



**PHFA**

PENNSYLVANIA HOUSING FINANCE AGENCY



**Homeowners'  
Emergency Mortgage  
Assistance Program**

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# PHFA

## Homeowners' Emergency Mortgage Assistance Program

Over 40,000 Pennsylvania families in danger of losing their homes to foreclosure have received help from the Homeowners' Emergency Mortgage Assistance Program. The program was created by Act 91 of 1983, and is the only one of its kind in the nation. It helps homeowners who, through no fault of their own, are financially unable to make their mortgage payments.

Program participants receive loans to help bring delinquent payments current and may be eligible for continuing payment assistance for as long as 24 months. Under the program, mortgage payments are made directly to lenders on the homeowner's behalf.

The Homeowners' Emergency Mortgage Assistance Program is a cost-effective means to prevent homelessness among Pennsylvanians. By giving assurance of steady mortgage payments, it allows homeowners to seek education, job training, and alternate employment when they most need it.

The program is funded by state appropriations and loan repayments.

### Eligibility

To be considered for a HEMAP loan, homeowners must receive an "Act 91 Notice" from their lender informing them of their delinquent status and advising them that help may be available through the program.

In addition, applicants must:

- be Pennsylvania residents who own and occupy the property in foreclosure;
- be at least sixty days delinquent in their mortgage payments;
- be suffering financial hardship through no fault of their own; and,
- demonstrate reasonable prospects of being able to resume normal mortgage payments after HEMAP loan assistance ends.

## Procedures

The application process takes about four months to complete. Deadlines fixed by state law require applicants to meet with designated counseling agencies within 30 days of receiving their Act 91 Notice in order to begin the application process. These organizations prepare the application and submit the initial paperwork to PHFA.

Foreclosure actions cease as long as the homeowner files a timely application.

The Pennsylvania Housing Finance Agency determines loan eligibility within 60 days, and approved loans usually move to closing within 60 days after the decision. At closing, appropriate documents are completed and a mortgage is filed against the property. Within 15 days after the closing, payouts are made to bring delinquent payments and taxes current.

Recipients must make mandatory monthly payments of at least \$25 for each mortgage assisted. (The Homeowners' Emergency Mortgage Assistance loan must be in at least third lien position.)



Depending upon their financial status, homeowners could be required to pay up to 40 percent of their net income for total monthly housing expenses (i.e., the sum of monthly mortgage payments, escrow for taxes and hazard insurance, and monthly utility costs). In the case of monthly mortgage assistance, the HEMAP loan makes up the difference between the participant's contributions and the lender's required payment.

Participating homeowners must recertify each year to determine continued eligibility. Assistance loans are repaid at nine percent interest.

The program may provide assistance for as long as 24 months, up to a maximum amount of \$60,000.

Once they have established better credit and equity in their property, program participants are required to seek refinancing to pay off or reduce their HEMAP loan.

Applications that have been denied may be eligible for administrative appeals. A separate team of hearing examiners reviews unfavorable decisions.