

February 7, 2022

**MARYLAND'S HOMEOWNER ASSISTANCE FUND:
FAQs FOR MORTGAGE SERVICERS**

*Corrected Version (this version supersedes and restates the Advisory
issued on February 4, 2022)*

As a supplement to [guidance](#) issued by the Commissioner on December 27, 2021, the Maryland Department of Housing and Community Development and the Office of the Commissioner of Financial Regulation provide answers to certain frequently-asked questions from mortgage servicers regarding Maryland's Homeowner Assistance Fund program.

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Maryland Department of Housing and Community Development (DHCD) is the sole administrator of Maryland's Homeowner Assistance Fund (HAF) program. DHCD is providing the answers to the following questions relating to the administration of the program.

Q: How will notice of the HAF application by the borrower be provided to the servicer? Will it be a consistent format?

A: The notice of DHCD's receipt of a HAF application will be provided to the servicer through **Common Data File (CDF)** or may send it via e-mail if the servicer so prefers. DHCD intends for the notices to be in a consistent format.

Q: Is there a requirement for the HAF application to be complete (meaning the borrower has submitted all required information and docs) before DHCD would notify the servicer that an application has been submitted, or is the notification sent upon submission (regardless of if additional information from the borrower is needed)?

A: DHCD will notify the servicer when they determine that an application has been received and an initial screening of the application has been completed; they will not wait until all required documents have been received from the borrower.

Q: How soon after a final decision (approval, denial, or other termination) is made on a HAF application will DHCD notify the servicer of the decision?

A: DHCD will control the actual time needed for the consideration of applications and that time may vary however we are aiming for 14 business days.

Q: Will borrowers be allowed to make multiple applications for HAF funds?

A: Yes. The program is considered to offer a one-time payment towards a HAF eligible delinquency through three separate HAF funding programs. A borrower can apply for the HAF grant, HAF loan and the HAF WholeHome grant program. Additionally, a borrower can submit an additional application for any of these programs if their original application was denied and did not go through the appeals process and/or if the application was withdrawn by the borrower.

Q: DHCD has stated that initially, approximately 70 servicers were invited to participate. What should other servicers do in order to participate?

A: All the servicer onboarding documents are at the bottom of the page at <https://dhcd.maryland.gov/Residents/Pages/HomeownerAssistanceFund/ProgramOverview.aspx>.

For further information on these or other questions relating to the administration of the HAF program, please contact Maddy Ciulu (maddy.ciulu@maryland.gov) or Brandon Smith (brandon.smith@maryland.gov) at the Maryland Department of Housing and Community Development. **Please do not contact the Office of the Commissioner of Financial Regulation regarding program administration matters.**

OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION

Maryland's Office of the Commissioner of Financial Regulation (OCFR) enforces various laws and regulations governing the conduct of certain financial institutions. OCFR is providing answers to the following questions regarding the application of certain such laws and regulations as they relate to the HAF process.

Q: The Commissioner's December 27, 2021 Advisory regarding the Maryland Homeowner Assistance Fund (HAF) states, in part, that "[s]ervicers may consider fourteen days to be deemed a reasonable time for completion of a HAF application . . ." When does the 14 days "reasonable time" period begin?

A: The 14-day "reasonable time" begins when the borrower is notified by the servicer of the denial of loss mitigation or of the availability of the HAF program, whichever comes later. For example, if the notice is sent electronically, the time begins on the date it is sent; if the notice is sent by mail, the borrower may be considered to have been "notified" three days after the mailing date.

Q: If the servicer is informed by DHCD that an application has been received, and does not receive subsequent communication from DHCD within 14 days, can the servicer proceed with its foreclosure processes?

A: Servicers that wait 14 days after notice from DHCD of a HAF application, will be considered by the Commissioner to have waited a reasonable time for completion of the HAF process, and may move forward after that time. While 14 days is a minimum waiting period, servicers may, and are encouraged,

depending upon actual DHCD HAF processing times, to extend the pause in their resumption of foreclosure processing to ensure that borrowers are able to take advantage of HAF opportunities to save their home. Servicers are encouraged to regularly communicate with DHCD to determine actual HAF processing times.

Q: In the absence of notice from DHCD regarding a HAF application having been submitted regarding loans on which loss mitigation was denied prior to the opening of the HAF program on December 20, 2021, can the servicer move forward with foreclosure activity?

A: The purpose of the HAF program is to provide struggling mortgage borrowers with assistance to avoid foreclosures. Servicers have had an obligation to notify borrowers of the availability of the HAF program since December 20, 2021. The servicer's obligation is not dependent solely on the servicer's denial of loss mitigation. The Commissioner is aware that for borrowers whose loss mitigation was denied prior to December 20, 2021 and/or whose scheduled foreclosure sale is imminent, notice may not have been given and that lenders and servicers may not have had processes for providing notice of the existence of the HAF program after informing such borrower of loss mitigation denial, or for a determination of HAF qualification to be made before a foreclosure sale, and in those situations, foreclosure may proceed and the Commissioner would not take action against a servicer for proceeding with a foreclosure sale if notice was not given to a borrower whose loss mitigation was denied prior to December 20, 2021, or if it was notified by DCHD of a HAF application filing less than 37 days prior to the sale date.

Q: If DHCD denies an application and a borrower reapplies, is a servicer expected to delay the foreclosure process each time?

A: The HAF program is considered a form of loss mitigation. As with any repetitive loss mitigation application under 12 U.S.C. §1024.41, a servicer is not required to delay the foreclosure process if the servicer previously complied with all requirements and the borrower has been delinquent at all times since the prior submission.

Q: Is there any "safe harbor" of conduct that would be deemed presumptive of compliance with Maryland statutes and regulations as they apply to the HAF program?

A: Yes. In any instance in which a borrower has applied for HAF assistance, the Commissioner shall presume that a servicer has complied with the applicable laws and regulations regarding consideration of the borrower's HAF application if the following conditions are met:

- The servicer has signed DHCD's HAF Servicer Collaboration Agreement and has abided by its terms;
- If notified by DHCD that the borrower has applied for HAF assistance, the servicer did not conduct a foreclosure sale prior to notification by DHCD that the borrower's application was approved, denied, or otherwise terminated; and
- If notified by DHCD that the borrower qualified for HAF funds, the servicer:
 - Accepted HAF funds as reinstatement; or
 - Evaluated the borrower for loss mitigation based on the availability of those funds, and if the borrower qualified for loss mitigation under the servicer's normal guidelines, offered the borrower any loss mitigation option for which the borrower qualified.

For further information on these or other questions relating to the application of servicing-related laws and regulations to the HAF program, please contact Jedd Bellman (jedd.bellman@maryland.gov) or

Clifford Charland (clifford.charland@maryland.gov) at the Office of the Commissioner of Financial Regulation. **Please do not contact the Department of Housing and Community Development regarding the application of these laws and regulations.**

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.



Office of the Commissioner of Financial Regulation

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