

# FORECLOSURE PREVENTION



**C**reated during the recession of the 1980s, the Pennsylvania Housing Finance Agency's Homeowners' Emergency Mortgage Assistance Program provides financial assistance to families in danger of losing their homes.

Designed as a repayable loan program, HEMAP provides mortgage assistance to homeowners who are delinquent on their mortgage payments through no fault of their own.

***DID YOU KNOW?***  
**SINCE INCEPTION**  
**IN 1983, HEMAP HAS**  
**SAVED MORE THAN**  
**49,000 HOMES**  
**FROM FORECLOSURE.**

Assistance is limited to 24 or 36 months from the date of the mortgage delinquency (depending on the current unemployment rate) or \$60,000, whichever comes first. Mortgage payments are

made directly to lenders on the homeowner's behalf.

## **ELIGIBILITY**

To be considered for a HEMAP loan, homeowners must receive an Act 91 notice from their lender informing them of their delinquent status (at least 60 days delinquent) 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 (which must be a one- or two-family, owner-occupied residence)
- ▶ be at least 60 days delinquent on their mortgage payments
- ▶ be suffering financial hardship through no fault of their own
- ▶ show reasonable prospects of being able to resume normal mortgage payments after HEMAP eligibility ends

Please note: FHA Title II mortgages are not eligible under this program. HUD or our counseling agencies may be able to assist with other options for these types of mortgages.

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**ON THE COVER:** PHFA's foreclosure prevention program provided Dave Marcellus time to find new employment while helping with his monthly mortgage payment. Today, the Marcellus family has paid off their mortgage and own their home.

## A MESSAGE FROM THE EXECUTIVE DIRECTOR

Facing foreclosure doesn't have to mean the end of your homeownership dream. Our Homeowners' Emergency Mortgage Assistance Program can put you on a financial path to keep your home. By working with an expert housing counselor, you may be able to identify solutions to avoid foreclosure. You don't have to fight foreclosure alone; we're here to help.



**Brian A. Hudson Sr.**  
PHFA Executive Director & CEO

## HOW TO APPLY

Homeowners may apply for HEMAP assistance through a network of approved counseling agencies after receiving an Act 91 notice from their lender. These counseling agencies assist the homeowner in preparing the application and submitting the paperwork to PHFA. Foreclosure actions cease as long as the homeowner files a timely application.

The application process can take up to four months to complete. State law requires applicants to meet with counseling agencies within 30 days of receiving their Act 91 notice in order to begin the application process. Counseling agencies have 30 days to submit the application to PHFA.



Laurel Bundy-McClaren and Melissa McClaren, along with their son Austin and daughters Emmaline and Alexis, have been helped by a HEMAP loan that saved their home in Erie County from foreclosure.

## PROGRAM PROCEDURES

PHFA determines loan eligibility within 60 days, and approved loans usually move to closing within 60 days after approval. At closing, appropriate documents are executed and a mortgage is filed against the property. Within 15 days after closing, payouts are made to bring delinquent payments current, including real estate taxes if not escrowed

Depending on their financial status, homeowners could be required to pay up to 35 or 40 percent (depending on the unemployment rate at the time of application) of their net income for total monthly housing expenses (i.e., the sum of monthly mortgage payments, allowance 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. The personal contribution amount is also set based on income.

HEMAP recipients must make mandatory minimum monthly payments of at least \$25 for each mortgage assisted, unless their income requires more.

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.

Applicants who have been denied may file an administrative appeal. A separate team of hearing examiners reviews unfavorable decisions.



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The Pennsylvania Housing Finance Agency is committed to the policy that all people shall have equal access to its housing programs and employment without regard to age, disability, family status, gender, national origin, political affiliation, race, or religion.