

# Equitable Reverse Mortgage Assistance Program (ERMA)

In February 2020, the Center for NYC Neighborhoods, Sustainable Neighborhoods LLC (a wholly-owned subsidiary of the Center for NYC Neighborhoods), and Enterprise Community Partners are introducing a reverse mortgage foreclosure prevention program — Equitable Reverse Mortgage Assistance (ERMA).

The goal of the program is to limit displacement of senior homeowners by providing deferred low-cost loans to reverse mortgage holders who are at risk of defaulting or are in default on their loans due to municipal property taxes, property insurance obligations, or other charges stemming from a temporary inability to pay.

## Background

Home Equity Conversion Mortgages (HECMs aka reverse mortgages) allow qualifying senior homeowners aged 62 years or above to tap into their home equity. Unlike a conventional mortgage, a reverse mortgage does not require monthly mortgage payments on the principal or interest (PI). Rather, the loan is repaid upon sale of the home or death of the owner. While reverse mortgages are a valuable tool for some seniors, they can be problematic for others because though there are no PI payments to make, homeowners are still at risk of foreclosure due to missed property taxes and insurance. Delinquency on those payments results in default on the reverse mortgage. In recent years, reverse mortgage defaults and foreclosures have dramatically increased both in New York and nationwide, subjecting many senior homeowners to potential displacement. Elderly homeowners who have invested their life savings in their communities are now being foreclosed upon, often for small sums.

## Program Overview

The ERMA pilot program creates a flexible response to support at-risk NYS senior homeowners who are at risk of foreclosure on their reverse mortgages. The pilot will provide deferred, zero interest loans to eligible seniors. Eligible homeowners will also have optional access to advance payments for up to two years of property-related charges, which Sustainable Neighborhoods LLC (SN), the lender for ERMA, will distribute directly to the servicer on behalf of the homeowner. These funds will be set aside by the servicer and used to pay property-related charges over time on the borrower's behalf until the advance is exhausted. Arrears and advance payments for a given homeowner will not exceed \$25,000.

The pilot will utilize partnerships with participating servicers as well as the services of the New York State Homeowner Protection Program (HOPP), a network of more than 85 trusted partners dedicated to providing homeowners with free, qualified mortgage assistance relief services across New York.

It is expected that most ERMA applicants will have missed property tax payments. SN will be working directly with mortgage servicers to cure the missed payments using ERMA funds borrowed by the homeowner. The only cost to the homeowner will be county recording fees, which will be included in the principal balance of the zero interest, deferred loan. All other administrative and lending costs will be paid from grant funds and not charged to the borrowers. All participating homeowners will receive free support and assistance from the HOPP network as well as the Center for NYC Neighborhoods.

In the pilot stage of the program, ERMA will only be available in select New York State counties. Furthermore, due to capital constraints, the number of loans made during the pilot phase of the program will be limited. Capital allocations will be split among New York City, Long Island, and the rest of the state, reflecting the distribution of reverse mortgage defaults.

For information on the Center for NYC Neighborhoods, please visit [www.cnycn.org](http://www.cnycn.org)  
For questions about the program, please contact: [erma@sncdfi.org](mailto:erma@sncdfi.org)

## Homeowner Eligibility Requirements

- Reverse mortgage holder
- Primary residence in a participating county within NYS
- Hardship letter
- Meet liquid asset test
- Must be able to sustain payment going forward
- Income: < 120% AMI
- For detailed eligibility requirements please contact the Center for NYC Neighborhoods



