



Department of Defense

American Recovery and Reinvestment Act of 2009

Expanded Homeowners Assistance Program Plan

June 2010

EXPANDED HOMEOWNERS ASSISTANCE PROGRAM PLAN

A. Funding Table

Appropriation	Amount (\$000s)
Expanded Homeowners Assistance Program	\$555,000
Total	\$555,000

B. Objectives**Program Purpose**

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides \$555 million in funding to expand the Department of Defense (DoD) Homeowners Assistance Program (HAP). The mortgage crisis has made it difficult for individuals to sell their homes, relocate to new duty stations, or move to new locations for medical treatment. This program meets the objectives set forth in the Recovery Act by providing benefits to the following qualified homeowners:

- Service members and DoD employees who are Wounded, Injured or Ill (WII) when deployed;
- Surviving Spouses (SS) of fallen DoD personnel;
- Base Realignment and Closure (BRAC) 2005 impacted homeowners; and
- Service members who are required to permanently relocate during the home mortgage crisis.

Section D and Attachment A of this plan outline the eligibility requirements.

Public Benefits

Expanded HAP meets the long-term goals of DoD to take care of its military and civilian personnel by providing financial stability and increasing quality of life for qualified homeowners who need to sell their homes in conjunction with relocation, base closure, being wounded in combat, or losing a spouse in the line of duty. The public will benefit from the program since it will allow service members to focus on their war fighting mission; DoD civilians to focus on their jobs and the support they provide to the war fighter; SS/WII service members and civilians to focus on the changes that have occurred in their lives and, if necessary, receive needed medical treatment. In addition, HAP may improve local economies by reducing the effect of foreclosures on housing market prices and enabling eligible beneficiaries to potentially purchase other homes.

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C. Activities:

Details of the Expanded HAP were published in the Federal Register (www.regulations.gov) as an Interim Final Rule on September 30, 2009.

Application Process.

- Eligible applicants may submit a completed HAP Application (DD Form 1607), available at the U.S. Army Corps of Engineers (USACE) HAP website (<http://hap.usace.army.mil/homepage.html>). Supplemental information may be required. Completed applications are then mailed to the appropriate USACE District Office.
- USACE District Offices accept and process HAP Applications to determine eligibility.
- USACE District Offices determine eligibility of each applicant for Expanded HAP assistance using the criterion established by the Deputy Under Secretary of Defense for Installations and Environment (DUSD (I&E)), included in Section D of this plan, and advise each applicant on the most appropriate type of assistance.
- USACE District offices determine the amounts to be paid, consistent with the Interim Final Rule, and make payments or authorize and arrange for acquisition or transfer of the applicant's property.

Calculate benefit payment.

The type of applicant determines the benefit payment calculation and whether the applicant sold the home, is unable to sell the home, or the applicant was foreclosed upon. For applicants who have sold their primary residence, the benefit calculation is the closing costs plus an amount not to exceed the difference between the applicable percentage (BRAC 2005 and PCS applicants – 90%) (WII or SS – 95%) of the Prior Fair Market Value (PFMV) and the sales price of the home. For applicants who are unable to sell their home, the government may purchase the primary residence for the greater of an outstanding mortgage or the applicable percentage (BRAC 2005 and PCS applicants – 75%) (WII/SS – 95%). For applicants who have been foreclosed upon, the benefit calculation is all legally enforceable liabilities, directly associated with the foreclosed mortgage (deficiency judgment).

Pay Benefits. USACE District Offices authorize and pay benefits as follows:

- Benefits could result from private home sale (benefits are paid directly to the applicant), government purchase (benefits are paid directly to the lender), or foreclosure (where the benefit is paid to the lien holder). In the case of government purchase, DoD will also authorize USACE to maintain, manage, and dispose of acquired properties, or contract for such services with private contractors.

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D. Characteristics:

Type of Awards

Under Expanded HAP, USACE makes payments to qualified individuals (see Targeted Recipients section) to compensate for losses incurred on the sale of a primary residence. If the homeowner is unable to sell the home in 120 days, USACE may purchase the primary residence.

Of the \$555 million Expanded HAP funds, 89% is expected to be obligated for payments to the PCS category of recipients. For the BRAC 2005 category, DoD expects obligations to be 2%. For the WII and SS category of recipients, DoD expects obligations to be 1%. The remainder of the funds or 8% is expected to be obligated for administrative costs.

