

**EHLP 5b Counseling**

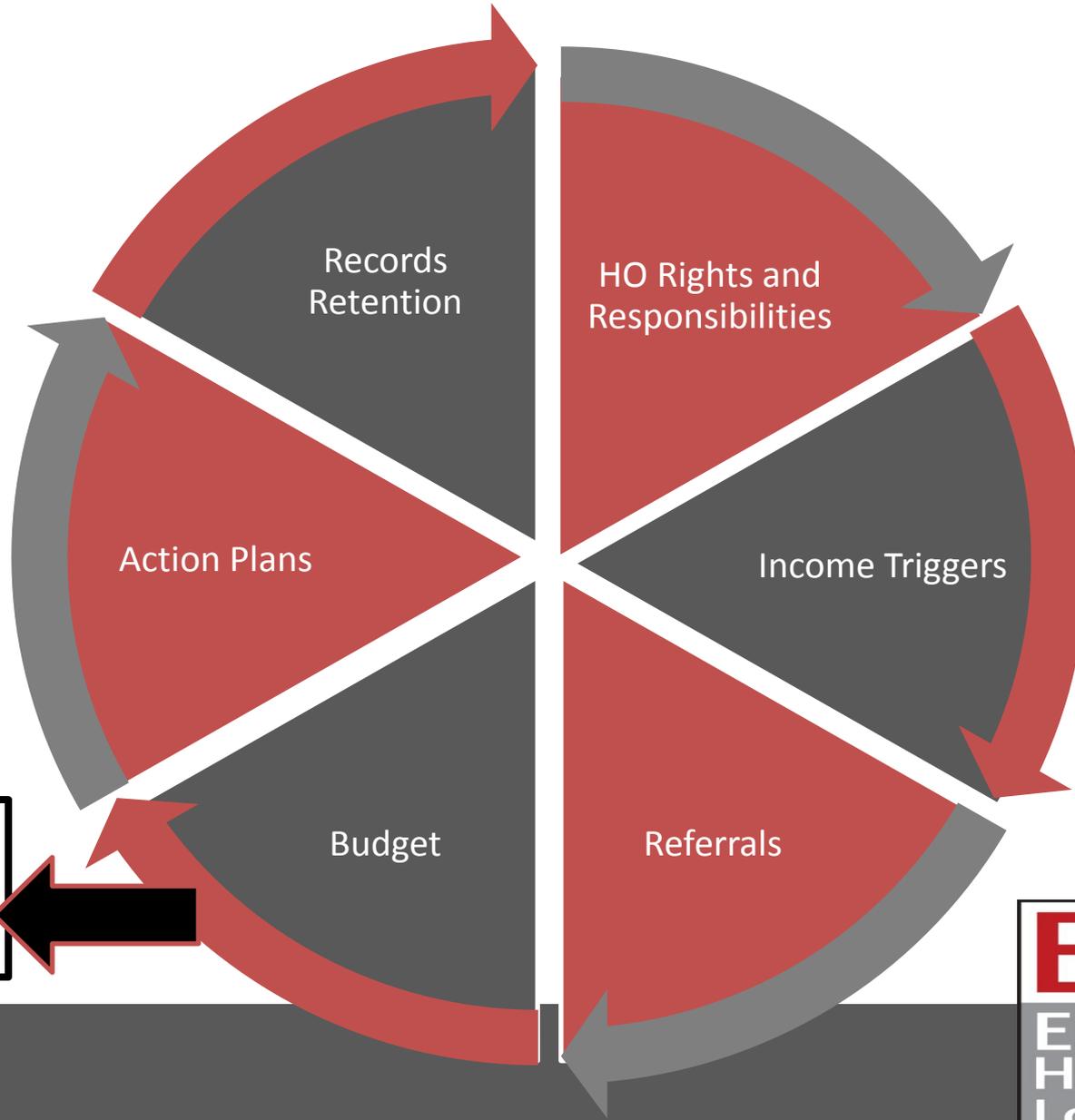
**Preparing an EHLP  
Budget and Action Plan**

**Requesting a Hardship  
Waiver**

**Connecting HO with  
Resources**



# Components of 5b Counseling



**Hardship  
Waivers**

**EHL P**  
Emergency  
Homeowners'  
Loan Program

# Unemployed Client Perspective

- Priority on Employment
- 1<sup>st</sup> Time User of Community Resources
- Self Employed vs Non-Self Employed
- Isolated
- Low Self-Confidence

# Counseling Tools

- Counseling Summary
- Agenda and Document Checklist
- Budget
- Action Plan
- Referral Builder

# Appointment Agenda

- Topics
- Asking Questions
- Providing Guidance

# Appointment Agenda

<b>EHL P</b>	<b>EHL P 5b Counseling Appointment Agenda</b>
<b>Emergency Homeowners' Loan Program</b>	

