



Senate Urban Affairs & Housing Committee

Senate John Pippy, Chairman

Greg Mahon, Executive Director
168 Main Capitol, Harrisburg, PA 17120
Phone: 717.787.5839 • Fax: 717.772.4437
urbanaffairs@pasen.gov

Summary Senate Bill 1402, Printer's Number Prime Sponsor: Senator Pippy

Summary

- Appropriates \$10 million to the PA Housing Finance Agency to establish a loss reserve account to assist the agency with any losses realized by the Homeowners' Equity Recovery Opportunity Loan Program (HERO) and the Refinance to an Affordable Loan Program (REAL).
- The appropriation would provide PHFA with the money necessary to leverage, through the use of bond financing, a lendable proceeds fund of \$50-\$75 million. In return, PHFA will be able to offer refinancing opportunities to approximately 1,500 homeowners.
 - HERO is an existing loan program designed to assist homeowners who have sub-prime or predatory loans, and in some instances owe more than the current value of their homes. PHFA negotiates directly with lenders on behalf of homeowners to reduce and/or restructure their mortgages.
 - REAL is an existing program targeted at homeowners who are less than 60 days delinquent on mortgage loans that have adjusted to an unaffordable rate or will be adjusting in the future.
 - Both REAL and HERO offer 30 year, fixed-rate loans, 100 percent financing and flexible credit underwriting that may not be available to many homeowners.