

GUIDANCE TO SERVICERS REGARDING THE HOMEOWNER ASSISTANCE FUND

May 31, 2022

This Update supplements NFHA Summaries dated [March 20, 2020](#), [April 3, 2020](#),
[May 26, 2020](#), [June 30, 2020](#), [September 15, 2020](#), [March 16, 2021](#),
[September 14, 2021](#), and [October 1, 2021](#).

I. HOMEOWNER ASSISTANCE FUND

[Find the HAF Program in Your Jurisdiction](#)

[Find Approved HAF Plan Documents in Your Jurisdiction](#)

II. GUIDANCE TO SERVICERS: HOMEOWNER ASSISTANCE FUND FEDERALLY BACKED MORTGAGE LOANS

On May 9, 2022, the Department of Treasury, HUD, VA, and USDA issued a [joint statement](#) “strongly urging all servicers of federally backed mortgages to pause foreclosure proceedings when they are notified by a HAF program administrator of a pending HAF application to avoid unnecessary harm to vulnerable homeowners.”

All HUD FAQs are here: [FHA](#) (search term “Homeowner Assistance Fund”)

Topic Number: KA-05992 When can a Mortgagee suspend the foreclosure action in relation to the Homeowner Assistance Fund?

The Mortgagee may, and is strongly encouraged to, place a foreclosure action on hold for any of the circumstances described below:

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

HAF Application

It is strongly encouraged that a Mortgagee place foreclosure action on hold as soon as the Mortgagee has been notified by the state HAF program that the Borrower has applied for HAF funds. The Mortgagee must request an approval through the Extensions and Variances Automated Requests System (EVARS) for an extension of time.

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

If placing the foreclosure action on hold would result in the Mortgagee failing to complete a required action within the FHA-prescribed time frame, the Mortgagee must request an approval through EVARS for an extension of time. For Borrowers in foreclosure, Mortgagees may suspend or terminate the foreclosure proceedings, depending on state law or state HAF program requirements. If the Mortgagee terminates the foreclosure action pursuant to state law or the state HAF program requirements, the Mortgagee must request an approval from HUD via EVARS for an extension of time to the first legal action deadline prior to the termination of the foreclosure proceedings.

[Homeowner Assistance Fund - FAQs - VA Home Loans](#)

Ques. 5 Should a mortgage servicer place VA-guaranteed loans in a 60-day forbearance status when a Veteran borrower applies for HAF?

If a mortgage servicer receives information (for example, from the state or through the state's online HAF notification) confirming that the Veteran-borrower has applied for HAF funds, loan servicers can place the loan in a 60-day forbearance status and suspend foreclosure actions.

In such cases, loan servicers are to submit a *Special Forbearance Event* via the VA Loan Electronic Reporting Interface (VALERI) to notify VA the loan is in forbearance.

Ques. 6 If a loan servicer receives notification that a Veteran-borrower has applied for HAF assistance, can the loan servicer place the loan in forbearance and suspend foreclosure actions?

Yes. Loan servicers are strongly encouraged to place the loan in forbearance and suspend foreclosure actions whenever the servicer receives notice that a borrower has applied for HAF assistance.

In such cases, loan servicers are to submit a *Special Forbearance Event* in VALERI to notify VA the loan is in forbearance.

Ques. 7 If a Veteran-borrower is facing foreclosure and the loan servicer receives notification that the Veteran-borrower has received final approval for HAF assistance, does the loan servicer need to place the loan in forbearance and suspend foreclosure actions?

Yes. Loan servicers are to place the loan in forbearance (as necessary to implement the HAF assistance) and suspend foreclosure actions.

[USDA_HAF_FAQs.pdf](#)

Ques. 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.

FANNIE MAE and FREDDIE MAC LOANS

[Fannie Mae Lender Letter 2021-02 Updated May 4, 2022](#)

To allow a borrower that has experienced a COVID-19 related hardship time to obtain assistance offered through the Homeowner Assistance Fund (HAF) program, the Servicer must delay initiating any judicial or non-judicial foreclosure process, moving for a foreclosure judgment or order of sale, or executing a foreclosure sale up to 60 days if:

- the Servicer receives notification from a mortgage assistance fund program provider participating in the HAF program, such as an HFA or other designee, that the borrower has applied for mortgage assistance;
- the Servicer
 - has sufficient time to delay initiation of the foreclosure process or moving for a foreclosure judgment or order of sale;
 - or in the case of a foreclosure sale, is notified at least 7 days before the sale; and
- any foreclosure trial or execution of a foreclosure sale can be delayed without dismissal of the action.

If the Servicer determines that it did not have sufficient time to delay initiation of the foreclosure process or moving for a foreclosure judgment or order of sale, the Servicer must document in the loan file why it was unable to delay the action and make any supporting documentation available to Fannie Mae upon request.

If the approved funds do not fully reinstate the mortgage loan, the Servicer must attempt to contact the borrower to achieve quality right party contact (QRPC) in accordance with Servicing Guide Chapter D2-2, Requirements for Contacting a Borrower to resolve the remaining delinquency.

