

## HAP Program 1 Technical Modification Amendment 2

### Background and Scope

The Mississippi Development Authority (MDA) submits this Homeowner Assistance Program Partial Action Plan Modification Amendment 2 to the Final Plan approved by HUD on April 1, 2006. The MDA has determined that this does not represent a major modification to the plan requiring formal submission to HUD. The nature, purpose, scope and beneficiaries of the Partial Action Plan remain the same subsequent to the modification. Additionally, this technical modification will not negatively impact potential beneficiaries who have applied for assistance under this program.

The first modification is to reduce the amount in dispute to \$500 for homeowners to appeal the decision made by MDA with respect to the Homeowner Assistance Program. In addition, MDA is extending the date of submission to 60 days from the date of the homeowner's receipt of MDA's decision. This adjustment does not modify any of the core elements of the Phase 1 Partial Action Plan – including the Program Purpose, Background, Eligibility Requirements and Performance Requirements. Further, it does not change the total amount requested for the program of \$3 billion.

The second modification is to clarify MDA's use of homeowner's receipts for completed repairs. If the homeowner has already completed repairs or is in the midst of repairs, they can still participate in the program. They must meet all eligibility requirements and submit valid receipts for the work which has been completed. MDA's Damage Assessor will conduct an on-site inspection to assess the damage and the receipts may be used if necessary to assist in the calculation of the value of the repairs completed.

The Program Purpose and Performance Requirements remain the same, as follows: “the purpose of the Homeowner Grant Assistance program is to provide a one-time grant payment, up to a maximum of \$150,000, to eligible homeowners who suffered flood damage to their primary residence as of August 29, 2005 from Hurricane Katrina. In exchange for the grant payment, a qualifying homeowner must agree to a covenant on their property that establishes building code, flood insurance, and elevation requirements for them or any future owner of the land. After certain deductions, the homeowner has complete discretion of the use of the grant funds, as allowable by State and Federal law, as they work through their personal disaster recovery situation.”

The Program Details as defined in Partial Action Plan also remain the same for Applicant Eligibility and Awarded Grant Homeowner Requirements and as previously stated in the Partial Action Plan, “the Homeowner Assistance Program offers recovery assistance for homeowners who, while outside the flood zone, maintained property insurance and in some cases, flood insurance, but in insufficient amounts. By partially filling the insurance gap with the homeowner grant, eligible homeowners can begin the recovery process – all of which will help to drive and stabilize economic development which is crucial for the recovery of the Mississippi Gulf Coast”.

Based on our review of applicant information and initial award amounts, MDA has determined that the original \$10,000 amount is excessive and may deter applicants from submitting valid appeals. It is MDA's desire to provide a fair and reasonable threshold for applicants to appeal if they feel their grant award is inaccurate. And by extending the deadline to submit appeals, the grant recipient has adequate time to consider their appeal condition.

Therefore, the Partial Action Plan Modification Amendment Number 2 is to reduce the appeal threshold to \$500, extend the deadline for submitting appeals to 60 days from receipt of MDA's decision of award and to clarify the use of homeowner's receipts for repairs completed.

All other Grant Calculation elements remain the same and the grant amount cannot exceed \$150,000 as defined in the Partial Action Plan.