

Transition Assistance Program

Summary Guidelines



1. Program Overview

The Transition Assistance Program (“TAP”) is one of CalHFA MAC’s federally-funded programs developed to provide eligible homeowners with transition assistance when it is determined that they can no longer afford their home.

TAP will be used in conjunction with short sale and deed-in-lieu programs to help homeowners make a smooth transition to housing. Homeowners will be required to occupy and maintain the property until the home is sold or returned to the lender as negotiated.

Program funds will be available on a one-time only basis up to \$5,000 per household and can be used or layered with other CalHFA MAC HHF programs. Funds will be sent to the homeowner after the short sale or deed-in-lieu of foreclosure closing. Funds are intended to help the homeowner secure new housing (e.g., rent, moving expenses, and security deposits) and will also be available for transition assistance counseling services.

2. Program Goals

CalHFA MAC envisions that these monies would be used to complement other federal or lender programs designed specifically to stabilize communities by providing assistance to homeowners who have suffered a financial hardship and as a result are no longer financially able to afford their first-lien mortgage loan payments or their Property Expenses when associated with a Federal Housing Administration (“FHA”) Home Equity Conversion Mortgage (“HECM”) loan, only.

3. Target Population/ Areas

TAP is designed to target low-to-moderate income homeowners and address the needs of a homeowner’s specific situation in lieu of targeting certain regions or counties.

4. Program Allocation (Excluding Administrative Expenses)

\$7,500,000.00

5. Borrower Eligibility Criteria

- Homeowner qualifies as low-to-moderate income based on per-household income thresholds set forth in the county in which the homeowner resides. Income thresholds are as posted on the Keep Your Home California website.

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- Homeowner must complete and sign a Hardship Affidavit / 3rd Party Authorization to document the reason for the hardship.
- Homeowners who have recently encountered a financial hardship due to their military service are eligible.
- Homeowner must agree to provide all necessary documentation to satisfy program guidelines established by CalHFA MAC.
- First-lien mortgage loan is delinquent or at risk of imminent default as substantiated by homeowner's hardship documentation. Loans in foreclosure are eligible.
- FHA HECM borrowers are eligible for consideration provided the Property Expenses are in default as substantiated by the homeowner and servicer documentation and approved by CalHFA MAC.
- General program eligibility is determined by CalHFA MAC based on information received from the homeowner. Program-specific eligibility is determined by CalHFA MAC on a first-come, first-approved basis until program funds and funding reserves have been exhausted. Loan servicer will implement the HHF program based on participation agreement terms and conditions.

6. Property/Loan Eligibility Criteria

- Current, unpaid principal balance ("UPB") (includes the interest-bearing unpaid principal balance and any existing non-interest bearing forbearance balance) of the first-lien mortgage loan is not greater than \$729,750.
- For FHA HECM loans, the mortgage balance may not be greater than \$625,500.
- The property securing the mortgage loan must not be abandoned, vacant or condemned.
- The applicant must own and occupy the single family, 1-4 unit home (an attached or detached house or a condominium unit) located in California and it must be their primary residence. Mobile homes are eligible if they are permanently affixed to the real property that is secured by the first lien.

7. Program Exclusions

- Homeowner is in "active" bankruptcy. Homeowners who have previously filed bankruptcy are eligible for consideration only with proof of court order "Dismissal" or "Discharge".
- Property is subject to a first priority lien securing a Home Equity Line of Credit ("HELOC").

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- Homeowner approved for Home Affordable Foreclosure Alternatives (HAFA) Program on or after February 1, 2015.

8. Structure of Assistance

TAP assistance will not be structured as a loan.

After December 31, 2017, any remaining or returned funds will be returned to Treasury.

9. Per Household Assistance

Up to \$5,000 per household (average funding of \$4,500).

10. Duration of Assistance

Available on a one-time only basis, per household.

11. Estimated Number of Participating Households

Approximately 1,700. This figure is based on loans with unpaid principal balances ranging from \$200,000 to \$400,000 with an average funding of \$4,500.

12. Program Inception/Duration

The statewide launch of TAP was February 7, 2011 and it will continue until December 31, 2017 or until funding is fully reserved, whichever comes first.

13. Program Leverage with Other HFA Programs

Other HFA program benefits may be available to the homeowner provided the HFA program maximum benefit cap of \$100,000 has not been exceeded. The homeowner is required to apply separately for each HFA program.

14. Program Interactions with HAMP

None.

15. Program Leverage with Other Financial Resources

None.