
Delayed mortgage aid set for March

By Jenifer B. McKim

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A new federal program that could help thousands of unemployed homeowners in Massachusetts temporarily cover their mortgages is expected to finally be up and running by mid-March, months after it was scheduled to start.

A top official at the federal Department of Housing and Urban Development said yesterday that homeowners should be able to apply on or about March 19 for the \$1 billion national program, designed to provide bridge loans of as much as \$50,000 to qualified homeowners in 32 states and Puerto Rico.

William Apgar, a senior adviser for mortgage finance for the housing department, said it took longer than anticipated to work out some of the program's details. Rules governing homeowners' assistance were sent yesterday to Congress for review, according to Apgar. "We underestimated the complexity of bringing a totally new program up," he said. "We needed a whole new accounting system."

Apgar said he anticipates a flood of applications and that demand will exceed the available money — about \$61 million for Massachusetts. Homeowners will be randomly selected for consideration during a 10-day application period.

"It is our expectation that once the program is up, we will be vastly oversubscribed," Apgar said.

The money, to be distributed through the Emergency Homeowner Loan Program, was approved by Congress last summer and detailed in October during a Roxbury press conference attended by a phalanx of state, federal, and local officials. The program was expected to start accepting applications by the end of 2010.

US Representative Barney Frank, who pushed for legislation last year that created the fund, said he spoke with HUD Secretary Shaun Donovan yesterday about his concerns regarding the delay. Frank said he would continue to push for more funding for the program. "It shouldn't have taken this long," the Massachusetts Democrat said. "I'm pleased it is going to happen."

The delay has been met with growing consternation from housing advocates across the country who campaigned for mortgage assistance for jobless homeowners and consider the program key to reducing the number of foreclosures. In Massachusetts, more than 12,000 homeowners lost their properties last year, according to Warren Group, a Boston company that tracks real estate.

Last week, a national group of community organizations went to Washington, D.C., to press federal officials to get the much-needed program underway, said Lewis Finfer, executive director of the Massachusetts Communities Action Network, a faith-based nonprofit group headquartered in Boston. Adding to concerns, Finfer said, the funding is supposed to be allocated by Sept. 30 or could be lost.

"There are people right now who have reached the brink, and if this program was available, it could save them from foreclosure," he said.

Nadine Cohen, managing attorney for the consumer rights unit of the nonprofit Greater Boston Legal Services — which works with low-income people — said housing activists were considering filing a lawsuit in Massachusetts to stop foreclosures until the program is implemented.

"People are losing their houses every day who might be eligible," Cohen said.

The housing fund was approved as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act and is meant to help homeowners who have lost income because of unemployment, pay cuts, or a medical condition. It is intended to supplement a \$7.6 billion campaign the Treasury Department launched last year to help troubled homeowners in 18 states and the District of Columbia, which were hardest hit by the recession.

One issue that took longer than expected to resolve was a concern that the bridge loans could be considered taxable

income, Frank said. In addition, states interested in administering the program had to submit proposals, which then needed to be reviewed.

Eligible homeowners may qualify for up to 24 months of financial assistance, including a zero-interest loan that can be forgiven over time. Borrowers who remain in their homes and stay current on mortgage payments for five years will have their loan balance reduced by 20 percent annually until it is eliminated, according to HUD. Homeowners must be at least three months delinquent on mortgage payments to qualify.

The Massachusetts program will be administered by NeighborWorks America, a nonprofit network of community development and affordable housing groups.

Meanwhile, those desperate for help in making their mortgage payments must continue to wait for more information.

They include Domingo Franco, 55, of Dorchester who has been working intermittently as a carpenter since 2008 when the construction industry slowed because of the recession. Franco, who hasn't paid his mortgage for more than a year, said he has repeatedly applied for a loan modification, without success. He's hoping federal help will come in time to give him a break while he tries to find a full-time job.

Franco said he invested about \$75,000 in the triple-decker he purchased in 2002 and doesn't want to lose his life savings.

"I didn't create the financial crisis we are living in," he said. "Every time they foreclose on a house, they are hurting the real estate market."

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