



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1433

PRINTERS NO. 2257

PRIME SPONSOR: Gordner

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
Homeowner Assistance Settlement Fund	\$0	\$18,000,000

SUMMARY: Creates the freestanding Homeowner Assistance Settlement Act to direct funding for the Homeowner's Emergency Mortgage Assistance Program (HEMAP) and provides a timeframe for challenging a mortgage foreclosure as per Act 91 notification. This legislation would take effect immediately with provisions related to noncompliance with notice requirements retroactive to June 5, 1999.

ANALYSIS: This legislation would direct the Treasury Department to deposit all payments the state receives from the Homeowner Assistance Settlement Agreement into the Homeowner Assistance Settlement Fund as entered into on February 9, 2012 by the Pennsylvania Attorney General and the leading U.S. mortgage servicing companies. The legislation directs the State Treasurer to distribute funding each fiscal year, no later than July 1, as follows:

- 90% to the Pennsylvania Housing Finance Agency (PHFA) for HEMAP;
- 5% to the Office of Attorney General for housing consumer protection programs; and,
- 5% to the Access to Justice Account under Title 42 for legal assistance involving housing programs.

Yearly distribution of all funding authorized in the legislation must not exceed \$12 million, except that in fiscal year 2012-13 the amount shall not exceed \$18 million. The additional \$6 million will be for HEMAP.

The legislation clarifies that a stay of the foreclosure action is one of the remedies available to the judge in situations where an Act 91 notice has not been sent or the notice is defective. It also expands the timeframe for a homeowner to object to the Act 91 notice and gives the court a right to stay any action.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on the General Fund but would result in the deposit of an approximate \$69,000,000 in settlement funds in the Homeowner Assistance Settlement Fund. In Fiscal Year 2012-13, HEMAP will receive \$16,800,000, the Office of Attorney General would receive \$600,000, and the Access to Justice Account would also receive \$600,000 from this new Fund.

Based on the \$12,000,000 annual cap, HEMAP would receive \$10,800,000, the Office of Attorney General would receive \$600,000, and the Access to Justice Account would receive \$600,000 annually in the years thereafter until all funds are exhausted. See below for calculations by fiscal year:

SB 1433 Settlement Money by Fiscal Year (amount in thousands)

Estimated Settlement:		\$69,000						
Program	%	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	Total
HEMAP	90%	\$16,800	\$10,800	\$10,800	\$10,800	\$10,800	\$2,700	\$62,700
Office of Attorney General	5%	\$600	\$600	\$600	\$600	\$600	\$150	\$3,150
Access to Justice Account	5%	\$600	\$600	\$600	\$600	\$600	\$150	\$3,150
Totals	100%	\$18,000	\$12,000	\$12,000	\$12,000	\$12,000	\$3,000	\$69,000

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: June 8, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.