<b>EHL P</b>
<b>Emergency Homeowners' Loan Program</b>

# Appointment Agenda

Agenda Item	Considerations
Welcome	<ol style="list-style-type: none"><li>1. Describe time constraints</li><li>2. Identify their language preferences</li></ol>
Appointment Overview	<ol style="list-style-type: none"><li>1. Goal is to make aware of the purpose of the appointment.</li><li>2. Acknowledge hardship, compliment them on their tenacity</li><li>3. Review topics to be covered during appointment:<ul style="list-style-type: none"><li>~ Loan Documents</li><li>~ Rights and Responsibilities</li><li>~ When to contact the Counseling Agency</li><li>~ When the Counseling Agency will contact HO</li><li>~ Recertification</li><li>~ What Happens When the Assistance Period Ends</li><li>~ Loan Forgiveness</li></ul></li></ol>

# Appointment Agenda

Agenda Item	Considerations
Highlighting Loan Details	<p data-bbox="459 411 1619 496"><b>Both Counselor and HO should have the specific EHLP Note and Loan Acknowledgement available, either electronically or hard copy.</b> <input checked="" type="checkbox"/></p> <ol data-bbox="459 505 1682 1025" style="list-style-type: none"><li data-bbox="459 505 1657 591">1. Goal is to get HO familiar with their loan documents and able to find important information. <input checked="" type="checkbox"/></li><li data-bbox="459 605 1682 1025">2. Using their note and loan acknowledgment, identify where to find the following information. Have the HO circle or highlight these details:<ul data-bbox="595 705 1186 1025" style="list-style-type: none"><li data-bbox="595 705 948 739">• the loan amount</li><li data-bbox="595 753 1141 788">• monthly assistance payment</li><li data-bbox="595 802 1186 836">• monthly contribution payment,</li><li data-bbox="595 851 1147 885">• mandatory reporting amount</li><li data-bbox="595 899 967 933">• first payment date</li><li data-bbox="595 948 807 982">• end date</li><li data-bbox="595 996 987 1031">• recertification date</li></ul></li></ol>

# Appointment Agenda

Agenda Item	Considerations
EHL Homeowner Post Closing Counseling Summary and Confirmation (Summary)	<p>Make the Summary available to the HO either in hard copy or electronically before or at the beginning of the appointment. It is helpful to have the Summary completed before the call. <input checked="" type="checkbox"/></p> <ol style="list-style-type: none"><li>1. Have HO complete the Summary as information is explained.</li><li>2. Explain the purpose of the Summary is to ensure they understand all aspects of their EHL Assistance Loan <input checked="" type="checkbox"/></li><li>3. May get verbal signatures/authorizations for telephone appointments <input checked="" type="checkbox"/></li><li>4. For phone appointments, have HO print and complete or complete electronically for their documents <input checked="" type="checkbox"/></li></ol>

# Appointment Agenda

Agenda Item	Considerations
Reviewing Current Mortgage Responsibilities	<p data-bbox="465 358 1779 439">Have the following information available. It will be in the counseling agency's file or HLP:</p> <ul data-bbox="600 454 1058 768" style="list-style-type: none"><li>• <b>1<sup>st</sup> Mortgage Payment</b></li><li>• <b>1<sup>st</sup> Mortgage Company</b></li><li>• <b>Is 1<sup>st</sup> Mortgage an ARM?</b></li><li>• <b>Is 1<sup>st</sup> Mortgage Escrowed?</b></li><li>• <b>2<sup>nd</sup> Mortgage Payment</b></li><li>• <b>2<sup>nd</sup> Mortgage Company</b></li><li>• <b>Is 2<sup>nd</sup> Mortgage an ARM?</b></li></ul> <ol data-bbox="465 801 1765 1082" style="list-style-type: none"><li>1. Ask HO to go to Section 3 of the Summary.</li><li>2. Help them complete the information in the boxes as listed above.</li><li>3. Explain that even though the EHLP Assistance Payments are being made to BNY Mellon, HO still has a contractual agreement with their mortgage company.</li><li>4. Advise HO to open mail or answer calls from the first mortgage company</li></ol>



# Appointment Agenda

Agenda Item	Considerations
Reviewing EHLPLoan and Payment Information	<p data-bbox="513 386 1649 458">Have the following information available. It will be in the counseling agency's file or HLP:</p> <ul data-bbox="625 491 1248 911" style="list-style-type: none"><li data-bbox="625 491 1070 515">• EHLPLoan Amount</li><li data-bbox="625 525 1070 549">• Number of Months Assistance</li><li data-bbox="625 559 1112 584">• EHLPLoan Monthly Assistance Amount</li><li data-bbox="625 594 1248 618">• Homeowner Contribution Payment Amount</li><li data-bbox="625 628 935 652">• First Payment Date</li><li data-bbox="625 662 935 686">• Last Payment Date</li><li data-bbox="625 696 935 721">• Payment Due Date</li><li data-bbox="625 731 1147 755">• Contribution Payment Made Out To</li><li data-bbox="625 765 1070 789">• Contribution Payment Sent To</li><li data-bbox="625 799 1031 823">• Second Mortgage Payment</li><li data-bbox="625 833 1136 858">• Second Mortgage Payment Sent to</li></ul>

