
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1426

Session of
1997

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FLICK, BOSCOLA, RAMOS, HORSEY, WASHINGTON AND RAYMOND,
APRIL 29, 1997

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, NOVEMBER 24, 1998

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

1 bonds and notes and by giving security therefor, permitting
2 the refunding, redemption and purchase of such obligations by
3 the agency, prescribing remedies of holders of such bonds and
4 notes, exempting bonds and notes of the agency, the income
5 therefrom, and the income and revenues of the agency from
6 taxation, except transfer, death and gift taxes; making such
7 bonds and notes legal investments for certain purposes; and
8 indicating how the act shall become effective," further
9 providing for homeowner's emergency assistance.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Section 401-C(a) of the act of December 3, 1959
13 (P.L.1688, No.621), known as the Housing Finance Agency Law,
14 amended May 31, 1984 (P.L.364, No.73) and December 18, 1992
15 (P.L.1652, No.182), is amended to read:

16 Section 401-C. General Authority.--(a) The Pennsylvania
17 Housing Finance Agency, hereinafter referred to as the "agency,"
18 may make loans secured by liens on residential real property
19 located in Pennsylvania to residents of Pennsylvania eligible
20 for such loans as described in this article. For the purpose of
21 this article, the term "mortgage" shall include any obligation
22 evidenced by a security document and secured by a lien upon real
23 property located within this Commonwealth including, but not
24 limited to, a deed of trust and land sale agreement. The term
25 shall also include an obligation evidenced by a security lien on
26 real property upon which an owner-occupied mobile home is
27 located. The provisions of this article shall not be applicable
28 if:

29 (1) The property securing the mortgage is not the principal
30 residence of the mortgagor.

31 (2) The property securing the mortgage is not a one or two-
32 family owner-occupied residence.

33 (3) The mortgage is insured by the Federal Housing
34 Administration under Title II of the National Housing Act (12

1 U.S.C. §§ 1707-1715z-18).

2 (4) The mortgage on the property was given by a noncorporate
3 seller, unless the noncorporate seller elects, in writing, in
4 the mortgage or elsewhere to be covered by this article. For
5 purposes of this article "noncorporate seller" means any person
6 [giving] who is given a mortgage by a buyer to secure repayment
7 of the purchase price of real property who is not a bank, a
8 savings and loan association, a mortgage bank, a consumer
9 discount company or other entity in the mortgage lending
10 business.

11 (5) The mortgagor is more than [thirty-six (36)] twenty-four
12 (24) months delinquent or in default for more than [thirty-six
13 (36)] twenty-four (24) months, pursuant to the terms of
14 mortgagor's residential mortgage. This requirement shall mean
15 that if the mortgagor is more than [thirty-six (36)] twenty-four
16 (24) consecutive or nonconsecutive months in arrears on the
17 residential mortgage in question, no matter what the reason
18 therefor, the agency shall not be authorized to make any loans
19 hereunder to such mortgagor.

20 (6) The aggregate amount of arrearages due to a mortgagee
21 pursuant to the terms of the mortgage, without regard to any
22 acceleration under the mortgage including, but not limited to,
23 the amount of principal, interest, taxes, assessments, ground
24 rents, hazard insurance, any mortgage insurance or credit
25 insurance premiums, exceeds the sum of sixty thousand dollars
26 (\$60,000).

27 (7) If the property is encumbered by more than two
28 mortgages, other than a mortgage filed by the agency to secure
29 repayment of the mortgage assistance loans, or by other liens or
30 encumbrances which would unreasonably impair the security of the

1 agency's mortgage.