DoD expects to make Expanded HAP payments for three circumstances: (a) in the case of a private sale, USACE will pay the HAP benefit directly to the applicant; (b) if the government purchases the home, USACE will pay the benefit directly to the lender in exchange for the property or to the applicant if the benefit is greater than the mortgage payoff; and (c) in the case of a foreclosure, benefit is paid to lien holder for legally enforceable liabilities.

Under Public Law 111-92, which was enacted on November 6, 2009, Expanded HAP benefits are tax exempt from Federal taxes and not subject to Federal Tax withholding.

Targeted Recipients

Eligible homeowners are the targeted recipients of this program. These individuals must belong to one of the following categories:

- **Wounded, Injured, or Ill.**

Members of the Armed Forces who:

- Receive a disability rating of 30% or more for an unfitting condition (using the Department of Veterans Affairs Schedule for Ratings Disabilities), or who are eligible for Service Member's Group Life Insurance Traumatic Injury Protection Program, or whose treating physician (in a grade of at least captain in the Navy or Coast Guard or colonel in Army or Air Force) certifies that the member is likely, by a preponderance of the evidence, to receive a disability rating of 30% or more for an unfitting condition (using the Department of Veterans Affairs Schedule for Ratings Disabilities) for wounds, injuries, or illness incurred in the line of duty (not due to own misconduct) while deployed, on or after September 11, 2001;
- Are reassigned in furtherance of medical treatment or rehabilitation, or due to retirement in connection with such disability; and
- Need to sell their primary residence due to the wound, injury or illness. (For example, the need to be closer to a hospital or a family member caregiver or the need to find work more accommodating to the disability.)

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Civilian employees of DoD or the United States Coast Guard (excluding temporary employees or contractors, but including employees of non-appropriated fund instrumentalities) who:

- Suffer a wound, injury, or illness (not due to own misconduct), on or after September 11, 2001, in the performance of duties while forward deployed in support of the Armed Forces, whose treating physician provides written documentation that the member, by a preponderance of the evidence, meets the criteria for a disability rating of 30% or more. This documentation will be certified by a physician in the grade of at least captain in the Navy or Coast Guard or colonel in Army or Air Force;
- Relocate from their primary residence in furtherance of medical treatment, rehabilitation, or due to medical retirement resulting from the wound, injury, or illness; and
- Need to sell the primary residence due to the wound, injury or illness. (For example, the need to be closer to a hospital or a family member caregiver or the need to find work more accommodating to the disability.)

Will be eligible for compensation without respect to date of purchase.

- **Surviving Spouse.** The surviving spouse of a service member or of a civilian employee:
 - Whose spouse dies as the result of a wound, injury, or illness incurred in the line of duty while deployed (or forward deployed for civilian employees) on or after September 11, 2001, and,
 - Who relocates from the member's or civilian employee's primary residence within two years of the death of spouse.

Surviving Spouses are eligible for compensation without respect to date of purchase.

- **Base Realignment and Closure (BRAC) 2005 Members and Civilian Employees.** Members of the Armed Forces and civilian employees of the DoD and the United States Coast Guard (not including temporary employees or contractors) and employees of non-appropriated fund instrumentalities assigned as of May 13, 2005, to an installation or unit identified for closure or realignment under the 2005 round of the Base Realignment and Closure Act of 1990:
 - Whose position is eliminated or transferred because of the realignment or closure; and
 - Who accepts employment or is required to relocate because of a transfer beyond the normal commuting distance from the primary residence (50 miles);
 - Who purchased their primary residence before May 13, 2005, the date of the BRAC 2005 announcement.

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- **Permanently Reassigned Members of the Armed Forces.** Members who are reassigned under permanent change of station (PCS) orders:
 - Who received qualifying orders to relocate dated between February 1, 2006 and September 30, 2010. These dates may be extended to September 30, 2012 at the discretion of the Deputy Under Secretary of Defense (Installations & Environment)-DUSD(I&E) based on availability of funds;
 - Who moved to a new duty station or home port outside a 50-mile radius of the member's former duty station or home port;
 - Who purchased their primary residence before July 1, 2006.

