

# **CRF Training #4: Reimbursing SHIP Review of Agreement Mortgage Payment Guidance**



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# Webinar Overview

- Upcoming Events
- CRF Reimbursing SHIP
- Review of Agreement
- Mortgage Payment Guidance

# Next CRF Webinar

**August 20 from 10:00 to 11:30 am**

## **Webinar 5: CRF Tracking and Reporting and**

## **Preparing for the CRF Monitor**

<https://attendee.gotowebinar.com/register/8268930382014959628>

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# Next FHC CARES Office Hours

- August 20 from 1:30 to 2:30 pm Eastern
  - And every other Thursday
- Q&A, Discussion, and Practical Tips for CARES Act funding
  - ESG-CV
  - CRF
  - CDBG-CV

Register

<https://attendee.gotowebinar.com/rt/5533310267441757968>

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# FLORIDA HOUSING COALITION'S STATEWIDE ANNUAL HOME MATTERS CONFERENCE

AUGUST 31 - SEPTEMBER 2, 2020 | ONLINE

*We're going digital for 2020 • Registration Now Open!*

**<http://www.flhousingconference.org/>**

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# CRF Documents Available

- Handout: CRF Award Letter
- Handout: Notice of Funding Availability
- Handout: CRF Application – Updated
- Handout: Questions & Answers from  
CRF Webinar 3 on August 5

**Forms at** <https://www.flhousing.org/covid-19-webinars-and-digests/>

- Self-Certification of income/hardship,
- Income Certification Form Spreadsheet
- CRF Subgrantee Contract
- Duplication of Benefits Form



# CRF Technical Assistance available

- Ten webinars
- Eleven virtual site visits
- Offsite hours: calls and emails
- Add to list of Frequently Asked Questions
- Answers provided have been reviewed by FHFC



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# Reimbursing SHIP COVID Assistance with CRF

# Reimburse SHIP Expenses back to March 1

- Priority use of CRF
- Reimburse from first CRF payment received
- Examples of Reimbursement:
  - Rent and Utility Assistance
  - Mortgage and Utility Assistance
  - Administrative expenses associated with these

# Preparing for Reimbursement

## Confirm:

- Assistance occurred from March 1, 2020 forward
- The Activity had not been previously budgeted for those SHIP funds
- Examples of Eligible Activities:
  - SHIP originally budgeted for Purchase Assistance was redirected for COVID Rental Assistance
  - Unencumbered SHIP funds were expended on COVID assistance after March 1<sup>st</sup>

# Rehabilitation not Reimbursable

- Rehabilitation work was regularly budgeted and planned for as housing assistance
- Previously budgeted assistance was not provided because a homeowner could not afford repairs due to a COVID hardship.

# Review the SHIP File

- Documentation of COVID hardship
  - Often unemployment or underemployment
  - Documentation may include proof of filing for unemployment, receiving unemployment benefits, or letter from employer.
- Income Verification and Certification: at or below 120% AMI

# Reimbursements Beyond SHIP

**Can local governments reimburse CSBG or other grant funds that provided COVID rental or mortgage assistance?**

Yes, as long as other funding sources do not prevent reimbursement and the amounts being reimbursed are for CRF eligible expenses for eligible applicants.

# Once SHIP is Reimbursed, when must it be expended?

CRF reimbursement is 20/21  
Program Income

- Encumber by June 30, 2022
- Expend by June 30, 2023



# SHIP COVID Assistance while waiting for CRF

**Since CRF will reimburse SHIP in the next 30 days, can SHIP COVID cases we process now follow the CRF streamlined process?**

- Still request the regular third-party verification
- Applicant signs self-certification of income and hardship
- Interview applicant about COVID hardship loss of income
- If you do not quickly receive third party documentation of income and hardship, eligibility is solely based on applicant provided information and the self-certification

# Reimburse versus Replace

- SHIP funds expended on COVID Assistance may be **Reimbursed** now
- SHIP funds encumbered on COVID Assistance may be **Replaced** by CRF
  - This is not reimbursement. Instead SHIP funds are unencumbered and freed up to remain in fiscal year in which they were allocated
- May SHIP be reimbursed up until December 30? Possibly, but it is more commonly completed earlier

# Reimbursement on the SHIP Annual Report

Treat CRF Reimbursement like program income from repayment of assistance

Example: CRF reimburses 17/18 SHIP funds:

1. Include rent or mortgage assistance on the closeout 17/18
  - This is first time SHIP funds were expended
2. Reimbursed SHIP funds are reported as program income revenue on 20/21 report
3. Funds reported as expended on 20/21 for assistance from a LHAP strategy
  - This is second time SHIP funds were expended

# Reimbursement on the CRF Report

CRF DATA spreadsheet: include one SHIP case per row  
Monthly activities report starts October 1

CRF Assistance for Homeownership and Rental										
				Closeout Year:		2020-2021				
Applicant Information						Demographic Information				
Last Name	Street Address	City	Zip	City/ Unincorporated	Structure Type	Income Category	Age HoH	Family Size	Race HoH	Special Needs

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# Questions and Answers

# Review of Subrecipient Agreement – Federal Requirements

## 2 CFR Appendix II to Part 200

- Section L (pg 8) – lists provisions all contracts made by the non-Federal entity under a Federal award must contain, as applicable.
- Not all provisions in Section L are applicable to the CRF funding – they are simply required provisions by regulation.
- **Takeaway:** any contract a LG makes with a sub-grantee will need to contain the provisions at section L.
- Consult with your LG attorney to ensure that all the provisions are contained in a sub-grantee agreement.
- **Remember:** all applicable federal laws will apply to the LG, regardless of if included in Section L.