2 * * *

3 ~~Section 2. Section 403 C(f) of the act, added December 18,~~ <—
4 ~~1992 (P.L.1652, No.182), is amended to read:~~

5 ~~Section 403 C. Notice Requirements. * * *~~

6 ~~(f) Notwithstanding any other provisions of this section, a~~
7 ~~mortgagee shall not be required to send the uniform notice~~
8 ~~provided in subsection (b) to any mortgagor who is more than~~
9 ~~{thirty six (36)} twenty four (24) months delinquent or in~~
10 ~~default for more than {thirty six (36)} twenty four (24) months,~~
11 ~~pursuant to the terms of mortgagor's residential mortgage with~~
12 ~~mortgagee. This requirement shall mean that if the mortgagor is~~
13 ~~more than {thirty six (36)} twenty four (24) consecutive or~~
14 ~~nonconsecutive months in arrears on the residential mortgage in~~
15 ~~question, no matter what the reason therefor, he shall be~~
16 ~~ineligible to receive the notice in subsection (b).~~

17 ~~SECTION 2. SECTION 402 C OF THE ACT IS AMENDED BY ADDING A~~ <—
18 ~~SUBSECTION TO READ:~~

19 ~~SECTION 402 C. NOTICE AND INSTITUTION OF FORECLOSURE~~
20 ~~PROCEEDINGS. * * *~~

21 ~~(D) IF NOTICE IS GIVEN PURSUANT TO THIS SECTION AT LEAST~~
22 ~~THIRTY (30) DAYS PRIOR TO TAKING ANY ACTION SPECIFIED IN THIS~~
23 ~~SECTION AND SUCH NOTICE CONTAINS ALL OF THE INFORMATION~~
24 ~~PRESCRIBED BY THE PROVISIONS OF THE ACT OF JANUARY 30, 1974~~
25 ~~(P.L.13, NO.6), REFERRED TO AS THE LOAN INTEREST AND PROTECTION~~
26 ~~LAW, THEN NO ADDITIONAL NOTICE SHALL BE REQUIRED PURSUANT TO~~
27 ~~SECTION 403 OF THE LOAN INTEREST AND PROTECTION LAW.~~

28 ~~SECTION 3 2. SECTION 403 C(A) 403-C(B) AND (F) OF THE ACT,~~ <—
29 ~~AMENDED OR ADDED MAY 31, 1984 (P.L.364, NO.73) AND DECEMBER 18,~~
30 ~~1992 (P.L.1652, NO.182), ARE AMENDED AND THE SECTION IS AMENDED~~

1 BY ADDING A SUBSECTION TO READ:

2 ~~SECTION 403 C. NOTICE REQUIREMENTS. (A) ANY MORTGAGEE WHO~~ <—
3 ~~DESIRES TO FORECLOSE UPON A MORTGAGE SHALL SEND TO SUCH~~
4 ~~MORTGAGOR AT HIS OR HER LAST KNOWN ADDRESS THE NOTICE PROVIDED~~
5 ~~IN SUBSECTION (B): PROVIDED, HOWEVER, THAT SUCH MORTGAGOR SHALL~~
6 ~~BE AT LEAST SIXTY (60) DAYS CONTRACTUALLY DELINQUENT IN HIS~~
7 ~~MORTGAGE PAYMENTS OR BE IN VIOLATION OF ANY OTHER PROVISION OF~~
8 ~~SUCH MORTGAGE. IF NOTICE IS GIVEN PURSUANT TO THIS SECTION, AT~~
9 ~~LEAST THIRTY (30) DAYS PRIOR TO TAKING ANY ACTION SPECIFIED IN~~
10 ~~SECTION 402 C, AND SUCH NOTICE CONTAINS ALL OF THE INFORMATION~~
11 ~~PRESCRIBED BY THE PROVISIONS OF THE ACT OF JANUARY 30, 1974~~
12 ~~(P.L.13, NO.6), REFERRED TO AS THE LOAN INTEREST AND PROTECTION~~
13 ~~LAW, THEN NO ADDITIONAL NOTICE SHALL BE REQUIRED PURSUANT TO~~
14 ~~SECTION 403 OF THE LOAN INTEREST AND PROTECTION LAW.~~

