance Allowed

Homeowners are eligible for up to term of 6 months of mortgage assistance. Per HUD guidance, mortgage arrears will count as one month of assistance. Homeowners are eligible to receive up to 6 months of mortgage assistance in arrears in their first month with an additional 5 months for current or future months. To ensure the program is paying for mortgages that are cost reasonable, 1/12 (one twelfth) of the annual mortgage payment for the household must be at or below 150% of the Small Area Fair Market Rent or 150% of the Fair Market Rent – whichever is applicable. If monthly mortgage payments are higher than this limit, program will only pay to this cap and homeowners will be responsible for the difference remaining. Small Area Fair Market rent must be used if it is available in the zip code and in the county, otherwise Fair Market Rent must be used.

14. Mortgage Servicer/Lender Requirements

- Eligible Lender Status:** Mortgage Servicer/Lender must meet the definition of an Eligible Lender and NOT be a debarred or suspended lender.
- Fees and Penalty Forgiveness:** late fees/penalties for mortgage arrears are eligible but homeowners should first negotiate with the lender to request late fee forgiveness and/or reduction. Late fees that are already in collection status are not eligible for assistance.
- Direct Deposit:** Mortgage Servicer/Lender must have a bank account with direct deposit, unless otherwise agreed to with the program administrator.
- W-9:** Submission of a W-9 IRS form completed by the Mortgage Servicer/Lender.
- Mortgage Certification Form**
 - If unable to obtain complete certification form, Subrecipient should maintain records to prove payment was received.
- Release of Information Form:** Authorizes Program Administrator to communicate with and obtain information from the Mortgage Servicer/Lender on behalf of the Homeowner. This form is optional and may not be necessary for all Homeowners.
- Assistance cannot cover costs any earlier than April 1, 2020.

Ineligible Loans:

- Loans from payday lenders or other short-term (less than one year) financing.
- Loans funded from federal, state, or local funds.

- Loans not in first or second lien position.
- Loans with a non-eligible lender or debarred or suspended lender.

15. Required Documentation for Application

Homeowner/Applicant

- Personal ID for one household member that is on the mortgage.
- Mortgage statement in the homeowner's name.
- Proof of primary residence established through:
 - Government issued ID with address listed, or
 - Utility bill for home under the homeowner applicant's name, or
 - Copy of County Appraisal Homestead Exemption.
- Evidence of income eligibility under other qualified program OR income determination documentation
- Homeowner Application
- Housing Income Certification
- Homeowner Certification
- Release of Information (Optional)

Mortgage Servicer/Lender

- IRS W-9 form
- Mortgage Certification Form (or other acceptable documentation of payments received)

16. Environmental Review

The Department has received statewide environmental clearance for this mortgage assistance program and program administrators *will not* have to perform individual environmental reviews.

17. Lead Based Paint Requirements

Emergency Mortgage Assistance, provided for any period of time longer than 100 days for current or forward assistance, is covered by the Lead Safe Housing Rule (LSHR) at Title 24, Part 35 and must follow the requirements of Subpart K, whether occupied by a child less than six years or not. Mortgage assistance for arrears does not trigger the LSHR. The Homeowner Certification form requires the Homeowner to disclose the date the dwelling was constructed. If the date constructed is 1978 or newer, no further action is required by the Subrecipient. However, units built before 1978 and receiving four or more months of current or forward mortgage assistance are subject to this requirement.

Visual Assessment training is free and may be taken through this link:

<https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>

Subrecipients must provide disclosure notices and clearance notices as outlined in Subpart A and 35.125(b) and (c). The results of the visual assessment must be documented. Should deteriorated paint be identified, please review, and follow the compliance steps to properly address the deteriorated painted surfaces, detailed in Subpart K.

A list of exemptions to the LSHR, steps to comply with Subpart K, and associated resources can be reviewed here: <https://portalapps.hud.gov/CORVID/HUDBLPAdvisor/welcome.html>

The Office of Lead Hazard is allowing *virtual* visual assessments to mitigate the spread of coronavirus. If deteriorated painted surfaces are identified, it must be stabilized by a certified EPA or state RRP program renovator and unit clearance achieved by a third party risk assessor/inspector or clearance technician.

18. Affirmatively Furthering Fair Housing

All Subrecipients must affirmatively further fair housing. This includes but is not limited to marketing the program to those least likely to apply e.g., persons with disabilities, persons with limited English proficiency, minorities and extremely low and very low income persons. Examples of actions of affirmative marketing are reaching out to organizations that work with persons with disabilities or marketing the program to communities that may not speak English or speak English less than well in their preferred spoken language.