The Servicer must obtain Fannie Mae's prior approval to suspend foreclosure-related activities beyond 60 days by submitting a request to the Loss Mitigation Mailbox at Loss_Mitigation@fanniemae.com. Also see Servicing Guide D2-3.1-05, Interacting with Mortgage Assistance Fund Program Providers for additional information.

[Freddie Mac Bulletin 2022-8 \(Apr. 6, 2022\)](#) and [Freddie Mac Bulletin 2022-9 \(Apr. 13, 2022\)](#)

In Bulletin 2022-8, Freddie Mac announced temporary guidance for suspension of foreclosure actions for borrowers applying for mortgage assistance through HAF. Bulletin 2022-09 clarifies that when the Servicer has been notified that the borrower has applied for assistance through HAF, the notification must come from the HAF program provider, such as a housing finance agency or its designee.

Effective immediately, Servicers must suspend all foreclosure actions, including foreclosure sales, the initiation of any judicial or non-judicial foreclosure process, moving for foreclosure judgment or orders of sale, for up to 60 days if:

- the Servicer has been notified [by the HAF program provider or its designee] that the borrower has applied for assistance under HAF; and
- any foreclosure proceeding or execution of a foreclosure sale can be delayed without dismissal of the action; and
- the Servicer has sufficient time to suspend initiation of the foreclosure process or moving for a foreclosure judgment or order of sale; and
- in the case of a foreclosure sale, the Servicer is notified at least 7 days before the sale.

If a Servicer determines that it did not have sufficient time to suspend the foreclosure action, the Servicer must document why it was unable to delay the action in the Mortgage file and, make available to Freddie Mac any applicable supporting documentation upon request.

Servicers should refer to [Guide Section 9212.1](#) for all other requirements related to third-party Mortgage assistance programs, including HAF.

SECURITIZED LOANS AND LOANS HELD IN PORTFOLIO

- There is not a similar industrywide policy for privately held loans, such as securitized loans and loans held in portfolio. All homeowners and advocates should notify the servicer by phone and in writing as soon as a HAF application has been submitted and again upon notification from the HAF program provider of the amount approved.

CFPB GUIDANCE

- [Federal Register Bulletin 2021-02 Supervision and Enforcement Priorities Regarding Housing Insecurity](#) Effective 04.07.21
 - The Bureau recognizes that some homeowners will not be able to resume making payments on their mortgages and that some foreclosures are unavoidable; nonetheless, the Bureau will hold mortgage servicers accountable for complying with Regulation X with the aim of ensuring that homeowners have the opportunity to be evaluated for loss mitigation prior to the initiation of foreclosure.
- [CFPB Blog regarding servicers and HAF](#)
 - The CFPB is [closely monitoring servicer conduct](#) to ensure that they are complying with all applicable federal consumer financial laws and assisting consumers with resolving delinquencies and preventing avoidable foreclosures. As part of this monitoring, the CFPB will continue its heightened review of mortgage servicing complaints, including in particular complaints about challenges working with servicers to use HAF funds. The CFPB encourages servicers to provide borrowers with sufficient time to move through the HAF application process prior to proceeding with foreclosure. Foreclosing on a homeowner while a HAF application is pending undercuts the congressional purpose in allocating this money, increases avoidable foreclosures, and will merit increased scrutiny.
 - [File a complaint with the CFPB](#)

STATE GUIDANCE RELATING TO HAF

Search regulatory, judicial and State HAF Program requirements. For example:

- [Maryland Commissioner of Financial Regulation HAF Advisory to Mortgage Servicer Licensees](#)
- [MA-HAF-Collab-Agreement-11.10.21_v1.pdf \(mhp.net\)](#)
 - ¶8 Servicer agrees to halt any foreclosure proceedings once it has been notified the borrower has applied for HAF funds.
- [Notice – Foreclosure – Authorization for Homeowners to Apply for an Additional Stay of a Sheriff’s Sale Based on Homeowner Assistance Fund \(HAF\) Eligibility \(njcourts.gov\)](#)
- [¶22 Pleading Requirements in Foreclosure Proceedings” Rule Administrative Order No. 49 - Declaration of Judicial Emergency and Changes to Court Procedures \[Effective May 9, 2022 and extends until August 31, 2022\], Vt. Admin. Ord. of. Sup. Ct. Administrative Order No. 49](#)

- [COVID-19 State Foreclosure Moratoriums and Stays - National Consumer Law Center \(nclc.org\)](#)

III. COVID-19 LOSS MITIGATION UPDATE – FHA FORWARD MORTGAGES

[HUD Mortgagee Letter 2022-07 04.18.22](#) (highlights in original)

40 Year Loan Modification With Partial Claim Added to COVID-19 Recovery Loss Mitigation Options.

Mortgage servicers may begin implementing the new 40-year modification with partial claim option immediately but must begin offering this solution to eligible borrowers with FHA-insured Title II forward mortgages, except those funded through Mortgage Revenue Bonds under certain circumstances, within 90 calendar days.

- If borrower's loan was originated through a state housing finance program, confirm whether the loan was funded through Mortgage Revenue Bonds and whether the state housing program will invoke this exception to prohibit a 40-year modification.