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Department of Treasury Homeowner Assistance Fund DRAFT Plan

Commonwealth of Virginia




Department of Treasury Homeowner Assistance Fund Needs Assessment
and Plan—DRAFT

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Acronyms

ACS – U.S. Census Bureau’s American Community Survey
AGI – Adjusted Gross Income
AMI – Area Median Income
ARP – American Rescue Plan Act of 2021
CDCs – Community Development Corporations
CDFIs – Community Development Financial Institutions
FHA – Federal Housing Administration
HAF – Homeowner Assistance Fund
HFA – Housing Finance Agency
HUD – United States Department of Housing and Urban Development
IRS – Internal Revenue Service
LMI – Low- to Moderate-Income
P&I – Principal and interest
PITI – Principal, interest, taxes, and insurance
RRP – Rent Relief Program
SSN – Social Security Number
TIN – Tax Identification Number
USDA – United States Department of Agriculture
VA – United States Department of Veterans Affairs
VH – Virginia Housing Development Authority (Virginia Housing)
VMRP – Virginia Mortgage Relief Program

Definitions

100% of the area median income for a household means two times the income limit for very low-income families, for the relevant household size, as published by the Department of Housing and Urban Development (HUD) in accordance with 42 U.S.C. 1437a(b)(2) for purposes of the Homeowner Assistance Fund (HAF).

100% of the median income for the United States means the median income of the United States, as published by HUD for purposes of the HAF.

150% of the area median income for a household means three times the income limit for very low-income families, for the relevant household size, as published by HUD in accordance with 42 U.S.C. 1437a(b)(2) for purposes of the HAF.

Area Median Income (AMI) means the midpoint of a region’s income distribution, meaning that half of the households in the region earn more than the median and half earn less than the median. The U.S. Department of Housing and Urban Development (HUD) defines and calculates different levels of AMI for geographic areas across the country. HUD publishes income tables annually at <https://www.huduser.gov/portal/datasets/il.html>.

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Applicant means a person who starts an application for the Virginia Mortgage Relief Program (VMRP). Co-owners must be on the same application and must not submit separate applications.

Application means the electronic form that an applicant must complete, including any required certifications and supporting documentation, to participate in the VMRP.

Applicant Award means the dollar value of all benefits for which an applicant may qualify. It is outlined in an award agreement that the applicant must acknowledge and accept.

Benefit means the program option or options for which an applicant may qualify. For example, mortgage payment assistance, mortgage reinstatement assistance, and/or payment of past due taxes, insurance, and/or homeowner/condominium association fees.

Call Center Representative and/or Case Manager means a VMRP representative available by phone to provide customer service support for application completion, award acceptance, and general program information.

Dwelling means any building, structure, or portion thereof that is occupied as, or designed or intended for occupancy as, a residence by one or more individuals.

Eligible Homeowner means a person or persons who own a dwelling who have experienced financial hardship after January 21, 2020, and have incomes equal to or less than 150% of the area median income.

Eligible Property Type means a dwelling owned and occupied as the primary residence of the homeowner that is a single unit home, condominium, or mobile/manufactured home. Second homes and other property types are not currently Eligible Property Types for the VMRP.

HAF Plan means the plan developed by Virginia Housing, as required by, and submitted for approval to, Treasury.

Housing obligation means a financial commitment for housing related contracts, goods, and services necessary to maintain ownership and occupancy of a dwelling. These include payment of mortgage loan installments, mobile and manufactured home loan installments, insurance (hazard, flood, and mortgage), homeowner or condominium association fees, and/or real estate property taxes.

Mortgage means any credit transaction that is secured by a mortgage, deed of trust, or other consensual security interest on a principal residence of a borrower for an Eligible Property Type.

Pilot means the initial portion of the VMRP open to targeted homeowners who have mortgage loans serviced by Virginia Housing.

Prioritization means the process of assessing categories of homeowners to determine which categories may be served earliest during the VMRP. This allows the program to assist the most vulnerable homeowners first and proceeding to less vulnerable homeowners over time. Such prioritization of homeowners is driven by data analysis to target homeowners demonstrating the greatest need, those in greatest danger of mortgage default and foreclosure.

Qualified Expenses are expenses for the purpose of preventing homeowner mortgage delinquencies, homeowner mortgage defaults, homeowner mortgage foreclosures, and displacement of homeowners experiencing financial hardship. Qualified expenses under the

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VMRP are limited to homeowner mortgage reinstatement assistance, mortgage payment assistance, and payment of delinquent homeowners' insurance, flood insurance, mortgage insurance, homeowner or condominium association fees, and real estate property taxes where such delinquency is the result of financial hardship experienced after January 21, 2020, due to the coronavirus pandemic. VMRP funds may only be provided with respect to qualified expenses related to the dwelling that is an eligible homeowner's primary residence.

Qualified Financial Hardship means a material reduction in income or material increase in living expenses associated with the coronavirus pandemic that has created or increased a risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.

Socially Disadvantaged Individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities. The social disadvantage must stem from circumstances beyond their control. There is a rebuttable presumption that the following individuals are socially disadvantaged: Black Americans, Hispanic Americans, Native Americans, and Asian Americans and Pacific Islanders. In addition, an individual may be determined to be a socially disadvantaged individual in accordance with the procedures set forth at 13 CFR 124.103(c) or (d).

Introduction

Section 3206 of the American Rescue Plan Act of 2021 authorized the Homeowner Assistance Fund (HAF). The Homeowner Assistance Fund provides \$9.9 billion to states to assist homeowners that have experienced the greatest hardships as a result of the COVID-19 pandemic. Applicable funding uses include delinquent mortgage payments to minimize foreclosures and reduce housing instability resulting from financial hardship induced by the COVID-19 pandemic.

The Department of Treasury (Treasury) allocated funds to states based on homeowner need as of the date of enactment (March 11, 2021), and as determined by reference to one (1) the average number of unemployed individuals over a period of no fewer than three months and no more than 12 months and two (2) the total number of mortgagors with (a) mortgage payments that are more than 30 days past due or (b) mortgages in foreclosure. Pursuant to these guidelines, the HAF allocation for Virginia is \$258,444,431.

On April 14, 2021, Treasury released “Homeowner Assistance Fund Guidance” (HAF Guidance) which outlined policy guidelines for states’ HAF programs. This included a description of qualified expenses, eligibility criteria, and protocols for HAF Plan submission to the Treasury for approval.

Virginia Housing Development Authority (Virginia Housing) will manage Virginia’s HAF program which will be known as the Virginia Mortgage Relief Program (VMRP).

Treasury has made 10% of Virginia’s award available to Virginia Housing for a pilot program, and planning and administration costs. Virginia Housing will implement a VMRP Pilot to test the efficacy of the overall program design in meeting Treasury goals and identified priorities within this HAF Plan.

Needs Assessment and Plan Overview

Treasury requires the development and submission of a HAF Plan that clearly identifies programs designed to meet the observed needs across Virginia. The HAF Plan must be approved by Treasury.

The HAF Plan, inclusive of the Needs Assessment, was developed following a data-driven methodology to identify homeowners most vulnerable to housing instability because of the COVID-19 pandemic. The Needs Assessment is supplemented by qualitative feedback from key public, private, and nonprofit stakeholders. Additionally, Virginia Housing will host a Public Forum and publish the HAF Plan for a public comment period to receive additional feedback from Virginians.

The Needs Assessment provides information and data used to design the VMRP. The data sets span mortgage delinquencies, defaults, foreclosures, and demographic characteristics of Virginia’s homeowner population.

Virginia Housing’s data analyses yield information about Virginia housing trends over time disaggregated by demographic categories and geographic areas, to the extent that such data is available. Virginia Housing is planning to serve homeowners using a targeted approach, beginning with those most at risk/in need. This targeted approach was developed to maximize the impact of the available Treasury funding.

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Virginia Housing has used the Needs Assessment to develop the resulting priorities for assistance, as described in the HAF Plan. The HAF Plan details the design of each program option Virginia Housing proposes to implement under the VMRP, performance goals, and information regarding Virginia Housing's readiness to implement the programs.

At-risk borrower populations within Virginia are in foreclosure, seriously delinquent (90+ days past due), and those with mortgage loans already in forbearance. Additionally, homeowners who currently do not have mortgage loans, but who are delinquent on real estate property taxes, insurance (homeowners', flood, mortgage), and associated homeownership fees round out Virginia's at-risk homeowner population.

Seriously delinquent eligible homeowners and those in foreclosure will have their unpaid balance and associated fees (if applicable) paid, within program limits, to bring loans current and to reinstate loans in foreclosure. Eligible homeowners with ongoing hardship, demonstrating excessive debt to income ratio which makes current and future mortgage payment difficult, may qualify for reinstatement plus payment of mortgage principal and interest, within program limits. Further, eligible homeowners, with or without mortgages, may qualify for assistance with delinquent real estate property taxes, insurance, and fees.

Virginia Housing will monitor the obligation of program funds throughout the life of its proposed program options. Both expansions of funding priorities and the development of new program options may be considered in the future, based on continuing community needs coupled with availability of funding.

Planning, Coordination, and Consistency

Data Sources

Virginia Housing has used a variety of data sources in the development of the Needs Assessment and this HAF Plan. These include publicly available data sources through the U.S. Census Bureau's American Community Survey (ACS), the Bureau of Labor Statistics, the Federal Reserve Bank of Atlanta, and mortgage servicing data obtained through data aggregators, as well as data contained within Virginia Housing's own loan servicing portfolio. Additional details on the data sources and uses are contained in the Needs Assessment portion of this document and can be found in Table 1.

Stakeholder Engagement and Public Comment

Virginia Housing will hold a statewide forum detailing the funding source requirements, needs assessment, and planned program options on August 5, 2021. The forum is a virtual public meeting designed to solicit feedback from community members, housing service providers, advocates, and counseling agencies, as well as the public.

The public meeting will be advertised per Virginia's open meeting requirements. Likewise, a notice of publication of Virginia's HAF Plan will be advertised. Public notices will be issued in five local papers of general circulation throughout the state (Richmond, Tidewater, Northern Virginia, Roanoke and Bristol) with information about the Plan and how to submit a public comment.

Virginia Housing will also take stakeholder comments from its existing Homeownership Advisory Board, consisting of industry professionals and distributed information about the HAF Plan and the public hearing to Virginia Housing's homeownership program

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stakeholders participating in the Virginia House Bill 854 housing needs study that is currently underway. Additionally, separate meetings have been held where requested to address specific issues related to socially disadvantaged individuals.

Additional methods of soliciting public comment include posting to: (i) the Virginia Town Hall (<https://townhall.virginia.gov/>); (ii) the Virginia Commonwealth Calendar (<https://commonwealthcalendar.virginia.gov/>); (iii) Virginia Housing's headquarters lobby and outside the CEO's office; and (iv) the City of Richmond Circuit Courthouse's public notice board.

The public comment period is open from July 21 to August 6, 2021. Public comments will be recorded and addressed, informing the final version of the HAF Plan.

The public may submit written comments regarding Virginia Housing's HAF Plan to comments@virginiamortgagerelief.com. The plan and information about submitting public comments is also posted on the Virginia Housing website www.virginiahousing.com and these additional websites controlled by Virginia Housing - Virginiamortgagerelief.com and StayHomeVirginia.com.

Southeastern Housing Finance Agency Coordination

Virginia Housing participates in regular conference calls with other state Housing Finance Agencies (HFAs) in the Southeast region. This coordination has been arranged between the HFAs to support information sharing and programmatic alignment where practicable. Virginia Housing also participates in coordination sessions organized by the National Council of State Housing Finance Agencies.

Needs Assessment

Pandemic Impact Overview

The COVID-19 pandemic and the related economic impacts have had far-reaching effects on Virginia. The health crisis, quarantine, and economic shutdowns have created cascading effects throughout Virginia, all of which have led many Virginians into financial hardship.

Financial hardship resulting from loss or reduction in employment and/or wages, permanent closure of businesses, increased health costs, and, in some cases, an increase in other living expenses have all led to the need for homeowner forbearance and an increase in loan delinquency, as well as the potential for conversion to foreclosure. High rates of homeowners in financial jeopardy could have catastrophic consequences for Virginia's long-term economic outlook and poses a very real and present threat to the lives of Virginia homeowners at risk of further mortgage/loan delinquency and foreclosure.

The 2020 State of the Commonwealth Report¹ analyzed Virginia's economy and focused on the COVID-19 pandemic over the past year. It provides a stark analysis of the pandemic's impact on Virginia. The report provides additional focus on these impacts as they affect

¹ Dragas Center for Economic Analysis and Policy, Strome College of Business, Old Dominion University: *2020 State of the Commonwealth*, December 2020.

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Virginia's Black/African American and Hispanic/Latino residents. Old Dominion University found that nearly a decade of job gains in Virginia were wiped out in a matter of just two months during the pandemic. While 500,000 jobs had been reported as gained since the Great Recession of 2007-2009 through February 2020, 438,000 workers had been temporarily furloughed or permanently laid off by April.²

The rapid increases in unemployment were followed by modest gains in employment [in 2020] as a measure of recovery took place in Virginia. Yet, a disproportionate number of Black/African American Virginians have lost their jobs and face increasingly desperate financial straits. Income and wealth inequities have left Black and Hispanic households with fewer resources to cope with the ongoing economic shock.³

Further, this analysis concluded that data from the U.S. Census Bureau's Small Business Pulse Survey launched in May 2020 reinforces the notion that economic and public health are inextricably linked. "As infections increased in Virginia and the nation in November, the percentage of businesses reducing the number of paid employees increased, eroding the gains made over the summer months. By the end of November, one in nine Virginia businesses responded that they had decreased the number of paid employees."⁴ Layoffs disproportionately affected Black/African American and Hispanic/Latino workers compared to White workers. "Black or African American unemployment is twice that of whites and approximately 1.5 percentage points higher than that of Hispanics or Latinos."⁵

According to the Federal Reserve Bank of Richmond, Virginia's food services, accommodations, arts, entertainment, and recreation industries employed more than 400,000 people, and non-food-related retail workers numbering 320,000. Together these industries account for about 23 percent of the workforce.⁶ These industries were critically affected during the economic shutdown and COVID-19 restrictions as Virginia began to reopen. Current unemployment rates in Virginia stand at a seasonally adjusted 4.5% for May 2021, down from a high of 11.3% in April 2020.⁷

Serious mortgage delinquencies (loans 90 or more days delinquent or in foreclosure) track closely to the unemployment rate, as illustrated below in Figure 1⁸.

² Id.

³ *2020 State of the Commonwealth*, December 2020, page 4

⁴ Id.

⁵ Id., page 29

⁶

https://www.richmondfed.org/research/regional_economy/regional_matters/2020/rm_04_13_2020_ui_claims_va

⁷ Bureau of Labor Statistics, Report: Regional and State Employment and Unemployment, Virginia

⁸ Id.

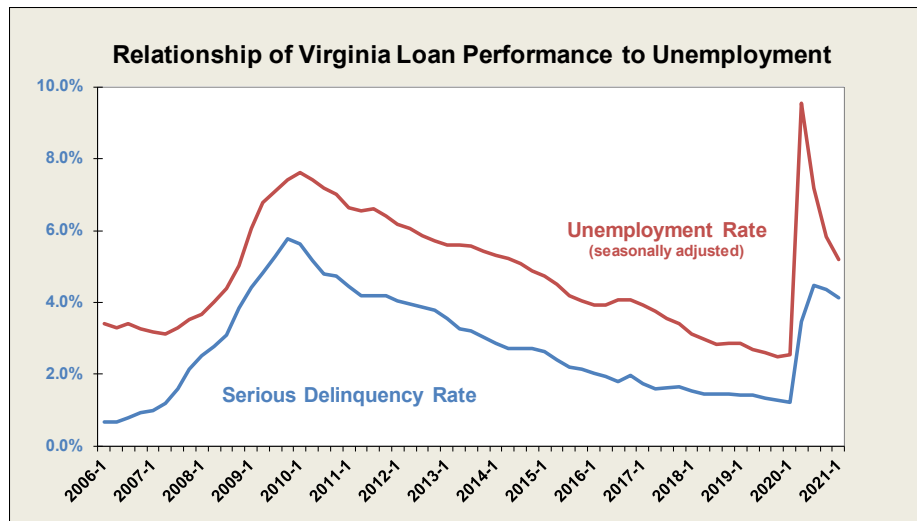


Figure 1: Virginia's seasonally adjusted unemployment rate tracked alongside seriously delinquent loans from January 2006 through January 2021

Nationally, the mortgage delinquency rate of 7.97% total and 8.65% past due (delinquency plus foreclosure) for single-family one- to four-unit residential properties peaked in the second quarter of 2020 and fell to a seasonally adjusted rate of 6.12% total and 6.66% past due in the first quarter of 2021.⁹ Virginia has fared much better than the national averages having a peak delinquency rate at 4.42% in the second quarter of 2020, which declined to 4.12% in the first quarter of 2021.¹⁰

Virginia Housing's portfolio of loans includes FHA, VA, USDA, Virginia Housing Development Authority, loans insured with prime rate mortgage insurance, uninsured loans (loan-to-value less than 80%, and loans self-insured by Virginia Housing). FHA and conventional loans make up 92.45% of the portfolio or 49,354 loans of the total 53,385 total loans in the portfolio.

