



## HOMESAFE GEORGIA PROGRAM

The United States Department of Treasury (Treasury) established the Hardest Hit Fund® (HHF) program in February 2010 and approved the HHF® plans for Georgia on September 23, 2010. The purpose of the program is to help Georgia homeowners by providing temporary mortgage assistance to prevent foreclosure. The Georgia Department of Community Affairs (DCA), under contract with Georgia Housing and Finance Authority's GHFA Affordable Housing, Inc. will administer Georgia's HHF® program, as HomeSafe Georgia.

For more information about Treasury's HHF®, visit

<http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx>

The HomeSafe Georgia program for unemployment hardships launched April 1, 2011. Additional programs were established on February 1, 2014. All programs will continue until December 2017 or until the allocated funds are exhausted.

Homeowners who are interested in applying for a HomeSafe Georgia loan should review eligibility requirements ("Eligibility Requirements" tab) and check to see if their lender is participating ("Lender Participation" tab). Applicants approved for assistance will close on a subordinate loan similar to a home equity line of credit. The loan will be at 0% interest. Following the assistance period, the loan will be forgiven at a rate of 20% per year for five years.

### PROGRAM INFORMATION

**Mortgage Payment Assistance** provides temporary mortgage assistance for eligible applicants who have a qualifying unemployment or underemployment hardship that began in the last 36 months. The applicant's monthly mortgage payments are paid to the lender for up to 24 months for first and some second mortgages. Up to 12 months of delinquent payments plus lender fees can be reinstated upfront, with the balance of the 24 months provided in monthly assistance. Unused reserved funds will be returned to the program to assist other applicants.

The applicant's gross household income will be reviewed; a partial payment amount of 5% of the income must be contributed toward the mortgage payment. Veterans and those currently serving in the military can request a waiver of the 5% partial payment. HomeSafe Georgia borrowers must recertify their eligibility on a quarterly basis. Borrowers who obtain new or better employment during participation are eligible for up to two additional assistance payments to the lender (not to exceed 24 months), if reserved assistance funds remain. Failure to recertify or pay timely partial payments can result in termination from the program. No further assistance would be available.

**Reinstatement Assistance** provides mortgage assistance for eligible applicants who had a qualifying military, medical, or death hardship that began in the last 36 months, and need help catching up payments that became delinquent due to the hardship. A onetime payment is paid to the lender for up to 12 months of mortgage payments plus lender fees.

**Recast and Modification Assistance** provides mortgage assistance for eligible applicants who have had a qualifying permanent reduction of income in the last 36 months. The lender will receive a onetime payment up to \$30,000 to enable an affordable payment. Lender participation, the type of loan, the investor, the delinquency of the mortgage and household income are factors. Contact your lender prior to applying.

Additional information regarding the HomeSafe Georgia Program may be found under Frequently Asked Questions ("FAQ"). Have other questions regarding the program? Contact Customer Service at 1-877-519-4443 or via email at [HomeSafe@dca.ga.gov](mailto:HomeSafe@dca.ga.gov).

## Borrowing Guidelines

There are three programs of mortgage assistance available under HomeSafe Georgia.

1. Mortgage Payment Assistance\* (MPA)- Up to 24 months of first and some second mortgage payments are paid directly to your lender(s).
2. Reinstatement Assistance\*- Up to 12 months of first and some second mortgage payments plus lender fees are paid in a onetime payment to your lender(s).
3. Recast/Modification Assistance\*- Up to \$30,000 paid in a onetime payment to your first mortgage lender. Limited Reinstatement Assistance can be combined with the Recast/Modification Assistance if the applicant is eligible and the funds are needed to bring the mortgage current before the lender is able to establish an affordable payment.

*\*Applicants and property must meet all eligibility requirements.*

“Up to” is the maximum amount of the loan and does not guarantee the full amount will be paid or that your loan will be current.

“Mortgage payment” is the regular scheduled payment amount including any mortgage related escrowed fees. Assistance is limited to one time per applicant or household.

HomeSafe Georgia must reserve the funds per borrower; for the MPA program, the maximum loan amount will be listed in the Promissory Note, but the HomeSafe Georgia lien will be balanced to the amount of monetary assistance used.

## Annual Percentage Rate

The HomeSafe Georgia loans are 0% interest, 0% APR.

## Fees

No application fees or closing costs are charged to the applicant for the HomeSafe Georgia loan. Fees associated with the loan are charged to the HomeSafe Georgia Program.

## Borrowing and Repayment Terms

The HomeSafe Georgia loan is forgiven after five years from 30 days after the last date of assistance, with a forgiveness rate of 20% each year. This means that if the applicant remains in the home for five years and 30 days after assistance is completed, the lien balance is \$0 and completely forgiven.

For example, if the last assistance payment paid on behalf of the Borrower was made on January 1, 2014, then the first day of the Forgiveness Period is February 1, 2015, and the Principal Amount would be reduced as follows:

Date of Reduction	Dates for Above Borrower Example. (Your dates would be different.)	Amount of Total Principal (Assistance Amount Used) Reduction	Principal Amount (Assistance Amount Used) Remaining Due as of Date of Reduction
Prior to one year		0%	100%
End of year 1	February 1, 2015	20%	80%
End of year 2	February 1, 2016	20%	60%
End of year 3	February 1, 2017	20%	40%
End of year 4	February 1, 2018	20%	20%
End of year 5	February 1, 2019	20%	0%

A “**Payment Event**” could trigger the principal amount to be due prior to the end of the forgiveness period. Payment events are listed as: borrower selling or no longer residing in the property; borrower transfers property; borrower is terminated from the MPA program by HomeSafe Georgia for cause; or HomeSafe Georgia declares a default under the Note or Security Deed.

For example, if the Borrower above received \$30,000 in assistance and sold his/her home on January 15, 2016, the lien balance of \$18,000 (60%), would be due at closing. Contact HomeSafe Georgia for payoff amount for sales.

For a refinance, HomeSafe Georgia will re-subordinate the lien if requested and if procedures are followed. A refinance will immediately terminate the assistance for any borrowers still under HomeSafe Georgia participation.

## Payments

The borrower is not required to make any payments on the HomeSafe Georgia loan, but may choose to do so without any penalty.

The borrower may be required to make partial mortgage payments under the MPA program. These payments are combined with the assistance payments to the lender and will reduce the amount of provided assistance and lien balance, but are not payments directly for the HomeSafe Georgia loan.

#### **Risks**

- A Security Deed is issued and a lien remains on the property until forgiven or satisfied. This is a debt.
- Payment Events can trigger the lien balance to be due on demand.
- You will not be able to claim mortgage interest on the amount of assistance provided to your lender on your behalf by HomeSafe Georgia. Contact your tax consultant for more information.

#### **Understanding the HomeSafe Georgia Loan**

- Not everyone will qualify. Please refer to eligibility requirements.
- If approved, you are under no obligation to accept this loan. However, if you close on the loan, no other assistance is available, regardless of the amount of assistance received.
- HomeSafe Georgia assistance can conflict with some lender programs. Please discuss options with your lender if you are considering this assistance and lender assistance.
- Ask questions if you do not understand any part of this program.