15 SECTION 403-C. NOTICE REQUIREMENTS.-- * * * <—

16 (B) [THE AGENCY SHALL PREPARE A UNIFORM NOTICE FOR PURPOSES
17 OF THIS SECTION AS FOLLOWS: THE NOTICE SHALL LIST CONSUMER
18 CREDIT COUNSELING AGENCIES AND SHALL] (1) THE AGENCY SHALL
19 PREPARE A NOTICE WHICH SHALL INCLUDE ALL THE INFORMATION
20 REQUIRED BY THIS SUBSECTION AND BY SECTION 403 OF THE ACT OF
21 JANUARY 30, 1974 (P.L.13, NO.6), REFERRED TO AS THE LOAN
22 INTEREST AND PROTECTION LAW. THIS NOTICE SHALL BE IN PLAIN
23 LANGUAGE AND SPECIFICALLY STATE THAT THE RECIPIENT OF THE NOTICE
24 MAY QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOMEOWNER'S
25 EMERGENCY MORTGAGE ASSISTANCE PROGRAM. THIS NOTICE SHALL CONTAIN
26 THE TELEPHONE NUMBER AND THE ADDRESS OF A LOCAL CONSUMER CREDIT
27 COUNSELING AGENCY. THIS NOTICE SHALL BE IN LIEU OF ANY OTHER
28 NOTICE REQUIRED BY LAW. THIS NOTICE SHALL ALSO ADVISE THE
29 MORTGAGOR OF HIS DELINQUENCY OR OTHER DEFAULT UNDER THE MORTGAGE
30 AND THAT SUCH MORTGAGOR HAS THIRTY (30) DAYS TO HAVE A FACE-TO-

FACE MEETING WITH THE MORTGAGEE WHO SENT THE NOTICE OR A
CONSUMER CREDIT COUNSELING AGENCY TO ATTEMPT TO RESOLVE THE
DELINQUENCY OR DEFAULT BY RESTRUCTURING THE LOAN PAYMENT
SCHEDULE OR OTHERWISE. [THE NOTICE]

(2) THE NOTICE UNDER PARAGRAPH (1) MUST BE SENT BY A
MORTGAGEE AT LEAST THIRTY (30) DAYS BEFORE THE MORTGAGEE:

(I) ASKS FOR FULL PAYMENT OF ANY MORTGAGE OBLIGATION; OR

(II) BEGINS ANY LEGAL ACTION, INCLUDING FORECLOSURE, FOR
MONEY DUE UNDER THE MORTGAGE OBLIGATION OR TO TAKE POSSESSION OF
THE MORTGAGOR'S SECURITY.

(3) THE PROPOSED NOTICE UNDER PARAGRAPH (1) SHALL BE
PUBLISHED BY THE AGENCY IN THE PENNSYLVANIA BULLETIN WITHIN ONE
HUNDRED TWENTY (120) DAYS OF THE EFFECTIVE DATE OF THIS
PARAGRAPH. THE NOTICE ACTUALLY ADOPTED FOR USE BY THE AGENCY
SHALL BE PROMULGATED AS PART OF THE PROGRAM GUIDELINES REQUIRED
BY SECTION 401-C(B).

(4) IF THE MORTGAGOR MEETS WITH A CONSUMER CREDIT COUNSELING
AGENCY, THE CONSUMER CREDIT COUNSELING AGENCY SHALL PROMPTLY
NOTIFY ALL OF THE MORTGAGEES SECURED BY THE MORTGAGOR'S REAL
PROPERTY, AND NO MORTGAGEE SO NOTIFIED SHALL COMMENCE ANY LEGAL
ACTION AGAINST THE MORTGAGOR'S REAL PROPERTY FOR A PERIOD NOT TO
EXCEED THIRTY (30) CALENDAR DAYS FROM THE DATE THAT THE
MORTGAGOR FIRST MEETS WITH THE CONSUMER CREDIT COUNSELING
AGENCY.

