

# Frequently Asked Questions: Homeowner Assistance Fund (HAF): Navigating the Program Guidelines and Implementation Challenges

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## What is the Homeowner Assistance Fund (HAF)?

In the American Rescue Plan Act of 2021, Congress created the Homeowner Assistance Fund (HAF) to provide \$9.9B to states, territories, and tribes to help homeowners facing hardship due to the COVID-19 pandemic. Fifty-three states, territories, and tribes were authorized to establish HAF programs. Each received at least \$50M. The U.S. Department of Treasury oversees the program, and provides technical assistance to local programs. HAF funds will be available until September 30, 2025.

## What are the Eligibility Requirements?

While every jurisdiction creates its own eligibility guidelines and program structure, the Treasury Department has established broad eligibility guidance based on the American Rescue Plan language. Under that guidance, homeowners experiencing financial hardship after January 21, 2020, are eligible for HAF funds. In addition, eligibility includes homeowners:

- Experiencing financial hardship BEFORE January 21, 2020, if hardship continues after this date;
- With incomes equal to or less than 150 percent of the area median income for their household size or 100 percent of the median income for the United States, whichever is greater, and who are “socially disadvantaged individuals”;
  - » HUD provides a calculator: [FY 2021 Homeowner Assistance Fund Income Limits](#)
- With expenses related to their principal residence on a one-to-four unit property;
- Living in condominiums, cooperatives, or manufactured homes; and
- With expenses related to reverse mortgages, loans secured by manufactured homes, and contracts for deeds (land contracts).

## How Can Homeowners Use HAF Funds?

The purpose of HAF is to prevent mortgage delinquencies, defaults, foreclosure, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship after January 21, 2020. The Treasury Department’s guidance indicates that HAF funds may be used for qualified expenses, including assistance with:

- Mortgage payments;
- Financial assistance to allow homeowners to reinstate a mortgage or pay other housing-related costs related to a period of forbearance, delinquency, or default;
- Principal reduction, and to facilitate mortgage interest rate reductions;

- Property charges, including:
  - » Insurance (homeowner, flood, and mortgage insurance)
  - » Utility payments including electric, gas, home energy (oil and firewood), water
  - » Internet, including broadband access
  - » HOA fees, condominium association fees, cooperative fees and costs
- Delinquent property taxes to prevent tax foreclosure;
- Home repairs to maintain habitability and to ease overcrowding or enable households to receive clear title to their properties;
- Down payment assistance loans provided by nonprofit or government agencies; and
- Payment of other housing related costs.

Not all HAF programs will cover all the expenses listed above. It will depend on how the state, territory, or tribe sets up its program. In addition, the local program determines the maximum dollar amount allocated for each qualified expense.

The Treasury Department encourages programs to pair HAF funds with other home preservation program funds, such as property tax relief programs and utility assistance programs. Where they exist, homeowners are encouraged to apply for assistance from other programs as well. HAF funds can be used to supplement, instead of replace, other program funds.

Homeowners can use HAF in conjunction with loss mitigation options under some program guidelines. For example, HAF assistance can be used as part of a borrower's loan modification, partial claim amount, and, for reverse mortgage, as part of a repayment plan.

## Can Reverse Mortgage Borrowers, Non-Borrowing Spouses, and Heirs Get Access to HAF Funds?

Guidelines vary by jurisdiction, however most allow HAF funds to be used for reverse mortgages, including to allow a non-borrowing spouse or heir to reinstate conventional and reverse mortgages. Where program rules are less clear, it is important to note that such access is consistent with the purpose of HAF, to prevent mortgage delinquencies, defaults, foreclosure, and displacement of homeowners.

## How Can HAF Help Reverse Mortgage Borrowers get Caught up on Property Charges?

Many older homeowners with reverse mortgages fell behind on property charges during the pandemic and are facing foreclosure. HAF programs may provide financial assistance if a borrower is having difficulty paying property charges, or making other housing-related payments.

Almost all reverse mortgages are FHA-insured Home Equity Conversion Mortgages (HECM). HUD, which oversees the HECM program, states explicitly that HAF funds can be used to pay for delinquent property tax and insurance on defaulted HECMs.<sup>1</sup>

<sup>1</sup> See [HUD FHA FAQ KA-06002 \(February 4, 2022\)](#)

Additionally:

- FHA mortgage servicers are required to accept and apply the HAF funds where they are available.<sup>2</sup>
- Homeowners should apply to have their mortgage reinstated. Servicers will advance funds to pay property taxes and insurance. Though some state HAF programs have a separate property tax program, homeowners should apply to reinstate the reverse mortgage or the loan will be called due and payable and the homeowner will face foreclosure.
- Homeowners with reverse mortgages should request a COVID-19 HECM Extension (forbearance).
  - » Based on hardship directly or indirectly related to the pandemic.
  - » HECM Extension is available as long as the COVID-19 National Emergency is in place.
- Non-borrowing spouses (NBS) who fall behind on property charges during the deferral period should apply for HAF and in many jurisdictions will qualify as a “homeowner.”
- Contact NCLER at [ConsultNCLER@acl.hhs.gov](mailto:ConsultNCLER@acl.hhs.gov) if you are assisting a reverse mortgage borrower in applying for HAF and you encounter a roadblock.

