

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2588 Session of 2010

INTRODUCED BY SEIP, BRENNAN, BROWN, GEORGE, CREIGHTON, HORNAMAN, JOSEPHS, MAHONEY, MCGEEHAN, MUNDY, M. O'BRIEN AND SIPTROTH, JUNE 17, 2010

REFERRED TO COMMITTEE ON COMMERCE, JUNE 17, 2010

AN ACT

1 Amending the act of December 3, 1959 (P.L.1688, No.621),
2 entitled, as amended, "An act to promote the health, safety
3 and welfare of the people of the Commonwealth by broadening
4 the market for housing for persons and families of low and
5 moderate income and alleviating shortages thereof, and by
6 assisting in the provision of housing for elderly persons
7 through the creation of the Pennsylvania Housing Finance
8 Agency as a public corporation and government
9 instrumentality; providing for the organization, membership
10 and administration of the agency, prescribing its general
11 powers and duties and the manner in which its funds are kept
12 and audited, empowering the agency to make housing loans to
13 qualified mortgagors upon the security of insured and
14 uninsured mortgages, defining qualified mortgagors and
15 providing for priorities among tenants in certain instances,
16 prescribing interest rates and other terms of housing loans,
17 permitting the agency to acquire real or personal property,
18 permitting the agency to make agreements with financial
19 institutions and Federal agencies, providing for the purchase
20 by persons of low and moderate income of housing units, and
21 approving the sale of housing units, permitting the agency to
22 sell housing loans, providing for the promulgation of
23 regulations and forms by the agency, prescribing penalties
24 for furnishing false information, empowering the agency to
25 borrow money upon its own credit by the issuance and sale of
26 bonds and notes and by giving security therefor, permitting
27 the refunding, redemption and purchase of such obligations by
28 the agency, prescribing remedies of holders of such bonds and
29 notes, exempting bonds and notes of the agency, the income
30 therefrom, and the income and revenues of the agency from
31 taxation, except transfer, death and gift taxes; making such
32 bonds and notes legal investments for certain purposes; and
33 indicating how the act shall become effective," in

1 homeowner's emergency assistance, further providing for
2 eligibility.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Section 404-C of the act of December 3, 1959
6 (P.L.1688, No.621), known as the Housing Finance Agency Law,
7 amended December 18, 1992 (P.L.1652, No.182) and December 21,
8 1998 (P.L.1248, No.160), is amended to read:

9 Section 404-C. Eligibility for Assistance.--(a) [No] Except
10 as set forth in subsection (a.1), no assistance may be made with
11 respect to a mortgage or mortgagor under this article unless all
12 of the following are established:

13 (1) The property securing the mortgage, or other security
14 interest in the case of units in cooperative or condominium
15 projects, is a one-family residence, or two-family owner-
16 occupied residence including one-family units in a condominium
17 project or a membership interest and occupancy agreement in a
18 cooperative housing project, is the principal residence of the
19 mortgagor and is located in this Commonwealth.

20 (2) (i) Any mortgagee has indicated to the mortgagor its
21 intention to foreclose; and

22 (ii) payments under any mortgage have been contractually
23 delinquent for at least sixty (60) days.

24 (3) The mortgage is not insured by the Federal Housing
25 Administration under Title II of the National Housing Act (12
26 U.S.C. §§ 1707-1715z-18).

27 (4) The mortgagor is a permanent resident of this
28 Commonwealth and is suffering financial hardship due to
29 circumstances beyond the mortgagor's control which render the
30 mortgagor unable to correct the delinquency or delinquencies
31 within a reasonable time and make full mortgage payments.

1 (5) The agency has determined that there is a reasonable
2 prospect that the mortgagor will be able to resume full mortgage
3 payments within twenty-four (24) months after the beginning of
4 the period for which assistance payments are provided under this
5 article and pay the mortgage or mortgages in full by its
6 maturity date or by a later date agreed to by the mortgagee or
7 mortgagees for completing mortgage payments.

8 (6) The mortgagor has applied to the agency for assistance
9 on an application form prescribed by the agency for this use
10 which includes a financial statement disclosing all assets and
11 liabilities of the mortgagor, whether singly or jointly held,
12 and all household income regardless of source. Any applicant who
13 intentionally misrepresents any financial information in
14 conjunction with the filing of an application for assistance
15 under this article may be denied assistance or required to
16 immediately repay any amount of assistance made as a result of
17 such misrepresentation, and the mortgagee may, at any time
18 thereafter, take any legal action to enforce the mortgage
19 without any further restrictions or requirements under this
20 article.

21 (7) The mortgagee is not prevented by law from foreclosing
22 upon the mortgage.

23 (8) The agency has determined, based on the mortgagor's
24 financial statement, that the mortgagor has insufficient
25 household income or net worth to correct the delinquency or
26 delinquencies within a reasonable period of time and make full
27 mortgage payments.

28 (9) Except for the current delinquency, the mortgagor shall
29 have had a favorable residential mortgage credit history for the
30 previous five (5) years. This requirement shall mean that, if

1 the mortgagor has been more than three (3) consecutive months in
2 arrears on a residential mortgage within the previous five (5)
3 years, he shall be ineligible for assistance, unless the
4 mortgagor can demonstrate that the prior delinquency was the
5 result of financial hardship due to circumstances beyond his
6 control.

7 (10) For purposes of this section, in order to determine
8 whether the financial hardship is due to circumstances beyond
9 the mortgagor's control, the agency may consider information
10 regarding the mortgagor's employment record, credit history and
11 current income.

12 (11) The mortgagor meets any other procedural requirements
13 established by the agency.

14 (12) The mortgagor is not more than twenty-four (24) months
15 delinquent or in default for more than twenty-four (24) months
16 pursuant to the terms of mortgagor's residential mortgage. This
17 requirement shall mean that if the mortgagor is more than
18 twenty-four (24) consecutive or nonconsecutive months in arrears
19 on the residential mortgage in question, no matter what the
20 reason therefor, he shall be ineligible for assistance.

21 (13) The property is not encumbered by more than two
22 mortgages, other than a mortgage filed by the agency to secure
23 repayment of the mortgage assistance loan, or by other liens or
24 encumbrances which would unreasonably impair the security of the
25 agency's mortgage.

26 (a.1) The agency may assist a mortgagor that is in danger of
27 losing due to the enforcement of a lien for unpaid tax if all of
28 the following apply:

29 (1) The property is subject to less than two mortgages.

30 (2) The mortgagor is not in default on a mortgage on the

1 property.

2 (b) Upon a determination that the conditions of eligibility
3 described in [subsection (a)] this section have been met by a
4 mortgagor and money is available in the Homeowner's Emergency
5 Mortgage Assistance Fund, the mortgagor shall become eligible
6 for the assistance described in section 405-C. If the agency
7 determines that a mortgagor has not met the conditions of
8 eligibility described in subsection (a), the mortgagor shall be
9 prohibited from reapplying for assistance under this article for
10 a period of twenty-four (24) months from the date of such
11 determination unless there is a material change in
12 circumstances: Provided, however, That nothing in this
13 subsection shall prohibit any mortgagee from commencing legal
14 action to enforce the mortgage without any further restriction
15 or requirement under this article whenever the agency determines
16 that the mortgagor is ineligible for assistance as provided in
17 this section.

18 Section 2. This act shall take effect in 60 days.