| <b>ERMA Term Sheet</b> |  |
|------------------------|--|
| Debt Ratios            | 50% Maximum Back-End Ratio   |
| Credit Score           | No FICO minimum<br>Borrower must demonstrate an ability to pay   |
| Max Loan               | \$25,000.00*   |
| Recording Costs        | Rolled into the Loan   |
| Interest Rate          | 0% Interest Deferred Loan  |
| Eligibility            | <ul style="list-style-type: none"> <li>• Property must be located within New York State (participating counties)**</li> <li>• Must be Primary Residence (verified via Reverse Mortgage)</li> <li>• 1-4 Family Home or Condominium or Fee Simple Manufactured and Mobile Home</li> <li>• At or below 120% AMI</li> <li>• Maximum Back-end DTI cannot exceed 50%</li> <li>• If homeowners' verified assets can cure their default, they will be deemed ineligible</li> </ul> |
| Term                   | <p>Maturity matches underlying loan.</p> <p>Repayment Triggers***:</p> <ul style="list-style-type: none"> <li>• Transfer of Ownership</li> <li>• Death of Borrower(s)</li> <li>• Cash-out Refinance</li> <li>• Home no longer Primary Residence</li> </ul>   |

\*The homeowner must have the ability to provide any amount above \$25,000, if applicable

\*\*Participating counties include:

NYC (Bronx, Kings, New York, Richmond & Queens)

LI (Nassau & Suffolk)

Non NYC & LI ( Albany, Broome, Dutchess, Erie, Monroe, Onondaga, Orange & Westchester

\*\*\*This is not a full list of all repayment triggers, the Mortgage and Note will define all triggers



## Equitable Reverse Mortgage Assistance "ERMA" Program Questionnaire and Document Checklist

Please complete and **submit this form** with your initial document package using the online portal address <https://registration.sustainableneighborhoodsnyc.org/consumerportal?lo=ERMA>

Please upload the following documents **without social security number(s) provided:**

- Copy of current Deed
- Hardship Letter
- Copy of most recent Reverse Mortgage Statement (If available)
- Copy of all Property Tax Statement(s) (city/county/school/village as applicable)
- Copy of active Homeowner's Insurance (Declaration page)
- Copy of active Flood Insurance, if applicable
- Copy of HOA statement, if applicable
- Copy of two most recent consecutive months of bank statements (All pages)
- Copy of valid state ID
- Copy of proof of income (see list of applicable income)

**Please answer the following questions:**

- Has the homeowner's hardship ended?  Yes  No
- Does the homeowner have a Reverse Mortgage?  Yes  No
- Is the Property located within New York State approved county?  Yes  No
- Is this your Primary Residence?  Yes  No

Address: \_\_\_\_\_

**ADDITIONAL HOUSEHOLD MEMBERS**

Other people living in household, not including applicant/co-applicants or renters/boarders.

| NAME     | AGE | RELATIONSHIP TO APPLICANT |
|----------|-----|---------------------------|
| 1. _____ |     |                           |
| 2. _____ |     |                           |

TOTAL HOUSEHOLD SIZE (including yourself): \_\_\_\_\_

**Please Print**

Applicant Name (first and last):  
\_\_\_\_\_

Co-Applicant Name (if applicable):  
\_\_\_\_\_

Contact Information:  
\_\_\_\_\_

Contact Information:  
\_\_\_\_\_

YOU SHOULD CHECK WITH YOUR LEGAL ADVISOR AND WITH OTHER MORTGAGE LIENHOLDERS AS TO WHETHER ANY PRIOR LIENS CONTAIN ACCELERATION CLAUSES WHICH WOULD BE ACTIVATED BY A JUNIOR ENCUMBRANCE.

## ERMA Pilot Program Eligibility and Document Requirements

### Eligibility Requirements:

- Property must be located within participating counties in New York State
- Must be Primary Residence (verified via Reverse Mortgage)
- 1-4 Family Home, Condominium, or Fee Simple Manufactured or Mobile Home (At or below 120% AMI)
- Maximum Back-End DTI cannot exceed 50%
- Meet liquid asset test
- Budget Counseling: Income and Expense
  - Must have a surplus of \$200
- If homeowners' verified assets can cure their default, they will be deemed ineligible
- Previous MAP recipient(s) are ineligible to receive ERMA funding
- Maximum loan amount of \$25,000, the homeowner must have the ability to provide any amount over \$25,000, if applicable.

