

**MANUFACTURED HOUSING ASSISTANCE
PROGRAM (MHAP)**



PROGRAM MANUAL

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Introduction

The purpose of the Manufactured Housing Assistance Program (MHAP) is to assist homeowners, who through no fault of their own, are in danger of losing their mobile home to foreclosure or face eviction. MHAP reinstates delinquent lot rent and/ or mobile home loans by paying delinquent principal, interest, property insurance (if included in loan payment) late charges, reasonable court costs, reasonable attorney fees incurred by the homeowner.

DSHA is responsible for program oversight and administration. Counseling and application preparation services will be contracted to U.S. Department of Housing and Urban Development (HUD) approved housing counseling agencies. All other tasks, including application processing, loan decisions, disbursement, and servicing, will be administered by Delaware State Housing Authority's Division of Housing Finance.

MHAP Loan Terms

MHAP loans will assist with the payment of 100% of all arrears, including delinquent principle, interest, taxes and insurance (if included in the loan payment), as well as delinquent lot rent.

- **Interest Rate:** 0%
- **Maximum assistance amount-** Loan/lot rent reinstatement plus up to one year of assistance, not to exceed \$10,000.
- **Fees:** A \$100 fee will be paid at closing to cover credit report costs and recording of the lien with DMV.
- **Maximum Duration of Loan Payment Benefits** - One year (assistance not to exceed amount required to reinstate loan plus up to 12 continuing monthly payments) based on documentation of ongoing need within the period of time.
- **Types of Benefits** – Borrowers may receive **continuing monthly assistance** or **payment of arrearages only** determined by eligibility.
- **Repayment** - Repayment is deferred until the property is refinanced, sold, transferred or is no longer occupied by the borrower.

Where applicant gross household income is currently less than or equal to 85% of the gross household income prior to involuntary unemployment/underemployment or injury/medical emergency, loan assistance will be provided to pay 100% of all arrears, including taxes and insurance.

- Each homeowner eligible to receive continuing monthly payment assistance will be required to pay 31% of their monthly income toward their loan/lot rent payments for the duration of the assistance period. Regardless of income, borrowers eligible for continuing monthly payment assistance will be required to make a minimum monthly payment of \$25 toward their loan. The balance of the loan/lot rent payment due will be paid through the loan assistance program.

NOTE: Applicants who meet all eligibility criteria whose scheduled loan payment is less than 31% of their monthly household income or has already returned to an income level of >85% of pre-hardship income may be eligible to receive assistance with an arrearages only payment.

For borrowers receiving continuing assistance, once household income is restored to a level greater than 85% of the prior to hardship, assistance will be phased out, with the borrower receiving two additional monthly months of loan assistance, and then resuming 100% responsibility for their monthly payments.

NOTE: Borrowers who are in an open bankruptcy are not eligible to apply for MHAP.

A. Types of Eligible Hardships

MHAP is specifically designed to address home owners who have suffered a loss of income as a direct result of;

- 1. Involuntary loss of employment due to business closing, restructuring, layoffs, etc. or,**
- 2. Involuntary under employment due to business closing, restructuring, etc. or,**
- 3. Under employment due to documented medical conditions** (For the purposes of applying for assistance, the terms “injury” and “medical emergency” may apply directly to the borrower or to an immediate member of the borrower’s family, including spouse/partner, child, sibling, or parent and for whom the borrower has assumed or has otherwise been granted or assigned responsibility for the family member’s care and related costs, and which directly impacts the borrower’s ability to maintain the level of employment and income as had been the case before their family member’s injury and/or medical emergency.)
 - If the injury and/or medical emergency directly or indirectly results in layoff or termination, the letter of termination from the borrower’s most recent employer is required.
 - If the injury and/or medical emergency directly or indirectly results in downgrade of borrower’s current position from full time to less than full time, a signed letter from the employer officially reassigning the applicant’s position from full-time to less than full time is required.
 - The last year’s tax return and W2 Wage Statement prior to hardship evidencing the applicant’s full year’s income is required to demonstrate pre-event income. Delaware Department of Labor Unemployment Eligibility Determination form with the prior year’s earnings is an acceptable substitute in the event copies of tax returns and W2s are not available.
 - Most recent two consecutive paystubs issued since reduction in wage/salary must be provided.
 - Most recent year’s federal income tax return and W-2 must be provided.
 - Signed statement from attending physician(s) describing the nature and extent of any injury or other medical emergency that has impacted the borrower’s ability to maintain the level of employment and income as had been the case before the injury and/or medical emergency must be provided. The letter should provide the dates that the ability to work began and the anticipated return to work date.
 - In the event that the illness or injury is to someone other than the wage earner affected, official documentation must be provided that the applicant is the primary care provider for the injured or ill party. Such documentation may be in the form of a letter from the attending physician stating the name of the primary care provider.

