

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 110316)

RESOLUTION

Calling on the Governor and the Pennsylvania General Assembly to restore funding for the Homeowners Emergency Mortgage Assistance Program.

WHEREAS, In 1984 the Pennsylvania General Assembly established the Homeowners Emergency Assistance Program (HEMAP) which has been recognized nationally as a model foreclosure prevention program; and

WHEREAS, Since the inception of the program HEMAP has provided assistance to over 45,000 Pennsylvania homeowners lending them over \$479,000,000 of which 7,000 Philadelphia homeowners were assisted with over \$64,000,000 in loans; and

WHEREAS, HEMAP offers two significant benefits to homeowners who are behind on their mortgages and are in danger of foreclosure. First, HEMAP, provides loans to qualifying homeowners who are delinquent due to circumstances beyond their control, but who have a reasonable likelihood of resuming full mortgage payments within 24 or 36 months (depending on the state unemployment rate). Second and equally important, the statute gives homeowners time to try to resolve their problems, whether they end up qualifying for a HEMAP loan or not. Depending on the timing, a homeowner can get up to 120 days to try to resolve his financial difficulties before the lender can start foreclosure proceedings; and

WHEREAS, Before a lender can start a foreclosure action against most Pennsylvania homeowners, the lender must send a notice stating that the homeowner may be eligible for HEMAP loan assistance, detailing the total amount due, providing contact information for housing counseling agencies, and advising them that they have 33 days to work with the housing counselor to attempt to resolve the delinquency (the "Act 91 Notice"); and

WHEREAS, If the homeowner meets with a housing counselor within that 33-day period, the mortgagee is prohibited from filing the foreclosure for another 30 days. If the homeowner applies for a HEMAP loan within that 30-day period, there is a delay of up to 60 days, during which PHFA considers the application. Thus, a homeowner who follows all of

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the steps outlined in the Statute can get up to 120 days to try to resolve the mortgage delinquency before the mortgagee can file a foreclosure – critical time a homeowner can use to self-cure even if they do not end up receiving a HEMAP loan; and

WHEREAS, If HEMAP is defunded, the statute makes it clear that the provisions including those for notice (Act 91 Notice) and the delay of the start of the foreclosure process will no longer apply. Homeowners will no longer be directed to housing counseling agencies that could help them resolve their financial difficulties. Homeowners will no longer be entitled to the time to try to find a way to self-cure that the statute currently provides. Lenders could start foreclosure proceedings immediately; and

WHEREAS, Pennsylvania continues to experience extremely high foreclosure rates. The severity and length of the problem has already created serious difficulties in neighborhoods across the state as evidenced by the fact that in 2010, 148,592 Act 91 Notices were sent to Pennsylvania homeowners of which 26,968 were sent to Philadelphia homeowners; and

WHEREAS, These problems will be exacerbated if HEMAP is not adequately funded. Foreclosure times will be shortened, which will likely increase the number of vacant properties and significantly worsen the extremely challenging conditions already facing many families and communities. In addition, the loss of the statutory delay that HEMAP provides is also likely to adversely impact the work of the numerous foreclosure diversion programs operating in cities and counties across Pennsylvania; now, therefore,

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That this Council calls on the Governor and the Pennsylvania General Assembly to restore funding for the Homeowners Emergency Mortgage Assistance Program.

FURTHER RESOLVED, That the Chief Clerk is directed to forward a certified copy of this Resolution to Governor, the Majority Leader and Minority Leader of the Pennsylvania Senate, the Majority and Minority Leader of the Pennsylvania House of Representatives and to all members of the Pennsylvania House and Senate delegation representing the City of Philadelphia as evidence of the grave concern of this legislative body.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the fifth of May, 2011.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Michael A. Decker
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Blackwell

Sponsored by: Councilmembers Blackwell, Jones, Greenlee, Sanchez, Clarke, Miller, O'Neill, DiCicco, Kenney and Goode