**Changes to April 14, 2021, HAF Program Guidance by Newly Released August 2, 2021, HAF Program Guidance**

Relevant substantive changes to the previous HAF Program Guidance created by the new August 2, 2021, Program Guidance are shown below in red. Only provisions that had new changes are included below.

Definitions

- **100% of the area median income** for a household means two times the income limit for very- low income families, for the relevant household size, as published by the Department of Housing and Urban Development (HUD) in accordance with 42 U.S.C. 1437a(b)(2) for purposes of the HAF. When determining area median income with respect to tribal members, tribal governments and TDHEs may rely on the methodology authorized by HUD for the Indian Housing Block Grant Program as it pertains to households residing in an Indian area comprising multiple counties (see HUD Office of Native American Programs, Program Guidance No. 2021-01, June 22, 2021).

- **150% of the area median income** for a household means three times the income limit for very-low income families, for the relevant household size, as published by HUD in accordance with 42 U.S.C. 1437a(b)(2) for purposes of the HAF. When determining area median income with respect to tribal members, tribal governments and TDHEs may rely on the methodology authorized by HUD for the Indian Housing Block Grant Program as it pertains to households residing in an Indian area comprising multiple counties (see HUD Office of Native American Programs, Program Guidance No. 2021-01, June 22, 2021).

- **Mortgage** means any credit transaction (1) that is secured by a mortgage, deed of trust, or other consensual security interest on a principal residence of a borrower that is (a) a one- to four-unit dwelling, or (b) a residential real property that includes a one- to four-unit dwelling; and (2) the unpaid principal balance of which was, at the time of origination, not more than the conforming loan limit. For purposes of this definition, the conforming loan limit means the applicable limitation governing the maximum original principal obligation of a mortgage secured by a single-family residence, a mortgage secured by a two-family residence, a mortgage secured by a three-family residence, or a mortgage secured by a four-family residence, as determined and adjusted annually under section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) and section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)). A reverse mortgage, a loan secured by a manufactured home, or a contract for deed (also known as a land contract) may fall within this definition if it satisfies the criteria in this paragraph, in accordance with applicable state law.

- **Socially disadvantaged individuals** are those whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in the HAF participant's jurisdiction as documented by the U.S. Census. The impairment must stem from circumstances beyond their control. Indicators of impairment under this definition may include being a (1) member of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society, (2) resident of a majority-minority Census tract; (3) individual with limited English proficiency; (4) resident of a U.S. territory, Indian reservation, or Hawaiian Home Land, or (5) individual who lives in a persistent-poverty county, meaning any county that has had 20% or more of its population living in poverty over the past 30 years as measured by the three most recent decennial censuses. In addition, an individual may be determined to be a socially disadvantaged individual in accordance with a process developed by a HAF participant for determining whether a homeowner is a socially disadvantaged individual in accordance with applicable law, which may reasonably rely on self-attestations.

Qualified Expenses

HAF participants may use funding from the HAF only for the following types of qualified expenses that are for the purpose of preventing homeowner mortgage delinquencies, homeowner mortgage defaults, homeowner mortgage foreclosures, homeowner loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship:

1. mortgage payment assistance;

2. financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing-related costs related to a period of forbearance, delinquency, or default;

3. mortgage principal reduction, including with respect to a second mortgage provided by a nonprofit or government entity;

4. facilitating mortgage interest rate reductions;

5. payment assistance for:

    a. homeowner's utilities, including electric, gas, home energy (including firewood and home heating oil), water, and wastewater;

    b. homeowner's internet service, including broadband internet access service, as defined in 47 CFR 8.1(b) (or any successor regulation);

    c. homeowner's insurance, flood insurance, and mortgage insurance;

    d. homeowner's association fees or liens, condominium association fees, or common charges, and similar costs payable under a unit occupancy agreement by a resident member/shareholder in a cooperative housing development; and

    e. down payment assistance loans provided by nonprofit or government entities;

