

**ANSWERS TO COMMON QUESTIONS ABOUT
THE HOMEOWNER'S EMERGENCY MORTGAGE ASSISTANCE
LOAN PROGRAM ADMINISTERED BY THE
PENNSYLVANIA HOUSING FINANCE AGENCY**

WHAT IS THE HOMEOWNER'S EMERGENCY MORTGAGE ASSISTANCE PROGRAM?

Act 91 of 1983 created the Homeowner's Emergency Mortgage Assistance Program (known as "HEMAP"). The HEMAP program is administered by the PA Housing Finance Agency ("PHFA") and is funded by appropriations from the State and from repayment of loans. The purpose of the program is to prevent widespread mortgage foreclosures and distress sales of homes which result from default caused by circumstances beyond a homeowner's control.

WHAT IS THE ROLE OF THE COUNSELING AGENCY?

The Counseling Agency is under contract with PHFA to help prepare an application for a HEMAP loan. The Counseling Agency does not make the decision to approve or deny HEMAP loan applications. They do not make any recommendations to PHFA as to whether or not a homeowner should receive a loan. Their job is to help homeowners present the most complete and accurate application possible. Homeowners must provide all necessary information with their loan application. The circumstances that caused their financial hardship and the factors affecting their reasonable prospect of resuming full monthly mortgage payments must be explained in detail. Certain income and expense information must be documented. The Counseling Agency should offer suggestions which will help homeowners obtain the necessary information.

The Counseling Agency is prepared to counsel homeowners with their financial matters and spending habits. If appropriate, the Counseling Agency will attempt a workout agreement with the lender. The Counseling Agency should also provide information about other financial assistance or employment training opportunities in their community.

WHAT KINDS OF MORTGAGE ASSISTANCE LOANS ARE AVAILABLE?

HEMAP provides the following two types of loans: 1.) **Continuing loan** - the Agency brings the homeowners mortgage current and provides continuing help with their mortgage payments. Total assistance cannot exceed 24/36 monthly payments. Homeowners approved for a continuing loan will be required to make a monthly contribution towards their mortgage payment based upon their income and housing expenses. They must pay at least \$25.00 per month per mortgage assisted. 2.) **Non-continuing loan** - the Agency simply brings the homeowner's mortgage current and homeowners are responsible for their own full mortgage payments following the closing.

IS THE HEMAP LOAN A LIEN AGAINST THE HOME?

HEMAP's loan is recorded as a mortgage lien against the homeowner's property.

WHEN DOES REPAYMENT BEGIN AND ON WHAT TERMS?

Non-continuing loan repayment begins immediately after closing and continuing loan repayment begins immediately after the last month of assistance. Repayment amounts are based on 35% or 40% of a homeowner's net monthly income, less their total housing expenses. Total housing expenses include mortgage payments, taxes and insurance and home utilities. If the 35% or 40% test results in a negative amount, there is a mandatory minimum monthly payment required of \$25.00 per month per mortgage assisted. Homeowners are recertified at least annually to determine if repayment should be adjusted. Interest accrues when the 35% or 40% test results in a positive amount.

Homeowners must seek repayment/refinance provisions once they have established better credit and equity in the property.

WHO QUALIFIES FOR A HEMAP LOAN?

- Homeowner must be at least 60 days delinquent on their mortgage and have received an Act 91 Notice from their lender.
- The home must be located in Pennsylvania and be owner-occupied.
- The property must be a one or two family residence. A home used primarily for business purposes is not eligible.
- Mortgage loans obtained primarily for business purposes are not eligible.
- FHA Title II loans are not eligible.
- The homeowner must have had a favorable mortgage credit history prior to the delinquency during the previous 5 years.
- The homeowner must be suffering financial hardship due to circumstances beyond their control.
- The homeowner must have a reasonable prospect of resuming full mortgage payments within 24/36 months and paying the mortgage in full by maturity.
- HEMAP loan cannot exceed \$60,000.00 nor exceed 24/36 months of assistance.
- PHFA/HEMAP must have at least a 3rd lien position.

WHAT ARE CIRCUMSTANCES BEYOND YOUR CONTROL?

