Housing Assistance Program Benefits (HAP)

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides \$555 million in funding to expand the Department of Defense (DoD) Homeowners Assistance Program (HAP). The mortgage crisis has made it difficult for individuals to sell their homes, relocate to new duty stations, or move to new locations for medical treatment.

These benefits are subject to specific qualifications. Please see website below to read more Commonly Answered Questions as well as contact the dept. in your area to determine whether you qualify for HAP Conventional or Extended Benefits.

http://hap.usace.army.mil/FAQs.html

There are three ways military personnel can benefit from HAP. They can get assistance through a Private Sale, Government Acquisition or Foreclosure:

(a) in the case of a **private sale**, USACE will pay the HAP benefit directly to the applicant; (b) if the **government** purchases the home, USACE will pay the benefit directly to the lender in exchange for the property or to the applicant if the benefit is greater than the mortgage payoff; and (c) in the case of a **foreclosure**, benefit is paid to lien holder for legally enforceable liabilities.

Under Public Law 111-92, which was enacted on November 6, 2009, Expanded HAP benefits are tax exempt from Federal taxes and not subject to Federal Tax withholding.

PRIVATE SALE - The applicant must have sold the property and have transferred title to the new owner of your property for benefits to apply. Benefits will be paid at 90% of your prior Fair Market Value plus any approved Home Improvement Costs.

GOVERNMENT ACQUISITION - The applicant must have a buyer and be current on the mortgage, taxes and any HOA dues. HAP will either pay off the balance of the original loan(s) or the benefit will be 75% of the PFMV, whichever is greater. Hap will purchase the property and immediately transfer title to the purchaser. The real estate commission will be paid by HAP on the transfer of the property to the purchase.

FORECLOSURE - In the case of these two scenarios benefits are paid to lien holder for legally enforceable liabilities only.

CLOSING COSTS - HAP covers closing costs that are customary for the seller to pay for the buyer in the area where the property is located. Sellers' closing costs typically include: loan payoff fees; the real estate commission; title insurance; all or part of transfer taxes and escrow fees (if any); and attorney's fees where applicable.

For instance, in a VA or FHA loan, it is typical for the seller to pay the loan origination fee, appraisal fee, credit report and flood certification fees. HAP can reimburse up to 1% of the loan origination fee, the cost of the appraisal, credit report, and flood certification fees.

HAP may reimburse the seller for limited contributions made to the buyer's portion of closing costs. However, HAP can only reimburse for customary/normal closing costs that the applicant has "paid out of pocket" at the closing. The complete definition of closing costs can be found at 32 CFR 239.4(b).