

Mortgage Assistance UPDATE

FROM STATE SENATOR STEWART J. GREENLEAF

MORTGAGE ASSISTANCE NEWS

Dear Friends,

As we face one of the most challenging economic times in our nation's history, I and fellow members of the Pennsylvania General Assembly are working to protect consumers and right our faltering economy.

At the heart of the crisis is the collapsing mortgage industry. Years of predatory lending and risk taking have led to hundreds of recent home foreclosures in Pennsylvania. When borrowers default on their mortgages, everyone loses. Banks and lenders lose money and are forced to tighten credit, denying small businesses the short-term loans they need to meet payroll and expand their business. In turn, employees are laid off. New home buyers will also have more difficulty finding affordable financing. As people lose their homes, average consumers will also face credit shortages and students will have a harder time getting loans for college. Also, the vacated properties that result from foreclosures reduce surrounding home values, hurting entire neighborhoods.

My priority is to keep people in their homes. I know that rather than a government bailout, Pennsylvanians would prefer to work hard to stay in their homes and pay off their mortgages. I am working to make sure that consumers have a variety of lifelines to help them refinance or recast their

mortgages into a plan that they can afford. Currently, the Pennsylvania Housing Finance Agency offers several programs to keep mortgages afloat through credit counseling and refinancing options. I have offered a proposal to make these programs more effective by removing income limits, extending terms, and providing for mediation services between borrowers and lenders.

In addition, I helped to pass an important package of legislation this session to regulate the mortgage industry in Pennsylvania and prevent this type of economic fallout in the future. Much of this legislation has already been approved by the General Assembly and has gone into effect.

Despite our current difficulties, I remain optimistic that Pennsylvania and the rest of the nation will pull through. In the Senate, I remain committed to lowering taxes and holding down the state's current level of spending during these tough times.

Sincerely,

Senator Stewart J. Greenleaf

Senator Stewart J. Greenleaf 12th District

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SENATOR GREENLEAF'S LEGISLATION TO STRENGTHEN PHFA

Senator Greenleaf has introduced legislation that would strengthen the programs offered by the Pennsylvania Housing Finance Agency. The legislation would:

- Extend the terms of the loans to reduce monthly payments.
- Remove current income limits.
- Require mediation between lenders and borrowers before the foreclosure process can move forward.

Senator Greenleaf questions a witness during a hearing of the Senate Banking and Insurance Committee.

MORTGAGE ASSISTANCE PROGRAMS AVAILABLE THROUGH THE PENNSYLVANIA HOUSING FINANCE AGENCY

Homeowners' Emergency Mortgage Assistance Program (HEMAP)

- HEMAP is available to those who have already received an "Act 91 Notice" from their lender.
- Qualified homeowners may have their mortgage brought current to a specific date.
- All HEMAP loans are limited to a maximum of 24 months from the date of the mortgage delinquency, or to a maximum of \$60,000.00, whichever comes first.
- For help in submitting an application, contact the HEMAP Help Center at www.hemap.org.

Refinance to an Affordable Loan Program (REAL)

- The REAL program offers 30-year fixed rates. Because it combines 100 percent financing with flexible credit underwriting, it may offer relief to homeowners who otherwise may not qualify for typical mortgage refinance programs.
- You may borrow up to 100 percent of your home's value based upon a current appraisal.
- The REAL loan may be used to finance items such as subordinate mortgages, closing costs, prepayment penalties, delinquent property taxes, and arrearages that have occurred within the past 12 months after the loan reset to a higher monthly payment amount.

