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**MEMORANDUM**

**TO:** All House Members

**FROM:** Representative Peter J. Daley, Democratic Chairman  
House Commerce Committee

**DATE:** March 15, 2012

**SUBJECT:** Homeowners Emergency Mortgage Assistance Program (HEMAP)

In the near future, I intend to introduce legislation providing for a multi-year funding stream for the Pennsylvania Housing Finance Agency's *Homeowners Emergency Mortgage Assistance Program*. As you are aware, Attorneys General from 49 states reached a \$25 billion settlement with five of the nation's largest lenders as a result of mortgage servicing and foreclosure abuses.

HEMAP suffered a devastating 80-percent cut in last year's budget, which forced PHFA to suspend the program. This year's budget proposal contains no money to fund HEMAP, meaning that thousands more Pennsylvania families could lose their homes to foreclosure this year. According to RealtyTrac, foreclosures in Pennsylvania increased 23.6 percent from 3,692 in January 2011 to 4,566 in January 2012. So the need for the program is real and we won't be able to begin a full recovery from this recession until we stabilize our neighborhoods. For these and many other reasons, I've drafted legislation that would direct a portion of the settlement to a trust fund administered by the Treasury Department. No more than 90% of the funds would be appropriated to HEMAP and no more than 10% would be appropriated to the Office of Attorney General for the purpose of funding housing consumer protection programs. The annual appropriation would be capped at \$18 million the first year of the fund's existence in order to allow PHFA to adequately address its backlog of applications. Each subsequent year, the fund shall not exceed \$12 million.

For the past 29 years, HEMAP has saved more than 40,000 families from foreclosure. HEMAP is a revolving loan fund that requires payback with interest. In FY 2007-08 through 2009-10, loan repayments represented about 50 percent of HEMAP's funding. HEMAP is widely viewed as a national model in preventing home foreclosure.

Please join me in cosponsoring this important legislation by contacting Jamie Macon at 783-9333 or [Jmacon@pahouse.net](mailto:Jmacon@pahouse.net). Thank you.