



## **City of Fountain Valley**

COVID-19 Related  
Mortgage Assistance Grant  
Program Guidelines  
November 16, 2021

## INTRODUCTION

The City of Fountain Valley (City) developed the Mortgage Assistance Grant (MAG) to provide financial assistance to Low-Income Fountain Valley homeowners who are undergoing economic hardship due to job loss or reduction in wages, caused by the COVID-19 pandemic. The assistance will be in the form of direct payments to the lender to pay down mortgage arrears. The MAG will be funded by supplemental Community Development Block Grant (CDBG-CV) funds provided through the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act to be used in response to COVID-19, and unused CDBG funds from program year 2019 and 2020. The CARES Act waivers allow program year 2019 and 2020 CDBG funds to be used to fund activities that prepare for, prevent, and/or respond to the coronavirus.

## PROGRAM DESCRIPTION

The MAG will provide mortgage assistance for a maximum of six consecutive months to income-eligible individuals and households that have been economically impacted by the COVID-19 pandemic, through job loss, furlough, or reduction in hours or pay. The maximum amount of assistance is \$10,000 per household. Payments will be made directly to the mortgage company, on behalf of the applicant, to reduce applicant's mortgage arrears. Persons applying must meet all applicable program income and eligibility requirements. The City anticipates assisting approximately 10-15 households with the Mortgage Assistance Grant.

This activity is a public service activity under the CDBG program regulations at 24 CFR 570.201(e) as allowed pursuant to 24 CFR 570.207(b)(4) that provides emergency grant payments made over a period of up to six consecutive months directly to the provider of the mortgage. The activity is further regulated pursuant to 24 CFR 570.208(a)(2)(i)(B) whereby applicants shall supply information on family size and income to qualify.

## APPLICANT ELIGIBILITY

To be eligible for assistance, an applicant must:

1. Reside within the incorporated city limits of the City of Fountain Valley.
2. Be a U.S. Citizen.
3. Have a current annual family gross income that does not exceed 80% of the U.S. Department of Housing and Urban Development (HUD) established "Moderate-Income" limits for Orange County (See Table 1). Family income eligibility is based on the following two factors:
  - a. The total number of people residing in the housing unit; and
  - b. The total amount of current annual family income as stated in the Program Application and confirmed by supporting documentation.
4. Have experienced an economic impact due to the COVID-19 pandemic through either a loss or reduction in income that has caused the household to be unable to maintain their mortgage payment;
5. Be at least one month behind on mortgage payment;
6. Be the primary residence of applicant. Applicant may not own any other properties. No secondary or rental properties will be eligible for assistance;

7. Be named on the Deed of Trust or mortgage;
8. Certify on the program application that the applicant has received no other financial assistance for the requested mortgage expenses from any private, local, state, or federal funding source.

Note: Applicant’s eligibility for the MAG shall be determined upon submission of a completed program application with all required information and documents. Individuals with a forbearance and/or mortgage modification plan in place will be evaluated on a case-by-case basis to ensure that the grant funding will assist them in getting their mortgage either; 1) current, or 2) into a position that the homeowner is able to bring it current in a timely manner.

### INCOME QUALIFICATION

Income shall be determined by projecting the prevailing rate of income of each person in the family at time of application. Annual gross income shall include income from all family members over the age of 18. While household members must be identified on the application, their income will not be counted as part of the family income.

The applicant’s gross family income must be at or below 80% of the U.S. Department of Housing and Urban Development Fiscal Year 2021 Income Limits:

| Persons in Family            | 1        | 2        | 3        | 4         | 5         | 6         | 7         | 8         |
|------------------------------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| <b>80% AMI Income Limits</b> | \$75,300 | \$86,050 | \$96,800 | \$107,550 | \$116,200 | \$124,800 | \$133,400 | \$142,000 |

Table 1- Effective as of June 1, 2021 for Orange County, CA

### DEFINITION OF A FAMILY AND DOCUMENTATION OF FAMILY MEMBERS

As defined at 24 CFR 5.403, “family” includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status: 1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or 2) A group of persons residing together, and such group includes, but is not limited to a family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family); an elderly family; a near-elderly family; a disabled family; a displaced family; and the remaining member of an applicant family.

Therefore, family/household member information must include, at a minimum, the following:

1. Full names and ages of all family/household members living in the residence; and
2. Signature of all adult family/household members age 18 or over, certifying that the information provided related to the annual family/household income and the family/household composition is correct.