Data-Driven Methodology

Treasury encourages HAF participants to prioritize assistance to homeowners who have FHA, VA, or USDA mortgages and homeowners who have mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers. Further, Treasury guidance requires that HAF resources be used to effectively target homeowners having incomes equal to or less than 100% of the Area Median Income (AMI) or the median income of the United States, whichever is greater, and socially disadvantaged individuals.

Virginia Housing has analyzed demographics, economic conditions, and risk factors for housing instability for the entire state at the county, census tract, and ZIP Code level. The level of investigation has been determined by the availability of data sources, provided in

⁹ Mortgage Bankers Association's (MBA) National Delinquency Survey. See <https://www.mba.org/2020-press-releases/august/mortgage-delinquencies-spike-in-the-second-quarter-of-2020>, August 17, 2020. See also <https://www.mba.org/2021-press-releases/may/mortgage-delinquencies-decrease-in-the-first-quarter-of-2021>, May 7, 2021.

¹⁰ Id.

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Table 1. The goals of the analysis were to identify variation in Virginia related to housing characteristics, a potential risk for housing instability, and to enable Virginia Housing to make informed, strategic decisions about how to meet the housing needs of homeowners while simultaneously achieving the intent of Treasury, as described in the HAF Program guidance issued on April 14, 2021.

Virginia Housing concluded, based on available datasets (Table 1), that ZIP Code level aggregation provides the most comprehensive coverage of key decision factors for the VMRP. While ZIP Code level aggregation of data was available from multiple sources, it was our conclusion that the detailed loan performance data secured from third-party housing provider CoreLogic was the most comprehensive and applicable to the Virginia Housing prioritization methodology. While the Virginia Housing loan portfolio dataset provides comparable loan performance information at ZIP Code level, there are known differences in some loan variables that make the CoreLogic data more suitable for application to all Virginia loans.

Table 1: Source Data used to support Virginia Housing’s HAF Needs Assessment

ID	Name	Source	Aggregation Level	Date	Description	Website
1	Demographic Data	Census ACS	Zip Code	2015-2019	Homeowner counts, race/ethnicity and age data (to determine socially disadvantaged status), median income data	https://www2.census.gov/geo/tiger/TIGER_DP/2019ACS/
2	CHAS Data	HUD	Locality; county	2013-2017	Area Median Income housing data	https://www.huduser.gov/portal/datasets/cp.html
3	Loan Level Market Analytics Servicing Data for Virginia	CoreLogic	Zip Code	Relatively real-time	Loan origination, loan performance, and forbearance	Bulk download to VH Contractor
4	Custom LLMA Analytics Report for Virginia	CoreLogic	Zip Code	Relatively real-time	Supplemental loan analytics including property information, loan disposition, refinance indicators, other	Bulk download to VH Contractor
5	Open Liens Data for Virginia	CoreLogic	Address-Level	Relatively real-time	Open liens on properties, tax information, mortgage position details	Bulk download to VH Contractor
6	Demographic Info from Location Inc for Virginia	CoreLogic	Zip Code	Relatively real-time	Aggregated demographics for Virginia homeowner population	Bulk download to VH Contractor

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ID	Name	Source	Aggregation Level	Date	Description	Website
5	SVI	CDC	County, census tract	2018	Social vulnerability data	https://www.atsdr.cdc.gov/placeandhealth/svi/data_documentation_download.html
6	SoVI	University of South Carolina	County	2010-2014	Social vulnerability data	http://artsandsciences.sc.edu/geog/hvri/sovi%C2%AE-0
7	Community Resilience Estimates	Census Bureau	County	2018 (2019 available end of June)	Social vulnerability/resilience data	https://experience.arcgis.com/experience/b0341fa9b237456c9a9f1758c15cde8d/
8	Unemployment Numbers	Bureau of Labor Statics	Locality	April 2021	Unemployment figures	https://www.bls.gov/lau/tables.htm
9	Virginia Unemployment Numbers	Virginia Employment Commission	Locality	April 2021	Unemployment figures	https://www.vec.virginia.gov/latest-release-local
10	Consumer Financial Protection Bureau	CFPB	County, metro and non-metro areas (not all available)	September 2020	Mortgage delinquency data	https://www.consumerfinance.gov/data-research/mortgage-performance-trends/download-the-data/
11	Home Values	Virginia Realtors	County	May 2021	Home value data	https://virginiarealtors.org/research/data/
12	Manufactured Homes	VA DOT	Locality	Current	Question as to whether these are eligible	Provided by email
13	U.S. Treasury Department Data	U.S. Treasury			Data on FHA, VA and USDA loans to be provided to State of Virginia	
15	Other State of Virginia Data				Including data on loans serviced by state agencies	https://www2.census.gov/geo/tiger/TIGER_DP/2019ACS/

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Table 2 compares the relative availability of ZIP Code aggregated data for variables critical to the Virginia Housing approach, and where the CoreLogic data fill needed gaps. Analysis at ZIP Code level incorporating important loan performance variables of delinquency and forbearance is only possible through the integration of CoreLogic datasets.

Table 2: Comparison of ZIP Code Aggregated Data Availability

Criteria	Census Tract	ZIP Code	County	Source
% Socially Disadvantaged Population	Yes	Yes	Yes	Census ACS
% Households with Income ≤100% AMI	Yes	No*	Yes	HUD CHAS
% in Delinquency (CoreLogic)	No	Yes	No	CoreLogic
% in Forbearance (CoreLogic)	No	Yes	No	CoreLogic
% in Delinquency (VA Housing)	No	Yes	Yes	VA Housing
% in Forbearance (VA Housing)	No	Yes	Yes	VA Housing

Table 3 compares some of the available datasets, particularly of interest as to the loan population and loan status that Virginia Housing can select to best support our analysis.

Table 3: Dataset Comparison

Category	CoreLogic	MacDash	Virginia Housing
Aggregation Level	ZIP Code	ZIP Code	Individual Loan
Number of Loans	580,034	516,795	53,385
Recency	March 2021	January 2021	March 2021
Loan Type Info (e.g., Conventional, FHA, VA)	Yes	No	Yes

Virginia Housing will use the same data methodology for prioritization and targeting of its VMRP Pilot and the full VMRP, as this is more important than accounting for the selected difference between datasets for the respective loan portfolios. This will allow Virginia Housing to use the VMRP Pilot as a test of the methodology and outcomes, and to inform adjustments prior to the launch of the full VMRP statewide. Based on the analysis completed, the Virginia Housing loan portfolio dataset is sufficiently comprehensive to serve in this manner.

Tools to Support the Methodology

Virginia Housing used mathematical and statistical techniques to construct a common data workbook from the data analyses in an established format. This allows rapid ranking and cross-tabulation of demographic, income, and loan performance elements in a manner that directly supports decision-making for program design and implementation. Additional variables such as ZIP Code population can be incorporated for tests on other combinations of data elements, and whether they can further inform prioritization or targeting. Other factors such as variable weighting, to be discussed in more detail in the next sections, can be easily adjusted to determine the impact on the output. This will allow Virginia Housing to apply input from other stakeholders in the VMRP planning process, including public comment and other community engagement initiatives.

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To further facilitate decision-making, Virginia Housing constructed a web-based visualization platform that allows mapping of data at the ZIP Code level, based on the data elements that have been determined most significant. Virginia Housing staff use this shared data resource to evaluate specific questions and to explore additional scenarios. A visual resource such as the web map is critical to our process since it is not possible to gain a picture from reams of data in a workbook. “Seeing the data” is important as a supplement to applying the formulas and algorithms to prioritize and rank, for example determining the spatial distribution of low LMI ZIP Codes across the state and determining the localities in their proximity. A link to the Virginia Housing interactive web map follows.

<https://iem.maps.arcgis.com/apps/instant/interactivelegend/index.html?appid=e5e040c8b1f841938295ad18ae193d89>

This visual analysis of the data can be undertaken one variable at a time as shown in Figure 2, or with multivariate views resulting from the layering of different data on the map as illustrated by the menu options in Figure 3.

Virginia Homeowner Assistance Fund Need Index

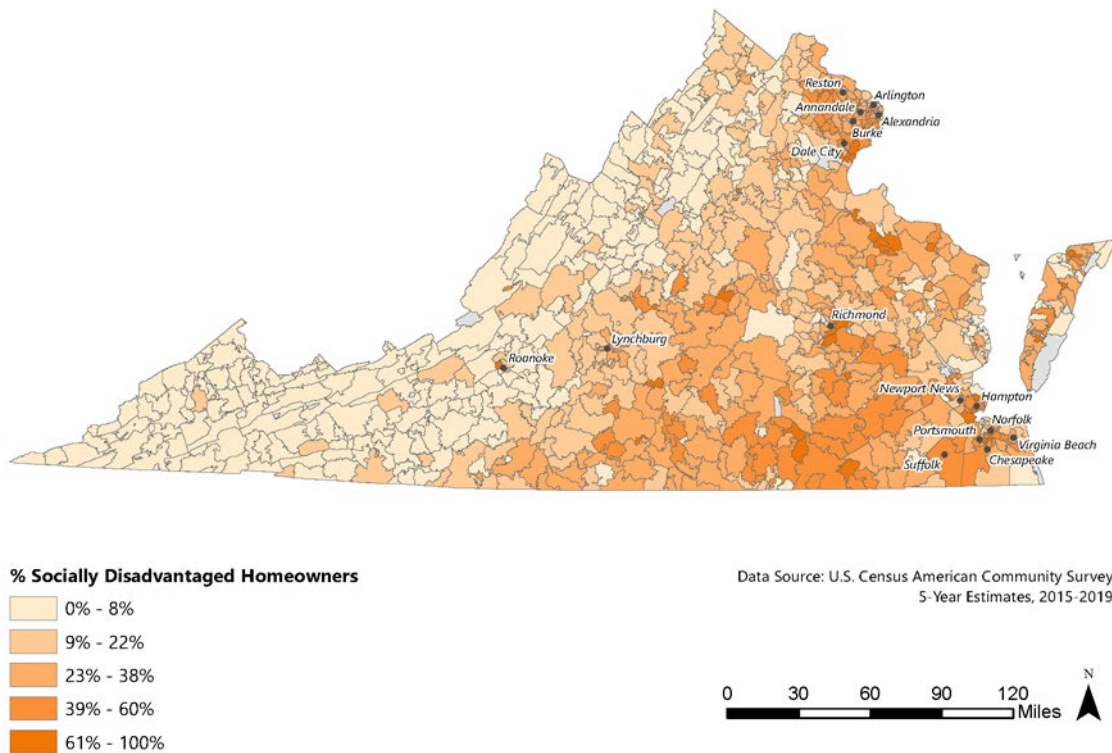


Figure 2: Distribution of HAF Socially Disadvantaged homeowner population by Virginia ZIP Code

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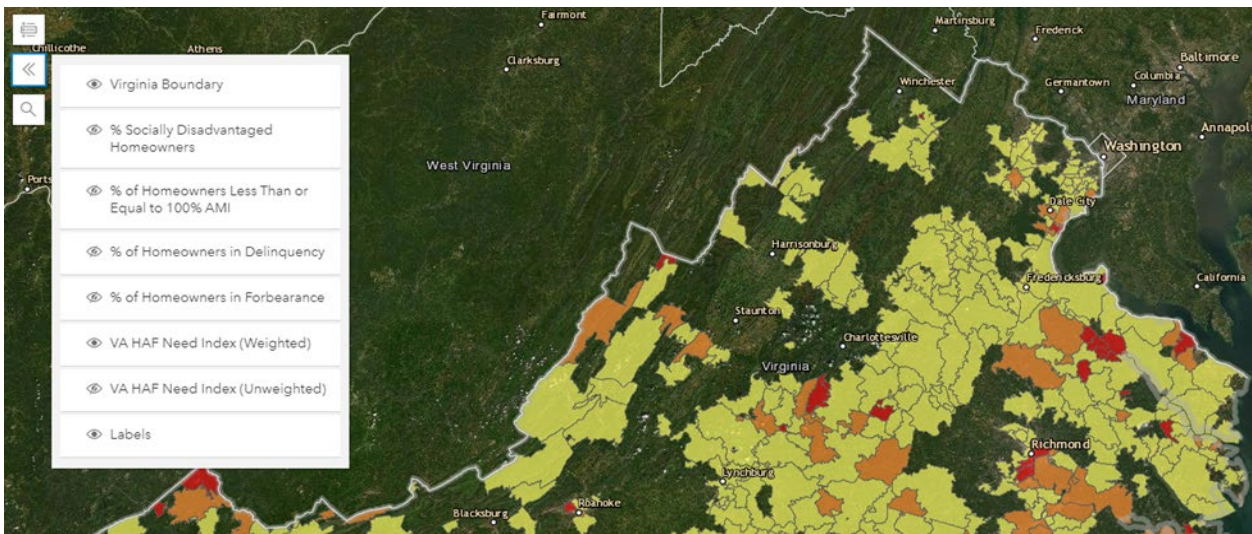


Figure 3: Menu in the interactive web map allows Virginia Housing staff to toggle significant HAF data elements on or off for display on the state map

Application of the Weighted Index Rank

The Virginia Homeowner Assistance Fund Need Index is a ZIP Code-level index that can be used to help estimate the likelihood that a ZIP Code will contain loans that are a high priority for servicing via the VMRP. This index considers four factors, based on the program's eligibility criteria:

- Percent of Homeowners who are Socially Disadvantaged (source: U.S. Census Bureau's American Community Survey (Census ACS) data)
- Percent of Homeowners \leq 100% Area Median Income (source: United States Department of Housing and Urban Development (HUD) CHAS data)
- Percent of Homeowners in Delinquency (source: CoreLogic data)
- Percent of Homeowners in Forbearance (source: CoreLogic data)

The unweighted index is a straight average of the four factors, while the weighted index attempts to correct for the differences in scale of the four factors—Socially Disadvantaged and AMI hover around 20-40% on average, while delinquency and forbearance are closer to 5%— then weights them by the following values:

Factor	Weight
Socially Disadvantaged	1
\leq 100% Area Median Income	1.5
Delinquency	1.5
Forbearance	1.25

The formula is $((1/\text{Average}) * \text{Weight})$ for each factor.

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The base geography used for the mapping and analysis in this index is the Census ACS 2019 5YR ZCTA feature class. The other datasets (HUD CHAS and CoreLogic) use slightly different ZIP Code datasets. These discrepancies introduce some error into the index where data may be missing for a particular ZIP Code in one or more of the datasets. We have noted missing data across each of the datasets for all included ZIP Codes. Currently, if data is missing for one or more of the factors, the index treats it as zero, which may artificially bring down the value for that ZIP Code. ZIP Codes with missing or null data across all four factors were excluded. Additionally, some areas of the state, such as wilderness preserves and military bases, are not included in the Census ACS ZIP Code dataset. As these areas are unlikely to contain residential properties that would be eligible for this program, this omission is unlikely to have any impact on the efficacy of the index.

This index tells us the relative likelihood that households in each ZIP Code will meet the eligibility criteria for the HAF program. It does not indicate how many homeowners might be eligible in those ZIP Codes. Virginia Housing defined the index using the specific four factors discussed because they are judged to be most applicable to targeting loans in arrears. Since Virginia Housing's first priority for disbursement of VMRP funds is in support of mortgage loan reinstatement, in our judgment this weighting and index will result in the best ranking scheme for targeting these borrowers geographically.

