



National
Consumer Law
Center

Homeowner Assistance Fund: Overview and FAQs May 2022



What is the Homeowner Assistance Fund (HAF)?

As part of the [American Rescue Plan](#), Congress created the HAF, which provides \$9.9 billion to the U.S. Department of the Treasury to give out to states, territories, and tribes to help homeowners experiencing hardships during the COVID-19 pandemic. The funds must be used by September 30, 2025.

For what purposes can homeowners use the HAF?

The purpose of the HAF is to prevent homeowner mortgage delinquencies, foreclosures, loss of utilities, and homeowner displacement. The HAF can be applied to cover a range of qualified expenses, including:

- funds to reinstate a mortgage or to pay other housing related costs from a period of forbearance, delinquency or default;
- mortgage payment assistance;
- principal reduction;
- interest rate reductions; and
- payment assistance for utilities, internet service, property, flood or mortgage insurance, and homeowner association fees, condominium association fees, or other common charges.

Payments also can be used to reimburse states or local governments for funds spent starting on January 21, 2020, and prior to receipt of any monies from the HAF. The funds also can be used to provide funding for housing counseling, homeowner education and legal services to promote housing stability for homeowners .

Which states are accepting HAF applications?

The HAF program is open and accepting applications in most states although some states have not started accepting HAF applications yet. A few states have paused or closed their application portals because of the high volume received. For an up-to-date list of states that have opened their HAF programs, [use this interactive map](#) created by The National Council of State Housing Agencies (NCSHA). The National American Indian Housing Council (NAIHC) Tribal Housing Assistance [website](#) is a resource hub for American Indian, Alaska Native, and Native Hawaiian homeowners, individuals, and families looking for mortgage, utility, and rental assistance offered by state and tribal HAF programs.

How can homeowners apply for HAF funds?

There is an application process administered by each state or eligible entity's housing finance agency or a sub-grantee. Community organizations, including housing counseling agencies and legal service organizations should be available to help homeowners apply. If a homeowner is approved for HAF assistance, a HAF program will send funds directly to the homeowner's mortgage company, taxing authority, utility company or other third-party payee. [The NCSHA interactive map](#) provides links to each state's program website which have instructions on how to apply for HAF.

Who is eligible for funds?

Homeowners are eligible if they are experiencing a financial hardship after January 21, 2020 (including a hardship that began before January 21, 2020 but continued after that date) and have incomes equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater. Funds can only be used for qualified expenses related to the homeowner's primary residence. The definition of "mortgage" is broad enough to allow states to aid homeowners in cooperatives, reverse mortgages, land contracts, and manufactured housing. In addition, at least 60% of allocated funds must be used for homeowners with income at or below the area or national median income, whichever is greater. Remaining funds must be prioritized for "socially disadvantaged individuals." The U.S. Treasury has provided [guidance to states and eligible entities interpreting these rules](#).

Each state also has their own additional eligibility criteria. In some states, there is a cap on how much HAF money a borrower can receive while in others, there is no limit. Each states' eligibility requirements are available on their program term sheets available on the U.S. Treasury Department [website](#).

How much is my state, tribe, or territory receiving?

Allocations of HAF funds are based on unemployment figures and the number of homeowners with late payments or in foreclosure. Minimum amounts include \$50 million for states, the District of Columbia and Puerto Rico and \$30 million for U.S. territories other than Puerto Rico. For tribes, Treasury must allocate 5% of the funds based on pre-existing formulas.

How does this fit with existing assistance available to homeowners through their mortgage servicer or otherwise?

HAF is just one option available for struggling homeowners. Benefits from the HAF supplement existing loss mitigation options. If a homeowner would be unable to keep up with regular mortgage payments once HAF assistance ends, that homeowner might be better served by first exploring loss-mitigation options such as a loan modification to lower the interest rate or lengthen the payment term. Homeowners who can obtain affordable repayment terms through their mortgage servicer should do so. These funds are intended to supplement relief from mortgage servicers and make assistance available for types of debt not covered by existing programs, such as property tax and utility payments or homeowner association fees, and to help homeowners with types of loans not covered by existing programs, such as private mortgage loans or manufactured home loans.

Can homeowners be foreclosed on while they have a pending HAF application?

If homeowners have a Fannie Mae or Freddie Mac loan, loan servicers must suspend all foreclosure activity for up to 60 days if the servicer has been notified by the HAF program that the Borrower has applied for assistance under HAF. For FHA, VA, and USDA loans, servicers are strongly urged to pause foreclosures when they are notified by a HAF administrator of a pending HAF application. For private mortgages, it will depend on the guidelines of the individual investor. Some states, such as New Jersey and Vermont, have put protections in place for homeowners applying for HAF. Other states such as Massachusetts have a provision in the servicer collaboration agreement prohibiting foreclosure activity while a HAF application is pending.