Minimum Economic Impact

BRAC 2005 members and civilian employees and PCS applicants must also meet the following eligibility requirements:

- Minimum Economic Impact - Primary residence has:
 - o Suffered at least a 10% market impact zone home value loss between July 1, 2006 and date of application for Expanded HAP benefits for the county/parish/city in which their primary residence is located; and
 - o Experienced a decline of at least a 10% personal home value loss from the date of purchase to date of sale.
- Maximum Home Purchase Price.
 - The Prior Fair Market Value (PFMV) may not exceed an amount equal to the 2009 Fannie Mae/Freddie Mac conforming loan limits (as amended by the Recovery Act); and
 - These conforming loan limits range from \$417,000 to \$729,500. They apply for the duration of the Expanded HAP and are established for each city/county/parish as appropriate.
 - o <http://www.fanniemae.com/aboutfm/loanlimits.jhtml>
 - o <http://www.freddiemac.com/sell/selbultn/limit.htm>

Basis for relocation: permanently reassigned members of the Armed Forces who are reassigned or who otherwise relocate for the following reasons are **NOT** eligible for Expanded HAP benefits:

- Members who retire prior to reaching their mandatory retirement date.
- Members who are a new accession into the Armed Forces or who are otherwise entering active duty.
- Members who are voluntarily separated or discharged.
- Members whose separation or discharge is characterized as less than honorable.
- Members who request and receive voluntary release from active duty (REFRAD).
- Members who are REFRAD for misconduct or poor performance.

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Methodology for Award Selection

The USACE will accept and process applications for Expanded HAP in accordance with DoD policy published in the Federal Register (<http://www.regulations.gov>). The USACE district offices receive HAP applications. Upon receipt, an application will be assigned an application number, and an individual file will be maintained for each applicant.

Applications will be processed according to eligibility categories in the following order:

1. WII, within this category, applications will generally be processed in chronological order of the wound, injury or illness.
2. Surviving Spouses, within this category, application will generally be processed in chronological order of the date of death of the member or employee.
3. BRAC 2005 Members and Civilian Employees, within this category, applications will generally be processed in chronological order of the date of job elimination.
4. Permanently Reassigned Members of the Armed Forces, within this category, applications will generally be processed beginning with the earliest report-not-later-than date of PCS orders.

Applicants must complete an Application for Homeowners Assistance, DD Form 1607, which is available on the USACE HAP website (<http://hap.usace.army.mil>). Information requested on the DD Form 1607 includes, but is not limited to: personal information (name, address, email address, phone number, disability validation, etc.); BRAC and PCS installation information; pertinent information for property which assistance is sought; declaration of criminal penalty for presenting fraudulent claim or making false statements; civil penalty for presenting fraudulent claim and verification of employment or service. In addition to DD Form 1607, additional documents may be required to determine HAP eligibility and benefits.

Applicants are to contact the USACE district where their primary residence identified on the application is located (see below) for specific information. Applications must be reviewed by the applicant's personnel office, military or civilian, for verification of service or employment records, and then should be mailed to the appropriate district office of the USACE (as indicated below). The USACE district office will notify the applicant when the application is received.

Appeal process.

If the applicant is determined to be ineligible, they will be notified by the USACE district office and will have the opportunity to appeal the decision. Under the appeal process,

- USACE District forwards the appeal to HQUSACE for review.
- If HQUSACE concurs with the denial, the appeal is forwarded to the Deputy Assistant Secretary of the Army for Installations & Housing (DASA(I&H)).
- If DASA(I&H) also concurs with the denial, the appeal is forwarded to the DUSD(I&E) for decision.

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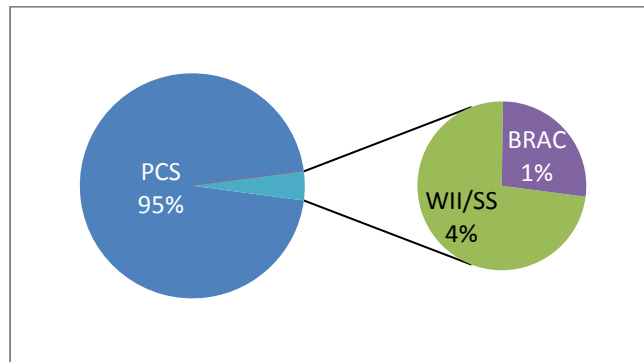
- The goal is to process each appeal within 90 days, which adheres to the USACE’s standard operating procedures.