(5) THE NOTICE SHALL INCLUDE A STATEMENT THAT, IF THE
MORTGAGOR IS UNABLE TO RESOLVE THE DELINQUENCY OR DEFAULT WITHIN
THIRTY (30) CALENDAR DAYS OF THE MORTGAGOR'S FIRST CONTACT WITH
EITHER THE MORTGAGEE OR A CONSUMER CREDIT COUNSELING AGENCY, THE
MORTGAGOR MAY APPLY TO THE AGENCY OR ITS DULY AUTHORIZED AGENT
AT THE ADDRESS AND PHONE NUMBER LISTED IN THE NOTICE IN ORDER TO

OBTAIN AN APPLICATION AND INFORMATION REGARDING THE HOMEOWNER'S
EMERGENCY MORTGAGE ASSISTANCE PROGRAM.

(6) IF THE MORTGAGOR APPLIES FOR MORTGAGE ASSISTANCE
PAYMENTS, THE AGENCY SHALL PROMPTLY NOTIFY ALL OF THE MORTGAGEES
SECURED BY THE MORTGAGOR'S REAL PROPERTY. THE AGENCY SHALL MAKE
A DETERMINATION OF ELIGIBILITY WITHIN SIXTY (60) CALENDAR DAYS
OF RECEIPT OF THE MORTGAGOR'S APPLICATION. DURING THE TIME THAT
THE APPLICATION IS PENDING, NO MORTGAGEE MAY COMMENCE LEGAL
ACTION TO FORECLOSE UPON ITS MORTGAGE WITH THE MORTGAGOR.

* * *

(F) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SECTION, A
MORTGAGEE SHALL NOT BE REQUIRED TO SEND THE UNIFORM NOTICE
PROVIDED IN SUBSECTION [(B) TO ANY MORTGAGOR WHO IS MORE THAN
THIRTY-SIX (36) MONTHS DELINQUENT OR IN DEFAULT FOR MORE THAN
THIRTY-SIX (36) MONTHS, PURSUANT TO THE TERMS OF MORTGAGOR'S
RESIDENTIAL MORTGAGE WITH MORTGAGEE. THIS REQUIREMENT SHALL MEAN
THAT IF THE MORTGAGOR IS MORE THAN THIRTY-SIX (36)] (B):

(1) TO ANY MORTGAGOR WHO IS MORE THAN TWENTY-FOUR (24)
CONSECUTIVE OR NONCONSECUTIVE MONTHS IN ARREARS ON THE
RESIDENTIAL MORTGAGE IN QUESTION, NO MATTER WHAT THE REASON
THEREFOR[, HE SHALL BE INELIGIBLE TO RECEIVE THE NOTICE IN
SUBSECTION (B).]; OR

(2) WHERE THE AGGREGATE AMOUNT OF ARREARAGES DUE TO A
MORTGAGEE PURSUANT TO THE TERMS OF THE MORTGAGE, WITHOUT REGARD
TO ANY ACCELERATION UNDER THE MORTGAGE INCLUDING, BUT NOT
LIMITED TO, THE AMOUNT OF PRINCIPAL, INTEREST, TAXES,
ASSESSMENTS, GROUND RENTS, HAZARD INSURANCE, ANY MORTGAGE
INSURANCE OR CREDIT INSURANCE PREMIUMS, EXCEEDS THE SUM OF SIXTY
THOUSAND (\$60,000) DOLLARS.

(G) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SECTION, A

1 MORTGAGEE SHALL NOT BE REQUIRED TO SEND THE UNIFORM NOTICE
2 PROVIDED IN SUBSECTION (B) TO ANY MORTGAGOR WHO HAS ALREADY BEEN
3 SENT THE UNIFORM NOTICE AND:

4 (1) WHO DID NOT APPLY FOR A MORTGAGE ASSISTANCE LOAN;

5 (2) WHO APPLIED FOR A MORTGAGE ASSISTANCE LOAN BUT WHOSE
6 APPLICATION WAS DENIED; OR

7 (3) WHOSE MORTGAGE ASSISTANCE DISBURSEMENTS WERE TERMINATED
8 BY THE AGENCY FOR ANY REASON.