### Document Requirements:

- Completed Questionnaire
- Hardship Letter
- Completed Budget Worksheet
- Completed Third Party Authorization Form
- Copy of most Recent Deed
- Reverse Mortgage Statement (if we can not obtain from servicer)
- Property Tax Statement (city/county/school/village as applicable)
- Active Homeowner's Insurance
- Active Flood Insurance, if applicable
- Two most recent, consecutive months of Bank Statements for all active accounts (all pages)
- Copy of your valid state issued driver's license or Identification
- Proof of income:
  - Current SSA/SSI Award Letter **or** Two most recent years' 1099 forms
  - Pension Award Letter **or** Statement **or** Two most recent years' 1099 forms
  - Two recent (within 30 days of application), consecutive pay stubs
  - Self Employment - 2 Years Tax Return
  - Workers' Compensation/Disability - Two recent consecutive payment statement
  - Foster care income: Foster care award letter **AND** six prior months' bank statements with deposits of foster care income circled and labeled
  - 1099 Income - 2 Years of 1099 Employment Statement
  - Rental income - Two most recent months' proof of deposit
  - Disbursement of retirement assets - Two most recent months' proof of transfer **and** balance statement showing one year or more worth of disbursements
- Most recent filed tax return (signature/date not needed) **or** LOE verifying that they do not file

- **Certificate of Completion for Budget Counseling (must be submitted prior to closing)**

• @ .

1. Contribution Income

- a. Two months of proof of receipt of funds in the bank statement



**AUTHORIZATION TO RELEASE INFORMATION**

To Whom It May Concern:

I/We have requested assistance from the Equitable Reverse Mortgage Assistance (ERMA) program administered by the Center for New York City Neighborhoods, Inc. (CNYCN) and Sustainable Neighborhoods LLC (SN). As part of the ERMA process, SN and/or CNYCN may verify information contained in my/our application for assistance and in other documents required in connection with the ERMA program, either before an ERMA loan is closed or as part of the ERMA quality control process.

I/We authorize the below Authorized Parties to provide to SN and CNYCN any and all information and documentation that they request. Such information may include, but is not limited to: employment history and income; bank, money market and similar account balances; credit history; and copies of income tax returns.

**Authorized Parties:**

**MORTGAGE 1**

SERVICER NAME: \_\_\_\_\_ ORIGINAL LOAN AMOUNT: \_\_\_\_\_

LOAN NUMBER: \_\_\_\_\_

**OTHER:** \_\_\_\_\_

I/We further authorize SN and CNYCN to order a consumer credit report and to verify other credit information, including past and present mortgage and landlord references.

It is understood that a copy of this form also will serve as authorization of the foregoing.

Signed by:

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

SAMPLE  
[Advocacy Letterhead]

[Advocate's Name]  
[Street Address]  
[City, St Zip]  
[Optional – Account Number]

[Today's Date]

Sustainable Neighborhoods LLC  
55 Broad Street, 10th Floor  
New York, NY 10004

RE: Hardship Letter for [Name of Homeowner Applying for ERMA Loan]

Dear Sustainable Neighborhoods LLC,

[Begin by explaining the hardship the homeowner has experienced that caused the reason for delinquency on their reverse mortgage]

[Describe how their hardship has been resolved and their intentions and ability to make future payments]

[Explain proposed uses of the ERMA loan proceeds, e.g., to pay taxes/insurance/HOA fees that have been advanced by the servicer and/or set-aside funds]

- Homeowner would like to opt-in to receive set-aside funds to be held and released by the servicer of the reverse mortgage for up to 24-month period
- Homeowner would **NOT** like to opt-in to receive set-aside funds to be held and released by the servicer of the reverse mortgage for up to 24-month period.

Requested ERMA loan amount<sup>1</sup>: \_\_\_\_\_

Sincerely (or Respectfully Yours),

(Sign here for letters sent by mail or fax)

[Typed Name]

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<sup>1</sup> Maximum loan amount under ERMA program is \$25,000.