19. Program Administration and Performance

Execution of Grant Documents

Before accessing the CDBG-CV funds, the Subrecipient must execute and deliver a Contract to TDHCA and must provide to TDHCA all executed, legally enforceable grant documents, as applicable, and any other documents reasonably requested by TDHCA in connection with these funds.

One-Time Advance of Funds

Per 2 CFR 200.305, the Subrecipient may request a one-time advance of funds (no more than 30 days cash need) by submitting to TDHCA a properly completed planned expenditure report that includes a request for advance funds, in a format specified by TDHCA. TDHCA shall determine the reasonableness of each amount requested and shall not make disbursement of any such payment until TDHCA has reviewed and approved such request. TDHCA may request Subrecipient to make modifications to the disbursement request and is authorized to modify the disbursement procedures set forth herein as may be necessary or advisable for compliance with the Program Requirements.

The Subrecipient's requests for the advance of funds shall be limited to the minimum amounts needed for effective operation of programs, and shall be timed as closely as possible to be in accord with actual cash requirements. The Subrecipient shall establish procedures to minimize the time elapsing between the transfer of funds from TDHCA to the Subrecipient and the spending of such funds and shall ensure that such funds are disbursed as soon as administratively possible. If Subrecipient subgrants any part of its award, it must have financial management systems in place to pay the subgrantee for expenses under the agreement, generally within 30 days.

Performance Benchmarks, Contract Term and Deobligation

The contract will be issued for a term of 12 months, subject to extension requests at the sole discretion of the Department.

Contract benchmarks will be reflected in the contract with the Subrecipient that require expenditures as follows:

- No later than the end of the fourth month of the Contract, at least 20% of total contracted funds must be reported as expended.
- No later than the end of the sixth month of the Contract, at least 40% of total contracted funds must be reported as expended.
- No later than the end of the ninth month of the Contract, at least 70% of total contracted funds must be reported as expended.
- No later than the end of the twelfth month of the Contract, at least 100% of total contracted funds must be reported as expended.
- Failure to achieve contract benchmarks may be cause for a partial or complete deobligation of the remaining unexpended Contract funds, as determined by TDHCA on a case-by-case basis.

Once General Administration expenditures reach 40% of the budgeted amount, the Department will only reimburse Subrecipient for additional General Administration costs at a rate such that the percentage of budgeted General Administration funds reimbursed is no more than 20 percentage points higher than the percentage of budgeted Emergency Payments expended.

Reporting Responsibilities & Records to be Maintained

Subrecipients will be required to submit monthly performance reports outlining households assisted, funds expended, client demographic data and verification of grant-funded program expenses. The reports will be reviewed for accuracy, performance measures and compliance. In addition, monitoring and auditing of grantees for ongoing compliance and eligibility will be performed by the State to ensure federal requirements are being met.

Subrecipients will be required to maintain client data supporting client eligibility for services provided. Data shall include, but not be limited to: number of persons/households served, household size, race/ethnicity and income documentation.

By the 15th of each month, Subrecipient shall report:

(1) Aggregate-level data to be reported via the Housing Contract System:

- A. Summary data for households served by race, ethnicity, and household income level, and other demographic data as required by HUD.
- B. Number of households that received emergency mortgage assistance.
- C. Total number of households served.
- D. Number of pending households to receive assistance in the following thirty (30) days.

(2) Subrecipient must also report household-level data, including demographic data, as described on TDHCA's Excel Monthly Performance Report spreadsheet.

20. Other Federal Cross-cutting requirements

- [24 CFR 570 Subpart K](#)
- [Fair Housing Act](#)
- [Federal reporting requirements - 24 CFR §91.520](#)
- [Monitoring and reporting program performance - 2 CFR §200.329](#)
- [Monitoring requirements - 24 CFR §91.330](#)

21. List of Program Forms

Homeowner	<ul style="list-style-type: none">• Homeowner Application Form• Household Income Certification• Income Self-Certification• Homeowner Certification Form• Homeowner Release of Information (Optional)
Mortgage Servicer/Lender	<ul style="list-style-type: none">• Mortgage Servicer/Lender Certification• W-9
Program Administrator	<ul style="list-style-type: none">• Mortgage Assistance Award Letter (Program Admin Use Only)• Documentation of Lead Based Paint Visual Inspection if applicable

Appendix 1: Annualized Income

In general, a Subrecipient evaluating a household's income should assume that the household's circumstances today will continue for the next 12 months (ANNUALIZE), unless there is verifiable evidence to the contrary.