### ANNUAL INCOME DEFINITION AND DOCUMENTATION

“Annual income” as defined under 24 CFR 570.3, (the value of the homeowner’s primary residence may be excluded from any calculation of Net Family Assets);

This definition includes:

- Wages, salaries, tips, commissions, etc.
- Self-employment income from own nonfarm business, including proprietorships and partnerships
- Farm self-employment income
- Interest, dividends, net rental income, or income from estates or trusts
- Social Security, or railroad retirement
- Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs
- Retirement, survivor, or disability pensions; and
- Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony.

## VERIFICATION OF INCOME

The City must determine annual income by reviewing source documents evidencing annual income. It is the City's obligation to verify all pertinent information in the applicant's file. Income and asset source documentation for applicants is good for a six-month period. If the assistance is not provided within the six months, the household's income eligibility must be verified anew, before assistance may be provided.

## DOCUMENTING ECONOMIC IMPACT DUE TO COVID-19

Applicants must submit documentation confirming negative economic impact during the COVID-19 pandemic period. Monthly income from January 1, 2020 to March 15, 2020, shall be compared to monthly income from March 16, 2020, until the present. Acceptable documentation of negative economic impact shall include:

1. A letter/notification from an employer or other source of income citing COVID-19 as a reason for reduced work hours, termination, or other substantial reduction in pay.
2. Employer payroll checks or payroll stubs showing a reduction in pay following the COVID-19 outbreak.
3. Documentation showing payment of detailed and substantial out-of-pocket medical expenses caused by COVID-19.
4. Documentation showing the closure of a school or childcare facility where a child in the applicant's care would otherwise be present during the applicant's normal working hours, which, as a result, has caused the applicant to work reduced hours.
5. Any other objectively verifiable documentation to demonstrate a substantial hardship or inability to make timely mortgage payments caused by COVID-19.

Note: Evaluation of the financial impact of COVID-19 on an applicant's household will be determined on a case-by-case basis. City staff may ask for additional documentation of financial circumstances.

## APPLICATION PROCESS

1. **COMPLETE AN APPLICATION FORM:** You can visit the City website to download an online application or visit Fountain Valley City Hall at 10200 Slater Avenue during regular business hours, 7:00AM-5:00PM,

Monday thru Thursday and 7:00AM -4:00PM on alternating Fridays, to pick up an application form. All required documentation must be included with the application when submitted. All applications may be mailed or submitted in-person at Fountain Valley City Hall.

2. **COPIES ONLY:** Documents supplied to the City in connection with program applications will not be returned. Submit copies of documents only.
3. **APPLICATION REVIEW PROCESS:** Funding is limited, therefore, applications will be accepted, date stamped, and processed in the order received. If an application is incomplete, applicants will be given seven calendar days to submit the missing information. An application will only be reviewed once all eligibility documentation is submitted by the applicant. Applicants that fail to respond will be asked to reapply.
4. **PAYMENT:** Once your completed application has been approved and a W-9 has been submitted by the mortgage agency, a payment will be processed directly to the mortgage company

## REQUIRED DOCUMENTS

1. **Valid Government Issued ID(s).** All valid government issued IDs must include name and address.
2. **Current Mortgage Statement(s).** Applicant shall submit mortgage bill showing current balances and past due amount. Partial statements will not be accepted. Statement must include payment coupon indicating the amount due, the due date, account number and payment mailing address.
3. **COVID-19 Impact Documentation.** Applicant shall submit a letter/notification from an employer citing COVID-19 as a reason for reduced work hours, termination, or other substantial reduction in pay or employer payroll checks or payroll stubs showing a reduction in pay following the COVID-19 outbreak or any other objectively verifiable documentation to demonstrate a substantial hardship or inability to make timely mortgage payments caused by COVID-19. (Employer verification form in application)
4. **Bank Statements.** Copies of bank account statements for all accounts including checking, savings, stocks, bonds, etc. for the month of January 2020, February 2020, and the two most current bank statements.
5. **Paycheck Stubs.** Copies of two most recent paycheck stubs for all household members.
6. **2019 and 2020 Income Tax Returns (All pages).** Include W-2's for 2020.
7. **Other Income.** This may include self-employment, child support, disability, worker's compensation, etc. for all household members.
8. **Unemployment Documentation.** If applicable, applicants must submit either a Notice of Unemployment Insurance Award EDD Letter or a Notice of Unemployment Insurance Claim Field EDD Letter for all household members that received unemployment.
9. **W-9 from Lender.** Request W-9 from your mortgage lender and submit with package.