Virginia Housing tested the methodology initially on the full Virginia mortgage loan datasets to determine effectiveness within other program considerations such as available budget (allocation) and the projected average disbursement amount for reinstatement for each loan. Table 4 provides an illustration for the application of the weighted index on the statewide data. Table 5 provides the same methodology applied to the Virginia Housing mortgage loan portfolio. These tables both rank the top 30 highest risk ZIP Codes for illustrative purposes to validate the ranking methodology.

To determine the Rural versus Urban designation for each ZIP Code, Virginia Housing applied the US Census guidance in common use, which looks at whether a ZIP Code is in a Metropolitan Statistical Area (MSA). If so, the ZIP Code is designated urban. If not, the ZIP Codes are designated rural. For ZIP Codes that are partially in an MSA, they are designated as urban if they are at least 50% in an MSA. In addition to the important rural versus urban determination that will help Virginia Housing determine the relative servicing levels for the two loan populations, Virginia Housing can introduce additional data relevant to its Program design. For example, determining the percentage of each loan type for the ranked ZIP Code – another “leveling” or equity factor that can impact program design and the disbursement of allocated funds.

Table 4: Illustration of Application of Weighted Index Statewide in Terms of Mortgage Loan Risk

ZIP Code	Urban Rural	SocDisPct	AMI100Pct	DelinquencyPct	ForbearancePct	WeightedIndex
23604	Urban	1	0.598006049	0.333333333	0.333333333	0.408073784
24581	Urban	1	0.640677966	0.4	0.2	0.382594552
23115	Rural	0.952380952	0	0.272727273	0.363636364	0.353289848
23359	Rural	0.309734513	0.522093595	0.176470588	0.352941176	0.284705815
23976	Rural	0	0.414851485	0.4	0.2	0.281271807
22476	Rural	0.653846154	0.333333333	0.25	0.166666667	0.255078233
23523	Urban	0.883474576	0.718004482	0.14511041	0.138801262	0.242843246
23357	Rural	0.609561753	0.476826833	0.181818182	0.181818182	0.237662316

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23968	Rural	0.331491713	0.442642107	0.2	0.2	0.226743077
23504	Urban	0.829278351	0.525039624	0.132055378	0.133120341	0.217994901
22436	Rural	0.767123288	0.339280438	0.166666667	0.119047619	0.209642186
24607	Rural	0	0.615384615	0.2	0.2	0.20875932
22448	Rural	0	0.347457627	0.285714286	0.142857143	0.204130971
23607	Urban	0.800461741	0.590619058	0.109375	0.1125	0.201215988
24433	Rural	0	0.477386935	0.2	0.2	0.200062702
23126	Urban	0.45625	0.452205882	0.133333333	0.166666667	0.195689821
23828	Rural	0.427184466	0.397240082	0.1875	0.125	0.195083575
22946	Urban	0	0.595636364	0.157894737	0.210526316	0.194053064
22646	Urban	0.444444444	0	0.181818182	0.181818182	0.193232419
23307	Rural	0.697916667	0.403225806	0.083333333	0.166666667	0.192362601
23224	Urban	0.786962079	0.634013833	0.110534125	0.086053412	0.192051512
23223	Urban	0.818462557	0.581930282	0.105792577	0.083593479	0.18845055
23704	Urban	0.63306744	0.516684099	0.111932418	0.121436114	0.186857013
22438	Rural	0.666666667	0.346610937	0.125	0.125	0.186140302
24011	Urban	0	0.200175832	0.2	0.2	0.18259285
24620	Rural	0	0.644948079	0.166666667	0.166666667	0.182292783
23879	Rural	0.496503497	0.474264706	0.1	0.15	0.179325038
23839	Urban	0.4	0.382068988	0.16	0.12	0.177931136
23022	Urban	0.703910615	0.512003821	0.111111111	0.083333333	0.176221352
23324	Urban	0.518761726	0.549756832	0.114189189	0.110135135	0.175153884

Figure 4 shows the weighted index map at the ZIP Code level for the Virginia Housing loan portfolio, applying the ranking methodology.

Virginia Homeowner Assistance Fund Need Index Virginia Housing Loan Portfolio

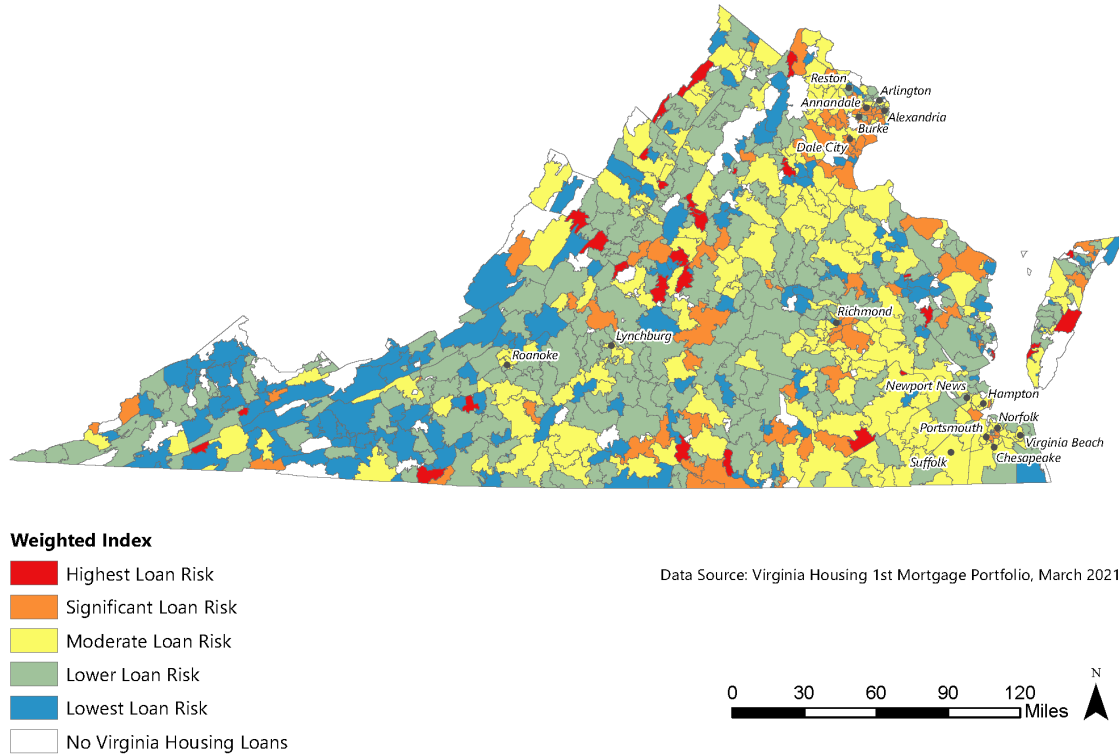


Figure 4: Weighted loan risk index for mortgage loans in the Virginia Housing portfolio mapped at ZIP Code level of aggregation. The ZIP Codes colored white reflect no loans from the portfolio in those geographic areas.

Table 5: Illustration of Application of Weighted Index for Virginia Housing Mortgage Portfolio

ZIP Code	Urban/Rural	Conv With PMI	Conv No PMI	FHA	RHS	VA
23512	Urban	0.0%	0.0%	100.0%	0.0%	0.0%
23115	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
24126	Urban	0.0%	0.0%	0.0%	100.0%	0.0%
24270	Urban	0.0%	0.0%	0.0%	100.0%	0.0%
24469	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
23347	Rural	0.0%	0.0%	50.0%	50.0%	0.0%
22846	Urban	0.0%	0.0%	50.0%	50.0%	0.0%
22718	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
23915	Rural	0.0%	33.3%	0.0%	66.7%	0.0%
23304	Urban	0.0%	0.0%	100.0%	0.0%	0.0%

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24072	Rural	0.0%	0.0%	71.4%	28.6%	0.0%
22971	Urban	0.0%	66.7%	33.3%	0.0%	0.0%
23423	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
23964	Rural	0.0%	0.0%	0.0%	100.0%	0.0%
23897	Urban	20.0%	20.0%	40.0%	0.0%	20.0%
22937	Urban	0.0%	80.0%	20.0%	0.0%	0.0%
24280	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
22850	Urban	0.0%	0.0%	100.0%	0.0%	0.0%
23125	Urban	50.0%	0.0%	50.0%	0.0%	0.0%
22722	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
22810	Rural	0.0%	0.0%	0.0%	100.0%	0.0%
24432	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
24459	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
24464	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
23899	Urban	0.0%	33.3%	66.7%	0.0%	0.0%
23426	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
22654	Rural	0.0%	0.0%	100.0%	0.0%	0.0%
22935	Rural	0.0%	100.0%	0.0%	0.0%	0.0%
24053	Rural	0.0%	0.0%	75.0%	25.0%	0.0%
20141	Urban	12.5%	50.0%	37.5%	0.0%	0.0%

Table 6 provides statistics on loan types for all ZIP Codes in the Virginia Housing mortgage portfolio, including urban and rural ZIP Codes.

Table 6: Distribution of loan types in the Virginia Housing portfolio

Total Urban Zip Codes	Conv With PMI	Conv No PMI	FHA	RHS	VA
468	11.80%	20.30%	62.00%	2.80%	3.00%
Total Rural Zip Codes	Conv With PMI	Conv No PMI	FHA	RHS	VA
294	5.60%	16.70%	51.60%	23.90%	2.20%

Virginia Pilot Program Application

The data-driven prioritization using the described methodology has proven to be a defensible means to target the loan population at the ZIP Code level. Virginia Housing can apply the methodology using its own loan portfolio data and for the larger CoreLogic loan performance data sets. Virginia Housing will conduct a Pilot Program based on its loan portfolio data. The resulting ranked ZIP Codes will be used to target specific areas with high-risk borrowers to encourage them to apply for the Pilot. Because Virginia Housing has address level resolution on our borrowers, we will employ callouts and direct mailing to maximize participation. Based on the analyzed loan profile, the Pilot loan profile will be a statistically significant sample to inform the delivery of the VMRP and will show that the data-driven assessment at the ZIP Code level of aggregation is an effective way of prioritizing support to the target population based on socially disadvantaged, income, and geographic considerations.

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A comparison of Table 7 and Table 8 illustrates that while the loan types represented in the CoreLogic data at ZIP Code level differ somewhat from the loan types carried in Virginia Housing's portfolio, there are sufficient percentages and resultant counts for delinquent and forbearance cases of the types prioritized in the Treasury guidance that Virginia Housing can conclude that the portfolio will provide an adequate sample in the Pilot to fully test the approach.

Table 7: CoreLogic Loan Performance Information for the larger Virginia mortgage delinquent and in-forbearance population

Loan Type	Loans	Percentage	Delinquency	Delinquency Percentage	Forbearance	Forbearance Percentage
Conventional	412,914	71.2%	15,254	3.7%	15,941	3.9%
FHA	71,242	12.3%	9,977	14.0%	8,554	12.0%
USDA	7,345	1.3%	904	12.3%	793	10.8%
VA	87,623	15.1%	5,559	6.3%	4,957	5.7%
Other Government	593	0.1%	39	6.6%	2	0.3%
Else	317	0.1%	22	6.9%	23	7.3%
Totals	580,034	100.0%	31,755	5.5%	30,270	5.2%

Table 8: Loan performance information from the Virginia Housing mortgage loan portfolio

Loan Type	Loans	Percentage	Delinquency	Delinquency Percentage	Forbearance	Forbearance Percentage
Conventional Res with PMI	6,035	11.3%	262	4.3%	272	4.5%
Conventional Res without PMI	10,679	20.0%	863	8.1%	738	6.9%
FHA Residential	32,640	61.1%	4,689	14.4%	3,582	11.0%
RHS	2,463	4.6%	279	11.2%	145	5.9%
VA Residential	1,568	2.9%	119	7.6%	60	3.8%
Totals	53,385	100.0%	6,209	11.6%	4,797	9.0%

Data collected from the applicants to the Pilot program will be critical to the assessment of:

- The effectiveness of targeting versus the predictive ranking.
- Determining the level of likely fallout (failure of borrowers in a ZIP Code to complete the process and get a disbursement) for the VMRP implementation.
- Lessons that will drive modification of VMRP policies and procedures.

A final important observation is that while the weights assigned to variables in the Weighted Index are the same, the calculated Index values and the resultant ZIP Code rankings will be different between the Virginia Housing portfolio and the CoreLogic portfolio for the broader application in the VMRP. This is because the individual variables that make up the Index have different values for each ZIP Code in one dataset versus the other. Virginia Housing would not apply the ranking and priorities used in the Pilot to the broader VMRP. The calculations and resultant ranking must be analyzed separately. However, the application of the methodology as related to our goals does not differ, and the Pilot will provide confidence in the application of the methodology supporting VMRP options Virginia Housing undertakes.

Virginia Mortgage Relief Program Data Application

Applying the same methodology, in this case using the CoreLogic datasets with the larger loan performance portfolio, Virginia Housing uses the Weighted Index to rank and prioritize ZIP Codes at the highest loan risk and significant loan risk for targeted outreach. Figure 5 shows the distribution of loan risk using the Weighted Index approach with the larger CoreLogic dataset.

There are 48 Virginia ZIP Codes that we judge to be at the highest loan risk and another 79 ZIP Codes at significant loan risk. Taken together that is a set of 127 ZIP Codes out of a total of 896 in Virginia (14%) that we would prioritize first in terms of VMRP targeting and outreach. There are an additional 343 ZIP Codes judged to be at moderate loan risk, with a total of 407 ZIP Codes in the two lowest ranking loan risk categories. Table 9 shows the top 48 ranked ZIP Codes at highest loan risk, with the distribution of loan types for each, in this case with types defined in the CoreLogic datasets. Similarly, Table 10 shows the ZIP Codes with the next highest risk level, which has been designated as significant.

In the discussion on the application of the data for the Virginia Housing Pilot, we made the point of using actual data as collected from applicants to track and report how the intake looks relative to the predictive analytics. Virginia Housing will apply the same process in the VMRP, with periodic reporting of the detail to the Treasury. Based on what the actual data shows versus the predictive ranking and prioritization and the Virginia Housing performance goals, adjustments will be made to best align our priority VMRP reinstatement program. Virginia Housing will also use the same data approach and feedback to inform outcomes of any additional VMRP options that allocated funding allows.

Virginia Homeowner Assistance Fund Need Index

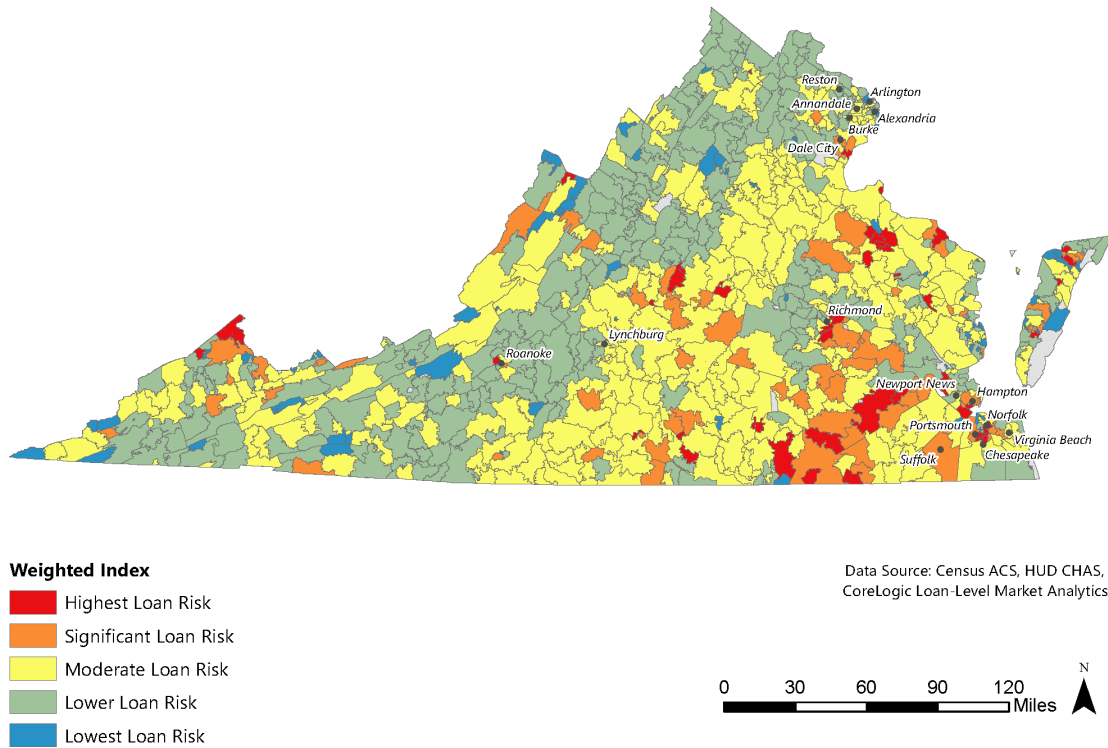


Figure 5: Application of the Weighted Index using the CoreLogic datasets to determine ranking of ZIP Codes with different levels of mortgage loan risk

Table 9: Top 48 high loan risk ZIP Codes in Virginia based on application of the Weighted Index demonstrating urban versus rural designation.