# Appointment Agenda

Agenda Item	Considerations
	<ol style="list-style-type: none"><li data-bbox="510 308 1166 337">1. Ask HO to go to Section 4 of the Summary.</li><li data-bbox="510 348 1642 445">2. Review the total amount of assistance available to the HO, the number of months the assistance will cover and the amount of the monthly assistance. Have the HO add that to their copy of the Summary.</li><li data-bbox="510 456 1669 519">3. Review the HO Contribution Payment Amount. Explain that this is the portion of their mortgage payment they must pay.</li><li data-bbox="510 531 1669 594">4. Review the first payment date (the month after closing) and the last payment date.</li><li data-bbox="510 605 1642 668">5. Emphasize that the payment MUST be RECEIVED by the 15<sup>th</sup> of the month or the payment is considered late. No grace period.</li><li data-bbox="510 679 1622 776">6. Encourage them to consider their payment due on the first to avoid any default on the EHLP loan. Two late payments and the HO is removed from the program and the assistance ends.</li><li data-bbox="510 788 1669 851">7. Explain that their Contribution Payment is to be made out to and sent to Bank New York Mellon.</li><li data-bbox="510 862 1669 993">8. Emphasize that if the HO sends their EHLP Contribution Payment to the wrong lender, it won't be applied until it is received by Bank New York Mellon. If this causes the payment to be received after the 15<sup>th</sup> of the month it is due, it will be considered late.</li><li data-bbox="510 1005 1669 1096">9. Explain that payments are paid forward. Refer them to the example in the Summary. In the example, the January Contribution Payment is added to the EHLP Assistance and then sent to the mortgage company for the February</li><li data-bbox="510 1108 1669 1170">10. Explain the HO is responsible for making the 2<sup>nd</sup> mortgage payment directly to the mortgage company.</li><li data-bbox="510 1182 1483 1245">11. If the 2<sup>nd</sup> mortgage is delinquent, explain that the counseling agent assist the HO in resolving the delinquency.</li></ol>

# Appointment Agenda

Agenda Item	Considerations
Reviewing Escrow Items	<p>Have the following information available. It will be in the counseling agency's file or HLP:</p> <ul style="list-style-type: none"><li>• Whether loan is escrowed or not</li><li>• Amount of annual taxes and insurance if non-escrowed</li></ul> <ol style="list-style-type: none"><li>1. Refer HO to Section 5. If first mortgage is escrowed, explain to HO that their taxes and insurance are paid as a part of their first mortgage payment. Ask them to check that box.</li><li>2. If not escrowed, identify the amount of annual taxes and insurance. Ask HO to check that box and write the amounts in the boxes. Explain to HO that the HO is required to pay these items on their own and that these items will be included as a monthly expense on their budget.</li></ol>

# Appointment Agenda

Agenda Item	Considerations
Mortgage Payment Changes	<p data-bbox="479 454 840 492"><del>Refer HO to Section 6</del></p> <ol data-bbox="479 499 1825 1071" style="list-style-type: none"><li data-bbox="479 499 1825 692">1. Explain that three items can cause the total mortgage payment to increase:<ul data-bbox="608 549 1120 692" style="list-style-type: none"><li data-bbox="608 549 1043 592">• Higher Property Taxes</li><li data-bbox="608 592 1120 635">• Higher Insurance Premium</li><li data-bbox="608 635 1043 692">• Interest Rate Increase</li></ul></li><li data-bbox="479 699 1825 835">2. Explain that if any of these <u>increase</u>, the HO's monthly Contribution Payment will not change. The additional amount necessary to make the full mortgage payment will be paid from the HO's EHLP Assistance Loan.</li><li data-bbox="479 842 1825 928">3. Explain that this will mean either that their loan amount may be increased or the length of time they receive assistance may be shortened.</li><li data-bbox="479 935 1825 1071">4. Explain that HUD will notify them of any mortgage payment changes and identify the changes in the total assistance amount or changes in the length of time they will receive monthly assistance.</li></ol>

# Appointment Agenda

Agenda Item	Considerations
Income Changes	<p><b>Refer HO to Section 7.</b></p> <ol style="list-style-type: none"><li>1. Emphasize that the HO must notify the counseling agency if their total GROSS income is more than \$_____ for more than 3 months in a row. This amount is called the Mandatory Reporting Amount in the Loan Acknowledgement.</li><li>2. Explain to the HO that this takes into account the gross income of all persons on the note, including those who do not live in the home. This would be all the same people whose income was included in the application.</li><li>3. Explain they must notify the counseling agency in writing within 5 days. If they do not notify the counselor, their assistance will end and their loan will not be forgivable.</li><li>4. Explain that the counseling agency will review their income docs and determine if the EHELP Monthly Payment Assistance must be reduced. If it is reduced, then the HO will have to make a higher Contribution Payment.</li><li>5. Emphasize that the HO must notify the counseling agency if they get a permanent modification on their first or second mortgage. The notice must be in writing within 5 days. If the HO does not notify the counselor, their assistance will end and their loan will not be forgivable.</li><li>6. Emphasize that the HO should contact the counseling agency if any of the three events below occur to see if they qualify for a Hardship Waiver which will reduce their EHELP Contribution Payment:<ul style="list-style-type: none"><li>• Unemployment benefits end</li><li>• Self employment income is reduced for 12 months</li><li>• Out of pocket medical expenses are more than \$125 for more than 3 months</li></ul></li><li>7. Explain to the HO that no EHELP Assistance Adjustments will be made until three months of EHELP Assistance has been used.</li></ol>