9 UNLESS THE MORTGAGOR HAS CURED HIS OR HER MORTGAGE DELINQUENCY,

10 BY MEANS OF A MORTGAGE ASSISTANCE LOAN OR OTHERWISE, RECEIPT OF

11 PARTIAL PAYMENTS OF ARREARS FROM THE MORTGAGOR, SUBSEQUENT TO

12 THE SENDING OF THE UNIFORM NOTICE, SHALL NOT MEAN THAT THE

13 MORTGAGEE MUST SEND A NEW UNIFORM NOTICE TO THE MORTGAGOR PRIOR

14 TO LEGAL ACTION BEING TAKEN TO ENFORCE THE MORTGAGE. A UNIFORM

15 NOTICE SENT TO THE MORTGAGOR, WHILE THE MORTGAGOR WAS IN

16 BANKRUPTCY, SHALL BE VALID FOR THE PURPOSE OF THIS ACT AND NO

17 NEW UNIFORM NOTICE NEED BE PROVIDED AS A RESULT OF ANY DISCHARGE

18 OR DISMISSAL OF THE BANKRUPTCY PETITION OR RELIEF FROM THE

19 AUTOMATIC STAY.

20 Section ~~3-4~~ 3. Section 404-C(a) of the act, amended May 31, <—
21 1984 (P.L.364, No.73) and December 18, 1992 (P.L.1652, No.182),
22 is amended to read:

23 Section 404-C. Eligibility for Assistance.--(a) No
24 assistance may be made with respect to a mortgage or mortgagor
25 under this article unless all of the following are established:

26 (1) The property securing the mortgage, or other security
27 interest in the case of units in cooperative or condominium
28 projects, is a one-family residence, or two-family owner-
29 occupied residence including one-family units in a condominium
30 project or a membership interest and occupancy agreement in a

1 cooperative housing project, is the principal residence of the
2 mortgagor and is located in this Commonwealth.

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

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

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

10 (4) The mortgagor is a permanent resident of this
11 Commonwealth and is suffering financial hardship due to
12 circumstances beyond the mortgagor's control which render the
13 mortgagor unable to correct the delinquency or delinquencies
14 within a reasonable time and make full mortgage payments.

15 (5) The agency has determined that there is a reasonable
16 prospect that the mortgagor will be able to resume full mortgage
17 payments within [thirty-six (36)] twenty-four (24) months after
18 the beginning of the period for which assistance payments are
19 provided under this article and pay the mortgage or mortgages in
20 full by its maturity date or by a later date agreed to by the
21 mortgagee or mortgagees for completing mortgage payments.

22 (6) The mortgagor has applied to the agency for assistance
23 on an application form prescribed by the agency for this use
24 which includes a financial statement disclosing all assets and
25 liabilities of the mortgagor, whether singly or jointly held,
26 and all household income regardless of source. Any applicant who
27 intentionally misrepresents any financial information in
28 conjunction with the filing of an application for assistance
29 under this article may be denied assistance or required to
30 immediately repay any amount of assistance made as a result of

1 such misrepresentation, and the mortgagee may, at any time
2 thereafter, take any legal action to enforce the mortgage
3 without any further restrictions or requirements under this
4 article.

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

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

12 (9) Except for the current delinquency, the mortgagor shall
13 have had a favorable residential mortgage credit history for the
14 previous five (5) years. This requirement shall mean that, if
15 the mortgagor has been more than three (3) consecutive months in
16 arrears on a residential mortgage within the previous five (5)
17 years, he shall be ineligible for assistance, unless the
18 mortgagor can demonstrate that the prior delinquency was the
19 result of financial hardship due to circumstances beyond his
20 control.

