



Frequently Asked Questions- Underwater Georgia

HomeSafe Georgia is a limited funded program and not all eligible homeowners may receive assistance before funds are exhausted. Application to HomeSafe Georgia does not guarantee that funds will be available or that assistance will be provided.

HomeSafe Georgia will provide up to \$50,000 in a onetime payment to the lender to reduce the principal balance for eligible homeowners who are underwater on their mortgage. See “Our Programs” for more information.

1. What does underwater mean?

Underwater means you owe more on the home than it is worth, also referred to being upside down on the mortgage or having negative equity. For example, if you owe \$100,000 on your home but it is only worth \$80,000, that’s underwater. To be considered for this program, you must be significantly underwater (110% loan to value) and with assistance of \$5,000 to \$50,000, the loan to value can be reduced to a 100%-125% loan to value.

2. How do I know if my home is underwater?

We will be happy to check your home’s value with an application- it does not cost anything to apply! However, if you want to get a better idea, calculate what you owe on the home. Besides the first mortgage, you would want to include the balance owed for any second mortgage, home line of credit, down payment assistance, or a HUD partial claim if applicable. If you received a loan modification, you would include any deferred principal. Once you have the balance owed, see how it lines up with the sales prices of similar homes being sold in your neighborhood. If what you owe is more than the average sales price, you may be underwater.

○ Examples of Underwater:

- Example 1: Total mortgage balance \$200,000; property value: \$175,000 = $200,000/175,000 = 114\%$. This home would be a candidate for \$25,000 assistance, which would bring the LTV to **100%**. (175,000 balance after assistance/175,000 value.)
- Example 2: Total mortgage balance \$150,000; property value: \$95,000 = $150,000/95,000 = 158\%$. This home would be a candidate for \$50,000 assistance, which would bring the LTV to **105%**, which falls in the 100%-125% range. (100,000 balance after assistance/95,000 value.)

3. Will the assistance pay off my loan or lower my payment?

The purpose of the assistance is to bring the amount you owe close to the value of the property through a principal curtailment. Assistance will not provide equity in the home, but will help your home build up equity faster. Only your lender can lower your payment or change the terms of your loan.

4. What do the Eligibility Requirements mean?

Each applicant/property/mortgage must meet all eligibility requirements established for the HomeSafe Georgia program. Some of the requirements have been listed below.

- **Primary residence.** This is the home where the applicant lives and proof of residency is easily documented. The home must have been purchased prior to January 1, 2015. No applicant can have ownership of any other residential property and recent quit claims may affect eligibility.
- **Total mortgage (lien) balance.** The total balance of what is owed on all loans (first mortgage, second mortgage, home equity line of credit, etc.) on the home, which cannot exceed \$453,100.

- **Current on tax filings.** All applicants must be current on tax return filings to the IRS, if their income required them to file.
- **Tax liens.** Applicant(s) cannot have more than \$10,000 in tax liens total against them personally or attached to the property. If tax liens are \$10,000 or less, an active payment plan must be in place for all tax liens; documentation of the payment plan is required at application.
- **Income.** This program has income limits: the total annual gross household income cannot exceed the averaged 140% Area Median Income for the county of residence (see chart). The income of co-homeowners and co-borrowers not residing in the home may be excluded with proof of other verifiable residency, subject to state requirements.
- **Bankruptcy.** Applicant(s) cannot be in an active bankruptcy. This is regardless of the type of bankruptcy filed or if the home was included as part of the bankruptcy. Applicants with a recently dismissed bankruptcy may be required to provide dismissal or discharge papers.
- **Legal resident.** Applicant(s) must be legal resident(s) of the United States.
- **Your lender (or servicer) must be participating in the program, or agree to participate.** If your lender is not listed, please call Customer Service.
- **No previous HomeSafe Georgia assistance received.** HomeSafe Georgia assistance is only available one time, regardless of the amount of assistance received, the year it was received, or the program under which it was received.
- **Other underwriting criteria apply.**

5. What if I'm underwater and delinquent on my mortgage?

Delinquent mortgages that are also underwater can be brought current in addition to underwater assistance for eligible homeowners, under the following conditions:

- A qualifying hardship resulted in a financial loss, causing the mortgage delinquency;
- The gross household income supports the mortgage payment; and
- The total amount needed to meet program requirements does not exceed \$50,000.