## Will They Stop the Foreclosure Process if My Client Applies for HAF?

Currently, HUD only allows a pause of the foreclosure process if the homeowner has been approved for HAF funding.<sup>3</sup> Once the homeowner receives final approval for HAF assistance, the servicer will take steps to pause or end the foreclosure proceeding, depending on state law requirements. This means the foreclosure process will continue, and fees will accrue while the homeowner is waiting for a decision.

It is important to stop the foreclosure process long enough for the homeowner to apply for HAF funds and receive a decision. Some courts or state rules allow for a pause in the process upon *application* for HAF funds. Homeowners should seek legal assistance. In addition, homeowners should request a COVID-19 HECM Extension (forbearance). Advocates also should ask the HAF administrator to expedite the HAF application review on this basis.

In addition to seeking legal assistance, if a foreclosure sale is scheduled with a pending HAF application, advocates can reach out to NCLER for case consultation and technical assistance.

## How Do Homeowners Apply for HAF Funds?

Currently, 24 states/territories are accepting applications. Each state, territory, or tribe developed their own program, so the application process can vary. Typically, the homeowner will need to:

- File an application attesting to a financial hardship after January 21, 2020
- For expenses related to the borrower’s principal residence:
  - » Have household income at or below the state limits
  - » Provide proof of income, including:
    - Regular documentation—tax return, W2s, etc., and
    - Written attestation plus “fact-specific proxy,” e.g., data on average incomes in applicant’s geographic area.

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<sup>2</sup> See [HUD FHA FAQ KA-05996](#)

<sup>3</sup> See [HUD FHA FAQ KA-06003 \(Feb. 4, 2022\)](#).

States may provide waivers or exceptions to documentation requirements due to extenuating circumstances such as disability, practical challenges related to the pandemic, or tech challenges. In addition, the Treasury Department discouraged states from imposing additional eligibility requirements (e.g., related to foreclosure status, credit score, bankruptcy status, liens).

Once approved, money will go to the mortgage servicer, utility company, or contractor making repairs, if they participate in the HAF program. Many programs will provide the money as a grant. Some may have additional requirements or require repayment, for example, if a home is sold before a certain date.

## Will HAF Programs Do Outreach to Homeowners?

Yes, states and territories will target certain populations of homeowners in need of assistance. Targeting involves marketing, community engagement, partnership with housing counseling organizations, etc.

- No less than 60% of funds will be made available to homeowners with incomes no greater than 100% of AMI or 100% of the median income for the U.S., whichever is greater.
- Remaining funds will be targeted to “socially disadvantaged” individuals. Under Small Business Administration (SBA) guidelines, those are individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.
- Then the funds will be made available to other eligible homeowners.

Targeted outreach includes prioritizing assistance to limited English proficient consumers and homeowners with FHA, VA, and USDA loans.

## What Challenges Will Homeowners Face When Applying for HAF Funds?

Keep in mind that HAF programs are just getting established. Your state’s program may not be up and running. Additionally, reverse mortgage companies and other mortgage servicers are in the process of establishing agreements with the state programs. As discussed above, many consumers will be put in foreclosure and may be seeking a meaningful opportunity to access HAF funds during this process.

Information about the inclusion of reverse mortgages in the mortgage reinstatement provision of the HAF program may not be clear. Advocates of reverse mortgage borrowers should contact NCLER if their state’s HAF program rejects reverse mortgage applicants.

## What Other Options Exist to Cure a Property Charge Default on a Reverse Mortgage, if my Client Does Not Get Approved for HAF?

A homeowner may be eligible for a repayment plan<sup>4</sup> for property charges advanced by their reverse mortgage servicer, including property charges coming due in the next 90 days. Repayment plans are available if the homeowner is able to pay back the property charges within 60 months utilizing up to 25% of surplus income. Borrowers over age 80 may also be eligible for an At-Risk Extension<sup>5</sup> if the borrower is experiencing critical circumstances, including terminal illness, long-term disability, or “unique” occupancy need. A homeowner may also file a Chapter 13 bankruptcy to pause the foreclosure and pay back the past due amounts in installments.

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4 HUD Mortgagee Letter 2015-11

5 HUD Mortgagee Letter 2015-11

## Where can I learn more about my state's HAF program?

The National Council of State Housing Agencies (NCSHA) has a [map with links to state HAF programs](#).

### Additional Resources

- [National Consumer Law Center](#)
- [National Housing Law Project](#)
- [National Housing Resource Center](#)
- U.S. Department of Treasury: [Homeowner Assistance Fund](#)
- U.S. Department of Housing and Urban Development (HUD): [HUD Homeowner Assistance Fund Income Limits](#)
- Consumer Financial Protection Bureau (CFPB): [Get Homeowner Assistance Fund Help](#)

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