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

26 (11) The mortgagor meets any other procedural requirements
27 established by the agency.

28 (12) The mortgagor is not more than [thirty-six (36)]
29 twenty-four (24) months delinquent or in default for more than
30 [thirty-six (36)] twenty-four (24) months pursuant to the terms

1 of mortgagor's residential mortgage. This requirement shall mean
2 that if the mortgagor is more than [thirty-six (36)] twenty-four
3 (24) consecutive or nonconsecutive months in arrears on the
4 residential mortgage in question, no matter what the reason
5 therefor, he shall be ineligible for assistance.

6 (13) The property is not encumbered by more than two
7 mortgages, other than a mortgage filed by the agency to secure
8 repayment of the mortgage assistance loan, or by other liens or
9 encumbrances which would unreasonably impair the security of the
10 agency's mortgage.

11 * * *

12 Section ~~4-5~~ 4. Sections 405-C(a), (b), (f) and (g), 406-C <—
13 and 408-C of the act, added December 23, 1983 (P.L.385, No.91),
14 are amended to read:

15 Section 405-C. Assistance Payments.--(a) If the agency
16 determines that a mortgagor is eligible for assistance under
17 this article, the agency shall pay directly to each mortgagee
18 secured by the mortgagor's real estate payments on behalf of the
19 mortgagor. The agency shall pay to each mortgagee the full
20 amount then due to that mortgagee pursuant to the terms of the
21 mortgage without regard to any acceleration under the mortgage,
22 or the full amount of any alternate mortgage payments agreed to
23 by the mortgagee and mortgagor. This amount shall include, but
24 not be limited to, the amount of principal, interest, taxes,
25 assessments, ground rents, hazard insurance, any mortgage
26 insurance or credit insurance premiums. The initial payment made
27 by the agency to each mortgagee shall be an amount which makes
28 each mortgage current and pays reasonable costs and reasonable
29 attorneys' fees already incurred by such mortgagee. However, in
30 no event shall the total payment exceed the sum equal to twenty-

1 four (24) consecutive or nonconsecutive months of arrears on any
2 residential mortgage.

3 (b) After the agency has paid any and all arrearages
4 pursuant to subsection (a) to each mortgagee, the mortgagor may
5 be entitled to monthly mortgage assistance payments pursuant to
6 this article. A mortgagor on whose behalf the agency is making
7 mortgage assistance payments shall pay monthly payments to the
8 agency. Such payments shall be in an amount which will cause the
9 mortgagor's total housing expense not to exceed [thirty-five
10 (35)] forty (40) percent of the mortgagor's net effective
11 income. This shall be the maximum amount the mortgagor can be
12 required to pay during the [thirty-six (36) months] period a
13 mortgagor is eligible for emergency mortgage assistance[.]:

14 Provided, however, That beginning July 1, 1997 FEBRUARY 1, 1999, <—
15 and continuing thereafter, any mortgagor approved for continuing
16 monthly mortgage assistance or whose continuing mortgage
17 assistance is approved after being recertified by the agency,
18 shall pay to the agency a minimum monthly payment of at least
19 twenty-five (\$25) dollars for each mortgage being assisted. The
20 mortgagor shall make the above payment to the agency at least
21 [seven (7)] fifteen (15) days before each mortgage payment is
22 due to each mortgagee. Upon receipt of this payment from the
23 mortgagor, the agency or its duly authorized agent shall send
24 the total mortgage payment directly to each mortgagee. "Housing
25 expense" shall be defined as the sum of the mortgagor's monthly
26 [maintenance,] utility, hazard insurance expense, real estate
27 taxes and required mortgage payments, including escrows. "Net
28 effective income" shall be defined as gross household income
29 less city, State and Federal income and social security taxes.
30 "Gross household income" means the total income of [a husband,

wife] the applicant, all other owner-occupants of the residence,
any spouse and children residing in the same household as the
applicant and any other resident of the household declared by
the mortgagor as a dependent for Federal tax purposes. The
income of other unrelated individuals residing in the household
shall be considered part of gross household income to the extent
that their income is made available in support of the household.

