

# Homeowners' Emergency Mortgage Assistance Program (HEMAP)

A Foreclosure Prevention Resource  
in Pennsylvania

Presented by:  
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[www.PHFA.org](http://www.PHFA.org)

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# Objectives

Today we will discuss:

- Foreclosure and how it happens
- Strategies to avoid foreclosure
- Homeowners' Emergency Mortgage Assistance Program (HEMAP)
- HEMAP qualifications, procedural requirements, and approval
- HEMAP counseling agencies

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# The Pennsylvania Housing Finance Agency (PHFA)

- Provides affordable homeownership and rental apartment options for older adults, low- and moderate-income families, and people with special housing needs.
- Created by the state legislature in 1972
- Programs and operations are funded primarily by the sale of securities, not by public tax dollars.
- Provided funding for more than 146,400 single-family home mortgage loans and 83,000 rental units
- Saved the homes of nearly 46,000 families from foreclosure.

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# Foreclosure: What is it?

- The legal process by which an owner's right to a property is terminated, usually due to a debt that is in default and pledged by the property
- Typically involves a forced sale of the property at public auction, with the proceeds being applied to the mortgage debt



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# Foreclosure: How does it happen?

- Financial crisis that reduces household income to the point of difficulty making mortgage loan payments. Examples:

- Job loss/unemployment
- Major illness or death
- Separation or divorce



- Mortgage loan that is unsuitable for borrowers financial situation.

Examples:

- Variable interest rate
- Balloon payment



- Money Mismanagement

- Living beyond means
- Over extension of consumer debt



# Foreclosure: How to avoid it?

## Proactive

- Review financial situation, including income, spending, savings, taxes, and insurance
- Build a cash reserve of at least three monthly payments
- Seek housing counseling prior to choosing a mortgage product



PHFA		GO BACK   Log In   Contact Us   Search PHFA
PENNSYLVANIA HOUSING FINANCE AGENCY		
Homebuyers, Homeowners, and Renters	Homeownership Professionals	Multifamily Housing Professionals
<b>Search for a Counseling Agency</b>		<b>Current Select Rates</b>
<b>Homeownership</b>		30-year fixed
Homebuyer Counseling and Education		HFA PHS 0 pt 3.875 %
PHFA offers homebuyers the opportunity to receive homebuyer counseling and education through one of its approved counseling agencies. To make an appointment, please use the search program below to locate a PHFA approved Homeownership Counseling Agency in your area. Choose the "Counseling Agencies for Homeownership" option in section 1 and follow the instructions for section 2. PHFA requires borrowers with a FICO credit score lower than 650 to complete a course prior to closing on their loan. We strongly encourage you to seek the assistance of a counselor before you sign a sales agreement, especially if you are a first-time buyer. For more information, visit <a href="#">www.phfa.org</a> or for more information, call 1-800-447-7464.		HFA PHS Adv 0 pt 4.250 %
		K-Gov 0 pt 4.500 %
		K-Gov Adv 0 pt 3.750 %
		KHL Adv 0 pt 3.500 %
		<a href="#">View all PHFA rates</a>
		<a href="#">Contact a participating lender for APFC.</a>

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# Foreclosure: How to avoid it?

## Reactive

- Review financial situation, including income and spending priorities
- Call lender, explain the situation, and ask about options
- Contact a local PHFA housing counseling agency
- Seek public assistance programs and other resources when appropriate
- Do not ignore communication from lender



ACT 91 NOTICE  
TAKE ACTION TO SAVE  
YOUR HOME FROM  
FORECLOSURE\*

# Foreclosure: How to avoid it?

Options to retain home

- Repayment plan
- Forbearance
- Modification/Refinance
- Partial Claim
- HEMAP
- Bankruptcy-Chapter 13

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# Foreclosure: How to avoid it?

Options to relinquish home outside of foreclosure

- Straight or short sale
- Hardship assumption
- Deed in lieu of foreclosure
- Cash for Keys

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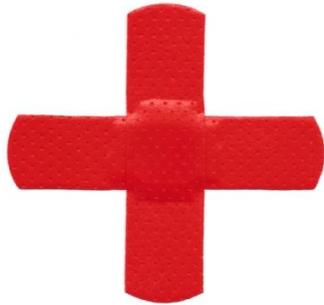
# Homeowners' Emergency Mortgage Assistance Program HEMAP

Purpose: to prevent widespread mortgage foreclosures and distress sales of homes which result from default caused by circumstances beyond a homeowner's control.