6. What type of hardships can be considered for delinquency?

Hardships involving involuntary unemployment/underemployment, military, divorce, catastrophic medical, disability, or death that caused the mortgage to become delinquent. Applicants will be required to provide hardship and income documentation with the application.

7. Who must be on the application?

All homeowners (persons listed on the Warranty or a Security Deed) and borrowers (persons listed on the Note), plus the spouse of the residing homeowner (if married), even if the spouse is not a homeowner or borrower. All must cooperate in the application process.

8. How does the application process work?

The application package should be complete to prevent any delays or withdrawal. There are three steps for approval: processor approval, underwriter approval, and pre-closing, in which the title will be reviewed. With a clear title and a lender approval, an approval letter will be issued (usually via email) and the homeowner will have 30 days in which to close on the loan. A Statement of Ineligibility or Denial will be issued if an applicant, the mortgage, or the property does not meet all requirements.

9. How is assistance provided, and do I have to pay it back?

Assistance is provided through a no interest, forgivable loan. If you close on a HomeSafe Georgia loan, a onetime payment will be made to your lender on your behalf. A subordinate lien is placed on the home, for which the balance will be forgiven at 20% each year. After 5 years, the lien will be cancelled. If you sell your home before the lien is cancelled, you will have to pay the outstanding balance if there is equity in the home. HomeSafe Georgia will subordinate to a no cash out refinance.

10. Is HomeSafe Georgia's assistance considered income?

No. The 1098MA form was created for Mortgage Assistance and if assistance is provided, you will receive the 1098MA form in February following the tax year in which assistance was received. The amount of assistance provided is reported to the IRS, but the form itself is not a line item on the tax return. The IRS offers a safe harbor for calculating mortgage interest deductions. Consult your tax preparer if you have any questions.

11. I was denied for program assistance. Can I dispute the denial?

If you do not understand the denial, ask for an explanation. Then if you feel that the decision was incorrect, dispute the decision in writing within 30 calendar days of the date of the Statement of Ineligibility or Denial, explaining why the decision was wrong and providing supporting documentation. (If the 30th day falls on a weekend or holiday, the next business day. Proof of delivery is suggested). Please note that all ineligibility factors may not be listed on a Statement of Ineligibility or Denial- refer to eligibility requirements.

- If the ineligibility is based on the value of the property and you disagree, first speak to the processor to understand how the value was obtained. You may dispute the value by providing a full appraisal by a licensed Georgia appraiser in an arm's length transaction. The decision to order and the cost of the appraisal is the responsibility of the homeowner.
- A dispute does not guarantee assistance will be granted.
- If an ineligibility cited is overcome, contact us to see if your application can be reopened.

12. What do I do if my application was withdrawn?

If the application was withdrawn for failure to provide documentation requested, submit outstanding items with a request within 30 days of the withdrawal date to reopen the application. If you are unsure of what was being requested or why, please ask.

- A request to reopen the application without the outstanding documents cannot be honored.
- If the request is more than 30 days after the withdrawal, a new application date is given and the application must meet eligibility requirements at that time. Updated documents may be required.
- Once funds are no longer available, the application cannot be reopened.

Have questions or need help with an application?

Customer Service is available Monday through Friday from 8:00 a.m. to 5:00 p.m. except state holidays, to answer general questions regarding HomeSafe Georgia programs.

Applicants needing help with their application can call or email Customer Service to schedule an appointment. Assistance can be provided over the phone or in person at our Atlanta office.

- Phone 770-806-2100, or toll free 1-877-519-4443
- Para asistencia en Español, presiene (4) cuatro
- TDD/TYY Line 404-679-4915, or toll free 1-877-204-1194
- Email: homesafe@dca.ga.gov