ZipCode	UrbanRural	SocDisPct	AMI100Pct	DelinquencyPct	ForbearancePct	WeightedIndex
23604	Urban	1	0.598006049	0.333333333	0.333333333	0.408073784
24581	Urban	1	0.640677966	0.4	0.2	0.382594552
23115	Rural	0.952380952	0	0.272727273	0.363636364	0.353289848
23359	Rural	0.309734513	0.522093595	0.176470588	0.352941176	0.284705815
23976	Rural	0	0.414851485	0.4	0.2	0.281271807
22476	Rural	0.653846154	0.333333333	0.25	0.166666667	0.255078233
23523	Urban	0.883474576	0.718004482	0.14511041	0.138801262	0.242843246
23357	Rural	0.609561753	0.476826833	0.181818182	0.181818182	0.237662316
23968	Rural	0.331491713	0.442642107	0.2	0.2	0.226743077
23504	Urban	0.829278351	0.525039624	0.132055378	0.133120341	0.217994901
22436	Rural	0.767123288	0.339280438	0.166666667	0.119047619	0.209642186
24607	Rural	0	0.615384615	0.2	0.2	0.20875932
22448	Rural	0	0.347457627	0.285714286	0.142857143	0.204130971

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ZipCode	UrbanRural	SocDisPct	AMI100Pct	DelinquencyPct	ForbearancePct	WeightedIndex
23607	Urban	0.800461741	0.590619058	0.109375	0.1125	0.201215988
24433	Rural	0	0.477386935	0.2	0.2	0.200062702
23126	Urban	0.45625	0.452205882	0.133333333	0.166666667	0.195689821
23828	Rural	0.427184466	0.397240082	0.1875	0.125	0.195083575
22946	Urban	0	0.595636364	0.157894737	0.210526316	0.194053064
22646	Urban	0.444444444	0	0.181818182	0.181818182	0.193232419
23307	Rural	0.697916667	0.403225806	0.083333333	0.166666667	0.192362601
23224	Urban	0.786962079	0.634013833	0.110534125	0.086053412	0.192051512
23223	Urban	0.818462557	0.581930282	0.105792577	0.083593479	0.18845055
23704	Urban	0.63306744	0.516684099	0.111932418	0.121436114	0.186857013
22438	Rural	0.666666667	0.346610937	0.125	0.125	0.186140302
24011	Urban	0	0.200175832	0.2	0.2	0.18259285
24620	Rural	0	0.644948079	0.166666667	0.166666667	0.182292783
23879	Rural	0.496503497	0.474264706	0.1	0.15	0.179325038
23839	Urban	0.4	0.382068988	0.16	0.12	0.177931136
23022	Urban	0.703910615	0.512003821	0.111111111	0.083333333	0.176221352
23324	Urban	0.518761726	0.549756832	0.114189189	0.110135135	0.175153884
23222	Urban	0.747111195	0.61123302	0.091984231	0.074244415	0.174238931
23513	Urban	0.58910162	0.580734878	0.099800399	0.101297405	0.173357649
23488	Rural	0.821138211	0.480769231	0.166666667	0	0.172770374
23234	Urban	0.655782939	0.56174053	0.098161523	0.090282337	0.172598313
24448	Rural	0.097826087	0.505936073	0.153846154	0.153846154	0.171156019
24539	Rural	0.697674419	0.39115957	0.2	0	0.170562248
23938	Rural	0	0.446396987	0.266666667	0.066666667	0.169941296
23702	Urban	0.347587719	0.620736465	0.134328358	0.101492537	0.169627884
23867	Urban	0.46298984	0.526150178	0.132653061	0.091836735	0.168908902
23032	Rural	0.052173913	0.3310204	0.208333333	0.125	0.167120108
23890	Rural	0.555037313	0.512352635	0.103825137	0.098360656	0.166549444
24017	Urban	0.668287741	0.612415742	0.089065256	0.074955908	0.166507657
23868	Rural	0.449429038	0.4317907	0.125	0.109375	0.165961696
23661	Urban	0.612884996	0.553421601	0.09360519	0.084337349	0.163876664
22488	Rural	0.305714286	0.450793651	0.101694915	0.152542373	0.163029767
22026	Urban	0.666154791	0.300561125	0.09986413	0.101902174	0.16269538
22937	Urban	0.489393939	0.593343713	0.116504854	0.077669903	0.162559201
23603	Urban	0.582733813	0.452862207	0.08974359	0.102564103	0.161000094

Table 10: ZIP Codes with Significant Loan Risk Levels

ZipCode	UrbanRural	SocDisPct	AMI100Pct	DelinquencyPct	ForbearancePct	WeightedIndex
23605	Urban	0.505054287	0.55916681	0.094656489	0.094656489	0.15967196
23486	Rural	0	0	0.25	0.125	0.159454909
22191	Urban	0.663693449	0.36772522	0.086412512	0.0971652	0.158977537
23894	Urban	0.518987342	0.56417251	0.121212121	0.060606061	0.158064845

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ZipCode	UrbanRural	SocDisPct	AMI100Pct	DelinquencyPct	ForbearancePct	WeightedIndex
24016	Urban	0.53008596	0.48748787	0.092827004	0.097046414	0.157569543
24598	Rural	0.136276392	0.40020093	0.169811321	0.113207547	0.157402053
23125	Urban	0	0.41721854	0.153846154	0.153846154	0.15704525
23075	Urban	0.540246914	0.60233426	0.099378882	0.069875776	0.156957451
23502	Urban	0.512939615	0.50458735	0.094840668	0.093323217	0.156432026
23803	Urban	0.579538206	0.55616497	0.091747349	0.071922545	0.155088769
23509	Urban	0.437810945	0.4786194	0.100732601	0.097985348	0.152738365
23829	Rural	0.288690476	0.42928726	0.137254902	0.098039216	0.152214612
23337	Rural	0	0.48076923	0.142857143	0.142857143	0.151710779
23805	Urban	0.549322558	0.49215542	0.093815149	0.076441974	0.1512206
24614	Rural	0.025913929	0.57055515	0.15625	0.109375	0.151126918
23701	Urban	0.535335401	0.53224124	0.091312932	0.070582428	0.148978073
22172	Urban	0.664251208	0.33447819	0.08411215	0.079439252	0.148433249
23231	Urban	0.527044293	0.44339547	0.095372993	0.079320113	0.148091489
23413	Rural	0.594771242	0.3992	0.083333333	0.083333333	0.147780977
22427	Urban	0.29954955	0.51080962	0.104046243	0.104046243	0.146707091
24225	Rural	0	0.56513759	0.130434783	0.130434783	0.14647005
23666	Urban	0.571260519	0.40633468	0.082057716	0.084065245	0.145950366
22193	Urban	0.600818833	0.34835981	0.081209503	0.086969042	0.145741541
23608	Urban	0.499080671	0.47404837	0.089581951	0.078964831	0.144971624
23921	Rural	0.346232179	0.36303897	0.11827957	0.096774194	0.144435715
23840	Urban	0.172279793	0.55465416	0.119266055	0.100917431	0.143538898
20109	Urban	0.529442509	0.41113863	0.079697987	0.085989933	0.14242281
23827	Rural	0.385572139	0.39850808	0.115384615	0.076923077	0.140444994
24243	Rural	0.042477876	0.52741148	0.135135135	0.108108108	0.140323575
23663	Urban	0.553092599	0.48590452	0.079952267	0.064439141	0.140162015
23325	Urban	0.394096812	0.44023584	0.098489823	0.084701248	0.139923157
23967	Rural	0.390052356	0.43046119	0.111111111	0.074074074	0.139821049
23937	Rural	0.338753388	0.44736516	0.105263158	0.087719298	0.139716346
23707	Urban	0.355741279	0.4934819	0.09025641	0.087179487	0.137484035
23703	Urban	0.430865708	0.36389138	0.091596639	0.08907563	0.137234739
23434	Urban	0.432871153	0.39792137	0.08975282	0.083993281	0.13661334
23897	Urban	0.504854369	0.54041021	0.045454545	0.090909091	0.135935342
23888	Rural	0.444444444	0.63404243	0.084033613	0.050420168	0.135827028
23092	Rural	0.301724138	0.50703155	0.090909091	0.090909091	0.135493266
23420	Rural	0.467043315	0.46191438	0.098901099	0.054945055	0.135196692
24363	Rural	0.029821074	0.65913188	0.107142857	0.107142857	0.135195178
23669	Urban	0.434874841	0.44023511	0.084926355	0.077718584	0.134738248
23161	Urban	0	0.45220588	0.125	0.125	0.13473413
23846	Urban	0.249084249	0.38389831	0.119402985	0.089552239	0.134704732
23432	Urban	0.327731092	0.42460565	0.100775194	0.085271318	0.134373061
23960	Rural	0.495901639	0.55158924	0.098360656	0.032786885	0.133733085
24562	Rural	0.113924051	0.45969554	0.111111111	0.111111111	0.133323894
24013	Urban	0.089285714	0.71052705	0.113924051	0.075949367	0.133269688

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ZipCode	UrbanRural	SocDisPct	AMI100Pct	DelinquencyPct	ForbearancePct	WeightedIndex
23883	Urban	0.536363636	0.33227665	0.065693431	0.087591241	0.132772425
23030	Rural	0.554815263	0.52816715	0.07641196	0.043189369	0.132455305
23176	Rural	0.153005464	0.5402139	0.090909091	0.109090909	0.132343944
22435	Rural	0.380090498	0.41289673	0.085714286	0.085714286	0.131970897
22546	Urban	0.308734053	0.45488217	0.090575275	0.088127295	0.131495324
24589	Rural	0.319735391	0.39821774	0.078947368	0.105263158	0.131199839
23882	Urban	0.494672755	0.57654356	0.074766355	0.046728972	0.131066772
24563	Rural	0.188836105	0.53504152	0.106481481	0.083333333	0.130843689
24637	Rural	0.014667817	0.45559581	0.118421053	0.118421053	0.130633827
23442	Rural	0.413680782	0.53536676	0.085714286	0.057142857	0.130496139
24366	Rural	0	0.46056685	0.142857143	0.095238095	0.130240559
23237	Urban	0.33753453	0.48045459	0.087153652	0.078085642	0.129899357
23083	Urban	0.351309707	0.49088135	0.08	0.08	0.12952243
23040	Urban	0.363387978	0.46913181	0.102222222	0.057777778	0.129239508
24432	Rural	0.057971014	0.60835602	0.2	0	0.128537467
22469	Rural	0.561832061	0.45079365	0.05952381	0.05952381	0.127928251
23860	Urban	0.339451176	0.54265262	0.082983193	0.067752101	0.127827575
23847	Rural	0.54031725	0.44142677	0.079822616	0.044345898	0.127668892
24484	Rural	0	0.52519713	0.055555556	0.166666667	0.127440469
24459	Rural	0.081081081	0.48540173	0.131578947	0.078947368	0.12715588
23004	Rural	0.5	0.4447884	0.065217391	0.065217391	0.127003686
24089	Rural	0.332159624	0.53600532	0.08	0.07	0.126456957
24613	Rural	0	0.5566217	0.142857143	0.071428571	0.126195406
24566	Urban	0.263157895	0.45180562	0.081081081	0.094594595	0.126033031
23303	Rural	0.354700855	0.48076923	0.065217391	0.086956522	0.125837328
22922	Rural	0.462222222	0.58894571	0.052631579	0.061403509	0.125822344
23462	Urban	0.386830082	0.44694359	0.075303644	0.074696356	0.125598027
22969	Urban	0.040449438	0.61575322	0.103448276	0.091954023	0.125371953
24622	Rural	0.02173913	0.60748232	0.133333333	0.066666667	0.125219458
22309	Urban	0.49752733	0.37862389	0.063395571	0.072514112	0.124937827
24646	Rural	0	0.63106977	0.2	0	0.124920126

The Impact of Virginia Mortgage Relief Program Budget

Another benefit of the ranking approach using the Weighted Index is that the associated data allows Virginia Housing to predict how far the allocated funds will potentially last when working through the ZIP Codes on the ranked list. Virginia Housing can calculate a count for each ZIP Code for loans with performance issues, assume an average disbursement per borrower, and a “fallout rate” for VMRP applications. Fallout is a term for the applicants that could be eligible for VMRP assistance that does not end up receiving a grant. There are typically various reasons for this, including that they never apply for help, they never fully complete the process, they turn out to be ineligible for other reasons, or they will not sign a grant agreement. Fallout rates in other federally funded grant programs such as CDBG-DR housing assistance, COVID Emergency Rental Assistance, and others can be significant – well over 50% in many cases.

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Combining this information allows Virginia Housing to determine how far down the ranked ZIP Code list that the allocated funding will last. This also allows some assurances of how much of the loan risk profile the VMRP will address. Currently, Virginia Housing projects that the average disbursement for each borrower in our planned Reinstatement Program will be \$15,500. Using that assumption and an assumed allocation budget after funding and administration costs, the full VMRP would have approximately \$206 million available for homeowner funding. Therefore, there would be funds available to disburse to roughly 13,290 Virginia borrowers with mortgages in arrears or forbearance. Using the data associated with the Weighted Index ranking, along with an assumed borrower fallout rate, it is possible to determine how many ZIP Codes for the highest risk loan categories would get covered with the available dollars.

Using the Weighted Index calculations that Virginia Housing has completed, and assuming a relatively conservative fallout rate of 50%, indications are that with \$206 million of remaining HAF funds a total of 161 high, significant, and moderate loan risk ZIP Codes could be assisted. This would cover all 127 of Virginia Housing's priority one areas and approximately 10% of the "moderate risk" ZIP Code population as well. The utility for this use of the ranking construct is straightforward. The average disbursement could ultimately vary plus or minus, with a change in the corresponding numbers of ZIP Code areas potentially served. The actual fallout rate observed over time would impact the same way. If Virginia were to receive an additional HAF funding allocation over time, not only would more of the overall loan portfolio get attention, but Virginia Housing can further predict 1) how far additional funds will go for an existing program in delivery, and 2) what funding could be allocated against additional programs on Virginia Housing's policy priority list.

Unemployment by Owner by Region

While the relationship between unemployment driven by COVID and homeowner loan performance is a logical conclusion, the interpretation of unemployment attributed to homeowners with delinquent mortgages is not a straightforward endeavor. The Virginia Employment Commission (VEC) provides public-facing data on unemployment numbers and rates by locality in Virginia. The data is normally current within 30-45 days. However, this data does not differentiate homeowners from renters. Cross tabulating the unemployment data with loan delinquency or other loan data may not be a viable means of weighting loan risk by the geographic area without being able to confirm the specific unemployment rates for not only homeowners but homeowners with current or delinquent mortgages. An extract from the VEC dataset is illustrated in Figure 6.

The use of an unemployment proxy for defining a loan risk factor in this way is risky as it can easily lead to an erroneous conclusion. In addition, the tabulation of the data by locality rather than ZIP Code presents other challenges, mainly that a 1:1 spatial relationship is difficult to defend statistically for all ZIP Codes based on the differences in the distribution of population between ZIP Code and other available levels of aggregation such as Census tract.

