

Homeowners Assistance Program (HAP)

This fact sheet provides information on HAP to MDA employees who have relocated or plan to relocate from the National Capital Region (NCR) to Huntsville, Alabama under BRAC. Note that the DoD HAP guidance has not yet been released and the HAP guidance on the Internet has not been updated to include the recent changes in the Law. Conceivably, the information in this fact sheet could change subject to the final DoD HAP guidance. We encourage all MDA employees who believe they are eligible for the HAP, to submit their applications now since funds are limited and applications will be processed in receipt order.

General.

- As part of the stimulus plan, the HAP was temporarily expanded using funds from the American Recovery and Reinvestment Act. The \$555M allocated to the HAP will be used to provide benefits to eligible military and DoD civilians who face financial losses selling their primary residence during the current housing downturn. Previously the HAP only applied to those locations, where the BRAC announcement caused the real estate prices to decrease due to the base closure.

HAP Categories

- Warriors in Transition (30 percent or greater disability) and surviving spouses of fallen service members. This group's eligibility for the expanded HAP is not temporary.
- Military and DoD civilians affected by the 2005 BRAC round, without the need (which existed under previous law) to provide that the base closure caused the local market decline.
- Normal military permanent change of station (PCS) moves (PCS orders issued by 31 December 2009 and HAP application received by 31 March 2010)

BRAC 05 Eligibility

- MDA employees may be eligible for HAP, if:
 - They are or were assigned to MDA in the NCR and their position was or will be realigned to Huntsville in compliance with BRAC 2005 law.
 - They purchased their house before 1 July 2006 (a signed sales contract by that date may also meet the eligibility requirements).
 - The purchase price of their house is below the Fannie Mae/Freddie MAC Conforming Loan limits for their county (most NCR locations are capped at purchase prices of \$729,750).
 - They sold their house between 1 July 2006 and 30 September 2012.
 - They experienced a loss of 10 percent or more between the purchase price and sale price of their home.
 - Their home is in a housing market area that has suffered a 10 percent or greater decline since 1 July 2006.
- Retirees may be eligible when their position was or is being realigned to Huntsville and the retiree moves at least 50 miles to a new location.

Tax Liability

- Benefit amounts above sale price and closing costs taxed as part of applicant's gross income.
- Taxes withheld when possible; Forms W-2/1099 issued.



HAP Benefits

- Foreclosure (outstanding liabilities and legal costs)
- Private Sale to Include Sale to Contractor through DNRP
- Private Sale Augmentation
- Government Acquisition (Only with approval of 3 Star-level DoD official responsible for HAP execution following a mandatory 120 day marketing effort.)

Private Sale

- Applicant eligible to receive the greater of:
 - 90 percent of the purchase price minus the sale price plus costs, OR
 - Mortgage payoff minus sale price plus closing costs. Note: HAP will not reimburse or pay off second mortgages, including equity lines of credit, unless obtained when home purchased, or funds were used to improve home.

Private Sale and DNRP

- DNRP contractor purchases house at the current fair market value.
- HAP treats a DNRP purchase as a private sale – HAP offsets a portion of any loss experienced when selling in a declining market. (Samples provided below)

Private Sale Calculation. Benefit pays up to 90 percent of purchase price

○ Purchase price of \$200,000 X 90 percent =	\$180,000
○ Applicant sells house for	\$150,000
○ Mortgage payoff	\$130,000
○ Benefit to applicant (plus closing costs)	\$30,000
○ Cash after mortgage payoff (plus closing costs)	\$50,000
○ Tax liability (benefit amount above current value, plus closing costs)	\$30,000

Private Sale Augmentation

○ Purchase price of \$200,000 X 90 percent =	\$180,000
○ Less sale price	(\$150,000)
○ Private sale benefit payment (plus closing costs)	\$30,000
○ Mortgage pay off (Inc. 2 nd mortgage used for home)	\$225,000
○ Sale of home (value of home at sale)	(\$150,000)
○ Greater of mortgage balance (plus closing costs), OR Private sale benefit payment (plus closing costs)	\$75,000 \$30,000
○ Mortgage payoff (plus closing costs)	\$75,000
○ Tax liability	\$75,000
○ Cash after mortgage payoff	\$0

Applicant Processing

- Applicant package available on HAP Website, <http://hap.usace.army.mil>.
- Direct HAP-related questions to HAP experts at the U.S. Army Corps of Engineers, Savannah District Office at 800-861-8144.
- Employees assigned to Huntsville should submit application package to the PCS Transition Office-Huntsville, phone number 256-313-2972. Employees assigned to the NCR should submit application package to the BRAC Transition Office, FOB2, phone number 703-697-6339. Make all e-mail inquiries to mdatransition@mda.mil.
- Required documents include:
 - Form HUD-1 – Proof of home purchase price.
 - Proof of ownership – copy of deed with recording information.
 - Proof of occupancy prior to 1 July 2006 (e.g. utility bill).
 - Proof of program eligibility: assignment to BRAC 05 impacted activity (i.e., MDA in the NCR) and position relocated to Huntsville, and copy of PCS orders.

