Homeowner Assistance Fund
Overview and FAQs

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National Consumer Law Center

CENTER for NYC NEIGHBORHOODS

What is the Homeowner Assistance Fund (HAF)?

As part of section 3206 of the American Rescue Plan Congress has created the HAF, which will provide $9.9 billion to the U.S. Department of the Treasury to give out to states, territories, and tribes to help homeowners facing hardships during the COVID-19 pandemic. The funds must be used by September 30, 2025. The Treasury Department can use up to $40 million for administration of the HAF and up to $2.6 million for technical assistance to programs and for oversight.

For what purposes can homeowners use the HAF?

The purpose of the HAF is to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and homeowner displacement. The HAF can be applied for qualified expenses, including:

- mortgage payment assistance;
- funds to help a homeowner reinstate a mortgage or to pay other housing related costs from a period of forbearance, delinquency or default;
- 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 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, for providing housing or utility payment assistance to homeowners or other support to prevent foreclosure or post-foreclosure eviction, mortgage delinquency, or loss of housing or utilities due to COVID-19. The funds also can be used to provide any other assistance to promote housing stability for homeowners as determined by Treasury.

How soon will the money be available?

States, territories, and tribes must request funds, and the Treasury Department must start making payments, by 45 days after the law was enacted on March 11, 2021. Funds not allocated due to requests not submitted by the 45th day after enactment will be allotted to other recipients within 6 months after the law is enacted. Funded entities will decide when homeowners can apply for funds.

How will homeowners be able to access HAF funds?

While the details have not yet been announced, it is likely that there will be an application process administered by each state or eligible entity’s housing finance agency or a sub-grantee.

Community organizations may be available to help homeowners apply. While not yet determined, it is likely that in most cases funds would be sent directly to the homeowner's mortgage company or to the taxing authority or utility company.

Who is eligible for funds?

Homeowners experiencing a financial hardship after January 21, 2020. For those with a mortgage, the new law limits mortgage-related assistance to homeowners with mortgages on their principal residence, including any 1-4 unit dwelling, with principal not exceeding the maximum allowed by Freddie Mac and Fannie Mae. The definition of "mortgage" is broad enough to allow states to provide assistance to homeowners in cooperatives, 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 Department will provide guidance to states and eligible entities interpreting these rules and establishing program standards.

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

The amounts for each recipient entity have not yet been announced but initial allocations will be 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. Funds not requested by a recipient by the 45-day deadline will be reallocated to other entities by 180 days of the law's enactment. Consideration will be given to the need in the jurisdiction and its record of using payments from the Fund to assist homeowners at disproportionate risk of default, foreclosure, or displacement, including access for homeowners at or below area or national median income, whichever is greater, and minority homeowners.

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

Benefits from the Homeowner Assistance Fund supplement existing options. Homeowners who can obtain forbearance or 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.

What is the role of the U.S. Treasury Department?

Treasury is administering the program. It will provide the funds to the states, territories, and tribes. While many of the guidelines are already in the American Rescue Plan law passed by Congress, Treasury has the authority to establish more program details. Treasury's guidance is still forthcoming. The Americans for Financial Reform coalition has made recommendations to Treasury to ensure that the program is efficient and reaches homeowners most in need, especially those in communities of color and in low and moderate-income communities.