



# Delaware Homeowner Assistance

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THURSDAY, JANUARY 27, 2022  
PUBLIC INFORMATION SESSION

# Delaware Homeowner Assistance Overview

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- \$50 million was appropriated to the state of Delaware from the U.S. Department of Treasury under section 3206 of the American Rescue Plan Act of 2021 (ARP)
- The allocation provides funding for residential mortgage modification to avoid loss of residence for eligible homeowners
- Estimated to be able to assist more than 2,000 Delaware households
- The program will conclude the earlier of September 2026 or such time as the funding is exhausted

# Delaware Mortgage Data

According to the Mortgage Bankers Association Q2 2021 delinquency analysis, there are 164,302 active mortgages in the state of Delaware. The following chart breaks down the delinquency rates by loan type.

	# of Loans Serviced	Percent of Loans With Installments Past Due			Percentage of Loans In Foreclosure			Seriously Delinquent
		Total Past Due	30 DAYS OR MORE	60 DAYS OR MORE	INVENTORY END OF QUARTER	STARTED DURING QUARTER		
<b>All Loans</b>	164,302	5.89	1.56	0.60	3.73	0.70	0.04	4.43
<b>FHA</b>	28,144	13.79	3.27	1.34	9.19	1.17	0.02	10.36
<b>Conventional</b>	124,740	4.03	1.21	0.43	2.39	0.60	0.05	2.99



# Delaware Homeowner Assistance Program (Proposed)

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## **Avoids displacement of homeowners by:**

- Creating partnership with mortgage servicers to supplement the loss mitigation tools already deployed by mortgage servicers
- Creating long-term sustainable and affordable mortgage modifications

## **Provides two types of financial assistance:**

- Emergency Displacement Diversion Grant
- Fresh Start Mortgage Loan

# Emergency Displacement Diversion Grant (Proposed)

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## **Designed to avoid imminent displacement due to, but not limited to:**

- Tax delinquency, chattel loan, or land lease delinquency
- Homeowners association fee/condominium association fee delinquency
- Mortgage delinquency
- Insurance delinquency

## **Eligibility:**

- Covid-19 related financial hardship after January 21, 2020
- Under 100% of AMI
- Delaware homeowners (by evidence of the deed of trust) residing in their primary residence

## **Terms:**

- Grant – no instrument recorded
- Maximum assistance – \$10,000



# Emergency Displacement Diversion Grant

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## Example 1:

Homeowner is \$4,000 behind on their mortgage and can regain their mortgage payments going forward.

Homeowner will receive a \$4,000 emergency grant to bring the mortgage current.

## Example 2:

Homeowner is a senior citizen, has a reverse mortgage, and is \$5,000 behind on their property taxes. A tax sale is scheduled for next month.

Homeowner will receive a \$5,000 emergency grant to bring the outstanding tax delinquency current.

# Fresh Start Mortgage Loan Program (Proposed)

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## **Mortgage assistance program designed to offer a one-time payment on behalf of a qualified homeowner to:**

- Pay delinquent mortgage arrears;
- To facilitate a principal curtailment, rate reduction, modification, or another resolution to right-size future mortgage payments to levels affordable to the homeowner.

## **Eligibility requirements:**

- Eligible financial hardship after January 21, 2020
- 150% of area median income
- Delaware homeowners
- Homeowners residing in their primary residence
- Homeowners by evidence by the deed of trust

## **Program Terms:**

- Recorded lien
- \$30,000 Maximum Loan Amount
- 0% interest
- Deferred payments for the life of the first mortgage
- Payment due in full when the first mortgage ends (repayment, refinance, transfer, sale) \*

\*Repayment is subject to review. Department may, based on homebuyer situation and needs at the time of repayment:

- Require payment in full
- Establish a payment plan
- Allow full or partial forgiveness



# Fresh Start Mortgage Loan Program

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**Example 1:** Homeowner requested forbearance and is \$15,000 in arrears. The homeowner can only resume making payments at 60% of the monthly payment amount.

- Servicer will place the forbore amount at the back of the loan at 0% interest with no payments
- Servicer will engage in loss mitigation to reduce payments to 80% of the pre-default amount.
- Program loan sized as needed to further reduce monthly mortgage payment.

**Example 2:** Homeowner has defaulted on their mortgage. Homeowner is in arrears by \$30,000.

- Servicer offers to assist with \$20,000 partial claim
- Program loan is necessary in the amount of \$10,000.



# Administrative Process (Proposed)

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- DSHA experience with mortgage assistance programs
- Network of partners
- Web-based application
- Simple and streamlined eligibility determination
- Interface with mortgage servicers
- Quality control and fraud prevention
- Data collection and reporting
- Accomplished through contracts and partners

# Partnerships (Proposed)

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Program includes up to \$2 million in funding to expand the capacity of partner organizations, including housing counseling and legal services organizations. To be eligible, organizations must serve eligible clients to:

- Educate homeowners about the program;
- Assist homeowners with applying for a program grant or loan; and
- Provide foreclosure prevention services for homeowners that do not qualify for the program.

# Marketing And Outreach (Proposed)

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## Marketing

- Radio
- Direct mail
- Outdoor media
- Digital / social

## Outreach

- Partnerships
- Events / workshops
- Canvassing
- Call center

## Marketing and Outreach will:

1. Be available in English, Spanish, and other languages
2. Include culturally specific collateral
3. Leverage partner opportunities
4. Support grass-roots efforts
5. Focus on reaching Socially Disadvantaged households

# Stay Informed

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- Submit public comment to [contactdsha@destatehousing.com](mailto:contactdsha@destatehousing.com)
- Visit [DECOVIDHOUSINGHELP.COM](https://decovidhousinghelp.com) to download a copy of this PPT and/or sign up for email updates

# Additional Assistance Options:

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- COVID-19 Homeowner Resources webpages at: Fannie Mae and Freddie Mac
- If you're concerned about how to pay your mortgage or rent due to COVID-19, the Consumer Financial Protection Bureau offers information on what to do now and what your options are for mortgage relief. Visit their website for more information and helpful resources.