To be eligible for a HEMAP loan, a homeowner must be suffering financial hardship due to circumstances beyond their control. Loss of employment due to layoff, strike or plant closing, serious medical conditions, divorce or separation are typically circumstances beyond one's control. On the other hand, quitting a job, committing a crime and being jailed, or money mismanagement are all examples of circumstances within one's control.

HOW DO YOU DEMONSTRATE A REASONABLE PROSPECT OF RESUMING FULL MORTGAGE PAYMENTS?

Some circumstances which cause financial hardship are by nature temporary and predictable. A job layoff or temporary unemployment due to a curable medical condition are examples of circumstances which will clearly come and go, and the homeowner will be re-employed and be able to resume making their mortgage payments. The loss of a job usually creates a longer term problem; however, the homeowner's job skills, training, job history, efforts at retraining, etc., are all relevant factors which the Agency will consider in determining whether there is a reasonable prospect of the homeowner being able to resume full mortgage payments within 24/36 months. If a person demonstrates a good employment history, a good credit history while employed, employable skills or efforts toward retraining, and an active search for employment, they will probably meet the reasonable prospect issue.

On the other hand, a person who has mortgaged their home to the limit, whose spouse dies without life insurance, who has no employable skills, and has no plans of entering into an employment training program probably has little prospect of resuming their mortgage payments within 24/36 months and would not be found eligible.

It is extremely important for the homeowner to do a complete self evaluation of their job history, job skills and potential for securing future employment in order to present an accurate picture of whether or not there is a reasonable prospect of being able to resume mortgage payments in the future.

HOW LONG DOES THE PROCESS TAKE?

A homeowner must have a face to face meeting with the Counseling Agency within 33 days of the date of their Act 91 Notice. The Counseling Agency must forward the application to PHFA within 30 days of the face to face meeting date. PHFA has 60 days from application receipt date to make a decision. If the application is approved, it takes approximately 60 days for the loan to close. Within 15 days after the closing, the Agency will disburse checks to bring the mortgage(s) and taxes current.

IF REJECTED, CAN THE DECISION BE APPEALED?

If the loan request is rejected, applicants have the right to request an appeal hearing. The request must be made in writing within 15 days of the date of the rejection letter. Hearing examiners, who are separate and distinct from those staff making the initial decision, schedule and conduct hearings to weigh the facts and circumstances and determine if the initial decision was correct and whether a change in circumstances occurred since the initial decision. If the Hearing Examiner upholds the initial decision, a homeowner has 30 days to file a further appeal with the Commonwealth Court.

WHAT IF CIRCUMSTANCES CHANGE?

All HEMAP loans are reviewed at least once a year to recertify their eligibility based upon financial information and other circumstances. If homeowners are receiving a continuing loan, the recertification process will determine if PHFA loan disbursements should continue, increase, decrease, or stop. If loan disbursements are not currently being made, the amount of loan repayment is determined at this time. Just because a homeowner is being recertified does not mean that payments will be decreased or stopped. ***However, failure to cooperate with the recertification process will definitely result in a termination of loan disbursements and/or trigger a demand for full repayment.*** The recertification process will occur each year until the loan is paid off. This process is handled through the mail; therefore, it is extremely important that PHFA be notified of any change in mailing address.

If circumstances change at any time, such as job loss, high medical expenses, large home maintenance expenses, or any decrease in household income, homeowners may request a reevaluation. The request must be made in writing and supporting documentation must be included.

If household income increases, due to new employment, change of employment, household member increase, etc., the Agency must be notified immediately and verification of income provided.

HOW CAN MORE INFORMATION BE OBTAINED ABOUT HEMAP?

Act 91 can be found in Purdon's PA Statutes at 35 P.S. Section 1680.401-C through 1680.411-C. PHFA's Guidelines for the program can be found in Pennsylvania Code of Regulations at 12 Pa. Code Section 31.201 etc.

PHFA staff can be reached by phone or by mail as set forth below:

General Information - (717)780-3940 Toll Free - 1-800-342-2397
Hearing Impaired - (717)780-1869
Fax No. - (717)780-3995

PAYMENTS

PHFA/HEMAP
211 N. Front Street
PO Box 15206
Harrisburg, PA 17105

CORRESPONDENCE

PHFA/HEMAP
211 N. Front Street
PO Box 15530
Harrisburg, PA 17105

WEB ADDRESS: WWW.PHFA.ORG