# Appointment Agenda

Agenda Item	Considerations
EHLP Loan Repayment	<p>Refer HO to Section 7.</p> <ol style="list-style-type: none"><li>1. Emphasize that if the HO defaults on their EHLP loan, their assistance will end and they will have to repay the amount of EHLP Assistance that was used.</li><li>2. Explain that default means that one of the following happened while they were receiving EHLP Assistance:<ul style="list-style-type: none"><li>• HO made their EHLP contribution payment late more than one time</li><li>• HO did not report a required change in their income or residency</li><li>• HO did not attend the Recertification Appointment</li><li>• HO no longer lives in the property but still owns it</li><li>• HO sold the home and received cash at the closing</li><li>• HO refinanced the 1<sup>st</sup> mortgage and received cash from the refinancing</li><li>• HO committed fraud in connection with their EHLP Assistance loan or application</li></ul></li></ol>

# Appointment Agenda

Agenda Item	Considerations
	<ol style="list-style-type: none"><li>1. Explain the EHLA Assistance Loan may be forgiven if all 1st mortgage payments are made on time after the EHLA Assistance has ended.</li><li>2. Explain that 20% of the loan will be forgiven each year they successfully make their mortgage payment on time. If all payments are made on time for the five years following the ending of the EHLA Assistance Payments, the loan will be considered paid in full.</li><li>3. Explain if a late payment is made on the first mortgage payment, the HO is no longer eligible for the loan forgiveness and the balance of the EHLA Loan at the time of the late payment will be the amount that will have to be repaid.</li><li>4. Refer HO to the chart in Section 7 that describes their loan forgiveness schedule.</li></ol>

# Appointment Agenda

Agenda Item	Considerations												
Loan Forgiveness	<p>Have the following information available:</p> <ul style="list-style-type: none"> <li>• Total EHLA Assistance Loan Amount</li> <li>• The schedule of forgiveness for the HO's loan</li> </ul> <p><b>Example: Loan Amount 42,500</b></p> <table border="1" data-bbox="556 615 1605 1182"> <thead> <tr> <th>First Year Forgiveness Amount</th> <th>Ending Balance</th> </tr> </thead> <tbody> <tr> <td>\$8,500 (<math>\\$42,500 / .20 = \\$8,500</math>)</td> <td>\$34,000 (<math>\\$42,500 - \\$8,500</math>)</td> </tr> <tr> <td>Second Year Forgiveness Amount \$8,500 (<math>\\$42,500 / .20 = \\$8,500</math>)</td> <td>Ending Balance \$25,500 (<math>\\$34,000 - \\$8,500</math>)</td> </tr> <tr> <td>Third Year Forgiveness Amount \$8,500 (<math>\\$42,500 / .20 = \\$8,500</math>)</td> <td>Ending Balance \$17,000 (<math>\\$25,500 - \\$8,500</math>)</td> </tr> <tr> <td>Fourth Year Forgiveness Amount \$8,500 (<math>\\$42,500 / .20 = \\$8,500</math>)</td> <td>Ending Balance \$8,500 (<math>\\$17,000 - \\$8,500</math>)</td> </tr> <tr> <td>Fifth Year Forgiveness Amount \$8,500 (<math>\\$42,500 / .20 = \\$8,500</math>)</td> <td>Ending Balance \$0 (<math>\\$8,500 - \\$8,500</math>)</td> </tr> </tbody> </table>	First Year Forgiveness Amount	Ending Balance	\$8,500 ( $\$42,500 / .20 = \$8,500$ )	\$34,000 ( $\$42,500 - \$8,500$ )	Second Year Forgiveness Amount \$8,500 ( $\$42,500 / .20 = \$8,500$ )	Ending Balance \$25,500 ( $\$34,000 - \$8,500$ )	Third Year Forgiveness Amount \$8,500 ( $\$42,500 / .20 = \$8,500$ )	Ending Balance \$17,000 ( $\$25,500 - \$8,500$ )	Fourth Year Forgiveness Amount \$8,500 ( $\$42,500 / .20 = \$8,500$ )	Ending Balance \$8,500 ( $\$17,000 - \$8,500$ )	Fifth Year Forgiveness Amount \$8,500 ( $\$42,500 / .20 = \$8,500$ )	Ending Balance \$0 ( $\$8,500 - \$8,500$ )
First Year Forgiveness Amount	Ending Balance												
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Fifth Year Forgiveness Amount \$8,500 ( $\$42,500 / .20 = \$8,500$ )	Ending Balance \$0 ( $\$8,500 - \$8,500$ )												

