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LACKAWANNA COUNTY HOUSING COALITION



LUZERNE COUNTY HOUSING PARTNERSHIP

Housing Happenings... in Lackawanna & Luzerne Counties

A quarterly publication produced by the Housing Task Force of The Institute for Public Policy & Economic Development

Housing News

Welcome to the Winter 2011 edition of *Housing Happenings* produced by the Housing Task Force of The Institute for Public Policy & Economic Development.

In this issue we will look into various home repair programs applicable to single- and multi-family household units. The repair programs detailed are available to low- to moderate- income families , homeowners with disabilities and municipalities.

For those readers who are not yet homeowners or who are contemplating buying a new home, we have included information on FHA’s Growing Equity Mortgages (GEM). These mortgages are designed for prospective home buyers who desire a shorter mortgage term with graduated payments.

Also included in this issue of *Housing Happenings* is information on the Frank Melville Supportive Housing Investment Act, which was signed into law January 4, 2011. This is welcome news for non-profit organizations and disabled individuals in need of affordable housing units.

Last, but certainly not least, we have included an article on Mortgage Relief Scams. Homeowners are now protected by a new Federal Trade Commission rule protecting distressed homeowners from being victimized by illegitimate fees.

The Housing Task Force is busily planning the 2011 NEPA Housing Symposium. This year is expected to be more exciting than the last. Further information on the event, location, times and registration will be coming soon. Check the housing website at www.nepahousing.org for updates.

The Housing Task Force is comprised of members of the Lackawanna Housing Coalition and the Luzerne County Housing Partnership

Home Repair Programs

Housing repairs and rehabilitation can be costly endeavors. Fortunately, home owners in need of repairs or rehabilitation to remove health or safety hazards, to improve energy efficiency and/or to modernize their dwellings have funding options.

Financial assistance for home repairs is available through the United States Department of Agriculture (USDA) to qualified low income rural home-owners. USDA's Rural Development Agency's Section 504 program provides 1% interest financing to qualified low income homeowners to repair their homes in an effort to weatherize, correct health and safety issues and hook up to utilities. Applicants must be the owner-occupant of a dwelling in a rural area. The dwelling must have a market value under the area loan limit. The applicant must also meet minimum eligibility requirements, which include:

- Adjusted household income which is at or below 50% of median income
- A reasonable credit history with a credit score of 640 or above
- Ability to pay back the loan.
- U.S. citizenship or a legally admitted U.S. resident who is 18 years of age and older and able to enter into a binding contract.

Applicants 62 and older may also qualify for partial grant funding if the applicant is unable to repay any portion of the loan request necessary to remove all health and safety issues.

Information on eligibility can be found at: <http://eligibility.sc.egov.usda.gov/eligibility/>.

The Department of Housing and Urban Development (HUD) Title 1 Home Improvement loan can be used for basic livability improvements on single family housing units. The maximum loan limit is \$25,000. HUD's Section 203(k) Program finances repairs on qualified one- to four-family residential dwellings, excluding condos. Owner-occupants have several options, including a lending agreement to purchase a "fixer-upper" as is and make needed repairs, to refinance a property and include the cost of rehabilitation or to solely finance rehabilitation. Further information on HUD repair programs can be found at: http://portal.hud.gov/hudportal/HUD?src=/topics/home_improvements.

Veterans may contact the Department of Veteran's Affairs.

The State of Pennsylvania offers the Pennsylvania Accessible Housing Program (PAHP) to fund accessibility improvements in the homes of physically disabled individuals. The average grant award is \$250,000. Additional PAHP grant information can be obtained by contacting your County Assistance Office.

Community Development Block Grants (CDBG) are also available to finance home improvements. CDBGs are administered through the state using federal funding. The program emphasizes housing rehabilitation to improve neighborhood economic viability. City, township, borough, and county governments may apply for funding.