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Area Name	Year	Month	Civ Lab Force	Employment	Unemp Num	Unemp Rate
VA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA	2020	04	850,877	745,735	105,142	12.4
Va Part Kingsport-Bristol-Bristol TN-VA MSA	2021	04	40,735	39,207	1,528	3.8
	2021	03	41,338	39,348	1,990	4.8
	2020	04	43,036	38,090	4,946	11.5
VA Part of Va Bch-Norf-Nprt News, VA-NC MSA	2021	04	803,530	766,654	36,876	4.6
	2021	03	813,781	766,419	47,362	5.8
	2020	04	833,013	730,042	102,971	12.4
VA PART OF WASH-ARLNGTN-ALX, DC-VA-MD-WV MD	2021	04	1,605,033	1,548,717	56,316	3.5
	2021	03	1,610,879	1,537,056	73,823	4.6
	2020	04	1,650,545	1,484,336	166,209	10.1
VA PART WINCHESTER, VA-WV MSA	2021	04	62,983	61,105	1,878	3.0
	2021	03	62,913	60,408	2,505	4.0
	2020	04	63,996	57,532	6,464	10.1
WINCHESTER, VA-WV MSA	2021	04	74,140	71,878	2,262	3.1
	2021	03	73,878	70,900	2,978	4.0
	2020	04	74,206	66,799	7,407	10.0

Figure 6: Extract of Virginia Employment Commission Dataset

Utilities, not a Need due to Other Program Availability

There are many state and local programs in place, not funded by COVID-19 emergency relief, that can assist homeowners with utility payments. Virginia homeowners also have several utility relief programs available to them, particularly for water, power, and gas services. This is especially true for low-income and elderly residents. Accordingly, Virginia Housing will exclude utility assistance from the VMRP as there are adequate other resources available to support homeowner need. This will maximize Virginia Housing's ability to use allocated HAF funds to support mortgage relief directly for more priority borrower populations.

A summary of public sector utility relief programs is as follows:

- a) U.S. Department of Housing and Urban Development's [Low-Income Home Energy Assistance Program \(LIHEAP\)](#) – provides fuel and weatherization assistance through Virginia's Common Help program (listed next). Provides very low-income families with a grant to pay their bill or a credit on their account. The application period starts in October and is often called Fuel Assistance in Virginia.
- b) [Virginia Department of Social Services – Common Help](#) (does not differentiate between homeowners or renters) – provides food assistance, childcare assistance, heating and cooling assistance, health care, and cash assistance through the federal LIHEAP. Specific utility assistance is as follows:
 - i) Fuel assistance helps with home heating costs; but can also be used for furnace restarts, late charges, delivery charges, installation charges, and connection or re-connection fees
 - ii) Crisis assistance is intended to meet a household's emergency heating need when no other resource is available.
 - iii) Cooling assistance provides purchase or repair of cooling equipment and/or payment for electricity to operate cooling equipment.
- c) [The Virginia Department of Housing and Community Development \(DHCD\) - Weatherization Assistance Program \(WAP\)](#) – reduces household energy use through the installation of cost-effective energy savings measures, which also

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improve resident health and safety. Common measures including sealing air leaks, adding insulation, and repairing heating and cooling systems. While WAP does not offer direct assistance with paying utility bills, it does provide a funded mechanism to reduce the burden of a monthly utility bill. DHCD works with a network of nonprofit organizations around Virginia, who directly implement the program, as detailed in a [Use this map](#) link for a homeowner to locate a local provider and then contact them for an application.

d) **NOTES:**

- i) **Virginia programs** – All participating utility companies for the federal government LIHEAP Fuel and Crisis Assistance programs have agreed to waive charging Virginia's Sales Tax on all fuel deliveries to their customers. Qualified households instead will be able to receive the amount that would otherwise be paid to Virginia for sales tax in the total amount of fuel delivered.
- ii) **Utility deposits** – Multiple major utility and energy companies that operate in Virginia also waived security deposits for LIHEAP eligible customers. They include the following utility companies; Dominion Energy, Appalachian Power, Virginia Natural Gas, and Washington Gas.

Commercial utilities, local governments, and nonprofits also offer assistance to homeowner customers. The majority of these programs focus on electric, gas/heating oil, and water service.

GENERAL

- a) [Capital Area Partnership Uplifting People \(CAPUP\)](#) is a nonprofit community action agency that has been serving the communities of Richmond, Petersburg, Hopewell, Prince George, and Dinwiddie for over 50 years. CAPUP aids low-income clients with emergency rent, mortgage, utility, and medical funding assistance to help prevent homelessness, hunger, or suffering. Emergency food, clothing, and transportation are also available. Additional information is available at **(804) 788-0050** for Richmond and **(804) 722-9577** for Petersburg.
- b) [New River Community Action Emergency Assistance Program \(NRCA EAP\)](#) offers a variety of temporary assistance for residents or transients who are 200% poverty income or below who are experiencing financial crises. Some examples of crises that low-income people frequently face are high utility bills, a decrease in income, disabilities and chronic health issues, a significant amount of medical debt, housing costs greater than 50% of income, or homelessness. NRCA EAP provides assistance with food, rent, mortgage, utility, heating fuel, medical, and gasoline to get to a doctor or employment office. The EAP is designed to provide temporary rental assistance, utilities, food, household products, etc. for individuals and families residing in New River Valley and transients who are experiencing a financial crisis who meet the guidelines.

WATER

- a) **Chesapeake Public Utilities Department** provides the following services, upon request and with validation of circumstance: a 30-day extension for bill payment; a payment arrangement if the customer is unable to pay the full balance when due; and a 30-day payment extension for past-due customers. The Public Utilities Customer Service number is 757-382-6352

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- b) **City of Charlottesville** – Water Assistance Program (WAP) & Wastewater Assistance Program (WWAP) - The City of Charlottesville has both Water and Wastewater Assistance Programs to provide eligible households help in paying water and sewer bills. Customers must meet income and resource guidelines which may be obtained from the Utility Billing Office or the Department of Social Services. Others who do not meet these income guidelines, but can provide proof of financial hardship, may qualify. The program may also assist in covering the cost of water and sewer bills when water leaks occur not resulting from customer negligence.
- c) **City of Norfolk** – **Emergency Water Payment Program** - The City of Norfolk's Emergency Utility Water Payment Program helps eligible residents avoid disruption of service. Norfolk Department of Human Services will provide a one-time payment to help low-income households prevent the disconnection of water due to non-payment and to maintain a safe and healthy environment for Norfolk Households that meet eligibility requirements.
- d) **City of Richmond** – **MetroCare Water Assistance Program** – The MetroCare Water Assistance Program was established to help certain eligible Department of Public Utilities (DPU) residential customers. It assists customers with paying their water utility bills and assists homeowners with conservation efforts. Approved applicants could receive a credit adjustment toward billed water and wastewater charges or assistance with plumbing repairs and replacement of water inefficient appliances.
- e) **Hampton Roads Sanitation District** – **Help 2 Others (H2O)** H2O is a community-based program that assists people in crisis through the generosity of donations. The program provides one-time assistance to residents of Hampton Roads that have experienced a financial crisis and are in danger of losing their residential water and wastewater service. To find additional information, view their website at: <https://www.hrpdcva.gov/departments/environmental-education/help-2-others>
- e) **Prince William County Service Authority** – The Temporary Assistance Program (TAP) helps fellow Service Authority customers in need of emergency financial assistance with their water bills. TAP funds are directed to two local Prince William County charitable organizations to distribute to customers needing emergency assistance with paying their Service Authority bills; SERVE, a unit of Northern Virginia Family Service (NVFS), and Action in Community through Service (ACTS) of Prince William.
- f) **Virginia American Water** – Since 2010, Virginia American Water has been assisting customers in need to pay for their water bills through its [H2O Help to Others Program™](#). The program offers grants of up to \$500 per year for customers who qualify. Since the program was first launched in 2010, Virginia American Water has provided \$38,669 in water assistance grants to 220 households. Grants are funded through corporate donations and customer and employee donations. To be eligible for the program, grant recipients must have received a utility shutoff notice or have already had service disconnected. Recipients must also have made a sincere effort to pay the bill (at least \$50 on the outstanding water bill in the past 90 days), applied for all open and available Virginia and federal programs, and have a household income at or below 150% of the federal poverty income guidelines. A grant from this program may not cover the recipient's entire water bill.
- g) **Virginia Beach Public Utilities** – Water Assistance Program - The Water Assistance Program is provided by Virginia Beach Public Utilities to assist qualifying residents with their City Services Bill. Eligible residents can receive program assistance at a maximum of \$300 once per fiscal year for a City Services Bill; and

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\$250 for a plumbing repair. Applications are accepted at the Virginia Beach
Department of Human Services, 3432 Virginia Beach Blvd, Virginia Beach, VA,
23452.

POWER

Please note the following list comes from a [secondary source](#):

- a) [Action in Community Through Service \(ACTS\)](#) – For utility assistance, you may make an appointment once every four months for any utility other than Dominion. For Dominion, you may make an appointment once during June 1–September 30 and once during October 1–May 31 each year. Other than assistance with utilities, ACTS does not offer rental, mortgage, or any other type of financial assistance for material goods, including loans.
- b) **American Electric Power (AEP)** – The assistance program offered to customers is the Neighbor-to-Neighbor, administered by the Dollar Energy Fund. To be eligible for this program, customers must supply a utility, heating, or gas bill disconnect notice to the Department of Social Services. The assistance program begins in January of each year and continues until funds are exhausted or March 31, whichever comes first.
- c) **Appalachian Power** also offers customers, including senior citizens and the poor, additional financial assistance programs, including the Dollar Energy Fund. Some of the resources are available for all of the AEP states and service territories, and others are just for Virginia households.
- d) **Atmos Energy** – [Sharing the Warmth](#) can help people pay their gas bills. It is run by local community action agencies or Salvation Army/charity.
- e) **City of Charlottesville** – The Gas Assistance Program (GAP) may be able to provide emergency cash grants and payments for low- to moderate-income (LMI) households that are not able to pay their utility and gas bills and have exhausted both Virginia and federal government assistance programs. Referrals to this particular program are given through a variety of charities and community action groups. Intake is provided by the City of Charlottesville Department of Public Utilities and funds are distributed by this office as well.
- f) **Columbia Gas of Virginia** runs the Heatshare program that is administered by a local Salvation Army branch. Heatshare is an emergency assistance program/fund that was created to help households with paying their energy bills.
- g) **Columbia Gas of Virginia** – Provides emergency and low-income assistance programs to income-qualified customers. The energy company will offer budget billing, payment plans, and applications for government aid. [More details](#).
- h) **Dominion Energy** runs the EnergyShare program. This was created to help low-income households and the working poor. EnergyShare is a heating and cooling bill assistance program that is offered in Virginia. Heating bill assistance provided by the program applies to any heat source that customers may use, whether it is gas, oil, kerosene, wood, and/or electricity. Applications are taken at one of the EnergyShare agencies near a homeowner, which can include an office of the utility company or the local Salvation Army. Also, find [more Dominion Power low-income programs](#).
- i) **Energy Share** – It is offered by multiple companies. **Dominion Energy, Virginia Natural Gas, Harrisonburg Electric Commission** participate in this assistance

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program. It was created in 1983 to help low-income households pay any type of heating bill.

- j) **Harrisonburg Electric Commission** – The EnergyShare program provides assistance to those families and individuals who need help paying their heating and utility bills. Funds and grants will be managed primarily by the Salvation Army. As long as funds are available from the program, they will make payments for all qualifying customers and households.
- k) **Northern Virginia Family Service** – Utility Assistance – The client must be living in Western Prince William County (including the cities of Manassas, Manassas Park, Bristow, Gainesville, Nokesville, Haymarket, and Catharpin). The client must have a disconnect notice and must be able to demonstrate a significant need for assistance (e.g., loss of income, medical issues). If the client is over 60 years old, the disconnect notice is not needed. To apply, clients need to call 571-748-2624 and leave a message.
- l) **Northern Virginia Electric Cooperative** – The program offered to customers is known as Operation Round UP. Donations from customers, local businesses, and utility donations provide financial assistance to people to help pay their heating bills. People who need financial assistance from the program should contact the Virginia Department of Social Services at 1-804-726-7000 or toll-free 1-800-552-3431 to learn more or to apply for help. [Read more assistance from Northern Virginia Electric.](#)
- m) **Virginia Natural Gas** – Low-income customers can receive energy conservation improvements. Virginia Natural Gas has partnered with Virginia government-certified weatherization agencies and nonprofits to provide cost-effective energy efficiency measures for customers with an income at or below 175% of the federal government poverty level. Besides weatherization and other energy conserving measures, the agency may also determine that equipment and appliance repair is needed, and it will proceed with those types of improvements as well. Participants in this energy conservation program will be asked to partner with the program to develop and carry out a household energy savings Action Plan. One of the keys to this service is that all energy efficiency and conservation measures as well as any energy education services are provided free of charge to the customer.
- n) **Virginia Natural Gas** – The EnergyShare program, which begins every year in January, helps customers with making energy bill payments. Assistance may be available if all other alternatives and government programs that are available through social service agencies have been exhausted. Applicants call the Salvation Army to make an appointment to apply for help as walk-ins are not accepted. The numbers to call include Suffolk, 757-539-5201, South Hampton Roads, 757-543-8100, and On the Peninsula 757-838-4875. There are other Virginia Natural Gas programs and resources for low-income customers. Funds can help pay gas bills or prevent a disconnection. [Read more.](#)
- o) **Washington Gas** – This energy company administers the Washington Area Fuel Fund for Virginia customers. The financial assistance program provides heating bill assistance and cash payments for low-income households that do not qualify for or have exhausted both local and federal government assistance. The program is run in the area by the Salvation Army. Several other payment plans and discounts are offered. Low-income customers and individuals faced with a disconnection can receive financial assistance, payment plans, and more.

Demographic Profile of Virginia Homeowners

Housing Distribution

Virginia is home to more than 8.5 million people, spread across 133 counties and independent cities. Of the approximately 3.5 million housing units throughout Virginia, 60% are owner-occupied. Within Virginia, there are 2,087,711 owner-occupied housing units, 1,433,704 homes with a mortgage, and 221,454 with second mortgages according to Census ACS data.

Homes with a Mortgage by Zip Code

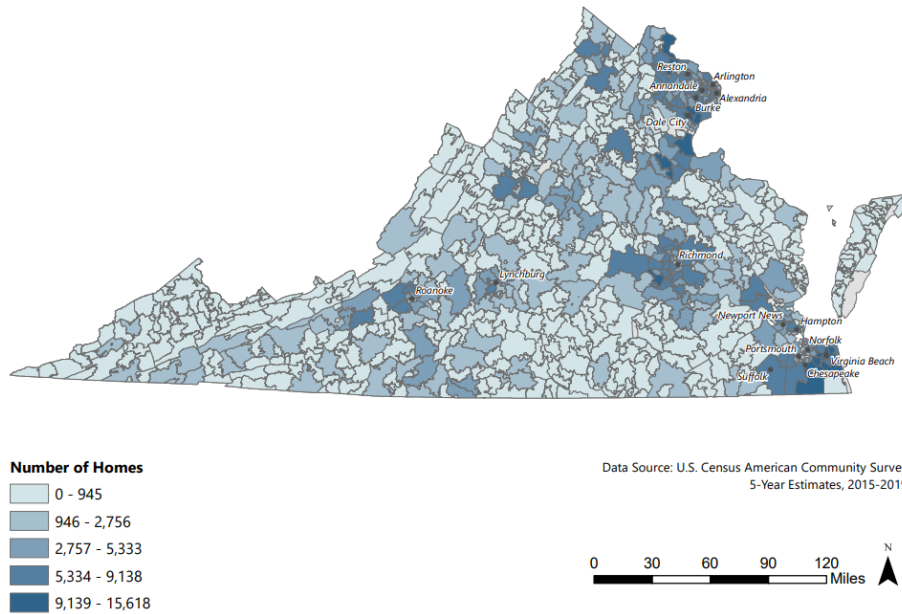


Figure 7: Mortgage Distribution in Virginia

Homes with mortgages exist throughout Virginia, with concentration as expected in urban areas. 89% of active mortgages within Virginia are in urban areas, according to the CoreLogic data. Rural localities with large shares of older homeowners have much lower numbers of homes with mortgages than they do homeowners. Homes with mortgages are very heavily concentrated in large metropolitan areas, and especially localities with relatively younger populations. 25% of homeowners within Virginia qualify as socially disadvantaged based on race/ethnicity, as defined by the U.S. Treasury.