# Appointment Agenda

Agenda Item	Considerations
Recertification and Transition Appointments	<p>Have the recertification date available. It can be found in the Loan Acknowledgment in HLP. Refer the HO to Section 8.</p> <ol style="list-style-type: none"><li>1. Emphasize that the HO is <b>REQUIRED</b> to attend a Recertification Appointment before _____ <u>Recertification Date</u> _____. Have HO insert that date into the blank in Section 8.</li><li>2. Explain that the recertification process will be very similar to the application process. The following items will be reviewed:<ul style="list-style-type: none"><li>• The HO will have to provide income documents for all the persons listed on the mortgage loan.</li><li>• The HO will have to prove they continue to live in the property.</li></ul></li><li>3. Explain that the counseling agency will contact the HO during the 11<sup>th</sup> month of their EHLP Assistance to set up the recertification appointment. A non-response will indicate that the HO is no longer interested in receiving EHLP assistance.</li><li>4. If the HO does not attend the recertification appointment, the EHLP assistance will end immediately and the HO will not qualify for any loan forgiveness.</li><li>5. Explain to the HO that Transition Counseling will be available to the, and if they attend they will be eligible for:<ul style="list-style-type: none"><li>• Up to two additional months' worth of EHLP transition payments</li><li>• To receive a portion of the funds from the sale of the home to be used for moving expenses</li></ul></li></ol>

# Appointment Agenda – Budget Approach

Budget Approach	<ol style="list-style-type: none"><li>1. The counselor should use a budget format that meets National Industry Standards. This would include budget forms found in client management systems, HLP or the NFMC budget form. Based on financial information already collected for the loan application and new documentation provided at the time of the 5b counseling session, the counselor should guide the HO through the development of a budget designed with the goal of the HO resuming full mortgage payments at the end of the EHLP assistance.</li><li>2. Documents required for budget development:<ul style="list-style-type: none"><li>• Credit Report</li><li>• Monthly Bill Statements</li><li>• Bank Statements</li><li>• Income Tax Returns</li><li>• Pay Stubs</li><li>• Other Income Documentation</li><li>• May include previously provided information and new documentation</li></ul></li><li>3. Counselor should explain that the EHLP Assistance requires a shift in the HO's thinking as the loan has been brought current and the payments are affordable based on the HO's current income. If there are still budget issues, they are not related to the 1<sup>st</sup> mortgage.</li><li>4. Counseling the EHLP HO also requires a shift in the counselor's approach. There is no delinquency to resolve and there is an affordable mortgage payment. The counselor must then consider what else might impede the HO's success.</li><li>5. The budget must be comprehensive and based in reality. All debt, expenses and spending must be accounted for. This is a hybrid budget counseling approach as it entails the financial coaching of pre-purchase budget counseling and the harsh realities of foreclosure intervention counseling.</li></ol>
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# Appointment Agenda

Budget Development	<ol style="list-style-type: none"><li>1. The counselor should review the HO's debt, expenses and spending with the HO. Specifically asking the following questions:<ul style="list-style-type: none"><li>• What has changed since the application appointment?</li><li>• What debt has been paid off?</li><li>• Has the income situation changed?</li></ul></li><li>2. Based on the financial answers provided by the HO, the counselor should determine the budget shortfall and provide the HO with that information. The Counselor should ask at least the following questions:<ul style="list-style-type: none"><li>• Is that higher or lower than you expected?</li><li>• Are there any items you are easily able to reduce or eliminate?</li><li>• What items are untouchables?</li></ul></li><li>3. Counselor should recalculate the shortfall based on the adjustments identified by the HO and provide the new shortfall amount and ask the following questions:</li><li>4. Of the items that are not in the untouchable category, which ones are worth reducing, eliminating or deferring in order to be successful with your EHLP Assistance goal of returning to making your payments?</li><li>5. If it is apparent that with the income the HO has that even with a significant budget revisions that exclude the untouchables, the HO will be unable to balance their budget, then the counselor should request that the HO prioritize the "untouchables". Ask the HO to consider temporary cuts or temporary elimination of these items until the HO is re-employed.</li><li>6. When the HO is eliminating or reducing items, the counselor should share ways the HO can incorporate low cost or no cost versions of the item. For instance giving up cable but renting movies and books from the library instead.</li></ol>
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# Budget Approach

- Critical for EHLP Success
- Shift in Homeowner Thinking
- Shift in Counselor Approach
- Homeowner is current
- Payment reduced

# Budget Approach

- Comprehensive
- Based in Reality
- Based on Homeowner Decisions
- May Require Significant Cuts
- Provide Low Cost or No Cost Alternatives
- What Really Matters
- Treasure Hunt Approach

# Budget Development

Questions  
that Lead to  
Honest  
Budget  
Revisions

# Budget Approach

- What has changed since the application appointment?
- What debt has been paid off?
- Has the income situation changed?

# Budget Development

- Determine budget shortfall
- Ask at least the following questions:
  - Is that higher or lower than you expected?
  - Are there any items you are easily able to reduce or eliminate?
  - What items are untouchables?

# Budget Development

- Counselor should recalculate the shortfall based on the adjustments identified by the HO
- Ask the following question: “Of the items that are not in the untouchable category, which ones are worth reducing, eliminating or deferring in order to be successful with your EHLP Assistance goal of returning to making your payments?”

# Budget Development

- Unable to balance the budget even after significant budget revisions that exclude the untouchables
- Request the HO to prioritize the “untouchables”.
- Ask the HO to consider temporary cuts or temporary elimination of these items until the HO is re-employed.

# Budget Development

- When the HO is eliminating or reducing items, the counselor should share ways the HO can incorporate low cost or no cost versions of the item. For instance giving up cable but renting movies and books from the library instead.

