

*If your mortgage delinquency is due to involuntary unemployment, under-employment, or medical reasons, you may be eligible for an EHLPP loan.*

## OVERVIEW

The Dodd-Frank Wall Street Reform and Consumer Protection Act provided \$1 billion to HUD to implement the Emergency Homeowners' Loan Program (EHLPP). The program will offer a declining balance, deferred payment "bridge loan" (non-recourse, subordinate loan with zero interest) for up to \$50,000 to assist eligible homeowners with payments of arrearages, including delinquent taxes and insurance, plus up to 24 months of monthly payments on their mortgage principal, interest, mortgage insurance premiums, taxes, and hazard insurance.

## ELIGIBILITY

- ✦ The homeowner has incurred a reduction in income due to involuntary unemployment, under-employment or medical reasons. (Current gross income must be at least 15 percent lower than pre-event income.)
- ✦ Current household income must be equal-to-or-less than 120 percent of Area Median Income (AMI).
- ✦ Homeowner must be at least three payments delinquent on his/her first mortgage or have received notice of an intention to foreclose.
- ✦ Homeowner must have reasonable likelihood of being able to resume repayment of the first mortgage obligation within two years and meet other housing expenses and debt obligations when the household regains full employment.
- ✦ The property must be owner-occupied and be the homeowner's principal residence. The mortgaged property must be a single-family residence (one-to-four unit structure or condominium).

## ASSISTANCE AMOUNT

**PLEASE NOTE:** Assistance cannot exceed \$50,000 or 24 months of continuing assistance.

- ✦ **Use of funds for arrearages:** On behalf of the homeowner, the fiscal agent shall use loan funds to pay 100 percent of arrearages (mortgage principal, interest, mortgage insurance premiums, taxes, hazard flood insurance, ground rents, condo and association fees, and limited, reasonable attorney fees.)
- ✦ **Homeowner payments:** The homeowner's contribution to monthly payment on the first mortgage will be set at 31 percent of gross income at the time of application, but in no instance will it be less than \$25 per month.
- ✦ **Use of funds for continuing mortgage assistance:** The fiscal agent will make monthly mortgage payments to the servicer of the first-lien mortgage in excess of the payments made by the homeowner.
- ✦ **Duration of assistance:** If at any time the household's gross income increases to 85 percent or more of its pre-event level, assistance will be phased out by the fiscal agent over a two-month period. In any event, assistance with monthly payments may not continue beyond 24 months.

## Repayment terms

- ✦ **Transition counseling:** The designated counseling agent shall contact each homeowner who is approaching the last months of program eligibility and remains un/under-employed (3-6 months before the assistance ends) and require the homeowner to meet with a HUD-approved counseling agent to explore other loss mitigation options, including loan modification, short sales, deeds in lieu of foreclosure, or the traditional sale of the home.

- ✦ **Repayment of HUD note:** Following the last payment on behalf of the homeowner, the note and mortgage will be assigned to HUD.

## Events triggering note repayment

The homeowner will be responsible for repayment of the applicable balance of the HUD note to the fiscal agent or its successor if, at any time during the five-year repayment period, any of the following events occur:

- ✦ The homeowner no longer resides in the mortgaged property as a principal residence, but maintains ownership.
- ✦ The homeowner defaults on his/her portion of the current mortgage.
- ✦ The homeowner receives net proceeds from selling or refinancing debt on the home. Net proceeds—after paying outstanding applicable broker's fees, first balances (and second-lien balances, as applicable), and an allowance of \$2,000 to the homeowner for relocation expenses when the home is sold—will go toward paying down the HUD note. If proceeds of a sale or loan refinancing are not sufficient to repay the entire HUD note, the remaining applicable balance of the HUD note shall be considered to have been met, and the lien against the property shall be released.

## HOW TO APPLY

All applicants for the program must apply through a HEMAP-approved counseling agency. You can visit PHFA at [www.PHFA.org](http://www.PHFA.org) or call 1.800.342.2397 for a list of counseling agencies.



PENNSYLVANIA HOUSING FINANCE AGENCY