

# Foreclosure Assistance

Foreclosure assistance provides dedicated funding to support homeowners who are at risk of displacement due to foreclosure. It can include direct financial assistance (e.g., mortgage assistance, property tax deferrals, HOA dues, etc.), foreclosure prevention counseling and/or legal assistance as well as funding for outreach and education.

## Legal Context

### What Does State Law Require?

The [California Homeowner Bill of Rights](#) provides some protections to homeowners facing foreclosure, focusing largely on requirements for how loan servicers must act during the foreclosure process.

### How Can Jurisdictions Implement Programs That Go Beyond State Law?

Jurisdictions can develop local programs to support homeowners facing foreclosure by providing financial assistance, counseling and/or legal assistance.

## Program Design, Implementation and Evaluation Considerations

*The callout box below labeled “TOC Policy Requirements” describes the policy features necessary for a jurisdiction to receive credit toward TOC Policy compliance. All other policy features discussed in this document represent details found in existing policies on the subject and a jurisdiction may want to consider them when adopting or implementing a policy, but nothing is required for TOC Policy compliance unless noted as a requirement in the “TOC Policy Requirements” callout box or the [TOC Policy Administrative Guidance](#).*

## Elements of the Program

- Designated funding for foreclosure assistance
- Local organizations to provide support services to homeowners

## At-A-Glance

### POTENTIAL FUNDING SOURCES

- General Fund
- Revolving Loan Fund

### COST Low

### ADMINISTRATIVE BURDEN

 Low

Staff capacity needed to identify funding, to hire and manage a program administrator, and to develop, oversee and report on program.

### EXTRA CONSIDERATIONS

 Highly effective

### WHICH P?

- Protection

### POTENTIAL PARTNERS

- Legal Aid Groups
- Tenant Advocacy Organizations



### OPTION FOR TOC POLICY COMPLIANCE?

Yes!



## Program Design Considerations

Jurisdictions may want to consider the following:

**TYPE OF ASSISTANCE:** Whether the program will provide financial assistance (in the form of loans, grants, or both), or whether the program will provide counseling/legal assistance. The program could also provide both types of assistance.

**FUND STRUCTURE:** Establishing a revolving loan fund to enable the program to support new households when loans are repaid (if financial assistance is provided as loans).

**ELIGIBLE USES:** Specifying uses for financial assistance, which could include (but are not limited to) delinquent mortgages, HOA dues and/or delinquent taxes.

**ELIGIBLE HOMEOWNERS:** Specifying which households are eligible for foreclosure assistance. Jurisdictions can limit the program to households at or below a specific income, for example, 120% of Area Median Income (AMI).

**VARIED LEVELS OF SUPPORT:** The program can vary the level of support depending on a household's income. For example, foreclosure counseling can be made available for all households, while financial support can be limited to moderate- or low-income households.


## Program Implementation, Administration and Enforcement

To implement Foreclosure Assistance programs, jurisdictions can contract with local organizations that provide support services such as financial counseling and affordable loan products.

Outreach and education are also critical to ensure that low-income homeowners, community organizations, banks and other support organizations are aware of the foreclosure assistance program.

## Program Evaluation

Jurisdictions can collect data on foreclosure cases, and how rates of foreclosure differ between those who received foreclosure assistance and those who did not.

 **TOC Policy Requirements:** To count this policy towards TOC Policy compliance, the jurisdiction must have a program with secured funding that provides ongoing allocations to the program at or above a specified level. The amount contributed can vary by year if the total for the relevant four-year OBAG cycle meets the specified target for the jurisdiction (as outlined in [Appendix B of the Administrative Guidance](#)).

Jurisdictions that have an existing balance in a foreclosure assistance funding program when submitting final documentation for TOC Policy compliance may count existing funds toward the required total so long as funds are available for expenditure during the four-year planning period (anticipated to align with the OBAG cycle).

Jurisdictions that have committed foreclosure assistance funds prior to submitting final documentation for TOC Policy compliance may count expended funds toward the required total so long as at least one of the following conditions is met: a) the funds are used to support a project or program occurring during the relevant four-year OBAG cycle (e.g., funds are committed to an organization to use for foreclosure assistance services during the OBAG 4 cycle sometime between 2026 and 2030), and/or b) the funds are expended after January 1, 2025.

Furthermore, the jurisdiction must contract with one or more organizations to provide foreclosure assistance to homeowners earning up to 120% of AMI. Foreclosure assistance activities may

include tax delinquency forgiveness, emergency direct financial assistance (loans, grants, or other investment), loan modification services, legal services, foreclosure counseling, and proactive, targeted outreach to eligible households.

Additionally, the jurisdiction must make information available to the public on its website regarding the foreclosure assistance providers who are funded to assist residents.

## Complementary Policies

**PUBLIC/COMMUNITY LAND TRUSTS:** In addition to protecting homeowners from high-cost or predatory mortgage lending, public/community land trusts can intervene to cure delinquencies and prevent foreclosures. As a result, homes in community land trusts have lower rates of delinquency and foreclosure than homes with conventional mortgages.

**TENANT RELOCATION ASSISTANCE:** Tenant relocation assistance can support tenants financially or otherwise who are renting a foreclosed property.

**TENANT/COMMUNITY OPPORTUNITY TO PURCHASE:** Tenant/community opportunity to purchase can reduce the impact of foreclosure on tenants by giving them or community organizations the first right to purchase a property when it goes into foreclosure, helping to maintain community stability.

**FUNDING TO SUPPORT PRESERVATION:** Funding to support preservation can similarly reduce the negative impact of foreclosure by enabling community organizations or public agencies to acquire foreclosed properties, safe-guarding their long-term affordability.

*This document is intended to provide general information and does not constitute legal advice. Additional facts, facts specific to a particular situation, or future developments may affect the subjects discussed in this document. Seek the advice of your jurisdiction's legal counsel before acting or relying upon this information. For specific questions regarding TOC compliance, please reach out to [TOCpolicy@bayareametro.gov](mailto:TOCpolicy@bayareametro.gov).*

## Other Resources

### EXAMPLES\*

[City and County of San Francisco - Homeowner Emergency Loan Program](#)

### OTHER RESOURCES

[White et.al. - The Impact of State Anti-Predatory Lending Laws on the Foreclosure Crisis](#)

[Metropolitan Transportation Commission - Protection Policy 4: Foreclosure Assistance](#)

*\*Note that examples have not been vetted for full TOC Compliance.*