6. payment assistance for delinquent property taxes to prevent homeowner tax foreclosures;

7. measures to prevent homeowner displacement, such as home repairs to maintain the habitability of a home, including the reasonable addition of habitable space to alleviate overcrowding, or assistance to enable households to receive clear title to their properties;

8. counseling or educational efforts by housing counseling agencies approved by HUD or a tribal government, or legal services, targeted to households eligible to be served with funding from the HAF related to foreclosure prevention or displacement, in an aggregate amount up to 5% of the funding from the HAF received by the HAF participant;

9. reimbursement of funds expended by a state, local government, or entity described in clause (3) or (4) of the definition above of "eligible entity" during the period beginning on January 21, 2020, and ending on the date that the first funds are disbursed by the HAF participant under the HAF, for a qualified expense (other than any qualified expense paid directly or indirectly by another federal funding source, or any qualified expenses described in clauses (6), (7), (8), or (10) of this definition); and

10. planning, community engagement, needs assessment, and administrative expenses related to the HAF participant's disbursement of HAF funds for qualified expenses, in an aggregate amount not to exceed 15% of the funding from the HAF received by the HAF participant.

Arrearages of qualified expenses are eligible for purposes of HAF regardless of the date they were incurred, including if they arose before January 2020. Funding from the HAF may not be used for any use other than those provided for in this section. To the extent that HAF participants use HAF funds to supplement other loss-mitigation efforts, Treasury encourages participants to avoid using HAF funds in a manner that replaces other loss-mitigation resources that would otherwise be available. The HAF Plan (described below) will enable HAF participants to indicate whether they are requesting reimbursements under clause (9) above.

<u>Eligible Homeowners</u>

- Homeowners are eligible to receive amounts allocated to a HAF participant under the HAF if they experienced 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. A HAF participant may provide HAF funds only to a homeowner with respect to qualified expenses related to the dwelling that is such homeowner's primary residence.

- Added paragraphs include:

    - The HAF does not preclude tribes or TDHEs from providing assistance to members, or individuals otherwise eligible for HAF, who reside outside the tribal government's geographic jurisdiction. Tribal authorities should confirm that any such assistance can be provided consistently with the tribe's constitution and governing law.

- Treasury discourages HAF participants from imposing additional eligibility criteria such as foreclosure status, credit score, bankruptcy status, the existence of liens on the property, or previous cash-out refinances. HAF participants that wish to include additional eligibility criteria beyond those described in this guidance and other program documentation issued by Treasury must explain with specificity how those criteria would further the objectives of the HAF, including how they would help the program reach eligible homeowners.

HAF Plan Submission

- Treasury will open a portal online for HAF participants to enter and submit their HAF plan. Treasury is extending the deadline for each State to submit a completed HAF plan or provide Treasury with an estimated date by which a HAF plan will be submitted to 14 days after the portal becomes accessible.

- A HAF participant may elect to submit a single, comprehensive HAF plan that describes the intended uses for the participant's entire HAF allocation, or multiple, partial HAF plans that each describe only a portion of the intended uses for the participant's allocation. Submission of partial HAF plans may allow grantees to proceed more quickly to implement portions of their plan while conducting planning and community engagement for other aspects. Treasury will promptly begin reviewing HAF plans that are submitted before the deadline.

HAF Plan Components

- The HAF plan template provided by Treasury includes sample language and term sheet templates that HAF participants may use to develop their plans. Treasury encourages HAF participants to use these examples and templates to promote consistency across programs, minimize operational complexity, and promote a common understanding of eligibility criteria. If deviating from these examples and templates, HAF participants should specifically explain how their approach would further the objectives of the HAF, including the targeting and prioritization requirements.

- *Evidence of Public Participation and Community Engagement:* HAF participants should seek input from organizations and individuals representing eligible homeowners regarding the data-driven assessment of homeowner needs. HAF plans must describe the extent to which their information on homeowner needs reflects their engagement with organizations and individuals representing eligible homeowners, and how the HAF participant will allow for public participation in the development of the HAF plan, including any public hearings.