Virginia Housing Loans by Zip Code

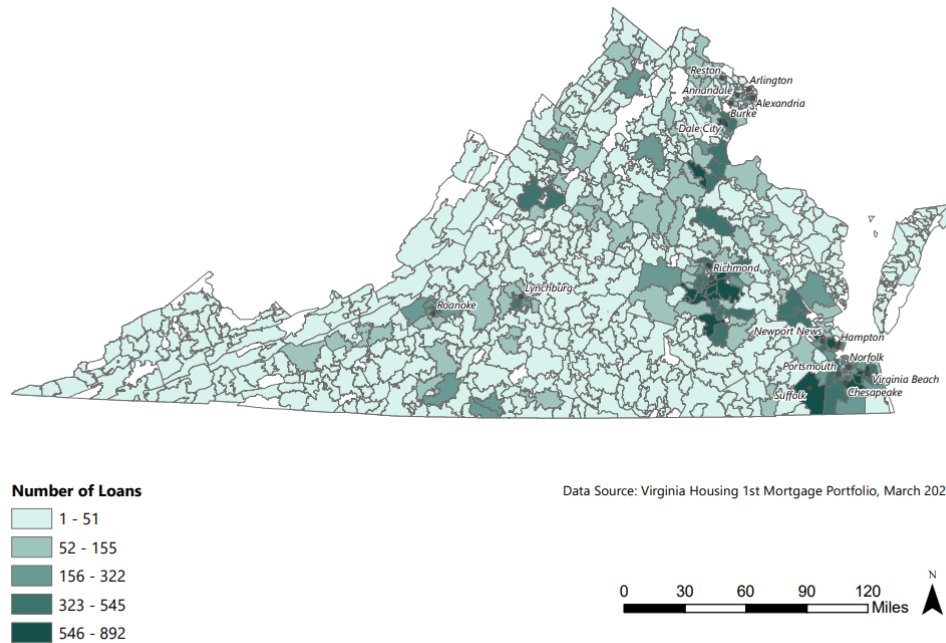


Figure 8: Distribution of Mortgage Loans within Virginia Housing's Loan Portfolio

Loans within Virginia Housing's portfolio are represented with a smaller footprint in the northern Virginia and DC suburban areas when compared to Virginia's homes with a mortgage. Virginia Housing's footprint in Richmond is strong, especially in the southern part of the city, compared to statewide data. And Virginia Housing's Virginia Beach/Norfolk distribution skews western compared to the statewide data.

Homeowners <= 100% Area Median Income

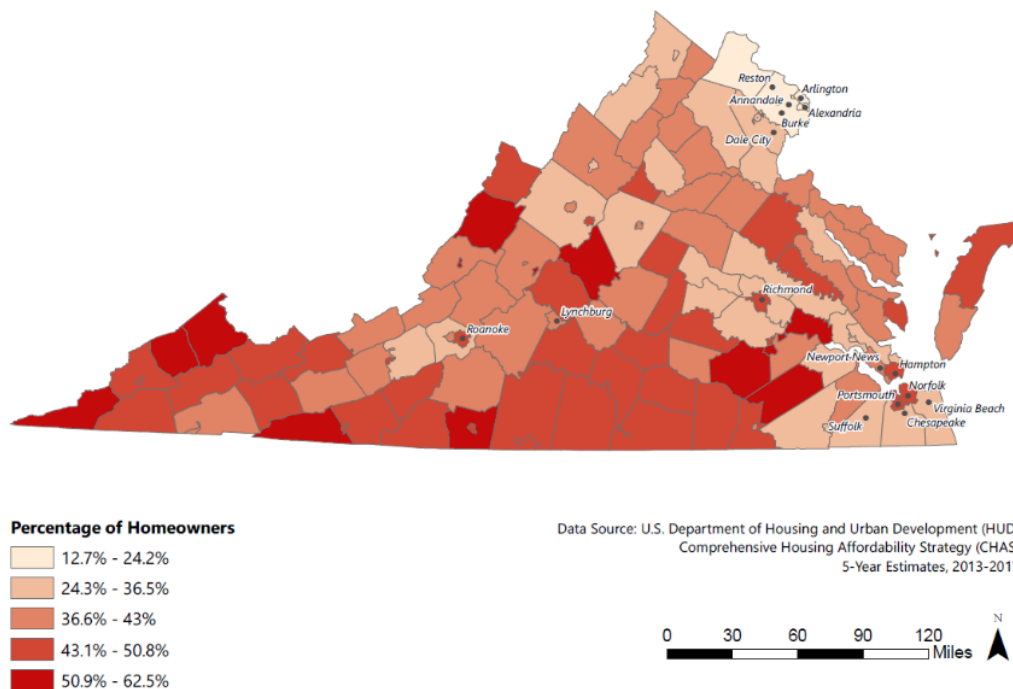


Figure 9: Percentage of Homeowners at or below 100% AMI

According to CHAS data, 34% of Virginia homeowners are considered at or below 100% of the area median income. The median household income in Virginia, according to Census ACS, is \$74,222. and median home value is \$367,200 according to Virginia Realtors.

Unemployment

According to the Virginia Works website, which cites Bureau of Labor Statistics data, unemployment in Virginia climbed to 11.3% starting March 2020 and started to see a continuous decline after July 2020. Currently, unemployment is at 4.5%, a significant improvement over March 2020, but still sitting at higher levels of unemployment than pre-COVID, at the end of February 2020 (2.6%). See Figure 10.

Unemployment rate distribution is as expected, with areas of Virginia reliant on service, tourism, recreation, and farming industries experiencing higher rates of continued unemployment. See Figure 11.

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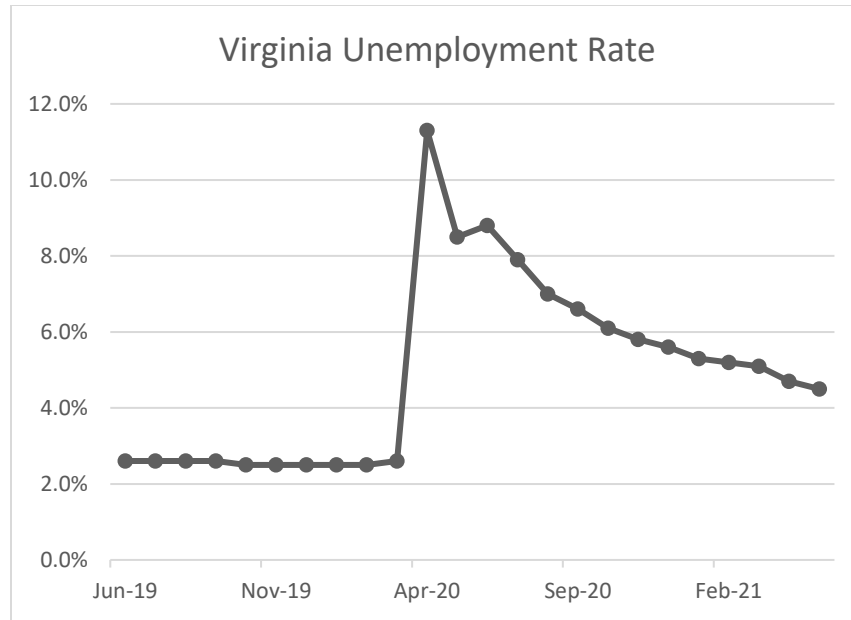


Figure 10: Unemployment Rate June 2019 – February 2021, virginiaworks.com
(<https://www.bls.gov/lau/>)

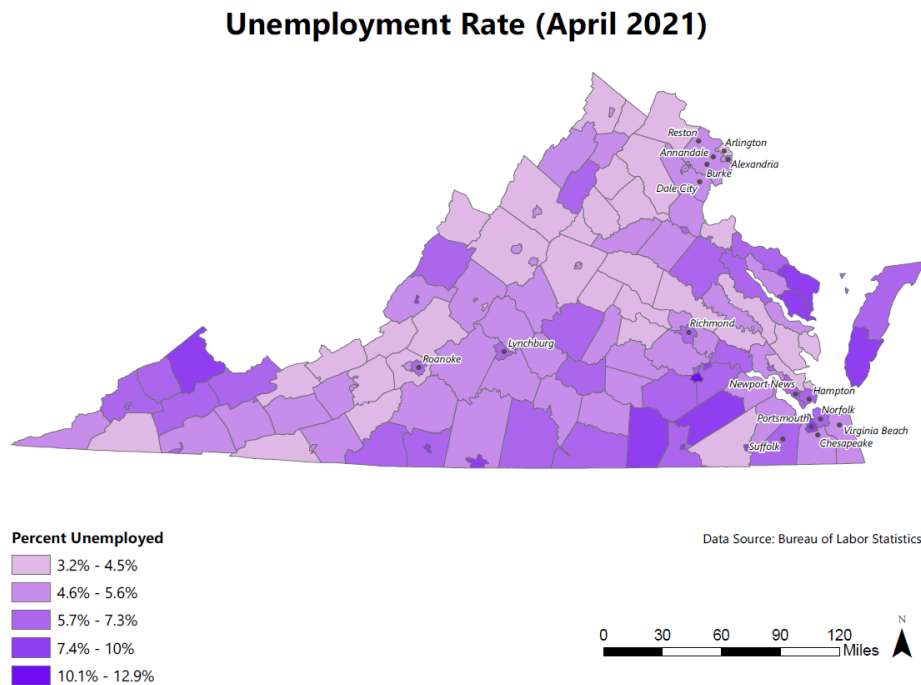


Figure 11: Rate of Unemployment Reported in Virginia as of April 2021

Percent of Mortgages in Forbearance by Zip Code

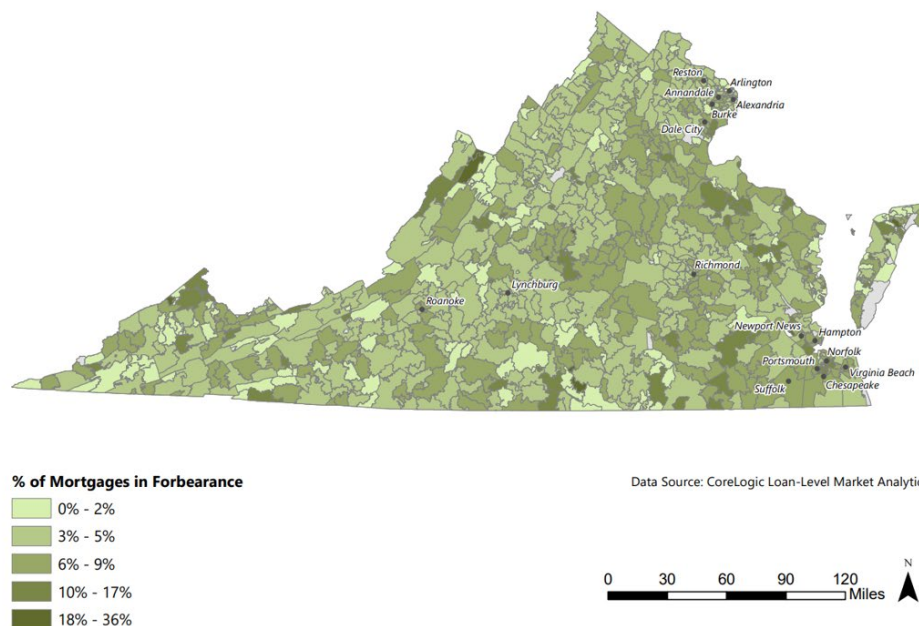


Figure 13: Forbearance by Zip Code

Assistance Designed to Meet Virginia's Need

Program Goals

The Goal of the VMRP is to deliver Homeowner Assistance Fund opportunities to eligible homeowners across Virginia to stem housing instability and mortgage/loan delinquency. In addition to Treasury priorities outlined in the April 14, 2021, HAF Guidance relating to prioritization of loan types and socially disadvantaged status, VMRP may prioritize homeowner households with one or more of the following characteristics.

Homeowners Living in Underserved Areas

Virginia Housing recognizes that there are rural communities across Virginia that have traditionally had access to fewer resources. To ensure that homeowners in these areas receive equal and fair access to VMRP resources, Virginia Housing may prioritize homeowners from these areas for assistance.

The Virginia Mortgage Relief Program (VMRP)

Virginia Housing will establish three mortgage assistance options through the VMRP:

- Mortgage Reinstatement Program
- Mortgage Reinstatement Program with Ongoing Payments
- Payment of Eligible Real Estate Taxes, Insurance, and Fees

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These program options address the demonstrated needs of Virginia homeowners identified by the quantitative Needs Assessment as well as qualitative feedback shared via the public comment period, virtual public forum, and consultation with nonprofit, public, and private stakeholders.

Note that VMRP Assistance may not be used to pay past due utility or home energy expenses. Assistance with utilities is available through other state and local programs.

The most pressing need for Virginia homeowners is currently mortgage delinquency relief, concentrated in specific high-risk ZIP Codes. The Needs Assessment identified ZIP Codes with the highest levels of homeowners with the following four attributes: delinquency, forbearance status, sub-100% AMI, and membership in socially disadvantaged racial groups.

The programs described below address mortgage delinquency and target HAF assistance to the high-risk areas identified by the Needs Assessment.

The VMRP will be launched in at least two phases. First, Virginia Housing will launch the VMRP Pilot open to a narrow, targeted group of homeowners, as identified below in the VMRP Pilot description. Second, the full VMRP will be opened statewide. The full VMRP will include a prioritization strategy to ensure that Virginia Housing meets Treasury-required spending minimums (at least 60% of funding to homeowner households at or below 100% AMI).

Maximum Per Household VMRP Assistance

The maximum per eligible homeowner household assistance for the VMRP Pilot will be capped at the lesser of 20 months of principal, interest, tax, and insurance (PITI) payments or \$30,000 per household.

Virginia Housing anticipates that the same per eligible homeowner household assistance cap will be applied to the full VMRP; however, this may be adjusted based on further assessment of need and availability of funding after the VMRP Pilot has been concluded. Any such change in funding resulting in a 20% difference (increase or decrease) will result in an update to this HAF Plan.

Payout of VMRP Assistance

Virginia Housing or its agent will disburse VMRP Assistance directly to the mortgage lender/servicer, contract for deed holder, county treasurer or local taxing authority, hazard insurance company, and/or homeowners/condominium association. Virginia Housing or its agent will disburse the amount quoted by the entity. Any discrepancies must be resolved by the homeowner and lender/servicer or other payee.

Delivery of VMRP Services

Virginia Housing has hired a program administration firm to support delivery of the VMRP. The use of the term “Virginia Housing” throughout this and other VMRP documentation means the Virginia Housing Development Authority and/or its contracted program administration service provider.

Marketing/Outreach

VMRP intends to regularly collect, review, and incorporate new data to best reach Virginia's most vulnerable and in-need populations that may benefit from this assistance. Though the VMRP will be open to anyone in Virginia, marketing will target the Top 127 ZIP Codes at high and significant risk, as identified in the Needs Assessment.

Virginia Housing will leverage relationships with loan servicers, community officials, elected officials, and other key amplifiers to help share and promote the program. Based on current needs assessed, VMRP intends to implement the following target and outreach strategies.

Target Population

- Homeowners in Virginia with incomes equal to or less than 100% AMI of the median income of the United States.
- Socially disadvantaged individuals (19% of population) within the target AMI.

Program Branding and Presence

Clear, simple, and easy-to-identify branding that will help gain public recognition and trust of VMRP. Branding will be used on a variety of online and other platforms to increase visibility to all homeowners across Virginia, with attention to socially disadvantaged communities.

Outreach Materials

Virginia Housing will develop VMRP branded outreach materials, both in English and Spanish, such as checklists, fact sheets, process flyers, easy-to-understand user guides, social media posts and graphics, press releases, and website content. These materials will be shared with community leaders, elected officials, and other stakeholders to share and amplify. Printed materials will be available at in-person events and targeted community gathering places. Necessary accommodations for individuals with disabilities and others with access and functional needs will also be made.

Marketing and Outreach Campaign

Virginia Housing will engage and share VMRP materials and content through a variety of channels and means, including:

- User- and mobile-friendly interface website that clearly outlines VMRP guidelines, provides an easy to access online application portal, and lists all available resources to support homeowners experiencing housing instability in Virginia.
- Social media channels are used to drive applicants to the microsite and/or call center.
- Leveraged media through both paid (e.g., search ads, display ads, billboard, transit, tv broadcast, radio) and earned media (e.g., news releases, radio, and tv interviews). Specifically, in rural areas with limited internet access, special attention will be given to TV and radio advertising to reach impacted homeowners.
- Trade and niche publications, direct mail, email marketing, and text messaging to reach the key targeted jurisdictions to include rural areas and Socially Disadvantaged groups.

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- Program intake that is user-friendly and easily accessible. This includes VMRP Call Center to include translation services and special needs accommodations, an in-person VMRP Assistance Center that offers on-site customer service support.
- Tabling at high-traffic community locations (e.g., community center, library, social services office) to raise awareness of VMRP services and offer on-site application assistance.