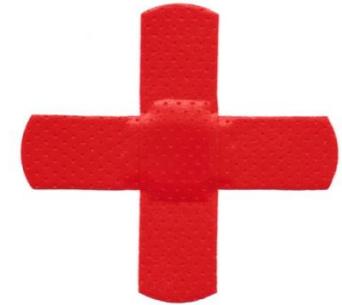
- Created by Act 91 of 1983
- Administered by PHFA
- Funded by state appropriation and loan repayment

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# HEMAP



- Aids homeowners who are financially unable to make their mortgage payments\*
- Allows homeowners to seek education, job training, and alternate employment
- Cost-effective means to prevent homelessness in Pennsylvania
- Assisted over 46,000 Pennsylvanians from foreclosure

*\* Through no fault of their own*

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# HEMAP

An emergency mortgage assistance *loan*:

- Non-continuing loan - lump sum to bring mortgage current
- Continuing loan - lump sum to bring mortgage current *and* ongoing payments of ***up to*** 24months\*
- Maximum loan amount of \$60,000
- Payments made directly to lender on homeowner's behalf

\* *Up to 36 months during periods of high unemployment*

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# HEMAP

To qualify, you must:

- Be at least 60 days delinquent
- Receive “Act 91” notice from lender
- Be a Pennsylvania resident who owns and occupies the property (which must be a one- or two-family, owner-occupied residence)

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# HEMAP



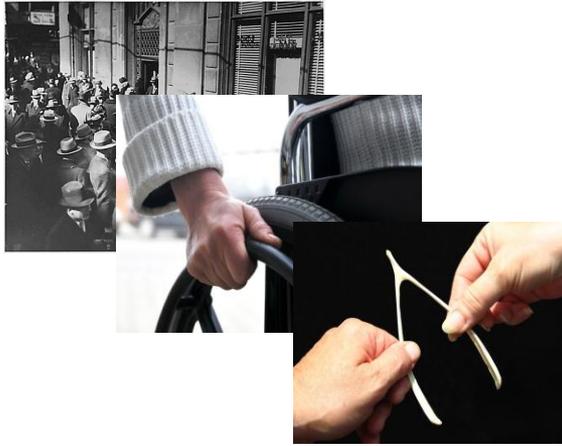
To be approved, you must:

- Be experiencing financial hardship due to no fault of your own
- Have a reasonable prospect of resuming full mortgage payments within 24 months\*
- Have a favorable mortgage credit history of the previous five years
- Meet all procedural requirements as outlined in the Act

*\* Up to 36 months during periods of high unemployment*

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# HEMAP

Financial hardships *beyond* one's control:

- Loss of employment due to layoff, strike or plant closing
- Serious medical problems
- Divorce or separation

Financial hardships *within* one's control:

- Quitting a job
- Committing a crime and being jailed
- Money mismanagement



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# HEMAP

## Procedural requirements:



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# HEMAP

If approved, the homeowner:

- Must make mandatory minimum payment of \$25 for each loan assisted
- May be required to pay up to 40% of net income towards housing expenses\*
- HEMAP loan must be in third lien position or better.
- Must recertify eligibility annually

*\* May be 35% during periods of high unemployment*

*If denied, homeowner may appeal, in writing, within fifteen (15) days of the date of the rejection letter.*

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# HEMAP

If denied, the homeowner:

- May appeal the decision, in writing, within fifteen (15) days of the date of the rejections letter.
- Should explore all options previously mentioned to retain the home.
- Should consider options to relinquish property in lieu of foreclosure.

The screenshot shows the PHFA website interface. At the top, there is a navigation bar with links for 'GO BACK', 'Log-In', 'Contact Us', and 'Search PHFA'. Below this is a main menu with categories: 'Homebuyers, Homeowners, and Renters', 'Homeownership Professionals', 'Multifamily Housing Professionals', 'Housing Resources', and 'About PHFA'. The 'Homebuyers, Homeowners, and Renters' category is expanded, showing sub-menus for 'Homebuyers', 'Homeowners', and 'Renters'. The 'Homeowners' sub-menu is further expanded to show options like 'Energy Efficiency', 'Foreclosure Prevention', 'HEMAP Counseling', and 'Mitigation Initiative'. A 'TOOL BOX' section includes links for 'Home Maintenance and Energy Saving Tips', 'Mortgage Calculator', 'Two-Unit Info Guide', 'Brochures Online', and 'FAQ'. A 'Borrower Log-In' link is also present. The 'EXTERNAL RESOURCES' section includes a 'Reverse Mortgage Guide'. The main content area is titled 'Search for an Approved Counseling Agency' and features the 'Homeowners' Emergency Mortgage Assistance Program (HEMAP)'. It provides instructions on how to find a counseling agency, including a dropdown menu for selecting a county and a map of Pennsylvania counties. The map is labeled 'Section 1B: PA County Map' and shows various counties such as Allegheny, Berks, Bucks, Chester, Delaware, Lancaster, Lehigh, Montgomery, Northampton, Northumberland, Schuylkill, and York. At the bottom of the page, there are social media links for Facebook and Twitter, and a footer with contact information and a 'More' link.

# Additional Resources



**[www.hud.gov](http://www.hud.gov)**

U.S. Department of Housing and Urban Development



**[www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)**

U.S. Department of the Treasury & Housing and Urban Development



**[www.nfcc.org](http://www.nfcc.org)**

National Foundation for Credit Counseling



**[www.moneysbestfriend.com](http://www.moneysbestfriend.com)**

Pennsylvania Department of Banking

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# Wrap-Up

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