# Budget Documentation

- Client management systems
- Hope LoanPort
- NFMC

# Budget Documentation

- Credit Report
  - Monthly Bill Statements
  - Bank Statements
  - Income Tax Returns
  - Pay Stubs
  - Other Income Documentation
- 
- May include previously provided information and new documentation provided at the time of the 5b counseling session

# Appointment Agenda

Agenda Item	Considerations
Referrals	<p>Based on the HO's budget and issues that have been uncovered in the budget process, the counselor should provide the HO with a comprehensive list of referrals that will address the immediate budget issues as well help the HO work toward the goal of re-employment.</p> <p>Referrals should be listed on the action plan.</p>
Action Plan	<p>Borrower and CA will develop a written Action Plan for follow up activities.</p> <p>The Action Plan:</p> <ul style="list-style-type: none"><li>▪ Must be signed</li><li>▪ Must Meet The National Industry Foreclosure Counseling standards</li><li>▪ EHLP Action Plan is required – NFMCA Action Plan with additional action plan development</li><li>▪ May include more steps than typical foreclosure intervention action plan</li><li>▪ Important to group tasks into manageable numbers</li></ul>

# Action Plan

- Borrower and CA will develop a written Action Plan for follow up activities
- Must be signed
- Action Plan Must Meet The National Industry Foreclosure Counseling standards
- EHLPP Action Plan = NFMC Action Plan + More Action Plan Documentation Space and Organization

# Action Plan Purpose

- Comprehensive analysis of the Borrower's income and debt
- Should include specific goals and steps so the Borrower can ultimately resume full mortgage payments once assistance ends

# *Action Plan*

- Hybrid between pre-purchase and foreclosure intervention counseling
- More about budget – working toward increasing income/finding employment
- May include more steps than typical foreclosure intervention action plan
- If long, important to group tasks into manageable numbers

# Referrals

- State Employment Office
- County/City Job Resources
- Job Support Groups
- Community Based Resources
- Career Development Centers
- Job Fairs
- Job Posting Websites
- Online Support Resources

# Referrals

- Educational Resources for Unemployed
- Literacy Resources or ESL Services
- GED Resources

# Referrals

- Support Resources for Spouses/Partners of Unemployed Person
- Emergency Programs Directed to Unemployed
- Short Term or Emergency Child Care Resources
- United Way
- Mental Health Hotlines

# Referral Builder

- Who has time to do this?!
- What resources are there to help people find a job?
- What education resources are there?
- What kind of health services are there at low or no cost?
- Low cost, no cost recreational activity

# Appointment Agenda

## Documentation Checklist for 5b Counseling

- EHLP Note
- Loan Description Acknowledgment
- EHLP Homeowner Post Closing Counseling Summary and Confirmation
- Income Documentation for all Borrowers:
  - Credit Report
  - Monthly Bill Statements
  - Bank Statements
  - Income Tax Returns
  - Pay Stubs
  - Other Income Documentation
- Budget
- Action Plan

# Counseling Summary

- Designed to provided HO with clear information about EHLP Loan responsibilities
- Provides HO place to keep critical information
- Asks HO to acknowledge understanding

# Counseling Summary



## EHLP Homeowner Post Closing Counseling Summary and Confirmation

### Section 1: Applicant Information

<input type="checkbox"/>	Applicant Name
	Co-Applicant Name
	Co-Applicant Name
	Street Address
	City, State, Zip
	EHLP ID #



# Counseling Summary

## Section 2: Counseling Appointment Information

Counseling Agency	Counselor
Counseling Appointment Date	Face to Face Telephone

## Section 3: Current Monthly Payment Information



1 <sup>st</sup> Mortgage Payment \$	1 <sup>st</sup> Mortgage Company	Is 1 <sup>st</sup> Mortgage an ARM? Yes No	Is 1 <sup>st</sup> Mortgage Escrowed? Yes No
2 <sup>nd</sup> Mortgage Payment \$	2 <sup>nd</sup> Mortgage Company	Is 2 <sup>nd</sup> Mortgage an ARM? Yes No	

- I understand that even though I am not making my mortgage payment directly to my mortgage company, that the terms and conditions of my original mortgage still apply. At the end of the EHLA Assistance period, I will go back to making full monthly mortgage payments to my mortgage company or if unable, I will work with my mortgage company to complete a modification, sale of the property, short sale, or deed in lieu of foreclosure.

# Counseling Summary

## Section 4: EHLP Loan and Payment Information

EHLP Assistance Loan Amount	Number of Months Assistance	EHLP Monthly Assistance Amount
Homeowner Contribution Payment	First Payment Date	Last Payment Date
Contribution Payment Due Date Must be RECEIVED by the 15 <sup>th</sup> of the month	Contribution Payment Made Out To Bank New York Mellon	Contribution Payment Sent To Bank New York Mellon
Second Mortgage Payment	Second Mortgage Payment Sent to	

# Counseling Summary

## Section 4: EHLP Loan and Payment Information

- I understand the mortgage payments I must make each month as listed above. I also understand that if my Homeowner Contribution Payment is received after the 15th of each month it is considered late. Being postmarked by the 15<sup>th</sup> is NOT considered as being received. Two late payments means my assistance will end.
- I understand that HUD will not pay my Monthly EHLP Assistance Amount to my mortgage company unless I make my monthly EHLP Contribution Payment to Bank New York Mellon.
- I understand that my payment is paid forward. For example, the payment I make in February to Bank NY Mellon will be added to the EHLP monthly Assistance and the total amount will be forwarded to my mortgage company for my March payment.

