

Pennsylvania Housing Finance Agency Launches Programs for Mortgage and Rent Relief

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Pennsylvanians facing foreclosure or eviction may apply for assistance under the newly enacted Act 24 of 2020. The Pennsylvania General Assembly directed 175 million of the Coronavirus Aid Relief and Economic Security Act (CARES Act) funds, be earmarked to combat residential real estate defaults caused by the COVID-19 pandemic.

Act 24 establishes two programs, the Pandemic Mortgage Assistance Program (“PMAP”) to assist residential mortgage lenders and borrowers and the Cares Rent Relief Program (CARES RRP). Both programs offer grants to eligible parties to cover missed mortgage or rent payments resulting from unemployment after March 1, 2020 or a 30% or more reduction of household income due to reduced work hours or wages as a result of COVID-19. The Pennsylvania Housing Agency (“PHFA”) is overseeing both programs.

The application period for each program opens on July 6, 2020 and runs until September 30, 2020. The PHFA has until November 30, 2020 to distribute all of the funds under both programs.

This article will discuss the application process and eligibility requirements under each program.

Pandemic Mortgage Assistance Program

The Pandemic Mortgage Assistance Program permits owner-occupied mortgage borrowers or lenders on behalf of borrowers, to apply for a grant to cover up to six (6) mortgage payments, subject to some restrictions. The PHFA has 25 million dollars in funds to distribute under the program.

To be eligible under PMAP, the borrower must reside in an owner-occupied one or two unit dwelling, located in the Commonwealth of Pennsylvania. The property must be encumbered by a mortgage or other security interest, such as a land sales contract. The annual household income may not exceed the Area Median Income for the county where the property is located.

The mortgage or alternate security interest must be a minimum of 30 days delinquent and due between March 2020 and December 2020. Mortgages in first or second lien position are covered under the Program.

Lenders or mortgagees may apply on behalf of a borrower for assistance under the Program. The lender is required to provide authorization from the homeowner as part of the application process.

Lenders or borrowers may apply for up to \$1,000.00 per month, per mortgage, in relief. If the mortgage payment is in excess of \$1,000.00, per month, per mortgage, Lenders accepting a payment under the Program must agree to release the borrower from any past due or future mortgage payment for which PAMP assistance is provided. The Lender may not apply the PAMP funds to any late charges, legal fees, property inspections or any other fees owed by the borrowers before, during or after the PAMP assistance payment timeframe. PAMP payments also cannot be applied to mortgage loans subject to an active forbearance agreement. The funds may only be applied by the lender towards the monthly amortized mortgage payment.

If the application is granted, the PHFA will remit either the payment or payments directly to the lender. Assistance is capped at \$1,000.00 per month for a maximum period of 6 months, per mortgage, for mortgages in first or second lien position.

As part of the application submission, the borrower must demonstrate that he or she is delinquent 30 days by producing either an Act 6 or Act 91 Notice and/or a certification from the lender that the loan is 30 days delinquent. The delinquency must have originated between March 2020 and December 2020. The borrower must also provide documentation showing the loss of income previously discussed.

Lenders are not required to participate in the Program. Lenders will have to make a case-by-case determination as to whether or not to accept the payments under the program based on an analysis of the Borrower's income, ability to pay and property holdings, among other factors outside of the PHFA's application process.

CARES Rent Relief Program

The CARES Rent Relief Program (CRRP) permits tenants and landlords to apply for assistance of up to \$750.00 per month, covering rent for up to six (6) months-between March 2020 and December 2020 for eligible applicants. The PHFA has designated 150 million dollars for distribution under the program. Unlike the PMAP, the CRRP will be administered in each individual county by a county organization designated by the PHFA. The county organizations will be responsible for verifying the eligibility of all CRRP assistance recipients and will also handle the distribution of all designated funds.

In order to apply for assistance under the program, landlords and tenants must complete three (3) applications/certifications; 1. a Lessee Household Certification-Renter Application; 2. a Landlord Application and; 3. a Landlord-Property Certification.

To be eligible under CRRP, the lessee must demonstrate that he or she became unemployed after March 1, 2020 or is experiencing at least a 30% reduction in annual income related to COVID-19. The lessee must be a minimum 30 days past due on his or her rent. The lessee must provide proof of the lease agreement (whether written or oral). The annual household income may not exceed the upper limit of the median income under the U.S. Department of Housing and Urban Development for the county where the property is located.

The landlord is also required to complete two applications in order for the lessee to be eligible for assistance. First, the landlord must complete an application whereby the landlord expressly waives the right to collect rent from the lessee for the months that any assistance is tendered under the CRRP. Further, if the landlord accepts an assistance payment, the landlord waives any all claims for rent due above that amount tendered under the Program. The landlord must also waive the right to evict the tenant for any other rent within 60 days from the date rent was due within the last month where assistance is provided.

The Landlord must also complete a Landlord/Property Certification (Certification). The Certification contains a detailed list of housing quality standards. The landlord must certify that the rental unit meets the housing quality standards outlined in the Certification.

Landlords must carefully review the Landlord Application and Certification to insure the accuracy and veracity of the statements made therein. The PHFA has made it clear that they intend to enforce criminal penalties in the event false written statements are furnished in the application process.

If you have any questions about the Pandemic Mortgage Assistance Program or the CARES Rent Relief Program, please contact Kevin Cummings by email at kcummings@tuckerlaw.com or by telephone at 412-594-3945.