E. Delivery Schedule:

Expanded HAP can be broadly divided into three (3) delivery phases. Completion of individual phases represents the milestones.

Procurement and Planning: DoD published the Interim Final Rule on September 30, 2009 in the Federal Register, hired new staff to process applications, and updated the website for Expanded HAP. DoD is currently addressing public comments on the Rule, which may affect the program’s structure and activities. Completion of this phase is contingent upon the publication of the Final Rule in the Federal Register.

Program Execution: Expanded HAP began processing applications in October 2009 and has been processing approximately 300 applications per month, as well as appeals. As of March 31, 2010, obligated funds for Expanded HAP payments (not including the administrative costs) were as follows:



Total paid as of March 31, 2010 - \$111.6 million

Program Completion: Upon completion of the program execution phase, Expanded HAP will be completed for BRAC 2005 by September 30, 2012 and for PCS applicants by September 30, 2010 (these dates may be extended to September 30, 2012 at the discretion of the DUSD(I&E)), and subject to the availability of funds. DoD will continue to provide HAP payments to WII, and SS applicants on a continuing basis.

F. Environmental Review

The National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA) do not apply to homes sold by eligible applicants who receive Expanded HAP benefits. For homes purchased by the Government, inspections for defective paint, friable asbestos will no longer be part of the acquisition process. Dwellings will be acquired “as-is”, unless there is something readily apparent which would make the properties difficult to market for disposal. In those cases, Real Estate Community of Practice, USACE guidance should be expeditiously obtained, and consideration given to obtaining contractor

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expertise. Either the USACE or USACE contractor will accomplish mitigation after acquisition. However, in some cases where the Government purchases a home, there will be routine inspections to identify any lead base paint or friable asbestos prior to selling the home.

G. Performance Measures

In meeting the requirements of the Recovery Act, the Department has established the following performance measure for Expanded HAP:

- Number of Service Members and Civilians aided by Expanded Homeowners Assistance

The number of service members and civilians, by category, that receive assistance via Expanded HAP. The HQUSACE weekly performance review using the Homeowners Assistance Program Management Information System (HAPMIS) provides the data for this measure.

Metric	Goal	Status
<p>This output measurement is the number of service members and civilians aided by the Expanded Homeowners Assistance Program (HAP). Frequency of measurement: Weekly.</p>	<p>Goal by end of FY 2012 is 6,000 service members and civilians aided.</p> <p>FY 2010: 2,500 FY 2011: 5,000 FY 2012: 6,000</p> <p>FY targets are cumulative.</p>	<p>As of March 31, 2010, the Expanded HAP program has aided a total of 1,039 service members and civilians.</p>

H. Monitoring and Evaluation

The funds appropriated through the Recovery Act are not expected to last beyond September 30, 2012, though non-Recovery Act funds are also available. The DoD will monitor the USACE's ability to pay qualified applicants with the funds provided in the Recovery Act.

To monitor and evaluate the Expanded HAP program, DoD will use an existing information management system maintained by the HQUSACE that compiles all information related to the HAP program. The Homeowners Assistance Program Management Information System (HAPMIS) provides program management assistance to field offices and indicators to managers at field offices, regional headquarters and HQUSACE at the service member level of detail. The Privacy Act applies to this program and the management information system to protect the privacy information of Expanded HAP applicants. The Corps of Engineers Financial Management System (CEFMS) will provide detailed funds execution and tracking, to include: 1) Funds issued to field offices for execution accountability and 2)

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Funds committed and obligated by applicant category, installation, state and county. On a weekly basis, the CEFMS system provides total obligations and total gross outlays for the Expanded HAP program to Office of the Under Secretary of Defense (Comptroller)- OUSD(C), which is published on Recovery.gov.

HQUSACE prepares weekly program performance reviews using the HAPMIS; HQUSACE Annual Management Command Plan and Management Control Checklist. In the weekly program performance reviews, HQUSACE reviews the number of payments ready for processing to ensure payments are made as quickly as possible. In addition, program monitoring will also be conducted (through HAPMIS and CEFMS reports) at the Headquarters Department of the Army and at the DUSD(I&E) levels. The management controls that are in place at USACE for Expanded HAP include:

- Applicant eligibility
- Applicant notification
- Benefit calculation
- Appeal processing
- Funding reconciliation
- Management of acquired properties
- Sale of acquired properties
- Financing, accounting and reporting

HQUSACE conducts periodic on-site inspections of field offices and monitor program execution through HAPMIS and CEFMS reports.