# Section L of the Subrecipient Agreement

- A) Contracts for more than \$150,000 must address administrative, contractual, or legal remedies in instances where contractors violate contract terms, and provide for penalties as appropriate.
- B) Contracts over \$10,000 must address termination for cause and for convenience including the manner by which it will be effected and the basis for settlement.
- C) If you use CRF for construction, all contracts must include the equal opportunity clause provided under 41 C.F.R. 60-1.4(b).



# Section L of the Subrecipient Agreement

- D) **Davis-Bacon Act:** does not apply to FHFC CRF funding unless repair/construction over \$2,000 is made on a “public building” or “public work.” Most likely will not apply to your LG.
- E) All contracts over \$100,000 that involve employment of “mechanics or laborers” must include a provision for compliance with 40 U.S.C. 3702 and 3704 + 29 CFR Part
  - “Mechanics or laborers” – duties are manual or physical in nature.
  - If for rental/mortgage assistance only, will likely not apply.

# Section L of the Subrecipient Agreement

- F) Will not apply to LGs.
- G) Contracts over \$150,000 must contain a provision that requires sub-grantee to agree to comply with the Clean Air Act and Federal Water Pollution Control Act.
  - Contract should contain provision that sub-grantee agrees to report each violation to LG who will then report to Treasury and EPA.
  - Not likely to be violated here.
- H) Must not use federal funds to contract with parties on the governmentwide exclusions in the System for Award Management (SAM)

# Section L of the Subrecipient Agreement

- I) Contractors that apply or bid for an award exceeding \$100,000 must file required certification under the Byrd Anti-Lobbying Amendment.
- J) Contractors must comply with section 6002 of the Solid Waste Disposal Act regarding procurement of recovered materials.

# Federal Contract Provisions Takeaways

- Read each provision and ask if it applies to your LG.
- Consult with your LG attorney with any specific issues.

# Other Federal Requirements

**Q: If the LG funds repairs or construction, does the LG need to do a lead-paint based assessment?**

**A: No.**

**Q: Do local governments need to conduct an environmental assessment?**

**A: Yes.** We encourage LG housing staff to follow the HUD procedures for environmental assessments. LGs do not need to submit a finding of no significant impact (FONSI) before expending funds.

# Foreclosure Prevention Assistance

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# Escrowed Property Taxes

## **Can CRF pay the small portion of a mortgage payment for escrowed property taxes?**

- Yes, if the homeowner is in default on the mortgage.
- Delinquent mortgages are in danger of foreclosure.
- Paying escrowed property taxes is a permissible CRF payment according to US Treasury exception for assistance designed to prevent foreclosure.

# Documentation of Delinquent Homeowner

**My applicant cannot locate the notice of default she received from her lender**

Collect the most recent mortgage statement, which will indicate that one or more mortgage payments are past due

**NOTE: Name this a Foreclosure Prevention Strategy**



# Future Mortgage Payments

## **Pay the full PITI of future payments for a delinquent homeowner**

- Since you are paying all at once for past due and future payments, pay the full PITI for every payment.
- Such a file contains proof that payments are past due, which justifies full PITI payments.

# Do Not Pay Taxes for Recipients who are Not Delinquent

Some Homeowners are:

- Struggling but paying each month
- Currently in Forbearance
  - Paying mortgage will not disrupt or terminate homeowner's forbearance agreement
- Coming off Forbearance Period and need help paying

# Assisting Homeowners Who Are Not Delinquent

- Identify the amount of escrowed property taxes
  - Review mortgage statement or online information
- Pay the amount due minus escrowed taxes for current and future mortgage payments
- Alert Homeowner: Partial payments do not eliminate risk of foreclosure

# Additional Scenarios

CRF may assist a Homeowner with:

- SHIP Mortgage in any position
  - These monthly payments do not include escrowed property tax
- 'Contract for Deed' purchase arrangement
- 50% homestead exemption or no exemption
  - Confirm mortgage is for applicant's primary residence

# Housing Counseling is CRF Assistance

- Not a Project Delivery Cost, and not limited
- CRF recipients may solely receive counseling, which may fully address their need without mortgage payment assistance
- Possibly rental housing counseling- email [Robert.Dearduff@floridahousing.org](mailto:Robert.Dearduff@floridahousing.org)

# Housing Counseling in Action

- Best practice: HUD approved counseling agency  
<https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=FL>
- One community has spent SHIP since April to contract with HUD agency for mortgage counseling
- Pays \$75 per hour for counseling homeowners with COVID hardships by phone or virtual platform
- Homeowners learn about forbearance and repayment options

# Technical Assistance is Available

Available Daily: **1 (800) 677-4548**

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# Questions and Answers

Please complete Evaluation