# Income & Expenses Worksheet

This worksheet is designed to help you assess how much money you earn and how much you spend in different categories. This exercise is an important first step to address the mortgage challenges you are facing.

| INCOME                           | Monthly Amount |
|----------------------------------|----------------|
| Job 1 take-home pay              | \$             |
| Job 2 take-home pay              | \$             |
| Self-employment income           | \$             |
| Informal job/gig                 | \$             |
| Child support/alimony received   | \$             |
| Social Security income           | \$             |
| Rental income from tenants       | \$             |
| Unemployment benefits            | \$             |
| Disability income                | \$             |
| Investments/401K/pensions income | \$             |
| Gifts/support from family        | \$             |
| Other income                     | \$             |
|                                  | \$             |
| <b>TOTAL MONTHLY INCOME*</b>     | \$             |

|      |
|------|
| NAME |
| DATE |

## GROSS PAY\* Monthly Amount

|       |    |
|-------|----|
| Job 1 | \$ |
| Job 2 | \$ |

\*To find your gross pay, look at one of your paystubs. Your counselor will use your gross pay to determine which mortgage modification programs you may be eligible for.

### Does your income change from week to week or month to month?

Many people have some irregular, seasonal and one-time income. It may help you to write down how often you receive each item on this list.

\*This calculation includes your take-home pay and other income sources, but not your gross pay.

On the next pages, you'll enter your current monthly expenses. If you have a hard time calculating your monthly expenses, here are some strategies that have worked for other clients to track their spending:

- **Keep a spending log for 1 week.** Keep a list of everything you buy during one week. At the end of the week, add up expenses in different categories. Or...
- **Track your spending with online banking.** If you use a bank account, call or visit your bank to sign up for online banking. Most online bank apps show your spending in different categories. Or...
- **Read your bank statements line by line.** Look closely at your last two months of bank statements, assign each expense to a category, then add your total spending in each category. Or...
- **Use the envelope method.** Label a set of envelopes with different budget categories and amounts (housing, food, utility bills, etc). When you get paid, put the amount of cash in each envelope that you want to spend in that category during a week or month. Or...
- **Budget with apps.** There are many free budgeting apps that help track your spending across multiple accounts and cards. You can set your own budget, and the app will send you reminders when you're close to your limit. Remember to keep your personal account information secure when using financial apps and banking websites

**EXPENSES** Monthly Amount

|                                       |  |    |
|---------------------------------------|--|----|
| <b>HOUSING</b>                        | Property taxes                           | \$ |
|                                       | Homeowner's insurance*                   | \$ |
|                                       | Flood insurance*                         | \$ |
|                                       | HOA or condo fees                        | \$ |
|                                       |  | \$ |
|                                       | Other:**                                 | \$ |
|                                       |  | \$ |
|                                       |  | \$ |
| <b>TOTAL HOUSING EXPENSES</b>         |  | \$ |
| <b>UTILITIES &amp; COMMUNICATIONS</b> | Electricity                              | \$ |
|                                       | Gas/heating oil                          | \$ |
|                                       | Water/sewage                             | \$ |
|                                       | Telephone                                | \$ |
|                                       | Internet                                 | \$ |
|                                       | Cable TV, dish, etc.                     | \$ |
|                                       | Cell phone                               | \$ |
|                                       | Other:                                   | \$ |
|                                       | <b>TOTAL UTILITY EXPENSES</b>            | \$ |
| <b>HEALTH &amp; MEDICAL</b>           | Medical insurance (Not paid by Employer) | \$ |
|                                       | Other insurance (life, dental, etc.)     | \$ |
|                                       | Medical Expenses                         | \$ |
|                                       |  | \$ |
|                                       |  | \$ |
|                                       |  | \$ |
|                                       |  | \$ |
|                                       | Other:                                   | \$ |
| <b>TOTAL HEALTH EXPENSES</b>          | \$                                       |    |
| <b>TRANSPORTATION</b>                 | Car loan payments                        | \$ |
|                                       | Other car payments                       | \$ |
|                                       | Car insurance                            | \$ |
|                                       | Car maintenance/repair                   | \$ |
|                                       | Mass transit costs                       | \$ |
|                                       | Gas                                      | \$ |
|                                       | Parking/tolls                            | \$ |
| <b>TOTAL TRANSPORTATION EXPENSES</b>  | \$                                       |    |

\* Enter the monthly amount here. (If you pay each year, divide by 12.)