## DENIAL OR TERMINATION OF ASSISTANCE

If an applicant is denied for the program, the City shall provide, in writing, the reason(s) for the denial. The following shall be grounds for termination of mortgage assistance:

- Missing documentation necessary to verify eligibility/incomplete application
- Annual income exceeds income limits
- Applicant does not live in the City of Fountain Valley
- Failure to provide documents requested
- Applicant is not a U.S. Citizen
- Duplicate subsidy or assistance

## APPEALS

Applicant applying for assistance has the right to appeal if their application is denied. Appeals shall be submitted to the City of Fountain Valley Housing and Community Development Division within five calendar days of the date of the application denial letter. The written appeal shall state the reason(s) why the applicant believes the application denial was in error and provide any additional documentation necessary to support the applicant's assertion of same.

## DUPLICATION OF BENEFITS

All applicants shall certify on the program application, under penalty of perjury, under the laws of the State of California that they are not able to receive, and have not received, other federal or non-federal benefits or assistance for mortgage assistance for the same period of time the City's assistance will cover. Applicants shall further certify that they will not pursue other federal or non-federal benefits for assistance in paying mortgage costs for the same period of time covered by the City's Mortgage Assistance Program. The program application includes a Duplication of Benefits Certification and a Subrogation Agreement to document compliance with this HUD requirement. In the event that CDBG-CV assistance provided to direct beneficiary is duplicative, direct beneficiary will be required to repay assistance.

## FALSE CLAIMS

Applicants shall certify on the Program Application under penalty of perjury that "The information provided on this form is subject to verification by HUD at any time, and Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony and assistance can be terminated for knowingly and willingly making a false or fraudulent statement to a department of the United States Government."

## PROGRAM GUIDELINES CHANGES OR MODIFICATIONS

Minor changes to these program guidelines involving administrative procedures or accommodations to adapt to unique applicant situations or opportunities, or regulatory changes, may be performed with the approval of the Planning and Building Director. Federal regulatory requirements for the CDBG-CV program are not subject to modification or revision, except when HUD issues guidance superseding prior regulatory requirements.

## MARKETING AND OUTREACH

The City of Fountain Valley will create marketing and outreach pieces to promote the Mortgage Assistance Program with the goal to alert residents throughout the city about the grant program. Outreach and marketing will consist of flyers, direct distribution, and the City's website and social media channels. Flyers will outline the program and be posted on the City's website and social media channels.

## APPLICANT CONFIDENTIALITY/RECORDKEEPING

### Confidentiality

Employees and agents of the City will not disclose any applicant's personal confidential information as part of the program. All confidential information of applicants will be kept in a secure location at City Hall and inaccessible to the public. At all times, the City will abide by all requirements stated within the Privacy Act of 1974 as amended. If the City receives a request for public records related to the program, only non-confidential information, as verified by the City, will be provided.

### Recordkeeping

The City is responsible for ensuring that funds are used in accordance with all program requirements and for documenting compliance. Sufficient records to determine whether the participant met requirements of the Mortgage Assistance Program must be kept. PER CDBG regulations, records must be retained for five years after the period of assistance ends or from the time the project is closed, whichever is longer.

The City will provide a final payment confirmation for applicant's records. Final assistance payment confirmations will include the number of months for which assistance was provided, amount of financial assistance provided, and dates for which funds were provided. All payments will be logged for documentation compliance.

### Applicant files

All applicant files shall contain, but not be limited to, income verification, proof of COVID-19 related hardship, proof of past due mortgage, and signed application.

An approved applicant file shall contain all submitted information and documentation necessary to meet all required eligibility criteria and contain completed forms, documentation, and necessary information for all members in the participating household.

A denied applicant file shall contain all submitted information and documentation, as well as the reason for denial (e.g., over income limits, resides outside service area, etc.)

## NONDISCRIMINATION

The Mortgage Assistance Program shall be implemented in compliance with State and Federal equal opportunity laws. No person shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole with CDBG-CV program funds on the basis of their disability, family status, national origin, race, color, religion, sex, marital status, medical condition, ancestry, source of income, age, sexual orientation, gender identity, gender expression, genetic information, or other arbitrary discrimination. The City of Fountain Valley will provide reasonable accommodations and/ or modifications, or provide language assistance to individuals requesting such assistance to benefit from the services provided by the Mortgage Assistance Program.

## CONFLICT OF INTEREST

In accordance with 24 CFR 570.611, no member of the governing body and no official, employee or agent of the City of Fountain Valley, nor any other person, either for themselves or those with whom they have business or immediate family ties, who exercises policy or decision making responsibilities will financially benefit from this program.