Stakeholder Engagement

Virginia Housing will routinely inform and engage key stakeholders to help amplify VMRP messaging to reach all affected homeowners in Virginia. The stakeholder groups and partnerships that will be leveraged to help promote the program, include, but are not limited to:

- Minority and rural advisory boards, nonprofits, legal aid, community organizations, and faith-based organizations.
- Community leaders and local elected officials.
- Mortgage providers that serve low- and moderate-income homeowners, including banks, servicers, Community Development Corporations (CDCs), Community Development Financial Institutions (CDFIs), and other nonprofits that offer affordable housing programs to low, very low- and moderate-income homebuyers.
- Other state, county, and local agencies that work with the targeted population can help educate homeowners about program options and facilitate program entry.

Timeline for Implementation

The following table provides key target dates for program design and implementation.

Table 11: Key Program Dates

Activity	Target Date of Completion
Draft HAF Plan Published	July 21, 2021
Public Comment Period	July 21– August 6, 2021
VMRP Pilot Launch	July 27, 2021
Community Partner Meeting	August 2, 2021
Statewide Public Meeting	August 5, 2021
Submission of HAF Plan to Treasury	August 15, 2021
Treasury Approval Date of HAF Plan	TBD
Tentative Launch full VMRP statewide	TBD
VMRP Program Closure	September 30, 2026*

***Note that the VMRP will close September 30, 2026, or when all program funds have been fully committed, whichever occurs first.**

VMRP Pilot

Treasury has encouraged HAF program grantees, such as Virginia Housing, to create or fund pilot programs to serve targeted populations, and to focus on program options that are

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most likely to deliver most quickly to targeted populations, such as mortgage reinstatement programs. Treasury has also encouraged HAF grantees to prioritize assistance to eligible homeowners who have Federal Housing Administration (FHA), Veteran's Administration (VA), United States Department of Agriculture (USDA) mortgages, and mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers.

Virginia Housing's mortgage loan portfolio closely matches the categories of loans prioritized by the Treasury. Of the active mortgage loans in the Virginia Housing servicing portfolio, 6,209 (11.63%) are in delinquency. Of these loans, 4,000 (64.42%) are 120+ days delinquent, and the 3,025 (75.62%) of these delinquencies are Federal Housing Administration (FHA) loans. The next largest delinquency category is the 30-day delinquency, comprised of 1,116 (17.97%) loans. Similarly, the 831 (74.46%) of the 1,116 loans that are 30-days delinquent are FHA loans. Forty-two percent of all delinquent loans are loans to socially disadvantaged individuals. There are only 63 active foreclosures in the portfolio and 40% of these foreclosures affect socially disadvantaged borrowers. There are 4,797 loans in forbearance.

A mortgage reinstatement pilot program for this portfolio can be implemented rapidly to provide important data for full program implementation, upon approval by the Treasury of this HAF Plan. The VMRP Pilot will begin July 27, 2021. Virginia Housing anticipates the VMRP Pilot will utilize the initial 10% of the HAF program award from the Treasury (less administrative fees).

Consistent with Treasury guidance, the VMRP Pilot will be conducted by targeting potentially eligible homeowners within the Virginia Housing portfolio of loan servicing. It is designed with the expectation that the full VMRP will have the same requirements and will be open to applicants throughout Virginia whose mortgage or home loan servicer is a provider other than Virginia Housing, as well as remain open to Virginia Housing-assisted homeowners.

The intent of the VMRP Pilot is to test how well the program design meets the overall needs of borrowers within Virginia, as identified in the Needs Assessment. An added benefit of the VMRP Pilot is that it provides Virginia Housing with an opportunity to test the policies, procedures, systems, and workflows developed to deliver assistance to Virginia homeowners. A process of evaluation and refinement will be used during and after the VMRP Pilot to make the wider program more efficient and reduce, mitigate, or eliminate unintended barriers that become apparent during the VMRP Pilot.

The VMRP Pilot is a means to kickstart services to financially stressed borrowers while meeting the Treasury requirements necessary to obtain full program funding. As such, the VMRP Pilot is designed to target homeowners in the Virginia Housing mortgage loan portfolio with the following attributes:

- Loans serviced by Virginia Housing
- In delinquency or foreclosure that began after January 21, 2020
- Borrower income within AMI limits specified by Treasury

Further outreach targeting will be drilled down to:

- Rural and underserved/under-resourced communities
- Socially disadvantaged individuals (based on Treasury definition)

The VMRP Pilot will limit assistance to homeowners with mortgage delinquencies associated with loans serviced by Virginia Housing. Eligibility will be restricted to homeowners whose mortgage delinquency occurred after January 21, 2020, and is the result of economic hardship induced by the COVID-19 pandemic. Assistance will be limited to homeowners who

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have not received assistance for qualified expenses covered by VMRP for the same period, through other federal, state or local programs, and who have not received a permanent loss mitigation solution through a government-insured loan program (absent a subsequent economic hardship).

Identified homeowners in the portfolio will be contacted by phone, email, and mailers that describe the program, its benefits, and the various methods of accessing the program application. Social media, radio, and television advertisements may also be employed. The information provided will include program contact information and hours of service. All program information will be available in English and Spanish. Homeowners seeking assistance through the VMRP Pilot will follow the same processes as those for the full program and as described in the following sections of the HAF Plan.

Virginia Housing estimates that approximately 600-1000 homeowners may ultimately be assisted through the VMRP Pilot. This estimate is based on an average estimated award of \$15,500 per household. The wide variance between the low and high end of the estimated number of homeowners served through the VMRP Pilot is due to the potential for the average estimated award to increase or decrease, as well as the timing of the launch of the full VMRP. Should there be overlap between ongoing operations of the VMRP Pilot and the launch of the full VMRP, VMRP Pilot constituencies will continue to be served without interruption of services as the VMRP Pilot is intended to transition to the full VMRP.

Program Options

VMRP Eligible Uses of Funds

The Housing Obligations as listed below that were not incurred/billed prior to January 21, 2020, are “Eligible Uses” of VMRP Proceeds:

- Existing first mortgage lien loan payment PITI, escrow shortages, and servicer corporate advances.
- Subordinate mortgage lien payment (principal and interest) and/or installment payment of government bond second lien for down payment assistance (such as Virginia Housing second deeds of trust for down payment).
- Attached or unattached manufactured/mobile home loan monthly payment (principal and interest). Lot rent is not eligible under HAF but may be under the Virginia Rent Relief Program (RRP).
- Homeowner’s association fees, condominium association fees, or common charges, including for a lien extinguishment.
- Homeowner’s hazard, flood, and/or mortgage insurance.
- Delinquent real estate property taxes.

Program benefits will only be applied to eligible outstanding balances incurred after January 1, 2020. Eligible loans must be secured by owner-occupied mortgage collateral (or qualified secured financing of unattached manufactured housing) that met the Government Sponsored Enterprise conforming loan limit at the time of origination.

VMRP Assistance will be prioritized first to mortgage(s) / housing cost reinstatement, then real estate property taxes, and homeowners’ / condominium association fees and hazard insurance. Note that “reinstatement” applies both to Eligible Homeowners with and without an outstanding mortgage or home loan. An applicant may qualify for one or a combination of

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all of these program options. Applicants will be reviewed for Reinstatement first, then Reinstatement with Monthly PITI Payment.

Note that to participate in the VMRP, homeowners may not be in active bankruptcy, unless they have received a court order approving such participation. Further, all homeowners participating in the VMRP must work with their servicers to obtain reinstatement balances.

Reinstatement/Partial Reinstatement Assistance

Reinstatement/partial reinstatement assistance is a lump sum grant to bring eligible first and second mortgage(s) current up to Maximum Per Household VMRP Assistance. This option will be provided to homeowners whose housing expense to income ratio (HTI) is documented to be equal to or less than 40%.

Reinstatement with Monthly PITI Payment Assistance

Reinstatement with monthly PITI payment is a lump sum grant to bring eligible first and second mortgage(s) current and make future monthly mortgage payments (PITI) until the Qualified Financial Hardship has been removed, the homeowner(s) become eligible for other loss mitigation options with the current servicer, or until the Maximum Per Household VMRP Assistance has been exhausted, whichever happens first. Note that if the final PITI payment with VMRP Assistance funds results in a partial payment, a partial PITI payment will not be made. This option will require re-certification of income and hardship every three months while the payment is ongoing. Payments are limited by the maximum assistance caps.

Special Conditions for Reinstatement Assistance Options

Under these two options, the below applies:

- If the Maximum Per Household VMRP Assistance is not sufficient to fully reinstate, eligible homeowners must demonstrate sufficient other funds to fully reinstate or document an approved loss mitigation plan with their loan servicer regarding such shortfall, satisfactory to Virginia Housing or its agent. If the applicant is unable to come to a loss mitigation agreement with his or her loan servicer regarding such a shortfall, the applicant is ineligible for VMRP Assistance.
- These options are available to eligible homeowners currently in a forbearance plan, as well as those not currently in forbearance. However, the options are not available to homeowners who have been in a forbearance plan, exited such forbearance plan, and gone through the loss mitigation waterfall unless a qualified financial hardship occurred after homeowners exited the loss mitigation process. Note that future VMRP plans may be available to such homeowners.
- Eligible Homeowners must work with their loan servicer, local tax authority, or other payee to obtain a reinstatement balance(s).

Taxes, Fees, and Insurance Assistance

Homeowners with or without a mortgage or home loan may be eligible for assistance under VMRP. Recognizing that costs associated with homeownership, if delinquent, can result in potential loss of ownership, additional liens, or loss of security protections, the VMRP will also assess homeowner applicants for associated homeownership cost assistance eligibility. The VMRP will pay delinquent real estate property taxes, homeowners association fees, condominium association fees or common charges, including for a lien extinguishment, and

homeowners' hazard, flood and/or mortgage insurance. Any delinquency on these obligations must have occurred after January 21, 2020, and be the result of COVID-19 pandemic-related financial hardship.

Other Assistance Available

Virginia Housing plans to collaborate with housing advocates and legal aid resources to provide awareness of other federal and state mortgage assistance programs. Virginia Housing may also develop additional homeowner assistance options in the future, depending upon need and available funding. Such options would be designed to expand the reach of the VMRP and achieve the goal of reducing housing instability across Virginia.

VMRP Program Design

The following program design will first be implemented for the VMRP Pilot and carried through to the full VMRP when it is launched statewide. Any modifications that result from lessons learned during the VMRP Pilot will be reflected in an update to this HAF Plan.

Screening and Application System

Virginia Housing will leverage a technological solution provided by a third-party contractor to facilitate an online screening and application process for homeowners. Each interested homeowner will register for an account in the processing system and be provided with a personal, private portal and landing page. The portal will display information regarding outstanding tasks to be completed by the homeowner, as well as screening and application statuses. Homeowners can upload and attach supporting documentation required for completion of the application through this technology solution.

VMRP Pilot Application Invitation

The VMRP Pilot will only be available to homeowners whose mortgage is serviced by Virginia Housing. VMRP assistance will be available to these borrowers by direct invitation. Borrowers in the Virginia Housing mortgage loan portfolio will be contacted directly by email, phone, or other means and provided program details, along with the link to the online application and phone number for the VMRP Call Center. Additional information about VMRP Pilot can be found at VirginiaMortgageRelief.com.

Full VMRP Application

Once the full VMRP is launched, homeowners across Virginia seeking assistance through the VMRP will submit electronic applications via VirginiaMortgageRelief.com. The link to begin the pre-screening and application process on the VMRP website will only be published once the VMRP Pilot has concluded.

The pre-screening and application system is a self-service portal that allows homeowners to register for the program, complete screening and application information, and submit supporting documentation. Applicant status updates are also available through the self-service portal.

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Homeowners who are unable to access the online applicant portal or who require assistance in completing the online application may obtain support through the VMRP Call Center. The VMRP Call Center number will be published via revision to these policies and procedures, once the VMRP Pilot has concluded. Additionally, in-person assistance is available by appointment at the VMRP Assistance Center which will be opened to support the full VMRP. Details on location of the VMRP Assistance Center will be available when it is opened and will be included on VirginiaMortgageRelief.com.

Hours of operation for the VMRP Call Center are anticipated to be 8 am to 8 pm Monday through Friday. Hours of operation for the VMRP Assistance Center are anticipated to be 8 am to 5 pm Monday through Friday. Hours of operation may be increased or decreased depending upon demand for services. Any alteration to service hours will be published on VirginiaMortgageRelief.com.

Pre-screening

Registered homeowners will answer pre-screening questions for the VMRP based on the threshold eligibility criteria laid out by Treasury in the April 14, 2021, HAF Guidance. Upon completion of these questions, homeowners will be informed whether the answers they have provided indicate that the homeowner's current situation meets program minimum requirements for participation.

Homeowners who meet the minimum program requirements will be able to proceed with their application and uploading the required documentation to complete and support their application request. Homeowners who do not meet the minimum program participation requirements will be provided with an explanation of the reason for ineligibility.

Screening Questions

Applicants will be asked a series of "yes/no" questions to determine if their current situation meets Treasury's minimum requirements for HAF program, and therefore the VMRP program. Answers to the screening questions will determine whether a homeowner can proceed to the full application or not. This process was designed to give potential applicants decisions about their requests as early as possible throughout the lifecycle of the program. To pass the screening questions, homeowners must:

- Live in Virginia
- Own and occupy their home
- Live in an eligible dwelling type (single-family single-unit attached or detached home, condominium, mobile, or manufactured home) as their primary residence (no second homes) which is a habitable (not condemned or having suffered material damage) structure
- Have experienced financial hardship as a result of the COVID-19 Pandemic
- Have income within acceptable AMI limits
- Be behind on home mortgage or loan payments, including charges or escrows for real estate property taxes, homeowners/condominium fees, and insurance, or other costs associated with homeownership without a mortgage including homeowners/condominium association fees, hazard, flood or mortgage insurance, etc.)
- Delinquency must be as a result of missed payments due after January 21, 2020.

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Further, the pre-screening questions will ask whether the homeowner(s) is/are socially disadvantaged individuals, as defined by Treasury. Disclosure of this information is voluntary, but those socially disadvantaged individuals who do report this status may be prioritized for funding. The socially disadvantaged status reported by any person seeking assistance through VMRP will remain private. Statistics on socially disadvantaged status will be aggregated and reported without any association with an individual's identity.

In prioritizing assistance to socially disadvantaged individuals per Treasury guidance, the VMRP eligibility requirements will permit Treasury's priority for socially disadvantaged individuals to be satisfied by any household member, rather than by only the applicant themselves. In the absence of clear Treasury Guidance to the contrary, this broader and more inclusive application of the socially disadvantaged individual definition appears to be consistent with the overall goals of the HAF program and is in keeping with Virginia Housing's mission. Any such household must have income equal to or less than 150% of the area median income.

Pre-Applications

An application that has been started, but not yet completed, is held in a pre-application status. This may be understood as an application in progress. This is a tracking status that will allow the program to analyze the number of starts versus completions.

The application questions are designed to obtain information about the homeowner, homeowner's property, income, and mortgage, home loan, and homeownership costs. The application process requires acknowledgement of program terms and conditions, as well as the supply of additional household details and supporting documentation. Relevant information supplied during the pre-screening process will be imported over into the application.

Homeowners who start an application will be required to finish and submit the application, once started, within specified time periods that will be further described in the VMRP Policies and Procedures.

Acknowledgements

Homeowners seeking assistance must acknowledge and signify agreement/understanding to a series of statements covering the following topics:

- Understanding of limited funding available
- Program designed to assist homeowners with and without mortgages
- Requires homes in Virginia occupied as primary residence in habitable condition
- Maximum amount of assistance
- Program benefit structured as grant
- Description of eligible expense types
- Payments made on applicant's behalf and not directly to applicant
- Annual household income required
- Financial hardship certification requirement
- Prohibition against housing assistance from other programs covering same costs for same period

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- Conforming loan limit requirement
- Contact information for receiving application assistance
- Time limits for completing application once started
- Time limits for returning missing or additional documentation
- Program prioritization
- Fraud warning
- Subrogation of any duplicative funding

Hardship Attestation

Homeowners must have experienced financial hardship because of the COVID-19 pandemic to be eligible to participate in the program. Homeowners who pass the screening will be required, as part of the application to self-attest to this hardship by executing and answering a series of questions about the nature of the hardship. By signing and submitting the application that includes the homeowner's selections describing the nature of his or her hardship, the applicant is attesting to the truthfulness of this information. This will serve as a demonstration of hardship for purposes of the VMRP.