B. Imminent Risk of Foreclosure or Eviction Requirement

Delinquency and Likelihood of Foreclosure or Eviction

- **The borrower and holder of the loan have certified that circumstances, including delinquent payments of at least 3 months (90 days) on their first loan or evidence that the landlord will commence action that would make it probable that there will be a foreclosure and that the borrower is in need of emergency loan/lot rent relief, or the loan holder/landlord has indicated that its intention is to foreclose or evict.** Documentation will be required to evidence that the loan/lot rent is at least three months delinquent and/ or it is the loan holders'/landlord's intent to foreclose or evict unless the delinquency is cured.

C. Loss of Household Income

- **In order to qualify, the homeowner must have suffered a 15% or more reduction in income.** For example: Pre-event income was \$50,000. Current income is \$40,000. \$40,000 divided by \$50,000 = 80% of prior year's income. Income is less than 85% of prior year's income. If the income loss is less than 15% of pre-event income, the applicant is not eligible to receive assistance. If the borrower had a documented 15% loss of income as the result of an eligible hardship but has since returned to an income level greater than 85% of pre-hardship levels, and is 90 days or more behind on their loan, they are eligible to apply for a MHAP loan to pay loan arrears only.

D. Income Limits

Borrowers household income cannot exceed 115% of county or state (whichever is higher) Area Median Income (AMI) for a family of 3 or more including wage, salary and self employed earnings and income.

E. Additional Eligibility Requirements

Eligible Properties:

- Secured property must be located in Delaware.
- Program is specifically design to assist owners of manufactured housing not deeded as real property where the property is still subject to a title issued by the State of Delaware Division of Motor Vehicles.

Loans not eligible for MHAP assistance:

- A loan held by a non-corporate seller is not eligible for assistance.
- Loans where the proceeds were used primarily for business purposes are not eligible.
- Loan requiring assistance is not in the MHAP applicant's name(s).
Manufactured housing deeded as real property. Please see Delaware Emergency Mortgage Assistance Program (DEMAP).

F. Required Documentation

Unemployment:

For Wage/Salaried Applicants

- Letter of layoff/severance agreement from employer. In some instances, well publicized plant closures may be documented by verifiable published media articles and/or evidence of severance/unemployment payment awards. The award of unemployment insurance payments is also acceptable as documentation of involuntary loss of income;
- Last two consecutive paystubs issued prior to loss of employment or,
- The last full year federal tax return and W-2 prior to the hardship;
- Most recent federal income tax return and W-2.

For Self Employed Applicants

- Year to Date Profit & Loss Statement;
- The last full year federal tax return and W-2 prior to the hardship;
- Most recent personal, business/corporate tax return, and
- Signed 4506T form

Underemployment:

For Wage/Salaried Applicants

- If due to a downgrade of current position from full time to less than full time status, a signed letter from employer officially reassigning the applicant's position from full time to less than full time status due to economic conditions is required;
- The last full year federal tax return and W-2 prior to the hardship;
- Most recent federal income tax return and W-2, and
- Two most recent consecutive paystubs issued since the reduction in wage/salary;

For Self Employed Applicants

- Year to date Profit & Loss Statement for their business;
- The last full year federal tax return and W-2 prior to the hardship;
- Most recent personal, business/corporate tax return, and
- Signed 4506T form

Serious Injury or Medical Emergency

For the purposes of applying for assistance, the terms “injury” and “medical emergency” may apply directly to the borrower or to an immediate member of the borrower’s family, including spouse/partner, child, sibling, or parent and for whom the borrower has assumed or has otherwise been granted or assigned responsibility for the family member’s care and related costs, and which directly impacts the borrower’s ability to maintain the level of employment and income as had been the case before their family member’s injury and/or medical emergency.

For Wage/Salaried Applicants

- **If the injury and/or medical emergency directly or indirectly results in layoff or termination**, an FMLA determination letter; employment termination letter from the borrower's most recent employer; or proof the applicant's eligibility for disability insurance payments, is required.
- **If the injury and/or medical emergency directly or indirectly results in downgrade of borrower's current position from full time to less than full time status**, a signed letter from the employer officially reassigning the applicant's position from full-time to less than full time is required. A letter from the attending physician with an assessment of when the applicant or patient will be expected to be well enough to allow for resumption of prior to event employment levels must also be provided.
- The last year's tax return and W2 prior to hardship evidencing the applicant's full year's income is required to demonstrate pre-event income; and
- Most recent federal income tax return and W-2, and
- Signed statement from attending physician(s) describing the nature and extent of any injury or other medical emergency that has impacted the borrower's ability to maintain the level of employment and income as had been the case before the injury and/or medical emergency must be provided.

