

## **Alameda County Foreclosure Prevention Program for Small, Low-Income Property Owners Rules**

*This document provides an overview of program rules for FPP and is not an exhaustive list of all rules and requirements.*

### **I. Program Overview Program Assistance Provided**

- a. The FPP will provide a grant in the amount needed to repay past due loan amounts and any lender fees or penalties and legal costs associated with foreclosure action to bring loan current, not to exceed \$75,000.
- b. Second liens may be eligible on a case by case basis after evaluation by the Program Administrator determining their compatibility with program procedures and timing.
- c. Property owners needing more than \$75,000 at the time of application to bring the loan current and owner in good standing, but who do not have additional documented personal funds to bring the loan current, are not eligible to apply.
- d. Property owners needing more than \$75,000 total at the time of application to bring the property owner current and in good standing, and who have the additional documented personal funds to bring the loan current, will be considered for assistance not to exceed \$75,000.
- e. Property owners may submit applications for up to three properties, but the combined total of assistance provided will not exceed \$75,000
- f. All assistance will be provided as a recoverable grant.
- g. Funds must be used to pay a mortgage lender/servicer the past due payments that bring the property owner current and in good standing. All awarded funds will be wire transferred to the lender, with full documentation of the payment provided to the property owner for their records.
- h. For Units occupied by tenants who did not apply for the Alameda County Emergency Rental Assistance Program (ERAP):
  1. Property owner will be required to enter into a Recoverable Grant agreement with the County to repaying an amount equivalent to the County's grant amount, less any legal cost related to FPP assistance and the small claims process, if and when any funds recovered through the small claims process to pursue rental arrears. Proceeds in excess of that amount are to be retained by the property owner.
- i. For Units occupied by tenants who applied for ERAP but either did not receive any funding or received partial funding:
  1. FPP prioritization scoring points are available in the case that the tenants have incomes at 50% of AMI or below. Alameda County HCD has data on the ERAP applicants' income levels that Program Administrator may access to obtain this information.

## **II. Program Policies**

### **A. Eligible Applicants – Threshold Requirements**

Applicants must meet ALL the following threshold requirements in order to be considered eligible to apply for financial assistance through the FPP. Complete applications will be evaluated on the basis of the geographical location of the property for which financial assistance is requested and the income qualification of the property owner. Applications will be prioritized for assistance based on the scoring criteria established for this Program.

- a. Applicant must be the Property Owner of the property for which financial assistance is requested;
- b. The Property Owner may own no more than ten rental units in total (inclusive of managers' units), regardless of location. However, only properties located in Alameda County are eligible to receive funding, and vacant and abandoned properties and second homes are ineligible to receive funding;
- c. The Property Owner must reside in Alameda County;
- d. The Property Owner's household income may not exceed eighty percent (80%) of the Alameda County Area Median Income (AMI), or the Property Owner must reside in a Community Development Block Grant (CDBG)-eligible Qualified Census Tract (QCT) in the Unincorporated Areas of the County; AND
- e. The property for which financial assistance is requested must have evidence of being at risk of foreclosure, or the property must be in foreclosure.

Note: QCT eligibility only applies to the Unincorporated Areas of the County because only the ARPA SFLRF program allows for the QCT proxy for income qualification, and ARPA SFLRF funds are only available in the Unincorporated Areas for the FPP. See further information below.

### **B. Qualified Census Tract Applicability – Unincorporated Areas**

A Qualified Census Tract (QCT) is a common method for identifying areas where there is a large proportion of lower income residents. QCTs are census tracts where 50% or more of the households have incomes below 60% of the AMI, or where the poverty rate is 25% or higher. Section 42 of the Internal Revenue Code defines them and restricts the total population of designated QCTs to 20% of area population. The U.S. Department of Housing and Urban Development (HUD) is the primary source for determining QCT eligibility.

To provide for more flexibility on the use of ARPA SLFRF funds, the U.S. Department of Treasury in its Final Program Rule on SLFRF included households that live in QCTs as

presumed to be “disproportionately impacted by the pandemic”.<sup>1</sup> As such, FPP applications for property owners who reside in a QCT in the Alameda County Unincorporated County may use this designation in lieu of a determination of the property owner’s specific household income. If funding is requested for a property located in the Unincorporated County, but the property owner does NOT reside within a QCT, the ARPA SLFRF funds may still be eligible; however, the property owner’s household income must be evaluated and may not exceed 65% of AMI if using ARPA SFLRF funds. If the property owner’s income exceeds 65% of AMI<sup>2</sup>, but is at or less than 80% AMI, then the other funding sources for the Program (CDBG-CV or County Boomerang) may be considered for assistance.

### **C. Presumed Benefit for Households Qualifying for Federal Benefits in the Unincorporated Areas**

Applicants in the Unincorporated Areas of the County may be able to qualify for FPP assistance and not provide full income documentation if they qualify for certain federal benefits as these households were defined in the ARPA SLFRF Final Rule as being “disproportionately impacted by the pandemic.” Applicants are required to provide documentation of any alternative income assistance with their application including sources such as Medi-Cal, WIC, CalFresh, CalWorks, school nutrition programs, subsidized housing vouchers, or other household income-based assistance.

### **D. Definition of At Risk of Foreclosure or In Foreclosure and Documentation Requirements**

To meet the Program eligibility thresholds, the applicant will be required to submit documentation to the Program Administrator demonstrating that the property for which assistance is requested is “At Risk of Foreclosure” or is in foreclosure. The documentation must include at least one of the following items:

- a) Past Due Notice of 30 days or more on mortgage statement
- b) Pre-foreclosure outreach (e.g., “Pre-foreclosure breach letter” or other communication) commenced by lender
- c) Modification or Forbearance Request Submitted, under review
- d) Modification or Forbearance Request Denied

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<sup>1</sup> In addition to households residing in QCTs, U.S. Department of Treasury presumes these additional households are “disproportionately impacted by the pandemic” – low-income households and communities (those with incomes at or below 185% of Federal Poverty Guidelines or incomes at or below 40% of the AMI for the county and size of household); households that qualify for certain federal benefits; households receiving services provided by Tribal governments; and households residing in or receiving services from governments in U.S. Territories. See <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>

<sup>2</sup> U.S. Department of Treasury presumes that households with incomes at or below 300% of Federal Poverty Guidelines or with incomes at or below 65% of AMI for the County are “impacted by the pandemic”.

- e) Notice of Default recorded and issued
- f) Notice of Trustee Sale recorded (prior to foreclosure sale)

Being at risk of, or in, foreclosure is dependent upon the stage in the process, as follows:

| Stage in Process                                            | Documentation                                        |
|-------------------------------------------------------------|------------------------------------------------------|
| Past due 30 days or more                                    | Mortgage Statements                                  |
| Pre-foreclosure Outreach                                    | Pre-foreclosure breach letter or other communication |
| Notice of Default recorded                                  | Notice                                               |
| Modification or Forbearance Request Submitted, under review | Written request submitted to lender                  |
| Modification or Forbearance Request Denied                  | Written denial letter/email                          |
| Notice of Sale recorded                                     | Notice                                               |