



Scott Farmer
Executive Director
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

Dear Mr. Farmer,

We are grateful for the opportunity to share our input regarding the design of the Homeowner Assistance Fund, intended to prevent foreclosures from loss of income due to COVID-19. We appreciate NCHFA's leadership in this area and look forward to working with you to protect vulnerable residents in North Carolina that face foreclosure due to situations outside of their control.

We believe that Habitat Charlotte Region, and Habitat affiliates throughout the state will be strong partners in educating and facilitating access to this fund to homeowners in need. By nature, Habitat homeowners are likely to meet the stated targets of this funding including: income limits, principal payment limits, and the intent to serve socially disadvantaged individuals.

Habitat Charlotte Region homeowners have been overwhelmingly impacted by the pandemic. Our mortgage portfolio had a pre-pandemic delinquency rate of 17.7%, which reached a peak of 33.1% in February 2021. Over the past few months, we have seen some homeowners recover financially, but the need is still great with current delinquency rates of 19.6%, down from a six-month average of 31.28%. Recent improvement is due to private local donations restricted for mortgage relief, however those funds are nearly exhausted. Current delinquencies translate to 107 mortgage accounts between 30- and 90-days delinquent, and 101 accounts more than 90 days behind.

As NCHFA creates a design for distribution of the Homeowner Assistance Fund, we request the following considerations be made to protect homeowner investments made to secure a safe place to live by many low to moderate income North Carolinians:

- The financial assistance provided be in the form of a grant rather than a loan to protect investment and future wealth generation of low to moderate income homeowners.
- Documentation of need for financial assistance be simple and provide a low barrier of access to the funds as to not exclude populations that have been historically underserved.
 - General recognition that financial loss by a homeowner after January 21, 2020 (as stated by the Department of Treasury) is due in some form to the COVID-19 pandemic. Specific documentation requirements that the financial loss was due to COVID-19 can result in undue burden in accessing these funds, and should not be required.
 - Per Department of Treasury, Homeowner Assistance Fund participants are encouraged to avoid establishing documentation requirements that are likely to be barriers to participation for eligible households, including those with irregular incomes such as from a small business.
- The financial assistance be used to cover the payments in arrears, treat escrow account deficiencies, and provide one stabilization payment following the homeowner regaining sufficient income.

- Recognition that the financial hardship of COVID-19 is not over for many low to moderate income homeowners and that the impact has been compounded by pre-COVID payment increases due to substantial property tax increases and an industry rise in homeowner's insurance rates. Homeowners should be able to apply immediately to bring their mortgage balances current, then reapply as necessary to reduce risk of foreclosure until their finances have stabilized.
- These funds be reserved for foreclosure prevention in the form of principal, interest, and escrow payments for delinquent mortgages. There are other sources of assistance for utility payments available, but this is the only designated source of assistance for mortgage payments.
 - Per Department of Treasury, Homeowner Assistance Fund participants are encouraged to consider program designs that leverage utility assistance from other federal programs that have been created expressly for that purpose before using HAF funds for utility assistance.

We are grateful for the opportunity to provide comments regarding the design of the Homeowner Assistance Fund. Please let us know if any additional information would be helpful.

In partnership,

Laura Belcher
President and CEO
Habitat for Humanity of the Charlotte Region