For Self Employed Applicants

- **If the injury and/or medical emergency directly negatively impacts borrower's income and/or ability to manage their business in the same capacity at which they were able to operate prior to the injury/medical emergency**, a letter of explanation shall be submitted by the applicant to describe both the nature of the injury/medical emergency and its impact on the applicant's income and/or ability to manage their business;
- **If the injury and/or medical emergency directly or indirectly results in downgrade of borrower's ability to operate the business from full time to less than full time status**, a letter of explanation describing the new status and income will be required.
- The last year's personal tax return and W2 prior to hardship evidencing the applicant's full year's income is required to demonstrate pre-event income; and
- Most recent personal federal income tax return and W-2, and
- A current Year-to-Date Profit & Loss Statement for the business is required.
- Most recent business/corporate tax return is required;
- Signed 4506T form is required; and
- Signed statement from attending physician(s) describing the nature and extent of any injury or other medical emergency that has impacted the borrower's ability to maintain the level of employment and income as had been the case before the injury and/or medical emergency must be provided. The letter must include the

attending physician's assessment of when the applicant or patient will be expected to be well enough to allow for resumption of prior to event employment levels.

G. Resumption of Loan Payments

There must be a reasonable prospect that the homeowner will be able to make the adjustments necessary for a full resumption of the loan payments within one year. **Note: Applicants whose injury or illness has left them permanently disabled with no prospect of turning to full employment and/or income and are in need of continuing monthly assistance must demonstrate that they have a reasonable prospect of resuming their full payments at the end of their benefit periods. Applicants who are unable to demonstrate they can resume their loan payments should be encouraged to pursue other remedies including permanent loan modifications from their lender.**

H. Sustainability Calculation

- Use of household debt and income information to evaluate household's overall debt ratio and general ability to meet obligations under full employment conditions.
- Homeowners approved for continuing benefits must receive a minimum of 4 continuing payments in order to be eligible. In the event the full MHAP benefit is insufficient to cover those 4 payments, borrowers must provide the balance of funds at closing sufficient to cover at least 4 ongoing payments to sustain homeowner.

I. Debt to Income (DTI) Formula

- Principal, interest, taxes, insurance, fixed and revolving debt payments divided by prior to event gross monthly income cannot exceed 55%.
- Revolving debt shall be defined as all credit card debt using the minimum required payment.
- Installment debt shall be defined as fixed payment loans such as automobiles, student loans, and child support payments.
- A credit report shall be ordered and reviewed to identify all financial obligations needed to accurately analyze the debt-to-income calculation.

J. Principle Residence

This program is only available to assist borrowers with payments on their principal residence. This determination shall be made by evaluating documentation provided by the applicant for purposes of documenting loss of household income resulting from unemployment, underemployment or injury/medical emergency (e.g. tax returns, pay stubs). In addition to these, and for purposes of documenting that the property serves as the applicant's principal residence, the following additional documents shall be submitted by the applicant:

- Copy of most recent utility bill, driver license, tax return or other evidence of residency

K. Monthly Loan Payment Process:

- For those homeowners who qualify to receive continuing payment assistance, DSHA shall make payment directly to the first loan holder/servicer of the borrower's loan on a monthly basis.
- The assisted borrower will remit payment to DSHA at the address on their loan payment coupon. All payments are due on **the 20th** day prior to the date that the next loan assistance payment is advanced (on the 1st day of month).
- **Borrowers who fail to make payment by the due date are in default and may be terminated. If the homeowner's required payment contribution is not received by DSHA by the last business day of the month, the borrower will be terminated from any future MHAP assistance. DSHA's decisions to terminate defaulting borrowers are final and are not subject to appeal.**

L. Default and Termination of Monthly Assistance:

Assistance is terminated and the assisted homeowner resumes full responsibility for meeting the first lien loan payments in the event of any of the following circumstances:

- **Maximum Loan Amount:** The maximum loan amount has been reached.
- **Maximum Loan Period:** the maximum loan assistance has been reached.
- **Non-Compliance:** The assisted homeowner fails to make timely payments or report changes in employment and/or income status to DSHA.
- **Increased Household Income:** Once the assisted homeowner's income exceeds 85% of the pre-event level, benefits are phase out over a two month period.
- **Residence:** The homeowner sells, transfers or no longer resides in the property as their principal residence.

