

Hardest Hit Fund FAQs

President Obama established the Hardest Hit Fund in February 2010 to provide targeted aid to families in states hit hard by the economic and housing market downturn. Each state housing agency gathered public input to implement programs designed to meet the distinct challenges struggling homeowners in their state are facing. States were chosen either because they are struggling with unemployment rates at or above the national average or steep home price declines greater than 20 percent since the housing market downturn.

The Hardest Hit Fund Program varies from state to state and may include the following scenarios:

- Mortgage payment assistance for unemployed or underemployed homeowners,
- Principal reduction to help homeowners get into more affordable mortgages,
- Funding to eliminate homeowner's second lien loans, and/or
- Help for homeowners who are transitioning out of their homes and into more affordable places of residence.

To acquire a listing of participating states please access the US Department of the Treasury website:
<http://www.makinghomeaffordable.gov/programs/unemployed-help/Pages/hhf.aspx>

Hardest Hit Fund states are: Alabama, Arizona, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Mississippi, Nevada, New Jersey, North Carolina, Ohio, Oregon, Rhode Island, South Carolina, Tennessee, Washington DC.

Neighborworks America's EHLF page is: <http://findehlp.com/>

- **EHLF States that are handled by Neighborworks America are:** Alaska, Arkansas, Colorado, Hawaii, Iowa, Kansas, Louisiana, Maine, Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Mexico, New York, North Dakota, Oklahoma, South Dakota, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming as well as the Commonwealth of Puerto Rico.
- **EHLF States who administer the Program directly are:** Connecticut, Delaware, Idaho, Maryland, and Pennsylvania.

Fannie Mae FAQs may be acquired at:

<https://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2010/111012.pdf>

Freddie Mac FAQs may be acquired at:

http://www.freddiemac.com/singlefamily/service/docs/HFA_Q&A.pdf

HUD Emergency Homeowners' Loan Program (EHLF):

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/ehlf/ehlfhome

The following FAQs are applicable to **FHA-insured mortgages** and the affect of utilizing the HHF Program at specific stages of delinquency.

Question 1: Does HUD have any concerns or objections to the use of HHF Funds during unemployment?

Answer: HUD has no objections to the use of HHF Funds during the Borrower's unemployment period. HUD's concern would be in regard as to the amount of funds that the Borrower would receive and the affect of the Borrower's current delinquency. See Mortgagee Letter 2002-17, page 3, Special Provisions for Type 1 when the Cause of Default is Unemployment.

Question 2: If the Borrower is in a performing Trial Payment Plan under the FHA-HAMP Option, how does that affect the Borrower's HHF status?

Answer: Each participating State Housing Agency developed/designed their own HHF Program based upon their State's distinct challenges their citizenship are facing. The Lender would need to contact the appropriate State Housing Agency and acquire a copy of their specific Program to determine the effect on their Borrower and their Borrower continued participation within the FHA-HAMP Option.

Question 3: Does FHA have any concerns or objections to the use of HHF Funds to reinstate a loan?

Answer: HUD would assume the reinstatement funds submitted would include the mortgage arrearage and foreclosure costs and would be in compliance with HUD Handbook 4330.1 REV-5, Chapter 7.

Question 4: It is our company's policy to receive HUD approval prior to accepting partial reinstatement funds. Who would we contact to receive this approval?

Answer: HUD does not provide prior approval to a Lender in accepting partial reinstatement funds. For HUD guidance in accepting/declining reinstatement funds, please refer to HUD Handbook 4330.1 REV-5, Chapter 7.

Question 5: Is HUD going to be a part of the Short Sale or Deed-in-Lieu of Foreclosure portion of the HHF Program?

Answer: Not at this time; HUD has its own Preforeclosure Sale Program (Short Sale) and Deed-in-Lieu of Foreclosure.

Question 6: Can a Lender postpone a First Legal Deadline Date for six months while the Borrower receives HHF Funds?

Answer: The Lender would need to acquire an Extension of Time from HUD's National Servicing Center via the Extension and Variance Automated Response System;
<https://evars.hudtulsa.org>.

Question 7: What is HUD's position for loans where servicers are deep into the foreclosure process and HHF payments mean the delinquency will not roll? This can impact delinquency/foreclosure timelines resulting in penalties from FHA should the HHF funds extend foreclosure timeframes.

Answer: For HUD guidance in accepting/declining reinstatement funds, please refer to HUD Handbook 4330.1 REV-5, Chapter 7.

Question 8: For reporting purposes, what are the Status Codes the Lender is required to report to HUD when a Borrower has been approved for the HHF Program?

Answer: Currently, HUD has not designated any Status Codes for the HHF Program.