FHA—Growing Equity Mortgages

For every new home owner, there is a different set of needs. FHA mortgages are designed to serve a range of preferences. Some people apply for an FHA home loan looking simply for low monthly payments. Others purchase homes looking for lower interest rates so they can save money over the lifetime of the FHA loan. Still others want to purchase homes with shorter commitment times.

For those who want shorter mortgage terms, the FHA Growing Equity Mortgage or GEM is an option worth looking into. GEMs are basically Graduated Payment Mortgages; they let the borrower pay off the principal faster while shortening the mortgage term by increasing the payments over time.

Those increased payments are applied to the principal loan amount rather than the interest on the loan, which helps pay off the loan faster. With Graduated Payment Mortgages, there is no deferred interest rate or negative amortization.

According to the FHA official site, “The same underwriting guidelines that apply to Section 203b mortgages also apply to GEMS.”

This means that a borrower can apply for a Growing Equity Mortgage the same way they would for a typical FHA home loan. The credit requirements are the same, borrowers may be able to qualify for down payments as low as 3.5%, and the mortgage origination fee for an FHA Growing Equity Mortgage may not exceed one percent of the loan amount. As with other FHA loans, the mortgage limits on GEMs will vary by geographic location.

You can [search the FHA database of mortgage limits](#) or check with your loan officer to learn more.

Source: FHA Blogs by Joe Wallace

COMING SOON!



**2011 NORTHEAST PENNSYLVANIA
HOUSING SYMPOSIUM
SPRING 2011
Please check back for dates**

New Law Promotes Supportive Housing Investment

Advocates are celebrating the enactment of a new law promoting integrated housing opportunities for people with disabilities. The Act modernizes the Section 811 supportive housing for persons with disabilities program, increases the supply of affordable, accessible housing and authorizes \$300 million for each of fiscal years 2011 through 2015. It simplifies the process for non-profit organizations to provide housing and will ensure more integrated housing for people with disabilities.

The Frank Melville Supportive Housing Investment Act was signed into law January 4, 2011.

"Reasonably priced housing is a critical piece of the puzzle for disabled persons seeking to become independent," said Senator Mike Johanns. "This bill will streamline efforts to provide them adequate and affordable homes and ensure no one slips through the cracks. I'm pleased my colleagues agreed that this bill is the right direction to provide stability for these vulnerable citizens."

Details of the Act and its passage are available at thomas.loc.gov.

FTC Issues Final Rule to Protect Struggling Homeowners from Mortgage Relief Scams

Homeowners will be protected by a new Federal Trade Commission rule that bans providers of mortgage foreclosure rescue and loan modification services from collecting fees until homeowners have a written offer from their lender or servicer that they decide is acceptable.

"At a time when many Americans are struggling to pay their mortgages, peddlers of so-called mortgage relief services have taken hundreds of millions of dollars from hundreds of thousands of homeowners without ever delivering results," FTC Chairman Jon Leibowitz said. "By banning providers of these services from collecting fees until the customer is satisfied with the results, this rule will protect consumers from being victimized by these scams."

The FTC is issuing the Mortgage Assistance Relief Services (MARS) Rule to protect distressed homeowners from mortgage relief scams that have sprung up during the mortgage crisis. Bogus operations falsely claim that, for a fee, they will negotiate with the consumer's mortgage lender or servicer to obtain a loan modification, a short sale, or other relief from foreclosure. Many of these operations pretend to be affiliated with the government and government housing assistance programs. The FTC has brought more than 30 cases against operations like these, and state and federal law enforcement partners have brought hundreds more.

The most significant consumer protection under the FTC's new rule is the advance fee ban. Under this provision, mortgage relief companies may not collect any fees until they have provided consumers with a written offer from their lender or servicer that the consumer decides is acceptable, and a written document from the lender or servicer describing the key changes to the mortgage that would result if the consumer accepts the offer. The companies also must remind consumers of their right to reject the offer without any charge.

For details on the ruling, see the FTC's press release at: <http://www.ftc.gov/opa/2010/11/mars.shtm>.

Source: FHA Blogs by Joe Wallace



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www.nepahousing.org

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