# Counseling Summary

## Section 4: EHLP Loan and Payment Information

- I understand that if I send my EHLP Contribution Payment to the wrong lender, it won't be applied until it is received by Bank New York Mellon. If this causes my payment to be received after the 15<sup>th</sup> of the month it is due, it will be considered late.
- I understand that I am responsible for making my second mortgage payments directly to my second mortgage company.
- I understand that if I am delinquent on my second mortgage, I may work with my counseling agency to resolve that delinquency.



# Counseling Summary

## Section 5: Taxes and Homeowner's Insurance Payments (Check only one box)

I understand that my taxes and homeowner's insurance are escrowed and a part of my monthly mortgage payment and that I am not responsible for paying my taxes and insurance myself.

OR

I understand that my taxes and homeowner's insurance are NOT escrowed and I am responsible for paying my taxes and insurance myself. Taxes and homeowner insurance will be listed as monthly expenses in the budget I am completing with my counselor.

Annual Tax Amount	Annual Homeowner Insurance Amount
\$	\$

# Counseling Summary

## Section 6: Mortgage Payment Changes

- I understand that if my yearly taxes and/or homeowner's insurance premium increases, my monthly Contribution Payment will not change. The additional amount necessary to make my full mortgage payment will be paid from my EHLP Assistance Loan. This will mean that my loan amount may be increased or the length of time I receive assistance may be shortened.
- I understand that if my mortgage payment adjusts and the payment goes up, my monthly Contribution Payment will not change. The additional amount necessary to make my full mortgage payment will be paid from my EHLP Assistance Loan. This may mean that my loan amount will be increased or the length of time I receive assistance may be shortened.
- I understand that HUD will notify me of any mortgage payment changes and tell me the changes in my total assistance amount or the changes in the length of time that I will receive monthly assistance.

# Counseling Summary

## Section 7: Income Changes

- I understand I must notify my counseling agency if my GROSS income is more than \$\_\_\_\_\_ for more than 3 months in a row. This includes all persons on the note who do not live in my home. I must notify my counseling agency in writing within 5 days. If I do not notify the counselor, my assistance will end.
  
- I understand that my counseling agency will review my income and determine if my EHLPL Monthly Payment Assistance must be reduced. This may mean I will have to make a higher Contribution Payment.
  
- I understand I must notify my counseling agency if I get a permanent modification on my first or second mortgage. The notice must be in writing within 5 days. If I do not notify the counselor, my assistance will end.

# Counseling Summary

## Section 7: Income Changes

- ❑ I understand if I don't notify my counseling agency of income increases that exceed the amount above for three months in a row, my EHL P loan will not be forgivable and I will have to pay the entire loan when I sell or refinance my home.
  - ❑ I understand I should contact my counseling agency if any of the three events below occur to see if I qualify for a Hardship Waiver which will reduce my EHL P Contribution Payment:
    - My unemployment benefits end
    - My self employment income is reduced for 12 months
    - My out of pocket medical expenses are more than \$125 for more than 3 months
-

# Counseling Summary

## Section 8: EHLP Loan Repayment

- ❑ I understand that if I default on my EHLP loan, my assistance will end and I will have to repay the full amount of EHLP Assistance Loan.
- ❑ I understand that default means that one of the following happened while I was receiving EHLP Assistance:
  - I made my EHLP contribution payment late more than one time
  - I did not report a required change in my income or residency
  - I did not attend the Recertification Appointment
  - I no longer live in the property but still own it
  - I sold the home and received cash at the closing
  - I refinanced my 1<sup>st</sup> mortgage and received cash from the refinancing
  - I committed fraud in connection with my EHLP Assistance loan or application

# Counseling Summary

## Section 8: EHLP Loan Repayment

- ❑ I understand that my EHLP Assistance Loan may be forgiven if I make all my 1<sup>st</sup> mortgage payments on time after the EHLP Assistance has ended. I understand that 20% of my loan will be forgiven for each year I successfully make my mortgage payment on time. If I make all my payments on time for the five years following the ending of my EHLP Assistance Payments, my loan will be considered paid in full.
- ❑ I understand if I make a late payment on my first mortgage payment, I am no longer eligible for the this loan forgiveness and the balance of the EHLP Loan at the time of the late payment will be the amount I will have to repay.

# Counseling Summary

## Section 8: EHLP Loan Repayment

- I understand that following loan forgiveness schedule is based on the projected total EHLP Assistance Loan amount of \$ \_\_\_\_\_.

First Year Forgiveness Amount \$	Ending Balance \$
Second Year Forgiveness Amount \$	Ending Balance \$
Third Year Forgiveness Amount \$	Ending Balance \$
Fourth Year Forgiveness Amount \$	Ending Balance \$
Fifth Year Forgiveness Amount \$	Ending Balance \$0

# Counseling Summary

## Section 9: Recertification and Transition Appointments

- I understand I am required to attend a Recertification Appointment before \_\_\_\_\_.

