

**Expansion of the Homeowners Assistance Program (HAP)
by
the American Recovery and Reinvestment Act of 2009**

(Military PCS)



US Army Corps of Engineers
BUILDING STRONG

Basis for HAP

- Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966.
- Loss must be “...as the result of the actual or pending closing of a base...”
- Expanded HAP – no requirement to prove market decline was caused by the BRAC announcement.



HAP Expansion

- The American Recovery and Reinvestment Act of 2009 authorizes expansion of HAP benefits:
 - ▶ Wounded, Injured, Ill and Surviving Spouse homeowners.
 - ▶ BRAC 05 organizations without proof of causal relationship.
 - ▶ Service member homeowners permanently reassigned during the home mortgage crisis.



Home Purchase Price Cap of Expanded HAP

- 2009 Fannie Mae/Freddie Mac conforming loan limits by county
- \$417,000 - \$729,750 (Miami-Dade = \$423,750)
- Apply to all ARRA applicant homes.



Military PCS Eligibility

- Military personnel only.
- PCS orders dated 1 Feb 2006 thru 30 Sep 2012*.
- Must have purchased home prior to 1 Jul 2006.
- County, parish, city home values must have declined at least 10%.
- Individual home value must have declined at least 10%.

* Note: Pending availability of funds.



Military PCS Eligibility (Continued)

- Receive benefits only once under this expanded program.
- Property is primary residence on date of PCS orders.
- Member must move at least 50 miles (Duty station and home).
- Retiring personnel: only mandatory retirements are eligible.
- New accessions (entering active duty) are not eligible.
- Sell home after 1 July 2006.



Appeals

- HAP applicants may appeal program policies, home value estimates, etc.
- Appeals must be written (no specified format), and submitted to the executing district for review/approval.
- If appeal is not approved at the district, it will be forwarded to the regional HQ and HQUSACE for consideration. If neither the regional HQ or HQUSACE approve the appeal, it will be forwarded to the DUSD-I&E for final consideration.
- Eligibility criteria specified in the law may not be appealed.



Mil. PCS Benefits

- **Foreclosure:** Assist after the foreclosure. Benefits may include direct cost of judicial foreclosure, expenses and enforceable liabilities according to the terms of the promissory note

- **Private Sale (Mil.):**
Reimburse 90% of purchase price - sale price + closing costs



Private Sale

Benefit pays up to 90% of purchase price.

- **Purchase price (PFMV) of \$200,000 X 90% = \$180,000**
- **Applicant sells house (CFMV) for \$150,000**
- **Mortgage payoff \$130,000**
- **Benefits to applicant (Incl. closing costs estimated at 7% of \$150K = \$10,500) \$40,500**
- **Cash after mortgage payoff \$60,500**
- **Taxable liability (benefit amount above current value) \$40,500**



Mil PCS Benefits (Continued)

- **Govt. Acquisition:** Only with approval of USACE, following a mandatory 120 day marketing effort.

applicant eligible to receive the greater of:

75% of the purchase price

OR

Mortgage payoff

Note: HAP will not reimburse or pay-off second mortgages, including equity lines of credit, unless obtained when home purchased, or funds were used to improve home.



Government Acquisition

Acquire home for 75% of the purchase price or the balance of existing mortgages, whichever is greater...

■ Purchase price of \$200,000 X 75%	\$150,000	\$150,000
■ Balance of existing mortgages	\$130,000	\$190,000
■ CFMV on date of acquisition	\$140,000	\$140,000
■ Cash payment to applicant (Equity)	\$20,000	\$ 0
■ Taxable Liability (payment above CFMV)	\$10,000	\$50,000



Tax Liability of Expanded HAP Benefits

- Benefit amounts above current fair market value (sale price) will be taxed as part of applicant's gross income (Federal, state, local).
- Tax laws require that taxes be withheld prior to paying lien holders and applicants.
- Proposed House Ways and Means Committee legislative change, HR 3590, will eliminate expanded HAP benefits tax liability when signed into law.



Applicant Processing

- Applicants submit application packet. Required documents include:
 - ▶ Form HUD-1 – Proof of home purchase price.
 - ▶ Proof of ownership - copy of deed.
 - ▶ Proof of occupancy at time of announcement, deployment or receipt of PCS orders (e.g., utility bill).
 - ▶ Proof of program eligibility



Applicant Processing (Continued)

- Proof of program eligibility (Continued)
 - HUD-1 Form proof of home purchase prior to 1 Jul 06
 - Copy of PCS orders
- Processing priorities: WII & SS, BRAC, PCS

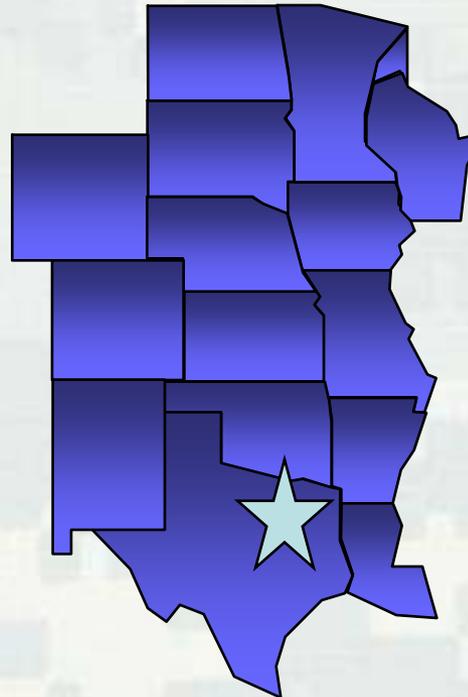


HAP Centers of Expertise

Sacramento District



Ft. Worth District



Savannah District



HAP Website

<http://hap.usace.army.mil/>

- **Program Information**
- **HAP Application**
- **FAQs**

