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Mortgage Aid Set for 20,000 Storm-Hit Homes

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By [LESLIE EATON](#)

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The federal government will help an estimated 20,000 families make 12 months of mortgage payments on homes that were damaged by the Gulf Coast hurricanes, the Department of Housing and Urban Development announced yesterday.

The program, which officials called unprecedented, is meant to allow homeowners to "come back home and concentrate on putting their lives in order without having to worry about making mortgage payments," said Alphonso R. Jackson, the housing secretary.

But the assistance program will apply only to a small group of homeowners in the disaster areas: those whose mortgages are insured by the Federal Housing Administration and whose houses can be repaired. Recipients must also pledge to return to those houses.

Estimates range widely, but state and federal officials have said that at a minimum tens of thousands of houses were damaged or destroyed. The Federal Emergency Management Agency reports that about three million people have asked the agency for help.

The aid will not apply to families whose houses must be completely rebuilt. "That's something we're looking at right now," said Brian Montgomery, commissioner of the housing administration. The government has other insurance and loan programs that are meant to help pay for repairs, and has already instituted a 90-day moratorium on foreclosures of its insured loans in the states hit by the hurricanes.

Despite its limits, the new program is a significant, long-term commitment on the part of the government and will be a big help to those who qualify, said Linda Couch, deputy director of the National Low Income Housing Coalition, an advocacy group in Washington.

"It's terrific that these homeowners can breathe a sigh of relief," Ms. Couch said. "We'd like to see the same sort of assurances given to renters."

The agency estimates that the new program will cost about \$200 million, which will not come from taxpayers; rather, it will come from reserves the agency has built up from fees it charges borrowers and lenders.

Unlike other federal assistance programs that have resulted in huge backlogs and long delays, the housing administration's program will work through the banks and other lending institutions that made the original mortgages; they will contact eligible homeowners and will file claims with the agency.

While the agency has offered similar assistance to individual borrowers in the past, it has never done so on such a scale, officials said.

A homeowner with an \$80,000 mortgage and monthly payments of \$745 would receive assistance of about \$8,900, Mr. Jackson said.

The F.H.A. insures mortgages of up to \$172,632 in most areas, including Louisiana, though limits rise to almost \$313,000 in "high cost" areas like Key West, Fla., and New York City. Most of the borrowers tend to be low-income or first-time homebuyers, accounting for less than 10 percent of the mortgage market.

There are about 300,000 F.H.A.-insured loans in the five states hit hardest by the hurricanes: Alabama, Florida, Louisiana, Mississippi and Texas. About 52,000 of them are now in default, about half of them in Louisiana, according to the F.H.A.

Under the program, the agency will give lenders up to 12 months of mortgage payments, taxes and insurance on behalf of eligible homeowners, who must have been in default for four months because of the disaster. Borrowers will have to repay the money once their mortgages are paid off, but they will not be charged interest.

People who have lost their jobs because of the hurricanes but whose homes are not damaged are also eligible, but they will have to demonstrate that they are likely to return to work soon.

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