In summary, I agree that my counselor has reviewed all the above information and the Borrower Guide with me and I understand all the information that has been reviewed.

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Signature of Homeowner

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Signature of Homeowner

- I understand my counseling agency will contact me during the 11<sup>th</sup> month of my EHLA Assistance to set up the recertification appointment.
- I understand if I do not attend the recertification appointment, my EHLA assistance will end immediately and I will not qualify for any loan forgiveness.
- I understand that if I do not participate in Transition Counseling, I will not be eligible to:
- Receive up to two additional months' worth of EHLA transition payments
  - Receive a portion of the funds a sale of my home to be used for moving expenses

# Hardship Waivers

- Homeowner Contribution Payment : \$150 or 31%
- Certain financial situations are eligible for a hardship waiver.
- HO approved for Hardship Waiver receive a reduced Homeowner Contribution Payment greater of \$25 or 31%
- Income includes income of all Co-Borrowers

# Hardship Waivers

## Initial Hardship Waiver Application

- Must Participate in 5b Counseling.
- Must demonstrate any of the following three conditions:
  - (1) Expiration of unemployment benefits.
  - (2) Self-employed, sustained income reduction.
  - (3) Increase in out of pocket medical expenses.

# Hardship Waivers

## Expiration of Unemployment Benefits: **Supporting Documentation**

- Copy of written notice from the applicable state agency indicating unemployment benefits have been exhausted or have expired
- A signed affidavit indicating that the Borrower has no new sources of income

# Hardship Waivers

Self-Employed, Sustained Income Reduction.

- Limited to HO who received a reduction in self-employment income, and who have not received unemployment benefits.
- The reduction in self-employment income has been sustained for 12 consecutive months.
- 12 month calculation begins with the date of unemployment or underemployment

# Hardship Waivers

Self-employed, sustained income reduction

## *Supporting Documentation*

- Must submit a signed affidavit attesting to :
- Not received unemployment benefits
- Reduction in self-employment income has lasted for at least 12 consecutive months

# Hardship Waivers

Increase in Out-of-Pocket Medical Expenses.

- Must experience out of pocket medical expenses of at least \$125 per month for a minimum of three consecutive months

# Hardship Waivers

Increase in out of pocket medical expenses

## *Supporting Documentation*

- Payment stubs, canceled checks, or money order receipts from health insurance provider
- Hospital and/or doctor bills for 3 months prior to application for a Hardship Waiver
- Copies of payment agreements for related medical bills that have not yet been paid
- Signed affidavit with declaration that Borrower has no new sources of income

# Hardship Waivers

## *CA Evaluation of Hardship Waiver Application.*

- CAs will evaluate all Hardship Waiver applications
- Can take place at the time of 5b counseling or at the request of the Borrower post-5b counseling.

# Hardship Waivers

## *Reporting to FA.*

- The CA must report qualifying Hardship Waivers to the FA via HLP
- Include copies of all required documentation
- CA must complete and sign the CA Request for Hardship Waiver Approval form.

# Hardship Waivers

## *Consequences of Approved Hardship Waiver: Reduction in Homeowner Contribution Payment*

- Greater of \$25 or 31% of Borrower's combined monthly income
- FA will adjust the Borrower's monthly amount of EHLP Assistance to offset the change
- FA will to submit the full monthly mortgage payment

# Hardship Waivers

## *Consequences of Approved Hardship Waiver: Changes to Total Amount of Assistance*

- *Monthly Assistance increase **not automatic increase** in overall total EHL P amount*
- Borrower's Approved Assistance Period (months assistance is available) may decrease when the Borrower's monthly EHL P Emergency Assistance increases.
- HUD may increase the *overall total* EHL P amount if funds are available and total does not exceed \$50,000 and/or 24 months.

# Hardship Waivers

## *Consequences of Approved Hardship Waiver: Notice of Change*

- HUD will provide written notification of changes directly to the Borrower
- Electronic copies of each notice available for reference via HLP.

# Hardship Waivers

## Duration of Hardship Waiver and Possibility of Extension at Re-certification

- If approved during first 12 months, Hardship Waiver is valid up to the date re-certification.
- Borrowers receiving a Hardship Waiver remain subject to the EHLP mandatory reporting requirements
- At re-certification, the CA will reevaluate the Borrower's eligibility for a Hardship Waiver extension using the standards outlined a

# Hardship Waivers

Fraud as a part of the Hardship Waiver application process

- Knowingly provided incorrect or misleading information
- Knowingly failed to report any change in circumstances
- HUD requires that the Borrower's EHL P Payments be suspended.
- May be terminated
- Appeal process
- EHL P Note subject to repayment per the terms of the Fraud clause in the Borrower's Note.
- HUD reserves the right to pursue all available civil and criminal penalties.

# Records Retention

- CA should retain copies of all documentation submitted by the Borrower or obtained on the Borrower's behalf in connection with the 5b counseling session.
- Electronic is acceptable

# 5b Reporting Webinars

- Questions about reporting and payment for services will be addressed in separate webinars
- Watch for further information

# 5b Counseling Webinars

## Explaining Rights and Responsibilities

- November 30, 2011  
2:00 - 4:00 EST

## EHLP Counseling Tools and Activity

- December 1, 2011  
3:00 – 5:00 EST