

Expanded HAP Definitions

Private Sale Benefits – Private sale benefits are paid after closing directly to the applicant. PCS and Expanded BRAC applicants are reimbursed for 90% of the prior fair market value of their home minus their sale price, plus allowable closing costs. Realtor’s commissions are an allowable closing cost. The prior fair market value is defined by the applicant’s purchase price for the home. The cost of improvements to the home can be added to the purchase price of the home provided the applicant has receipts for the improvements. Home maintenance items such as painting are not considered improvements to the home. Traditional BRAC applicants wounded warriors and surviving spouses are reimbursed at 95% of their prior fair market value.

Short Sale Benefits are calculated similar to Private Sale benefits, unless the applicant is left with an outstanding obligation after the sale of the home. Short Sale benefits will be calculated in an amount not to exceed the difference between 95 percent of the Prior Fair Market Value and the total of the short sale plus the amount of the forgiven obligation. Short Sale benefits may be calculated at up to 95% of the Prior Fair Market Value if there is an outstanding obligation. If there isn't an outstanding obligation, Short Sales will be calculated at 90% of the Prior Fair Market Value. Generally, if the amount of the mortgage forgiven by the lender exceeds the Private Sale benefit, the applicant is only entitled to closing costs.

Private Sale Augmentation Benefits – The calculation of private sale augmentation benefits is similar to private sale benefits. The difference in this option is that the benefits are paid at closing.

Government Acquisition Benefits – Government acquisition benefits are designed for applicants who are “upside-down” with their mortgage. The benefits are available to PCS applicants provided they supply a willing and capable buyer for their home. The Government will pay the greater of 75% of the prior fair market value or the mortgage payoff for PCS, Traditional and Expanded BRAC applicants. For wounded warriors and surviving spouses, the Government will pay the greater of 90% of the prior fair market value or the mortgage balance. Allowable closing costs including the realtor’s commission are paid as well. The requirement for a willing buyer does not apply to wounded warriors, surviving spouses or Traditional BRAC applicants.