If the mortgagor is receiving emergency mortgage assistance
under a program other than that established in this article, the
amount of the payment he or she is required to make to the
agency under this article shall take into consideration the
amount of assistance he is receiving under such other programs.

* * *

(f) Payments under this article shall be provided for a
period not to exceed [thirty-six (36)] twenty-four (24) months,
either consecutively or nonconsecutively[.], whether such
payments are on account of arrears, continuing monthly
assistance or any combination thereof, and shall not exceed the
sum of sixty thousand (\$60,000) dollars on behalf of any
mortgagor. The agency shall establish procedures for periodic
review of the mortgagor's financial circumstances for the
purpose of determining the necessity for continuation,
termination or adjustment of the amount of the payments.
Payments shall be discontinued when the agency determines that,
because of the changes in the mortgagor's financial
circumstances, the payments are no longer necessary in
accordance with the standards set forth in section 404-C.

(f.1) The twenty-four (24) month limit on assistance
available under this act established in subsection (f), and
referenced in sections 401-C(a)(5), 403-C(f) and 404-C(a)(5) and

1 (12), shall increase to thirty-six (36) months if during the
2 month the homeowner submits an application for assistance, the
3 average rate of total unemployment in the Commonwealth, as
4 seasonally adjusted, for the period consisting of the most
5 recent three (3) months for which such data for the Commonwealth
6 is published before the close of such month equals or exceeds
7 six and one-half (6.5) percent.

8 (f.2) Every five (5) years, beginning in the year 2003, the
9 General Assembly shall review the limit on the total assistance
10 available under this act established in subsection (f) and the
11 minimum monthly payment established in subsection (b). The
12 General Assembly may increase either or both upon a showing that
13 increases in housing costs require higher loan amounts in order
14 for the act to be beneficial to homeowners in all regions of the
15 Commonwealth.

16 (g) Repayment of amounts owed to the agency from a mortgagor
17 shall be secured by a mortgage lien on the property and by such
18 other obligation as the agency may require. The priority of any
19 lien obtained by the agency under this article shall be
20 determined in the same manner as the lien of a general secured
21 creditor of the mortgagor. The lien or other security interest
22 of the agency shall not be deemed to take priority over any
23 other secured lien or secured interest in effect against the
24 mortgagor's property on the date assistance payments begin. The
25 agency may allow subordination of the mortgage assistance lien
26 if such subordination is necessary to permit the mortgagor to
27 obtain a home improvement loan for repairs necessary to preserve
28 the property.

29 (h) In cases of joint mortgagors who are husband and wife,
30 where only one spouse who is an occupant of the mortgaged

1 premises makes application for and receives assistance under
2 this article, the lien to secure repayment as aforesaid shall be
3 a lien on the property of like force and effect as a mechanic's
4 lien.

5 Section 406-C. Repayment.--Upon approval of mortgage
6 assistance, the agency shall enter into an agreement with the
7 mortgagor for repayment of all mortgage assistance made by the
8 agency plus interest as provided in paragraph (5). The agreement
9 shall provide for monthly payments by the mortgagor and be
10 subject to the following [forbearance] provisions:

11 (1) If the mortgagor's total housing expense as defined in
12 section 405-C is less than [thirty-five (35)] forty (40) percent
13 of his or her net effective income, the mortgagor shall pay to
14 the agency the difference between [thirty-five (35)] forty (40)
15 percent of the mortgagor's net effective income and the
16 mortgagor's total housing expense unless otherwise determined by
17 the agency after examining the mortgagor's financial
18 circumstances and ability to contribute to repayment of the
19 mortgage assistance.