The DoD Inspector General (IG) has assembled a team to audit Expand HAP and conducted an initial entrance conference on June 29, 2009. This meeting familiarized auditors with the parties responsible for Expanded HAP, in order to support enhanced accountability.

I. Transparency:

The <http://www.recovery.gov> website was established to provide the public with unprecedented visibility. Drawing from its existing information systems, DoD provides gross obligations and gross outlays to <http://www.recovery.gov> on a weekly basis.

Due to the magnitude of normal budgeting for national defense, OUSD(C) has established a centralized Business Enterprise Integration System (BEIS) for financial review and internal control. DoD will use BEIS to track financial progress, particularly obligation and execution data. This ensures compliance with general financial management policies pertaining to the Recovery Act.

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J. Accountability:

Accountability for the execution of Recovery Act programs is enforced in all DoD Components receiving Recovery Act funds. DoD will use the existing civilian and military service performance regulations and policies (such as Career and Non-Career Senior Executive Service (SES) and General Schedule (GS)) to assess, review, reward and penalize results in carrying out the Recovery Act. Recovery Act activities are considered a part of a manager, employee, and service member's duties.

Expanded HAP is a DoD program. In accordance with DoD Directive 4165.50, The Under Secretary of Defense for Acquisition, Technology and Logistics, USD(AT&L), has overall responsibility and, through DUSD(I&E), provides oversight for this program. The Army, acting as the DoD Executive Agent for administering Expanded HAP, uses USACE to implement the program.

Tax documents for disbursed funds are certified by USACE Finance Center, and are distributed to the recipients and the Internal Revenue Service (IRS) on an annual basis.

K. Barriers to Effective Implementation:

There are no personnel skill gaps identified that will impede implementation since USACE has hired additional temporary personnel to process Expanded HAP applications. However, a high turnover rate of these temporary employees has become an issue. HQUSACE reviews the number of applications being submitted at each of the USACE district offices, to determine whether the application workload needs to be spread across District Offices.

L. Federal Infrastructure Investments:

DoD has issued policy guidance for implementing energy and water efficiency and other sustainability requirements. Expanded HAP does not involve construction; therefore, this guidance does not apply.

EXPANDED HOMEOWNERS ASSISTANCE PROGRAM PLAN**Attachment A – Recipient Eligibility Requirements**

Requirement	Targeted Recipients¹		
	BRAC 2005	Permanently Reassigned Members of the Armed Forces	Wounded, Injured, Ill; Surviving Spouses
1. Economic Impact	1. County/city/parish has suffered at least a 10% loss in market value ² between July 1, 2006 and date of Expanded HAP application, and 2. Decline of at least a 10% personal home value loss from the date of purchase to date of sale.		Eligible for compensation without respect to economic impact, or timing of purchase.
2. Timing of Purchase	Purchased primary residence before May 13, 2005, the date of the BRAC 2005 announcement.	Purchased primary residence before July 1, 2006.	Eligible for compensation without respect to date of purchase. Surviving Spouses must move within two years of the death of a spouse.
3. Maximum Home Purchase Price	The Prior Fair Market Value (PFMV) may not exceed an amount equal to the 2009 Fannie Mae/Freddie Mac conforming loan limits (as amended by the RECOVERY ACT of 2009). These conforming loan limits are established for each county/city/parish, and range from \$417,000 to \$729,500.		
4. Date of Eligibility	Assigned to an installation or unit identified for closure or realignment on May 13, 2005, under the BRAC 2005 round of the Base Realignment and Closure Act of 1990.	Received qualifying orders to relocate dated between February 1, 2006, and September 30, 2010. The orders must specify a report-no-later-than date on or before February 28, 2010 ³	Wound, injury, illness, or death of a spouse must have occurred after September 11, 2001.

Note: The latest details of the Expanded Homeowners Assistance Program are available on the USACE HAP website (<http://hap.usace.army.mil>)

¹ See Section D, *Targeted Recipients*, for detailed eligibility criteria for these categories

² Determined by USACE during the application process

³ These dates may be extended to September 30, 2012 at the discretion of the DUSD(I&E) based on availability of funds.