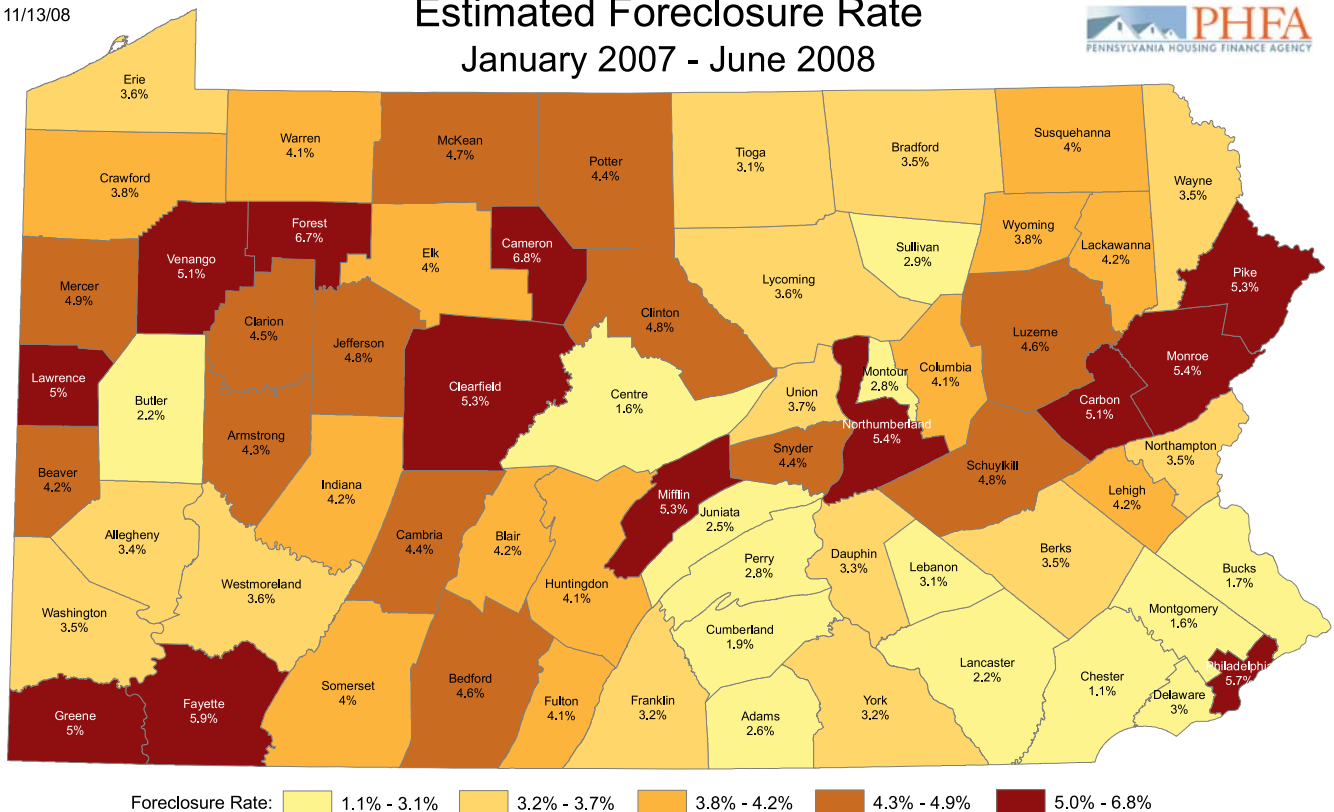
Homeowners' Equity Recovery Opportunity Loan Program (HERO)

- The HERO program provides for up to 100 percent financing, but instead of refinancing your current mortgage into a new loan, PHFA purchases your loan directly from your current lender and then sets you up on an affordable repayment agreement.

For more information and to see if you qualify for these programs, visit the PHFA website at www.phfa.org or call PHFA's toll-free consumer information hotline at 1-800-822-1174.

Source: HUD
11/13/08

Estimated Foreclosure Rate January 2007 - June 2008



LEGISLATION TO REGULATE PENNSYLVANIA'S MORTGAGE INDUSTRY

Four bills targeting predatory and other questionable mortgage lending practices in Pennsylvania have recently been signed by the Governor and enacted into law. The legislation will:

- Amend the Loan Interest and Protection Law of 1974 to increase the monetary cap in the Act from

\$50,000 to \$217,873 and eliminate prepayment penalties for loans of \$217,873 or less.

- Permit the Department of Banking to publicly release information on pending enforcement actions and fines levied against non-depository licensees.
- Amend the Real Estate Appraisers

Certification Act regarding board membership, disciplinary measures and penalties.

- Amend the Housing Finance Agency Law to require lenders to send copies of foreclosure notices to the Pennsylvania Housing Finance Agency so that mortgage foreclosures can be monitored on a statewide basis.