\*\* (home equity line, second mortgage)

**EXPENSES** (continued) Monthly Amount

|                                 |  |    |
|---------------------------------|--|----|
| <b>FINANCIAL</b>                | Credit card balance payments*                        | \$ |
|                                 | Student loans  | \$ |
|                                 | Repayments on collections/judgments                  | \$ |
|                                 | Bank or credit card fees                             | \$ |
|                                 | Personal/Other loans                                 | \$ |
|                                 |  | \$ |
|                                 |  | \$ |
|                                 |  | \$ |
| Other:                          | \$   |    |
| <b>TOTAL FINANCIAL EXPENSES</b> | \$   |    |
| <b>FOOD, ETC.</b>               | Groceries & household supplies                       | \$ |
|                                 | Meals out  | \$ |
|                                 |  | \$ |
|                                 | Other  | \$ |
|                                 | <b>TOTAL FOOD EXPENSES</b>                           | \$ |
| <b>CHILDREN</b>                 | Childcare  | \$ |
|                                 | Tuition ( <i>monthly cost</i> )                      | \$ |
|                                 | Child support  | \$ |
|                                 | Lunch money/allowances                               | \$ |
|                                 | Supplies/lessons/sports                              | \$ |
|                                 | Clothing, toiletries, diapers                        | \$ |
|                                 | Other:   | \$ |
|                                 | <b>TOTAL CHILDREN EXPENSES</b>                       | \$ |
| <b>PERSONAL &amp; OTHER</b>     | Laundry  | \$ |
|                                 | Personal grooming ( <i>salon, toiletries, etc.</i> ) | \$ |
|                                 | Clothing and shoes                                   | \$ |
|                                 | Travel/vacation                                      | \$ |
|                                 | Donations  | \$ |
|                                 | Other ( <i>pets, etc.</i> ):                         | \$ |
|                                 | Other:   | \$ |
|                                 | Other:   | \$ |
| <b>TOTAL PERSONAL EXPENSES</b>  | \$   |    |
| <b>TOTAL MONTHLY EXPENSES</b>   | \$   |    |

← \*Here, indicate the amount of monthly payments you make on credit card debt, if any. If you have significant credit card debt, talk to us about how to prioritize paying down your debts.

**CURRENT MONTHLY BUDGET**

INCOME \$  - EXPENSES \$  = LEFT OVER \$

## CONTRIBUTOR FORM REQUIRED IF APPLICABLE

A contributor is any individual that regularly contributes to household income but is not listed on the property deed. A contributor can be a household resident or a non-household resident. Resident contributors must submit proof of income and proof of residency, while non-resident contribution income must be verified by 2 months proof of deposits in the applicant's bank statements.

### APPLICANT INFORMATION

|                  |          |           |        |
|------------------|----------|-----------|--------|
| FIRST NAME       |          | LAST NAME |        |
| PROPERTY ADDRESS |          |           | APT #  |
| CITY             | STATE NY | ZIP       | COUNTY |

### CONTRIBUTOR INFORMATION

|   |  |           |  |
|---|--|-----------|--|
| FIRST NAME  |  | LAST NAME |  |
| TYPE <input type="radio"/> RESIDENT <input type="radio"/> NON-RESIDENT  |  |           |  |
| MONTHLY CONTRIBUTION \$   |  |           |  |
| Please include START and END date of contribution. If contribution does not have a start/end date indicate ONGOING below instead. |  |           |  |
| START DATE  |  | END DATE  |  |

### ACKNOWLEDGMENT OF CONTRIBUTION INCOME

By signing this form, you confirm that to the best of your knowledge, the information provided herein is true and correct. You also confirm that the income information provided should be considered for the purposes of the applicant's ERMA request.

|                       |      |
|-----------------------|------|
| CONTRIBUTOR SIGNATURE | DATE |
|-----------------------|------|

|                     |      |
|---------------------|------|
| APPLICANT SIGNATURE | DATE |
|---------------------|------|