20 (2) If the mortgagor's total housing expense is more than
21 [thirty-five (35)] forty (40) percent of his or her net
22 effective income, repayment of the mortgage assistance shall be
23 deferred until the mortgagor's total housing expense is less
24 than [thirty-five (35)] forty (40) percent of his or her net
25 effective income[.]: Provided, however, That beginning July 1, <—
26 1997 FEBRUARY 1, 1999, and continuing thereafter, any mortgagor <—
27 who has received mortgage assistance shall pay to the agency a
28 minimum monthly repayment of at least twenty-five (\$25) dollars
29 for each mortgage that was assisted. Such minimum monthly
30 repayment shall not result in the accrual of interest on the

1 mortgage assistance loan pursuant to paragraph (5).

2 (2.1) The forty (40) percent ratio established under
3 subsections (1) and (2) shall be reduced to thirty-five (35)
4 percent if during the month the homeowner submits an application
5 for assistance the average rate of total unemployment in the
6 Commonwealth, as seasonally adjusted, for the period consisting
7 of the most recent three (3) months for which such data for the
8 Commonwealth is published before the close of such month equals
9 or exceeds six and one-half (6.5) percent.

10 (3) If repayment of mortgage assistance is not made by the
11 date any mortgage is paid, the mortgagor shall make mortgage
12 assistance repayments in an amount not less than the mortgage
13 payment until the mortgage assistance is repaid.

14 (4) The agency shall establish procedures for periodic
15 review of the mortgagor's financial circumstances to determine
16 the amounts of repayment required under this section.
17 Notwithstanding any other provision of this section, the agency
18 shall require full or partial repayment of the mortgage
19 assistance loan once the mortgagor has established credit to the
20 extent that there is sufficient equity in the property for the
21 mortgagor to be able to refinance their mortgage obligations at
22 reasonable rates and terms as determined by the agency.

23 (5) Interest shall accrue on all mortgage assistance made by
24 the agency at the rate of nine (9) percent per annum. Interest
25 shall start to accrue whenever the mortgagor begins to make
26 repayment under this section. Interest shall accrue only during
27 the period in which the mortgagor is required to make repayment
28 under this section. When any mortgage for which mortgage
29 assistance was made is paid, interest shall then accrue on all
30 mortgage assistance due and owing at the same rate and on the

1 same basis as the mortgage for which the mortgage assistance was
2 made.

3 (6) All moneys received from mortgagors for repayment of
4 mortgage assistance shall be deposited in the State Homeowner's
5 Emergency Mortgage Assistance Fund established by the agency for
6 the sole purpose of implementing the provisions of this article.

7 Section 408-C. Homeowner's Emergency Mortgage Assistance
8 Fund.--The Homeowner's Emergency Mortgage Assistance Fund is
9 hereby created as a separate account within the agency for the
10 sole purpose of implementing the provisions of this article. No
11 other agency funds, moneys or interest earnings shall be
12 utilized for the purposes of this article. [The Homeowner's
13 Emergency Mortgage Assistance Fund shall only be utilized by the
14 agency whenever funds are specifically authorized and
15 appropriated by the General Assembly pursuant to section 410-C
16 of this article for the purposes provided for in this article.
17 All moneys paid by mortgagors to the agency to repay loans
18 provided by the agency shall be accounted for and lapsed into or
19 transferred back to the source from which the funds are
20 appropriated unless the funds cannot be lapsed or transferred
21 pursuant to any other act of the General Assembly: Provided,
22 however, That investment] Investment and interest earnings on
23 moneys from this fund may be used by the agency for the
24 administrative costs of the program. The Homeowner's Emergency
25 Mortgage Assistance Fund shall operate as a revolving loan fund
26 to which shall be credited all repayment of principal and
27 interest by mortgagors to the agency to repay loans provided by
28 the agency pursuant to this article, as well as grants or
29 donations from other sources and any funds that may be
30 appropriated by the General Assembly.

- 1 Section ~~5-6~~ 5. Section 410-C of the act is repealed. <—
- 2 Section ~~6-7~~ 6. This act shall take effect in 60 days. <—