

HEMAP Helps Families Experiencing Hard Luck to Save Their Homes

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In 1984, Pennsylvania homeowners facing foreclosure through no fault of their own - due, for example, to unemployment, illness, marital problems, or other financial hardship - were offered a unique opportunity to avoid losing their homes: the Homeowners' Emergency Mortgage Assistance Program (HEMAP) established by the General Assembly in 1983, through Act 91.

HEMAP is a tool of which lawyers should be aware; not only may it keep families in their homes, it sometimes provides an alternative to bankruptcy. Administered by the Pennsylvania Housing Finance Agency (PHFA), and funded annually by the Legislature, HEMAP provides temporary assistance in the form of loans to families so that they can continue to make mortgage payments while they regain their financial footing. Since its inception, HEMAP has helped over 38,000 families save their homes. Legislative support for HEMAP has been strong through the years, with state representatives Dwight Evans and John Taylor from Philadelphia often taking the lead.

Under Act 91, lenders must notify borrowers about HEMAP before instituting foreclosure proceedings. In the "Act 91 notice" - sent when a borrower is at least 60 days delinquent - the homeowner is directed to meet with one of 80 housing counseling agencies throughout the state within 30 days. Once the meeting has occurred, the borrower has an additional 30 days to finalize the HEMAP application with the counselor and submit it to PHFA. The agency then has 60 days to evaluate the application and render a decision.

In total, HEMAP has disbursed over \$393 million in loans, approving more than 38,000 loans. Approximately 85 percent of the families helped have been able to remain in their home thanks to the program. Well over \$220 million has been repaid and over 18,000 loans have been closed after being paid in full.

The Kennedy School of Government's Ash Institute for Democratic Governance and Innovation named HEMAP - one of three Pennsylvania programs so recognized - one of the nation's top 50 programs in its 2006 Innovations in American Government Awards competition.

PHFA Executive Director and CEO Brian Hudson said the program plays an important role in supporting families and communities. "Buying a home is one of the most stressful events in life. Losing a home is worse. HEMAP is a one-of-a-kind program. It is a great foreclosure-prevention program that works."

But for all its successes, only about one-quarter of all applicants are actually approved each year. Between 1984 and the end of 2006, 147,259 homeowners in Pennsylvania applied for assistance, but only 37,422 were approved.

In order to boost the approval rating, Regional Housing Legal Services (RHLS) - with assistance from groups such as Action Housing in Pittsburgh and the Philadelphia Unemployment Project (PUP) - created the HEMAP Help Center. RHLS is a Glenside-based nonprofit providing legal and technical assistance to community-based organizations throughout the commonwealth that are dedicated to promoting affordable housing, economic development and neighborhood revitalization. The HEMAP Help Center provides internet-based assistance to homeowners preparing to apply for HEMAP. Assistance from the Pennsylvania Legal Aid Network (PLAN) helped RHLS to establish the HEMAP Help Center.

The approval rate for those receiving assistance from RHLS is between 45 and 50 percent - nearly double the rate of those not receiving RHLS services. Last year, RHLS provided assistance to over 300 families throughout Pennsylvania.

At the HEMAP Help Center, homeowners find information about HEMAP, the HEMAP application, and links to useful information. Although applications cannot be submitted online, the HEMAP Help Center does help homeowners who are preparing to meet with housing counselors to submit applications to PHFA. Homeowners may fill out a HEMAP application online and take it to the counseling agency. Or the housing counselor may use the HEMAP Help Center while working with the homeowner.

One of the most important parts of the HEMAP application is the description of circumstances. The homeowner may complete a draft of the description of circumstances online and e-mail it to RHLS for review and comments prior to finalizing the application. Many applicants complete the description of circumstances, reflecting how desperate they feel their circumstances seem at the time. This may make them ineligible for HEMAP assistance. The Help Center helps applicants describe their situations realistically and in a way that qualifies them for HEMAP.

The HEMAP Help Center does not take the place of a meeting with a housing counselor. Meeting with a counselor is a very important and necessary part of the HEMAP application process. The HEMAP Help Center can help homeowners be better prepared for meeting with a housing counselor. The goal of the HEMAP Help Center is to increase the homeowner's likelihood of submitting a successful application.

According to one homeowner who used the HEMAP Help Center, "The Web site, etc., did help me to prepare for my meeting with the counselor. In fact she was very impressed, and the meeting only took half the time as a result."

Another homeowner wrote: "To say that I am grateful for all of your help would be an understatement. Your advice was so clearly explained that I am no longer having anxiety attacks. I understand that we could still lose the house; but at least we now have a

fighting chance."

Today, many homeowners in Pennsylvania are victims of predatory lending. The Legislature did not anticipate this type of lending when HEMAP was established. Thus, many applicants for HEMAP may be in danger of losing their homes due to predatory loans, and not be eligible for HEMAP. It is important that the Legislature and the lending community create an alternative to HEMAP that can adequately respond to the needs of families in their communities who have been victims of predatory lending. Community Legal Services and a number of community groups have been meeting to explore the creation of this type of product.

HEMAP is an innovative and effective program that helps thousands of families avoid disaster every year. Attorneys working with clients facing possible foreclosure should be aware of this program and encourage clients who may be eligible for assistance to explore it. For more information visit the HEMAP Help Center at www.hemap.org.

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