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## **Programs assist homeowners experiencing financial hardships**

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On June 12, 2008, Governor Rell signed into law P.A. 08 -176 "An Act Concerning Responsible Lending and Economic Security". The law took effect on July 1, 2008 and includes programs to assist Connecticut homeowners who are experiencing financial hardships and/or are in danger of losing their homes through foreclosure.

### **EMAP**

The Emergency Mortgage Assistance Program (EMAP), offered through Connecticut Housing Finance Authority (CHFA), provides financial assistance for up to five years to Connecticut homeowners suffering a temporary financial hardship resulting in a reduction of household income of at least 25%, who have fallen behind on their mortgage payments, and have received a notice of foreclosure action from their lender. The delinquent mortgage must be a non-FHA insured mortgage secured by the homeowner's primary residence and the homeowner must not have an ownership interest in any other real estate.

The initial disbursement of the EMAP mortgage loan payment to the homeowners' mortgage lender can include funds to correct the delinquency and bring their mortgage to a current status. Eligible homeowners are required to pay a portion of their monthly mortgage payment to CHFA while receiving Emergency Mortgage Assistance. The required amount of the payments made by the homeowner to CHFA is based on their income. Homeowners send in their portion to CHFA and CHFA will then pay the total required monthly mortgage payment to the homeowner's lender for up to five years. The total amount of the Emergency Mortgage Assistance paid by CHFA to the current mortgage lender is repaid by the homeowner as a 30-year, fixed rate fully amortizing mortgage loan. During the period of assistance, the homeowner must participate in an annual recertification process to determine continued eligibility and must notify CHFA of any changes in their financial status. Borrowers will begin repayment of the EMAP mortgage loan at a time when the borrower's finances allow, based on CHFA's review.

### **HERO**

The Homeowner's Equity Recovery Opportunity (HERO) Loan Program is a loan program designed to improve the financial situation of Connecticut homeowners who are not able to afford their current mortgage payments. A HERO loan is provided when the homeowner's current lender is willing to negotiate the sale of their mortgage to CHFA at terms that enable CHFA to purchase the mortgage and modify it to repayment terms that are affordable to the homeowner. The existing first mortgage lien holder must agree to participate in the program and accept 90% of the current appraised value of the property. The borrower must share with HUD a portion of the initial equity in the property upon the sale of the home. This program may help homeowners who are not eligible for an Emergency Mortgage Assistance loan.

If homeowners feel they meet the criteria for these programs or have questions regarding eligibility, they should contact the CHFA Customer Service Call Center. Additional information on these programs is available on the CHFA website at [www.chfa.org](http://www.chfa.org).

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