Required Documentation

The following documents are the minimum documentation requirements needed to review an application for assistance. All documentation must be provided by the applicant. A complete list of preferred and acceptable alternate documentation will be made available on the Virginiamortgagerelief.com website and in the program policies and procedures.

- Complete and fully executed VMRP application
- Photo identification (such as state issued i.d., passport, etc.)
- Homeowner(s) attestation supporting the nature of the financial hardship
- Household income documentation
- Households with no other means of documenting income may be allowed to proceed with the income self-attestation on a case-by-case basis through a VMRP waiver
- Homeowner or household member certification of zero earnings (i.e.: No social security income, no unemployment income, no business earnings, etc.)
- Copies of current mortgage statement(s) for each lien, mobile home loan statement or contract for deed agreement, as applicable, providing servicer / loan provider information and current loan status (if seeking mortgage/home loan assistance)
- Copies of tax, homeowner/condominium association fee, and/or insurance statements, if applicable
- Signed third-party notification agreement between homeowner(s) and current mortgage servicer
- Completed W9 from Servicer and a completed Virginia Form W9, if applicable

The VMRP intends to use third-party data to verify eligibility requirements to the maximum extent practicable. If third-party verification is not possible, the VMRP may require the collection of additional documentation from the applicant in addition to applicant self-

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certification. Acceptable documentation to prove each of the eligibility requirements will be further outlined in the VMRP Policies and Procedures.

Notwithstanding the income documentation requirement stated above, Virginia Housing may also elect, in its discretion, to utilize a self-attestation of household income and a fact specific proxy (such as applicant's residence in a ZIP Code with average income below 100% of applicable AMI) as permitted by Treasury Guidance to determine income eligibility.

As stated in the Screening Questions section above, VMRP is interpreting the socially disadvantaged individual targets as household level targets rather than individual owner targets.

Application Completion

The application will be considered complete once all required information has been entered, certifications have been completed, supporting documentation has been uploaded, and the application verification, program subrogation agreement, and consent and release forms are electronically signed and submitted. It is only when an application is complete that program staff may begin to evaluate the application for qualification for a program benefit. Further details about the application completion and submission process will be included in the VMRP Policies and Procedures.

Eligibility Review

Each completed application will be reviewed by VMRP staff. The review will evaluate whether the application is complete, documentation is sufficient, and eligibility conditions have been met for a homeowner to qualify for a benefit(s) and receive an award from the program. Additional or alternative documentation may be required as a result of this review. VMRP program staff will coordinate with homeowners when this is necessary.

Eligibility review will be conducted using standard operating procedures, standardized checklists, and a quality control process. All applicants proceeding through the eligibility review process will be notified of the outcome of the review. Detailed eligibility criteria will be available in the VMRP Policies and Procedures.

Applicant Award

Awards for assistance may not exceed the Maximum Per Household VMRP Assistance amount of \$30,000 or the maximum number of months of assistance (20). Funding details will be provided in a Notice of Award based on the applicant's request and prioritized as follows:

1. If a mortgage or home loan
 - a. Mortgage/housing payment reinstatement (including taxes, condominium/homeowner association fees, mortgage insurance and hazard and flood insurance)
 - b. Monthly PITI payments (forward paying assistance)
2. If no mortgage or home loan
 - a. Real estate property taxes
 - b. Condominium/homeowner association fees
 - c. Hazard insurance

Funding Disbursement

Funding will be issued to the entity to which delinquent obligations are owed (e.g. mortgage servicer or taxing authority, etc.). Prior to any funds being disbursed on behalf of an applicant, the applicant's servicer, local tax authority, or other payee must enter into a VMRP Partner Agreement. This agreement provides the VMRP with assurance that HAF proceeds will be accepted and applied appropriately to the eligible homeowner's account with that entity.

Withdrawn Applications

Applicants may voluntarily withdraw their applications at any time prior to disbursement of funds. Withdrawal procedures will be included in the VMRP Policies and Procedures.

Appeals

Applicants who have received an adverse decision related to eligibility may appeal. Appeal procedures, timelines for review, and decision communication will be outlined in the VMRP Policies and Procedures.

Complaints

A complaint can be filed by any interested party that takes issue with the programmatic, operational, or administrative activities of the Program. VMRP staff will maintain complaints records and route complaints as necessary to obtain resolution. Additional detail regarding how and where to file a complaint, as well as timelines for responses, will be provided in the VMRP Policies and Procedures.

Homeowner Responsiveness

During the application process, a homeowner is required to respond in a timely fashion with program requests for information/materials to complete the eligibility process. The program will make requests via application system notifications, phone, email and/or written correspondence. All attempted points of contact by the program will be memorialized within the eligibility system of record.

At no time should a request for additional information exceed program timelines. If the homeowner needs an extension, a clarification, or assistance, they may request assistance within the reference time period. If the homeowner fails to provide the requested information/materials or fails to ask for an extension or assistance, their application may be closed or put on hold. Exceptions may be available on a limited case-by-case basis. Additional details on these requirements will be available in the VMRP Policies and Procedures.

Note that this program is federally funded and that the VMRP is subject to ongoing audit requirements. As such, there may be a need for VMRP staff to collect additional documentation from an applicant even after an award has been made and/or paid. Applicants will remain under obligation to provide any such documentation that may be required in support of audit requests as a term of receiving VMRP assistance. Failure to

comply with compliance requests may result in the need for an applicant to repay assistance.

Performance Goals

Treasury requires that each HAF participant establish goals and benchmarks, by program and by targeted population, for assistance using HAF funds. The performance goals must identify how they address homeowner needs identified by Virginia Housing in the HAF Plan.

Performance goals must be disaggregated by key characteristics such as mortgage type, racial and ethnic demographics, and/or geographic areas (including rural communities), as appropriate for the jurisdiction. Each HAF participant must include a goal focused on reducing mortgage delinquency among targeted populations.

Virginia Housing's VMRP has been established to reduce mortgage delinquency across the following groups:

- Homeowners at or below 100% of the AMI, or national median income, whichever is greater
- Socially disadvantaged groups, as defined by Treasury

Performance measures that Virginia Housing will track to measure performance of the VMRP, as designed, may include:

- Outreach saturation to targeted populations (# outreach activities completed, impressions made, inquiries received, applications initiated, applications completed categorized by geographic and demographic profiles)
- Reduction of delinquency and foreclosure (# homeowners served through mortgage reinstatement and exiting delinquency or foreclosure status)
- Reduction of forbearance (# homeowners exiting forbearance programs as a result of VMRP assistance bringing loans current)
- Dollar value and number of assistance awards provided to households with Federal Housing Administration (FHA), Department of Veterans Affairs (VA), or U.S. Department of Agriculture (USDA) mortgages and homeowners who have mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers.
- Dollar value, number of assistance awards, and percentage of assistance total assistance demographic groups, particularly those designated as Socially Disadvantaged
- Rate of assistance provided (average duration of time applicant is in the program from initial application completion to assistance payout)

Readiness

Staffing and Systems

Virginia Housing's staff is well-versed in housing finance operations. In addition, Virginia Housing has procured a program management service provider to support design and operation of the program. The service provider was selected through a competitive process.

Virginia Housing's program management vendor will provide the online screening and application system, call center, applicant services, eligibility review, quality control, payment processing, and reporting support. The service provider and Virginia Housing staff have worked collaboratively to develop the program framework and define program policies and procedures.

Virginia Housing will publish the VMRP Policies and Procedures to the program website. These will be updated and maintained throughout the life of the program.

In addition, Standard Operating Procedures for every task associated with the grant process will be developed. All staff will be trained on the overall program policies and procedures as well as task specific standard operating procedures. At a minimum, standard operating procedures will cover:

- Call Center Operations and Customer Service
- Application Intake and Completion
- Case Management
- Eligibility Review
- Quality Control
- Payment Processing
- Anti-fraud, Waste and Abuse

Website

Virginia Housing has a public website providing access to information and programs administered by the agency. The website can be viewed at Virginiamortgagerelief.com. Virginia Housing will maintain information on activities funded through Treasury's Homeowner Assistance Fund through this website.

Content of the webpage may include links to items such as the HAF Plan, HAF Plan Amendments, citizen participation opportunities, application access, complaint and appeal submission, and program information for activities described in the HAF Plan.

Reporting and Compliance

Virginia Housing will be required to submit quarterly reports to Treasury that include financial and targeting data, and other information. In addition, Virginia Housing will be required to submit an annual program report to Treasury regarding the impact of the VMRP. Reporting structures will be established to ensure timely delivery of required reports. Further, the

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VMRP electronic system for homeowner screening, application, and processing is designed to maximize data availability and will integrate with Tableau or similar reporting software to ensure creation of robust program reporting.

Internal Controls

Internal controls are processes used to ensure operational effectiveness and efficiencies. Internal controls consist of the policies and procedures, job responsibilities, qualified personnel, and records management systems that are designed to safeguard assets such as cash, property, etc. Virginia Housing monitors its own operations as well as its procured service providers for compliance with statutes, regulations, the terms and conditions of the federal award and grant agreements, contracts, and designated policies and procedures.

Financial Controls

Financial management and control of the Treasury HAF grant is the responsibility of Virginia Housing. Virginia Housing has a financial management system that addresses internal controls, payment, and financial reporting, revision of budget and program plans, allowable expenses, record retention, and access.

Virginia Housing maintains accounting and grants management systems to support multiple programs across the department. In combination, these systems provide accurate, current, and complete disclosure of the financial status of each grant-supported activity, according to the terms and conditions of the Grant Award Agreement. These systems are audit-tested and confirmed to meet all federal and state requirements through internal auditors. In addition, the program may be selected for audit by Virginia Housing's external auditors.

Quality Control

Quality control measures will be built into the program's workflow system, providing automated checks for accuracy and task completion. In addition, Virginia Housing's program management vendor implements quality control procedures at the task level. These include processes such as the use of standardized checklists, internal technical reviews of each program decision point, and dedicated quality review teams.

Virginia Housing will also implement a quality control system to sample work products of the program management vendor. The sampling methodology is intended to provide reasonable assurance of program integrity.

Procurement

Virginia Housing is a "State" as that term is defined in 2 C.F.R. part 200. As such, Virginia Housing is subject to those non-procurement regulations procurement provisions required pursuant to 2 C.F.R. § 200.317. To that end, all procurement activities undertaken by Virginia Housing are governed by a written code of standards of conduct pertaining to the performance of employees engaged in the awarding and administration of contracts, the *VHDA Procurement Policy Manual*, including those activities using non-federal funds. Ethics and Standards of Conduct in procurement activities are further detailed within the *VHDA Procurement Policy Manual*, Virginia Housing's Policy HR 300 *Code of Conduct*, and the Virginia State and Local Government Conflicts of Interests Act, Code of Virginia §§ 2.2-3100, et. seq.

Anti-Fraud, Waste, and Abuse

Federal programs require that specific policies be developed to prevent fraud, waste, and abuse. Therefore, the VRMP will establish procedures for verifying the accuracy of information provided by Program applicants and vendors to the extent feasible while complying with Treasury HAF guidance related to the removal of barriers to program access. VRMP electronic systems and data repositories, as well as quality review systems, provide another layer of control to detect inconsistencies or potentially fraudulent activity. Further, all applicants are required to attest to the truthfulness of the information which they provide. This attestation is under penalty of law. This additional measure provides the VRMP with recourse in the event anyone knowingly and willingly provides false or misleading information in connection with the application or supporting documentation that materially affects the Program's determination of eligibility.

Virginia Housing and its implementation vendor(s) will refer suspected cases of fraud, waste, or abuse to the most appropriate law enforcement agency at the time based on the nature of the wrongful action, which could be the Virginia Capital Police, the Virginia State Police, or the Federal Bureau of Investigation. Reported cases of fraud, waste, or abuse related to funded activities will be reported to Treasury.

Records Management

Records include financial records, supporting documents, statistical records, and all other pertinent records demonstrating program compliance. Records are maintained to document compliance with VMRP requirements and federal, state, and local regulations and to facilitate audit review. Records are maintained in accordance with 2 CFR Part 200.333-337.

Personally Identifiable Information

All files containing PII will be handled in a secure manner. To protect PII, files are given a unique identification number. All VMRP staff will undergo training specific to the protection of PII.

File Security

All records will be maintained in an electronic format. Files are secured to ensure the privacy of all applicant PII located within the files. The vendor will back up files on a routine basis. Required reports to stakeholders may include applicant program identification numbers or property addresses, but will not include unique identifiers such as social security numbers, etc. Role-based access limiting access to information is implemented within the VMRP electronic systems. Further, password protection and encryption are used to the maximum extent feasible, where applicable.

Contracts and Partners

Virginia Housing has entered into a contract with a vendor to support the design and implementation of the VMRP. Virginia Housing will ensure that all vendor contracts address:

- Anti-fraud provisions
- Protection of personally identifiable information (PII)
- Performance standards

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- Provisions for monitoring work in progress
- Requirements for completing background checks on employees

Virginia Housing's contracted implementation vendor will be responsible for providing the electronic pre-screening, application, and eligibility system. The vendor will provide services for pre-screening interested homeowners, determining the eligibility of completed applications (including income eligibility), issuing withdrawn, notice of award, and/or denial notices, issuing payment of grant funds to servicers/payees, validating payment, auditing for duplicate applications, providing customer service support to program applicants, processing appeals, and any other tasks assigned under the contract.

VMRP Leverage with Other Financial Resources

Virginia Housing will undertake its best effort to leverage the assistance that might be available for homeowners through other partners.

Budget

Treasury has made an initial payment from the HAF available to Virginia Housing, in an amount equal to 10% of the total amount allocated. This comes to \$25,844,431.10. See Table 10.

To receive this funding, Virginia Housing entered into a financial assistance agreement with Treasury and committed to using the funds only for qualified expenses, as listed in the April 14, 2021 Treasury HAF guidance. Treasury made these funds available upon Virginia Housing's submission of its notice of funds request.

No more than 50% of the initial payment (\$12,992,221.55) may be used for planning, community engagement, needs assessment, and administrative expenses. The balance of the available funding (\$232,599,988) will be provided by Treasury upon approval of Virginia Housing's HAF Plan. See Table 11.

Table 12: Virginia's Available Funding for Planning, Administration, and Pilot

Treasury Allocation to Virginia	10% of Total Allocation	50% of 10% Initial Payment
\$ 258,444,431	\$25,844,443.10	\$12,992,221.55

Treasury encourages HAF participants to use these initial payments to create or fund pilot programs to serve targeted populations, and to focus on programs that are most likely to deliver resources most quickly to targeted populations, such as mortgage reinstatement programs. Virginia Housing is using the initial payment for costs associated with planning, designing, and delivering both the VMRP Pilot and the full VMRP. This includes costs to support activities such as public engagement, needs assessment and plan development, program startup, and administrative costs. This is in addition to the VMRP Pilot benefits for payment of delinquent mortgages, ongoing principal, interest, taxes, and insurance (PITI), and associated costs to prevent homeowner displacement.

Planning, community engagement, needs assessment, and administrative expenses related

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to Virginia Housing's disbursement of HAF funds for qualified expenses, in an aggregate amount, will not exceed 15% (\$38,776,664.65) of the funding from the HAF received. The initial budget allocation in Table 12 was developed reserving the maximum available administration cost. This conservative approach was taken in order to ensure that the VMRP has the appropriate resources necessary to plan, design, implement, and oversee the HAF funding.

Virginia Housing will exercise every opportunity to reduce administration and planning costs and maximize funding available to eligible Virginia Homeowners. More detailed budget breakdowns will be submitted to Treasury either in future HAF Plan amendments or required reporting products as program development evolves and true costs become clearer.

Table 13: VMRP Allocation

Cost Category	Dollars Allocated
VMRP Pilot	\$12,852,221.55
VMRP	\$206,815,544.80
Administration and Planning	\$38,776,664.65
TOTAL	\$258,444,431

Treasury further requires that a minimum of 60% of the total available funding, be spent on populations of homeowners whose income is at or below 100% of the AMI or the national median income, whichever is greater. This means that Virginia Housing must spend at least \$155,066,659 on eligible homeowners at or below the 100% AMI/national median income threshold. See Table 14.

Table 14: Treasury Funding Targets

Treasury/VMRP Requirement	Target Group	Minimum Spend Required
Treasury 60% Funding Minimum	At or below 100% AMI	\$155,066,658.60

Appendix A: Response to Public Comments

Comment Number	Comment	Response