



National Council of  
State Housing Agencies

## Homeowner Assistance Fund

*The following summary is of the Homeowner Assistance Fund included in the American Rescue Plan Act enacted on March 11.*

*Updated March 11, 2021*

Total Funding:	\$9.961 billion to mitigate financial hardships associated with the coronavirus pandemic.
Funding for Grantees:	Of the total funding available, approximately \$9.39 billion for States, the District of Columbia; and the Commonwealth of Puerto Rico; \$30 million for Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands; and 5 percent of the total (approximately \$498 million) for tribal entities.
Distribution Formula:	<p>Funding to be distributed to states (including DC and Puerto Rico) based on a formula that considers:</p> <ul style="list-style-type: none"><li>• the average number of individuals who are unemployed over a time period between 3 to 12 months;</li><li>• the total number of mortgagors with<ul style="list-style-type: none"><li>○ mortgage payments that are more than 30 days past due or</li><li>○ mortgages in foreclosure</li></ul></li></ul>

Each state will receive no less than \$50 million.

States must request funds no later than 45 days after the date of enactment. If a state does not request funds within that time, the Secretary will reallocate, by the 180<sup>th</sup> day after enactment, the funds that would have gone to that state to the states that did request funding, in accordance with their need, record of using payments from the Fund to serve homeowners at disproportionate risk of mortgage default, foreclosure, or displacement, including homeowners with incomes at or below 100 percent of area median income (AMI) or 100 percent of median income for the United States and minority homeowners.

Treasury must begin to make allocations to states that request to receive payment 45 days of the date of enactment.

Distribution formula for territories (other than Puerto Rico) is based on each territory's share of the combined population of all such territories.

Distribution formula for tribes is based on the NAHASDA formula allocations for FY 2020. The Department of Hawaiian Home Lands would receive 0.3 percent of the total available to tribal entities.

Federal Administration: The program is to be administered under the jurisdiction of the Treasury Department with oversight by the Treasury Department Inspector General. Of the total available, \$40 million will go to the Department of the Treasury to oversee the Fund and for technical assistance and \$2.6 million for the Inspector General of the Treasury Department for oversight of the program.

Eligible Recipients: Homeowner households.

Eligible Loans: Loans that have a principal balance at or below the Federal Housing Finance Agency's conforming loan limits for Fannie Mae and Freddie Mac.

Targeting: At least 60 percent of each eligible grantee's grant must be targeted to homeowners having incomes no greater than 100 percent of AMI or 100 percent of the median income for the United States, whichever is greater.

Grantees should prioritize remaining funds to funds to "socially disadvantaged individuals," as defined by the Small Business Act (SBA). Under the SBA, "Socially disadvantaged individuals are those 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."

Use of Funds & Admin: Funds may be used for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financing hardship after January 21, 2020, for activities which include:

- Mortgage payment assistance;

- 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;
- Principal reduction;
- Facilitating interest rate reductions;
- Utilities, including electric, gas, and water;
- Internet service, including broadband internet access service;
- Homeowner's insurance, flood insurance, and mortgage insurance;
- Homeowner's association fees, condominium association fees, or common charges;
- Reimbursement of funds expended by a state, local government, or designated entity beginning on January 21, 2020 and ending on the date in which these funds are first distributed for purposes of providing housing or utility payment assistance to individuals or otherwise preventing foreclosure or post foreclosure eviction of a homeowner or tenant, preventing mortgage delinquency, or loss of housing or utilities due to the COVID-19 pandemic;
- Any other assistance to promote housing stability for homeowners, including preventing eviction, mortgage delinquency or default, foreclosure, or loss of utility or home energy service, as determined by the Secretary.

Use of Funds Timeframe: Funding authorized by this bill is available until September 30, 2025.