For example, if a head of household is currently working for \$7.00 per hour, 40 hours per week, the Subrecipient should assume that this household member will continue to perform that work for that rate and amount of time for the next year. Thus, estimated earnings will be \$7.00 per hour multiplied by 2,080 hours (40 hours per week for 52 weeks of the year), or \$14,560 per year.

This method should be used even when it is not clear that the type of income received currently will continue in the coming year.

For example, assume a household member has been receiving unemployment benefits of \$100 per month for 16 weeks at the time of income certification. It is unlikely that the household member will continue on unemployment for another 52 weeks. However, because it is not known whether or when the household member will find employment, the Subrecipient should use the current circumstances to anticipate annual (gross) income. Income would therefore be calculated as follows:

- \$100 per week x 52 weeks, or \$5,200.

The exception to this rule is when documentation is provided that current circumstances are known to be time limited or about to change. For example, an employer might report that an employee currently makes \$7.50 an hour, but a negotiated union contract will increase this amount to \$8.25 an hour eight weeks from the date of assistance. In such cases, income can be calculated based on the information provided. In this example, the calculation would be as follows:

- $\$7.50/\text{hour} \times 40 \text{ hours/week} \times 8 \text{ weeks} = \$2,400$
- $\$8.25/\text{hour} \times 40 \text{ hours/week} \times 44 \text{ weeks (remaining weeks in the year)} = \$14,520$
- $\$2,400 + \$14,520 = \$16,920 = \text{Anticipated and Annualized Gross Income from that household member}$

Methods to annualize for part-time and full-time gross income

Weekly pay:

4 pays stubs: Add the four gross amounts of each stub and divide by four to give you the weekly average. Multiply the weekly average by 52 to arrive at the gross annualized income.

Bi-weekly (every two weeks) pay:

2 pay stubs: Add the two gross amounts of each stub and divide by two to give you the bi-weekly average. Multiply the bi-weekly average by 26 to arrive at the gross annualized income.

Semi-monthly (twice per month) pay:

2 pay stubs: Add the two gross amounts of each stub and divide by two to give you the semi-monthly average. Multiply the semi-monthly average by 24 to arrive at the gross annualized income.

Monthly pay:

One pay stub: Multiply gross amount by 12 to arrive at the gross annualized income.

Irregular pay:

Use a reasonable, consistent method to arrive at the gross annualized income.

Appendix 2: Excluded Income

The calculation of annual income shall not include the following:

A. Income from Children, which is income from the employment of children (including foster children) under the age of 18 years.

B. Payments Received for the Care of Foster Children, including foster adults (usually persons with disabilities, unrelated to the household, who are unable to live alone).

C. Lump-Sum Payments, including additions to household assets, such as inheritances, insurance payments (e.g., health and accident insurance, and worker's compensation), capital gains and settlement for personal or property losses [except as provided].

D. Reimbursement for Medical Costs, including all payments received by the household that are specifically for, or in reimbursement of, medical expenses for any household member.

E. Live-in Aide, including the income of a live-in aide employed because of a medical condition or disability of a household member. A live-in aide is determined to be essential to the care and well-being of the person, not obligated for the support of the person, and would not be living in the residential dwelling unit except to provide the necessary supportive services.

F. Education Assistance, including the full amount of educational scholarships paid directly to the student or to the educational institution, and Government funds paid to a veteran for tuition fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student. Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included in income.

G. Armed Forces (Special Pay), specifically special pay to a household member serving in the Armed Forces who is exposed to hostile fire.

H. Government Programs, including the following: Amounts received under training programs funded by HUD and earnings and benefits from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government.) Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income (SSI) eligibility and benefits, because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). Amounts received by a participant in other publicly-assisted programs, which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and made solely to allow participation in a specific program. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the U.S. Housing Act of 1937. Amounts paid by a State agency to a household with a member who has developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled household member living at home.

I. Temporary Income, considered temporary, nonrecurring or sporadic in nature (including gifts).

J. Income of Full-Time Students, earnings in excess of \$480 for each full-time student 18 years old or older attending school or vocational training (excluding the head of household and spouse).

K. Property Tax Refunds, including amounts received by the household in the form of refunds or rebates under State or local law for property taxes paid on the dwelling of the unit.

L. Adoption Assistance Payments, in excess of \$480 per adopted child.