

Mississippi Development Authority
Homeowner Assistance Program
Modification 9
**Phase III Post Katrina Conveyance (Sold
Home) Program**

MISSISSIPPI DEVELOPMENT AUTHORITY
HOMEOWNER ASSISTANCE PROGRAM
MODIFICATION 9 – PHASE III SOLD HOME PROGRAM

Background and Scope

The Mississippi Development Authority (MDA) submits this Homeowner Assistance Program Partial Action Plan Modification 9 of the Final Plan approved by HUD on April 1, 2006. MDA has determined that this represents a major modification to the plan requiring formal submission to HUD and submittal for public comment. Homeowner Assistance Program's policies on Phase I and II are not modified by this addendum.

Overview

Many coastal homeowners sold their damaged residences in the wake of Hurricane Katrina, before knowledge of Phase I or Phase II of the Homeowner Assistance Program (HAP) was made publicly available. These Homeowners were intended recipients of the HAP as they were included in the MDA's damaged estimates of 30,000 primary owned flood surge damaged homes. Due to the impact and hardship post storm, many of these homeowners either voluntarily or involuntarily sold their homes as part of their post storm recovery plan.

To partially address this issue, for Phase I, MDA adopted a policy on sold homes that allowed applicants to receive the grant funds if they could obtain a covenant on the damaged residence. These documents were known as the "Sold Home Covenants." Because they no longer owned the residence, these applicants were required to obtain the signatures of the new owners of the damaged residence. MDA has also adopted this policy for Phase II sold homes.

MDA has identified over 500 cases of applicants who sold their damaged residences prior to closing on a Phase I grant award. Of those, approximately one-quarter of the applicants have been told that the new homeowners will not sign the covenants. As a result, these applicants cannot receive HAP grants, even though they meet the remaining eligibility requirements. For Phase II, MDA has identified 600 post Katrina Storm sold home conveyances for applicants.

Many of these applicants have stated that they would not have sold their homes if they had known that it would make it difficult or impossible to obtain an HAP grant. Specifically, many applicants have pointed out that they made the decision to sell their homes before MDA announced the program and submitted it for public comment.

MDA believes it is in the interest of the overall HAP program to create a new Phase III to allow sold home applicants to qualify, independent of the cooperation of the new owner(s) of their

Katrina-damaged residence. Payment of these grants was considered in the original budgets of Phase I and II. This Modification proposes the following process for doing so.

Eligibility for Assistance

MDA proposes a program to qualify applicants who sold their homes, but could not obtain the signatures of the new owners on the Phase I or Phase II Sold Home Covenants. This program may result in new applicants who had previously determined that they were ineligible for Phase I or Phase II.

MDA proposes qualifying these applicants under Phase III of the Homeowner Assistance Program. MDA will move any qualified applicant from Phase I or Phase II who cannot obtain the signature of the new owner on the Sold Home Covenants into Phase III for consideration. These applicants may qualify for Phase III pursuant to the following restrictions:

Option 1:

Eligibility:

- (1) The applicant must have sold their home prior to the applicant's application date to the program. New applications subsequent to the release of this addendum for public comment must also have sold their home prior to their application;
- (2) The applicant must currently own a residence in Hancock, Harrison, Jackson, or Pearl River Counties, Mississippi;
- (3) The applicant must certify that the residence cited in (2) is his or her primary residence;
- (4) The applicant must agree to execute a HAP covenant on the residence cited in (2); and,
- (5) The applicant must meet either the standard Phase I or Phase II eligibility requirements

Calculation:

These applicants will be subject to the standard Phase I or Phase II grant calculation based on which program they qualify for eligibility, subject to the following adjustment:

- (1) The applicant will receive 70% of their grant award under Phase I or Phase II.

Option 2:

Eligibility:

- (1) Same as Option 1: but if the applicant cannot execute a covenant on their new primary residence located in one the four coastal, county identified areas; or if the applicant rents their housing in one of the four coastal counties; or if the applicant has relocated out of the four coastal county identified area;

Calculation:

- (1) The applicant will receive 50% of their grant award as calculated under Phase I or Phase II.

Grant disbursement, grant closing and homeowner grant obligations will follow Phase I or Phase II depending on which program an applicant is determined to be grant qualified under.

This proposal does not preclude an applicant from, at his or her own discretion, attempting to apply the Phase I or Phase II sold home covenants to the damaged residence in order to qualify for Phase I or Phase II of the grant program.

Appeal Policy

Any homeowner may appeal the decision (including, but not limited to, eligibility, damage assessment, amount of assistance and offsets) made by MDA with respect to the Homeowner Assistance Program. The final appeal policy is included in Modification Number Three.

Public Comments

MDA is publishing this draft modification to solicit public comment. Copies of the modification are available on the Internet at www.mississippi.org or upon request to MDA via the public comment submission process noted below. Written comments regarding this proposed modification may be mailed to MDA, Post Office Box 849, Jackson, MS 39205, Attention: Disaster Recovery, or sent via facsimile to 601-359-9280. Comments may also be submitted online to hoacomment@mississippi.org. Comments that are received by September 24, 2007 will be considered. Changes may be made at that time and then the final modification will be submitted to HUD for approval.

Substantial Amendments

The State recognizes that any change, which changes the nature, purpose, or scope of the programs contained herein, will constitute a substantial amendment requiring public comment and approval by HUD. Additions or deletion of program activities or changes in beneficiaries would also constitute the need for a program amendment requiring public comment and HUD approval.

Waivers

All waivers received from the original action plan are considered to be effective for this modification.