

1.) Where can I find more information about the U.S. Department of Treasury's Homeowner Assistance Fund (HAF)?

More information about HAF can be found on Treasury's website at:
<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/homeowner-assistance-fund>.

2.) Where can I find more information about my State's HAF program requirements?

More information about HAF by state can be found at:
<https://www.ncsha.org/homeowner-assistance-fund/>.

3.) Should the Servicer calculate the Borrower's maximum partial claim before or after the HAF are applied?

The Servicer must calculate the Borrower's maximum partial claim before the HAF are applied, based on the Unpaid Principal Balance (UPB) as of the date of Default at the time of payment of the initial partial claim.

4.) Are Servicers required to accept the HAF for Borrowers being evaluated for United States Department of Agriculture (USDA) Loss Mitigation?

If the Servicer is notified that a Borrower being evaluated for USDA Loss Mitigation has qualified for the HAF, the Servicer must apply the HAF funds according to the state's HAF requirements. This may require the Servicer to use the HAF funds in conjunction with USDA's Loss Mitigation options. State programs have different allowable uses for their state HAF funds. Based upon the allowable uses of the state's HAF funds, USDA permits the application of additional funds, such as HAF, to be used as part of a Borrower's loan modification or to reduce the partial claim amount needed, including for the COVID-19 Special Relief Measures.

5.) Can USDA Borrowers who are delinquent use the HAF to bring their mortgage current without completing a Loss Mitigation option?

Yes, the Servicer may use the HAF to bring the mortgage current. However, if the Borrower cannot resume their current monthly mortgage payment, the Servicer must evaluate the Borrower for available Loss Mitigation options in conjunction with the use of HAF funds. State programs have different allowable uses for their state HAF funds. Based upon the allowable uses of the state's HAF funds, USDA permits the application of additional funds, such as HAF, to be used as part of a Borrower's loan modification or reduce the partial claim needed, including for the COVID-19 Special Relief Measures.

6.) Can Borrowers who are delinquent use the U.S. Department of Treasury's HAF in conjunction with USDA's Loss Mitigation?

Yes, Borrowers can use the HAF in conjunction with USDA's Loss Mitigation. State programs have different allowable uses for their state HAF funds. Based upon the allowable uses of the state's HAF funds, USDA permits the application of additional funds, such as HAF assistance, to be used, for example, as principal reduction as part of a Borrower's loan modification or to reduce the partial claim amount needed, including for the COVID-19 Special Relief Measures.

7.) How can the HAF be applied for Borrowers who are current on their mortgage and have already completed a Loss Mitigation action?

As allowable by the state, HAF funds can be applied for assistance with mortgage payments, as a lump sum to reduce the principal balance of the mortgage, to help pay off the partial claim, and for other specified purposes. Servicer should refer to a state's HAF program guidelines to determine how HAF funds may be applied. If the mortgage is in a Government National Mortgage Association (Ginnie Mae) pool and is current as of the date the HAF funds are received, it cannot be modified.

See Ginnie Mae's *MBS Guide, Ch. 18, Part 3, § B(1)(a)(2)*
at https://www.ginniemae.gov/issuers/program_guidelines/Pages/MBSGuideLib.aspx

8.) Can HAF be used to help pay off an existing partial claim made between the USDA and the Borrower, if the Borrower's mortgage has been brought current? And how should the Servicer process these funds?

Yes, as allowable by their state's HAF program, the USDA allows Borrowers who are now current to use HAF funds to help pay off their partial claim. Servicers should forward the funds to USDA at:

USDA Rural Development
Lockbox
P.O. Box 790391
St. Louis, MO 63179-0391

Phone: 1-866-550-5887

Email: guarantee.svc@usda.gov

9.) If approved by the state, are Servicers required to accept the HAF?

Yes. The USDA requires Servicers to inform Borrowers suffering financial distress that these additional resources may be available through their state. As permitted by the jurisdiction's HAF program, HAF funds designated to cure a delinquent mortgage must be used in connection with the Borrower's USDA-insured mortgage or any partial claim mortgage in a manner consistent with the respective mortgage documents and USDA requirements. For more information on HAF, see the link in Question #1 above.

10.) When can a Servicer pause the Loss Mitigation evaluation or suspend the foreclosure action in relation to the HAF?

The Servicer may, and is strongly encouraged to, place the Loss Mitigation evaluation or foreclosure action on hold for any of the circumstances described below:

- the Servicer receives notification from the state HAF program that the Borrower has applied for HAF funds (I Record)
- the Servicer is notified that the Borrower has received final approval for the HAF funds (A Record)
- a state HAF program requires a foreclosure action to be suspended.

HAF Application

It is strongly encouraged that a Servicer place the foreclosure action on hold as soon as the Servicer has been notified by the state HAF program that the Borrower has applied for HAF funds.

HAF Approval or where a state HAF program requires a foreclosure action to be suspended

If placing the evaluation or action on hold would result in the Servicer failing to complete a required action within the USDA-prescribed time frame, the Servicer should retain relevant documentation pertinent to the delay in their servicing file. If the state HAF program permits the foreclosure action to resume, the Servicer must exercise due diligence and manage the process by ensuring that all required actions are then completed timely.

For Borrowers already in foreclosure, Servicers may suspend or terminate the foreclosure proceedings, depending on State Law or state HAF program requirements. If the Servicer terminates the foreclosure action pursuant to State Law or the state HAF program requirements, the Servicer should retain relevant documentation pertinent to the delay in their servicing file.

Once a Borrower is approved for HAF funds, the Servicer must report Default Status Code 78 Borrower Program Assistance Received.

11.) If a Servicer is notified that a Borrower is approved for the HAF, are they required to report it to the USDA?

Yes, the Servicer must report Default Status Code 78 Borrower Program Assistance Received as part of their monthly Electronic Status Reporting (ESR). The Servicer will report starting with the cycle in which the Servicer is notified that the Borrower is approved for the HAF (A Record), reporting Code 78 should continue until funds are applied. If more than one Default Status Code is applicable for the month, Servicers may report Code 78 and then the other applicable code(s).

The Electronic Status and Default Status Reporting (ESR) Guide can be found on the USDA Lender Interactive Network Connection (LINC) site in the Training and Resources Library at:

<https://www.rd.usda.gov/sites/default/files/rd-sfh-esrguide.pdf>