

Senate Resolution 595

By: Senators Orrock of the 36th, Thompson of the 5th, Henson of the 41st, Fort of the 39th,
Lucas of the 26th and others

A RESOLUTION

1 Urging the Department of Community Affairs to adopt critically needed changes to the
2 federally funded HomeSafe Georgia program in order to accomplish its purpose to prevent
3 home foreclosure for Georgia families due to unemployment and other causes; and for other
4 purposes.

5 WHEREAS, it is in the economic interests of this state to prevent home foreclosures and to
6 assist families to remain in their homes; and

7 WHEREAS, the ravaging effects of foreclosures on families, children, communities, and
8 neighborhood stability and vitality are devastating and long-lasting; and

9 WHEREAS, the intended purpose of the \$339 million allocated to Georgia from the federal
10 Hardest Hit funds is to assist Georgia homeowners at risk of losing their homes and to help
11 homeowners remain in their homes; and

12 WHEREAS, the HomeSafe Georgia program should provide distressed homeowners with
13 financial counseling; mortgage payment and reinstatement assistance; principal reduction to
14 facilitate refinancing or modification to make loans affordable; and other forms of assistance
15 to prevent foreclosure due to unemployment, underemployment, illness, disability, death, and
16 divorce; and

17 WHEREAS, the failure to expend the funds for their intended purposes will result in the
18 return to the federal government of funds not spent by December 31, 2017, which funds are
19 desperately needed to prevent foreclosure and assist Georgia families struggling through no
20 fault of their own; and

21 WHEREAS, the 18 other states receiving federal Hardest Hit funds all surpass Georgia in
22 providing timely, effective assistance to help families avoid foreclosure; and

23 WHEREAS, the HomeSafe Georgia program ranked last among these states in the
24 percentage of submitted applications for assistance that were approved as of the end of 2012,
25 with only 19 percent of Georgia applications approved; and

26 WHEREAS, the HomeSafe Georgia program ranked seventeenth out of 19 states in the
27 percentage of funds spent on homeowner assistance as of the end of 2012, with only 6.4
28 percent of allocated funds spent in Georgia on homeowner assistance; and

29 WHEREAS, the HomeSafe Georgia program lagged as fourteenth out of the 19 states in the
30 median time for assistance granted, with time from application to approval taking between
31 four and a half and six months in 2012; and

32 WHEREAS, numerous strategies adopted in other states have been effective at assisting
33 these foreclosure prevention programs to carry out their intended purpose to prevent
34 foreclosures.

35 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE that the members of this body
36 urge the Department of Community Affairs, to the extent authorized by law and subject to
37 available funds, to:

38 (1) Expand eligible hardships from unemployment or underemployment to include
39 illness, disability, death, and divorce for the \$212.6 million in funding for which there is
40 no unemployment requirement, following the lead of North Carolina, South Carolina, and
41 other states;

42 (2) Eliminate bankruptcy as an automatic disqualifying event for eligibility as North
43 Carolina, Arizona, and four other states have already done;

44 (3) Reduce the threshold for income loss from 25 percent for an individual who is
45 underemployed (30 percent if self-employed) to a threshold of 10 percent;

46 (4) Increase the allowable liquid asset reserve from \$5,000.00 to \$10,000.00 (excluding
47 retirement funds), matching Georgia's old homestead exemption that a debtor in bankruptcy
48 is permitted to retain;

49 (5) Extend the present bar on participation for those more than six months in arrears on
50 their home mortgage to allow those up to nine months in arrears to participate, recognizing
51 that this time frame more accurately reflects delays in learning about the program and the
52 time necessary to exhaust other rescue efforts;

53 (6) Provide additional forms of assistance to prevent foreclosures beyond mortgage
54 payment and reinstatement assistance. Such assistance could be similar to the policies of

55 eight other states that offer principal reduction assistance to facilitate refinancing or loan
56 modification, second lien elimination, payments to facilitate deeds in lieu of short sales,
57 and transition assistance;

58 (7) Broaden the Department of Community Affairs' partner base in the communities to
59 include other HUD certified nonprofit housing counseling agencies across Georgia in
60 addition to CredAbility and involving housing counselors throughout the process,
61 beginning with an evaluation of the applicant for all forms of loss mitigation and providing
62 assistance with applications for loan modification or other remedies;

63 (8) Strengthen enforcement of the ban preventing mortgage servicers receiving HomeSafe
64 funds from imposing late charges and insufficient funds fees by notifying homeowners and
65 mortgage services of such ban in writing; and

66 (9) Require the Georgia Department of Labor to prominently display information about
67 the HomeSafe Georgia program on its website and require mortgage servicers participating
68 in the program to include information about the program on their websites, in mortgage
69 statements, and especially in correspondence sent to struggling homeowners.

70 BE IT FURTHER RESOLVED that the Secretary of the Senate is authorized and directed
71 to transmit an appropriate copy of this resolution to the Commissioner of the Department of
72 Community Affairs.