



U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES
– CHAIRWOMAN MAXINE WATERS –
SUMMARY OF SECTION 3206 OF THE AMERICAN RESCUE PLAN
(HOMEOWNER ASSISTANCE FUND)

During the COVID-19 public health emergency and financial crisis, millions of homeowners have been threatened by foreclosure, with over 8 million households behind on their mortgage payments, and an estimated \$90 billion in missed mortgage payments. Targeted direct assistance to homeowners through the Homeowner Assistance Fund (HAF or Fund) is an essential tool that will help avoid a repeat of the 2008 foreclosure crisis, which upended the lives of millions of individuals and eviscerated the generational wealth for many communities, namely for families and communities of color.

Although the CARES Act provided a foreclosure moratorium and forbearance for federally-backed mortgages, many homeowners will lose their homes to foreclosure in the absence of additional assistance. Approximately 30 percent of the mortgage market is not federally-backed and, therefore, ineligible for CARES Act forbearance relief provided in March of 2020.

Accordingly, [Section 3206 of H.R. 1319, the American Rescue Plan Act \(P.L. 117-2\)](#) includes nearly **\$10 billion** to be administered through the Department of the Treasury (Treasury) for states, territories, and tribal governments to address the ongoing needs of homeowners struggling to afford their housing because they have experienced a financial hardship associated with the coronavirus pandemic.

This section is based on [H.R. 1710](#), the Coronavirus Homeowner Assistance Act of 2021 introduced by Representative David Scott (D-GA).

Explanation of Key Provisions

What kind of assistance will homeowners receive?

Eligible homeowners would receive assistance to cover qualified expenses related to mortgages and housing on their primary residence, including mortgage payment assistance, financial assistance to reinstate a mortgage in forbearance, delinquency, or default, principal reduction, interest rate reductions, utility assistance including for internet service, insurance costs related to homeownership, as well as for homeowner's association fees, condominium association fees, or common charges including pad rents in manufactured housing communities, among other qualified expenses.

Which homeowners are eligible for assistance through the Fund?

Eligible entities administering local programs must target 60 percent of funds allocated through the HAF to eligible homeowners who: (1) have incomes equal to or less than 100 percent of the area median income (AMI) or equal to or less than 100 percent of the median income for the United States, whichever is greater and (2) have experienced a financial hardship associated with the coronavirus pandemic.

The remaining 40 percent of funds allocated to each eligible entity must be prioritized to homeowners who: (1) are socially disadvantaged individuals; and (2) have experienced a financial hardship associated with the coronavirus pandemic.

How can homeowners apply for assistance made available through the Fund?

There will be no federal application portal through the Treasury Department. All eligible homeowners will apply for assistance through the local entity that administers the HAF program in their state, territory, or tribal government. Some homeowners will apply through their State housing finance agency, others will apply directly through their tribal government. Treasury will not begin making payments to eligible entities until the end of April. Therefore, unless a local community has a pre-existing homeowner assistance program that is not funded through the American Rescue Plan, homeowners will not immediately see an application available until then.

Who can homeowners reach out to if they have questions?

The American Rescue Plan included \$100 million to increase the capacity of [HUD-approved housing counseling agencies](#) that provide free, local housing counseling services. Homeowners who are confused, have questions, or would like further guidance on how to receive assistance with mortgage payments or other housing-related costs can reach out to a housing counselor in their community.

How will Treasury distribute the funding?

The Treasury will make HAF allocation payments to eligible entities within 45 days of enactment of the American Rescue Plan, including to states, territories, and tribes, which will administer local programs and distribute funds to homeowners who apply for assistance. At least \$50 million will be allocated to each state based on a formula allocation that includes each state's average number of unemployed individuals during the pandemic, the total number of mortgages that are 30 days or more delinquent, and the number of mortgages in foreclosure. Treasury will allocate a total of \$30 million among territories, including Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, based on their share of the combined total population of all such territories. Tribal governments will receive 5 percent of the amounts appropriated under the Homeowner Assistance fund through a formula allocation established in the Consolidated Appropriations Act of 2021.