

OCD-DRU Fails to secure Interim Mortgage Assistance for 2016 flood victims a third time



Interim Mortgage Assistance would have helped this homeowner if only the Louisiana OCD-DRU had offered the assistance when HUD approved it 35 months ago.

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35 months later the Louisiana Office of Community Development, Disaster Recovery Unit asks HUD to use interim housing funds as a reimbursable activity for homeowners with mortgages of substantially damaged, condemned, or otherwise uninhabitable homes. Hundreds of homes were substantially damaged, condemned or determined structurally unsafe after our 2016 floods here in Louisiana. Because of these determinations, homeowners could no longer inhabit their homes and were forced to seek shelter elsewhere. Many homeowners continued paying on their mortgages without the benefit of having a home to live in. These families incurred additional debt burden from the first day of the floods. The March (DR-4263) and August (DR-4277) floods impacted thousands of homeowners leaving them without their primary home effectively making that family homeless yet still responsible for the debt burden of the primary first lien mortgage.

HUD modified and extended up to 20 months the Interim Mortgage Assistance (AMI) November 21, 2016 as published in federal register notice 81 FR 83254 section 33.1

The Louisiana Office of Community Development, Disaster Recovery Unit (OCD-DRU) requested Interim

Mortgage Assistance Feb. 2019 in Action Plan Amendment (APA) 11 which was once again approved by HUD June 3, 2019 allowing the OCD-DRU to transfer \$40 million from the Restore Louisiana Homeowners Assistance Program (RLHP) to the RLHP Interim Housing Assistance Program and to begin distribution of mortgage assistance. With the mortgage assistance program fully funded and available to the homeowners who needed this assistance, the state then changed the procedures for distribution of funds and acceptable uses of the dollars and resubmitted the Interim Mortgage Assistance in APA 12 which was sent to HUD August 14, 2019 knowing perfectly well it would not work.

HUD's response to the changes made to the Interim Mortgage Assistance in APA 12 disqualified the assistance for what appears to be the states wording of "Reimburse" of mortgage payments.² Based on the November 21, 2016 approval from HUD the assistance was to pay current mortgage of the homeowners that qualified. The state made a second update and kept the same terms in the February 2019 APA 11. It appears the state sabotaged the Interim Mortgage Assistance by changing the distribution details to make the program an ineligible activity and would require a HUD waiver if allowable under the state's reimbursement plans.³

This delay of 35 months penalized 2,000 homeowners from receiving much needed mortgage assistance and has seriously delayed or eliminated chances of a full disaster recovery.⁴ We cannot continue to allow our states OCD-DRU to restrict recovery funds by making the funds inaccessible to disaster victims when they are needed. By delaying the IMA nearly 2,000 eligible homeowners have missed out on assistance that the state has set aside to help 35 months too late.

1 "Limitation on emergency grant payments - interim mortgage assistance. 42 U.S.C. 5305(a)(8) is modified to extend interim mortgage assistance to qualified individuals from 3 months to up to 20 months. Interim mortgage assistance is typically used in conjunction with a buyout program, or the rehabilitation or reconstruction of single-family housing, during which mortgage payments may be due but the home is uninhabitable. The time required for a household to complete the rebuilding process may often extend beyond 3 months, during which mortgage payments may be due but the home is inhabitable. Thus, this interim assistance will be critical for many households facing financial hardship during this period. Grantees may use interim housing rehabilitation payments to expedite recovery assistance to homeowners, but must establish performance milestones for the rehabilitation that are to be met by the homeowner in order to receive such payments. A grantee using this alternative requirement must document, in its policies and procedures, how it will determine the amount of assistance to be provided is necessary and reasonable." ([Resource Reference Federal Register Notice](#))

2 "As part of the interim mortgage assistance program, homeowners will be required by program policy and grant agreement to utilize all grant funds to satisfy their escrow or homeowner responsibility requirement. Further, the interim mortgage assistance grant award amount will be capped at the DOB amount. By applying the assistance retroactively to reimburse these homeowners for payments already made and requiring as part of the assistance that the homeowner place these awarded funds in escrow or into their home rehabilitation project, it will allow homeowners quicker access to their RLHP grant award funds. This will also allow homeowners to finish their projects sooner than if the mortgage assistance is only calculated prospectively." ([RLHAP Action Plan Amendment 12](#))

3 "The Department notes that reimbursement of mortgage assistance is not an eligible activity under the waiver and alternative requirement that allows the State to provide interim mortgage assistance (81 FR 83270) or under the provision for the reimbursement of disaster recovery expenses that is applicable to this grant (81 FR 83266). The department will continue to work with the state to establish, if needed, a waiver and alternative requirement that will assist homeowners in fulfilling their financial obligations under the RLHAP rules. " ([HUD Response to APA 12 via Congressman Graves](#))

4 "There are nearly 2,000 eligible program applicants with a homeowner responsibility or escrow contribution requirement due to the duplicative benefits they received and/or were awarded through other

federal funding sources. As these and other applicants work to complete their repairs or reconstructions, they are facing financial cash flow challenges necessitated by the additional interim housing costs they are paying during the repair or reconstruction process."
([RLHAP Action Plan Amendment 11](#))

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