

From: Housing.Counseling  
Sent: Thursday, October 07, 2010 3:04 PM  
To: 'SF-Housing-Counseling-L@hudlist.hud.gov'  
Subject: Overview of the new Emergency Homeowners Loan Program (EHLF)

To: All Participating HUD Housing Counseling Agencies

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The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law by President Obama in July, authorizes HUD to administer a \$1 billion Emergency Homeowners Loan Program (EHLF), to provide assistance – for up to 24 months -- to homeowners who have experienced a substantial reduction in income due to involuntary unemployment, underemployment, or a medical condition and are at-risk of foreclosure. HUD will assist borrowers in 32 states and Puerto Rico not otherwise funded by Treasury's Hardest Hit Housing Fund program, based on the state's relative share of unemployed homeowners.

Applications for this program are not being accepted at this time. It is HUD's intention for the program to begin taking applications from eligible homeowners by the end of the year. Counselors are advised to encourage homeowners to seek other loss mitigation options in the meantime.

Who Will Be Helped:

- 1) the borrower must be at least three months delinquent in their payments and have a reasonable likelihood of being able to resume repayment of their mortgage payments and related housing expenses within two years;
- 2) the property must be the principle residence of the borrower, and eligible borrowers may not own a second home;
- 3) the borrower must have suffered at least a 15 percent reduction in income and have been able to afford their mortgage payments prior to the event that triggered the loss income.

How They Will Be Helped:

The HUD Emergency Homeowners Loan Program will offer a forgivable, deferred payment "bridge loan" (zero percent interest, non-recourse, subordinate loans) for up to \$50,000 to assist eligible borrowers with their mortgage arrearages and payments on their mortgage principal, interest, mortgage insurance premiums, taxes and hazard insurance for up to 24 months.

There will be a dual delivery approach for program administration. The first approach will delegate some of the program's administrative functions to a designated third party. The second approach will enable state housing finance agencies (HFAs) that operate substantially similar programs to engage in relief efforts on behalf of residents of their state:

- o Delegated approach: HUD will delegate key program administration functions to NeighborWorks® America – an experienced and highly regarded national network of affiliated housing counseling agencies. Under the program, nonprofit housing counselors who are part of the National Foreclosure Mitigation Counseling Program administered by NeighborWorks® America will coordinate intake counseling, document preparation and outreach functions. HUD will also use its delegation authority to contract with an experienced entity to provide loan servicing and fiscal control functions such as collecting payments from homeowners, distributing payments to servicers, and managing loan balances.
- o Substantially similar state law approach: State HFAs that operate loan assistance programs that are determined by HUD to be substantially similar to the EHLF will receive allocations to fund emergency loans for borrowers in their states as well as payments to cover the administrative costs of performing the intake and housing counseling and fiscal agent functions (described above) directly or indirectly through subcontracts with third parties.

For additional information on the program and a list of jurisdictions that are eligible to receive funding please visit: <http://www.hud.gov/offices/hsg/sfh/hcc/msgs/EHLF100810.pdf>