

FEDERAL EMERGENCY MANAGEMENT AGENCY
MORTGAGE AND RENTAL ASSISTANCE PROGRAM

INFORMATION FOR MORTGAGE LENDERS

What is the Mortgage and Rental Assistance Program?

Under Section 408 (b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as implemented by 44 CFR 206.101 (g), the Federal Emergency Management Agency (FEMA) may provide financial assistance to eligible individuals who have lost their jobs and/or businesses because of a National disaster. In these affected individuals (i) are not able to make their mortgage payments as a result of disaster-related financial hardship (lost of income), and (ii) have received a written foreclosure notice or notice of intent to foreclose from their mortgage lender, FEMA may then provide eligible individuals with financial assistance in the form of a check equal to their actual mortgage payments. The Mortgage and Rental Assistance Program is intended to provide emergency assistance to disaster affected individuals who, without such assistance, would be dispossessed from their primary residence.

What are the general eligibility requirements that applicants must satisfy?

In order to receive assistance, applicants are required to provide to FEMA the following: (i) proof of occupancy at the mortgaged property, (ii) proof of pre-disaster business ownership/employment which was "interrupted" as a result of the disaster, and (iii) proof of intent to foreclose or notice of foreclosure.

The location of the primary residence is not a condition of eligibility.

What is the mortgage lender's role in this process?

Applicable law requires that a need for mortgage assistance be established and verified. This need is evidenced by the mortgage lender's certification that (i) a post-disaster

mortgage payment delinquency exists, and (ii) because the mortgage loan is in arrears, lender intends to initiate (or have initiated) foreclosure proceedings.

If the mortgage loan is an ARM (or other floating rate) loan, mortgage lenders should provide either an average monthly payment amount or the most recent monthly amount which is outstanding. Adjustments will be handled by FEMA at the end of the initial eligibility period.

What is the specific form of assistance provided?

Mortgage assistance is a grant made by FEMA to an eligible applicant, and does not have to be repaid by the applicant (absent fraud, misuse of funds, etc.). As soon as an applicant has been determined to be eligible for mortgage assistance, that applicant will receive a check equal to their actual monthly mortgage payment. After this initial eligibility period, applicants will have to be re-certified in order to continue receiving assistance. There is no maximum amount eligible for payment. Assistance will be provided for actual payment amounts.

Mortgage assistance is provided directly to the mortgage lender.

Applications for this type of assistance may be filed for up to six (6) months after the disaster declaration. Mortgage assistance may be provided to eligible applicants, on a case-by-case basis, for a period not to exceed 18 months, or for the duration of the disaster-related financial hardship, whichever is less.

Does FEMA's Mortgage Assistance Program impact the mortgage lender's relationship with its borrower/applicant?

No. Mortgage lenders should continue to service their loans and conduct their day-to-day business with their borrowers without regard to whether that borrower is receiving mortgage assistance from FEMA. If a borrower does not make its mortgage payments notwithstanding their receipt of mortgage assistance from FEMA, mortgage lenders should seek payment from their borrower in accordance with their standard operating procedures. While FEMA imposes an obligation on an

9/94

Page 2 of 3

4330.1 REV-5

APPENDIX 64

applicant to use mortgage assistance for only that purpose, FEMA is under no obligation to the mortgage lender to ensure that the mortgage is, in fact, paid as agreed.

If an applicant seeks additional assistance (beyond the initial eligibility period), FEMA may request information on the status of the borrower's account.

Are all loans secured by an applicant's primary residence eligible for inclusion in the Mortgage Assistance Program?

If a business loan is secured, in whole or in part, by the borrower's primary residence, this fact should be noted. Eligibility for payment

through the Mortgage Assistance Program will be made on a case-by-case basis, however, this information is considered highly relevant to an eligibility determination by FEMA.

Purchase money mortgages and home equity mortgages on a borrower's primary residence are generally eligible for payment through the Mortgage Assistance Program. Please indicate if the mortgage secures a home equity (or similar) loan.

The Mortgage Assistance Program is intended to provide emergency assistance to individuals who, without such assistance, would lose their primary residence. If a mortgage secures property other than a borrower's primary residence, please indicate.

Does FEMA share this information with other federal agencies?

No. With very few exceptions (criminal law enforcement activity), the Privacy Act does not permit FEMA to share its applicant-related information with other agencies, including the IRS and the INS.

Retyped by HUD 10/92.