

**Reminder Regarding Use of Homeowner Assistance Funds
with FHA-insured Mortgages**

The Federal Housing Administration (FHA) is reminding servicers about the use of the U.S. Department of the Treasury's Homeowner Assistance Fund (HAF) financial assistance to help borrowers, with FHA-insured single family forward mortgages and Home Equity Conversion Mortgages (HECM), struggling with their mortgage payments.

The American Rescue Plan Act of 2021 established HAF to provide financial assistance to eligible homeowners who have suffered financial hardships during the COVID-19 National Emergency. Through HAF, eligible homeowners can receive assistance to cover qualified expenses that may include housing-related costs.

Servicers of FHA-insured mortgages are required to inform distressed homeowners about funds available through their jurisdiction's HAF program. As allowable by the homeowner's HAF program, HAF may:

- be used to bring the homeowner's mortgage current;
- be used in combination with certain FHA loss mitigation options for single family forward mortgages;
- reduce the balance or pay off the homeowner's outstanding loss mitigation Partial Claim, even if their mortgage payments are now current;
- be used in combination with the COVID-19 HECM Property Charge Repayment Plan; and
- pay for delinquent property tax and homeowners insurance charges on defaulted HECMs, if permissible under their jurisdiction's HAF program guidelines.

FHA has also expanded the definition of imminent default to include homeowners who qualified for HAF. With this change, servicers will be able to offer additional loss mitigation options to borrowers who qualified for or used HAF funds and may no longer technically be delinquent but require further assistance to avoid redefault.