- *Program Descriptions:* HAF participants must describe each program for which they will use HAF funding. The description must describe the targeted population of homeowners and the financial challenges the program would address based on the data-driven assessment of homeowner needs (e.g., the immediate challenge of mortgage delinquency, or displacement prevention). Each program description must include a description of eligibility requirements; the intended impact on eligible homeowners; the application process; conditions or limitations, including the maximum dollar amount that the program will provide to each homeowner for each type of qualified expense; a description of the payment process; and other available sources of assistance for targeted homeowners. HAF participants must have one or more programs intended to reduce mortgage delinquency among targeted populations. Treasury encourages HAF participants to consider homeownership preservation programs for low-income households in areas where property taxes and utility costs are increasing, including for households that do not have mortgages. Treasury also encourages HAF participants to consider program designs that leverage utility assistance from other federal programs that have been created expressly for that purpose before using HAF funds for utility assistance.

- *Equity and Accessibility:* HAF participants should design programs to be as accessible as possible to homeowners in different circumstances, including by offering multiple intake formats, engaging with nonprofit organizations to provide additional pathways into the program, and providing culturally and linguistically relevant outreach.

- Methods for Targeting HAF Funding: The HAF plan must describe how the HAF participant will effectively target HAF resources to (1) homeowners having incomes equal to or less than 100% of the area median income or equal to or less than 100% of the median income for the United States, whichever is greater; and (2) socially disadvantaged individuals. The HAF participant must describe its targeting strategies according to disaggregated characteristics of the targeted population such as income ranges, racial and ethnic demographics, and/or geographic areas (including rural communities), as appropriate for the relevant jurisdiction. Targeting methods may include marketing, community engagement strategies, partnerships with housing counseling agencies or legal aid organizations, or other educational services that are aligned with the HAF participant's program design, in a manner that is culturally and linguistically relevant to the targeted communities. Treasury encourages HAF participants to prioritize assistance to homeowners who have Federal Housing Administration (FHA), Department of Veterans Affairs (VA), or U.S. Department of Agriculture (USDA) mortgages and homeowners who have mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers. In addition, homeowners with private mortgages may be at greater risk of foreclosure due to limited options for loss mitigation, so the HAF plan must describe how the HAF participant will determine and address these needs.

- *Best Practices and Coordination with Other HAF participants:* The HAF participant must describe the extent to which its program descriptions or models are based on best practices and/or the participant's effective implementation of a previous program, including those funded with the initial payment under HAF. The HAF participant should describe its efforts to coordinate with other HAF participants, or plan for coordination, including with respect to engagement with mortgage servicers that operate in multiple states or with recipients of other large federal grants or financial assistance funds. Treasury encourages HAF participants to develop and participate in information-sharing with servicers through a Common Data File format. Further, HAF participants should describe any relevant coordination with federal agencies including FHA, VA, and USDA, as well as with state or local agencies that hold mortgage portfolios that have covenants or targeting requirements that match the HAF participants' HAF targeting strategies and goals.

- In lieu of the detailed HAF plans described above, Treasury has provided a streamlined template to be submitted by any HAF participant that is allocated less than $5 million of HAF funds. Other HAF participants must submit a more detailed HAF plan as described above.

HAF Plan Assessment and Approvals

- A HAF participant must seek prior approval from Treasury to reallocate funding from a program as described in the approved HAF plan to be used for a different purpose if any of the following is true:
    - the aggregate reallocations from any qualified expense category equals or exceeds 10% of the amount allocated to that qualified expense category in the HAF plan approved by Treasury;
    - the HAF participant is proposing to allocate funding to a new qualified expense category or is creating a new program or terminating a previously approved program; or
    - the reallocation redirects 1% or more of the participant's total HAF allocation from program costs to administrative costs.