In the event that an applicant defaults on their loan and benefits are terminated or is at 90 days prior to the end of the benefit period, or the borrower has not re-entered the workforce and restored their pre-event income level, the counseling agency will be advised and provide housing transition counseling to assist and prepare the homeowner for re-housing and discuss and evaluate those options that are available to address their specific situation. A termination letter will be sent to the borrower and the Housing Counselor and Counseling Agency manager will be copied on the termination letter,

M. Transition Counseling:

The homeowner that is approaching the last months of program eligibility and remains un/under employed (3-5 months before assistance ends) shall meet with a HUD-approved counseling agency to explore financial planning, budgeting, and other loss mitigation options, including loan modification, short sales, deeds-in-lieu of foreclosure, or traditional sale of home.

The Role of the Counseling Agency:

A. Counseling Agency Requirements:

Housing Counselors must confirm whether or not there is a lien already recorded on the title to the home. If so, the current lien holder must sign the Request for Authorization to Place Subordinate Lien letter prior to submitting the application to DSHA. Prior to closing, DSHA will send a request for the lien holder to provide their original title to DSHA in order that the new lien can be recorded with Delaware's Division of Motor Vehicles. Once DSHA's lien is recorded, the title will be returned to the first lien holder directly by the DMV.

- 1) DSHA will contract with U.S. Department of HUD-approved housing counseling agencies to facilitate the MHAP application process. To be eligible for a MHAP contract, the housing counseling agency must be approved by U.S. Department of Housing and Urban Development (HUD) and abide by the standards outlined in the DEMAP agreement, including but not limited to standard operations and time frames. An MHAP Amendment must be executed by the Counseling Agency in order to participate in the MHAP Program. Contracts may be terminated at any time with written notice to counseling agencies within ten (10) days of the effective date of termination.
- 2) **Housing Counselors should review homeowner's circumstances for MHAP eligibility. Housing Counselors should submit applications ONLY for those homeowners who meet all MHAP underwriting guidelines.**
- 3) Housing Counselors will reserve MHAP funds online via the Mitas online portal. This reservation will be valid for 5 calendar days.
- 4) During this time, Housing Counselors will submit complete MHAP applications to DSHA for review. Incomplete files are not reviewed for approval. Missing documents will be posted in Mitas for Housing Counselors to view. Housing Counselors should view their MHAP file pipeline, pending conditions, file status, and HMLO assigned to file via Mitas at <https://mitas.destatehousing.com>. Once a complete application is received, the file is forwarded to a Housing Mortgage Loan Officer (HMLO) for review. ***Housing Counselors must hold files until all documentation is able to be submitted. No decisions can be made on incomplete submissions.***
- 5) Housing Counselors will serve as the primary point of contact between the MHAP applicant and DSHA. Communication to and from the applicant will be directed to and handled through the Housing Counselor. Prompt responses will be required for timely application processing.

Application Submittal:

- 1) Once an application is deemed eligible by Housing Counselor, complete application packet:
- 2) Please hold paperwork until a complete packet is ready for submission. Incomplete packets are not reviewed.
- 3) Upload the complete original application packet to DSHA.
- 4) DSHA retains the right to request additional supporting documentation via Mitas. In this event, please forward any documents to DSHA that you receive after the application is submitted. These documents may be submitted via Mitas upload, FAX, shipped, or hand delivered. DSHA does not advise to e-mail confidential documentation due to security risks.

Application Review:

Application Processing

After the MHAP application has been successfully submitted, a DSHA loan officer will complete an initial review and make the preliminary decision to approve or deny the loan within 72-hours. When reviewing the application, Program Guidelines as denoted in this Program Manual will be applied. Borrowers must meet ALL program guidelines for approval.

1. Incomplete loan files will be put into a “Pending-Conditions Posted” status. Counselors should view conditions on MITAS. All requested documents may be submitted via Mitas, FAX, shipped, or hand delivered. Files whose conditions are not cleared within 10 days will be declined and a letter sent to the Counselor and Foreclosure Prevention Program Manager.

Loan Approval

Housing Counselors are notified of loan approvals via MITAS Online. Applicants are contacted by phone to schedule loan closing appointments. As an FYI, counselors will be invited to attend the loan closing via Microsoft Outlook. Housing Counselors are welcome to attend closing appointments.

Loan Closing and Disbursement

A. Closing

Upon receipt of all necessary loans and tax information and any required contingencies, the closing will be scheduled. The closing process will occur as soon as possible.

B. Disbursement

Directly following closing, MHAP loan funds will be sent directly to the loan company. The

loan will be reinstated, and monthly assistance payments will be made to the Loan Company or landlord for lot rent payments to keep the loan up to date for a period of up to twelve (12) months.

Loan Declines

1) Housing Counselor and department Supervisor will be notified of a loan decline via Mitas and email. The Housing Counselor should communicate and work with homeowner on other options for home retention or disposition. The applicant has the right to request an appeal, which must be initiated through the Housing Counselor. The request must be made in writing, submitted through the housing counselor and received by the DSHA Housing Finance office within twenty (20) business days of the date of the decline.