SIGTARP | Office of the Special Inspector General For The Troubled Asset Relief Program

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Treasury Has Been Effective at Shifting the Hardest Hit Fund to Assist Homeowners Suffering Pandemic-Related Hardships with State Agencies Ramping Up Efforts to Assist an Additional 12,000 Homeowners

Treasury can enhance existing efforts, including by extending the June 30, 2021 deadline for state agencies to make decisions on applications and the December 30, 2021 spending deadline

On April 8, 2020, SIGTARP recommended that Treasury shift the hundreds of millions in remaining funds in the Hardest Hit Fund to the program's traditional form of assistance – mortgage assistance for unemployed homeowners – to address growing unemployment and underemployment due to the COVID-19 pandemic. Treasury has made significant progress implementing SIGTARP's recommendation. A new review by SIGTARP found that Treasury has been effective at shifting the Hardest Hit Fund to assist homeowners suffering pandemic-related hardships, and as a result, an additional 12,000 homeowners are estimated to be able to stay in their home. In early 2021, Congress authorized the Homeowner Assistance Fund, modeled after the Hardest Hit Fund.

"In times of crisis, the federal government can turn to established programs, like the Hardest Hit Fund, to deliver immediate relief," said Christy Goldsmith Romero, Special Inspector General. "Treasury designed the program to be flexible to address local housing conditions, and now is when that flexibility pays off with more homeowners behind on their mortgage than any time since 2010. Treasury has been effective in ramping up HHF to help homeowners suffering from pandemic-related unemployment. While the recently announced Homeowner Assistance Fund will take time to start up, the Hardest Hit Fund can immediately provide mortgage assistance to unemployed homeowners who may not have any additional time to save their homes, and can be used in tandem with the new program while funding remains available."

SIGTARP found that Treasury has been effective in actively using the Hardest Hit Fund to help homeowners suffering from unemployment, loss of income, or other hardships related to the pandemic. As a result, an additional 12,000 homeowners are estimated to use HHF to stay in their homes. Treasury extended a program deadline and has been working with state agencies. State agencies in HHF have been ramping back up HHF's unemployment mortgage assistance, changing eligibility requirements to address the pandemic, and making other changes to address local needs.

As state agencies ramp up their efforts, they face a June 30, 2021 underwriting deadline and December 30, 2021 spending deadline—presenting a challenge to some state agencies that faced operational delays and backlogs in ramping up pandemic-related relief. SIGTARP recommends that Treasury extend those deadlines, particularly given economic projections on unemployment and mortgage delinquencies. Otherwise, these deadlines will artificially limit the number of people that HHF could help.

Treasury can also enhance its effectiveness by removing obstacles, roadblocks, and barriers that state agencies face, such as the following:

- Receipt of CARES Act unemployment or other stimulus funding can make homeowners ineligible;
- Proof of state unemployment benefits can be a barrier given backlogs in state unemployment benefits;
- Given backlogs, state unemployment benefits are sometimes delivered several months at once, which can cause a homeowner to be ineligible; and
- State agencies that have met their spending cap but have program income available must obtain Treasury approval to spend those dollars, which can cause unnecessary delays and is inefficient.

SIGTARP also recommends that Treasury shift to open programs $118 million it received from four state agencies that closed their programs, including three during the pandemic. Treasury should also increase transparency into its efforts to use HHF for the pandemic and the active status of the program.

The report is posted in its entirety at www.sigtarp.gov/audits.

About SIGTARP

SIGTARP was created as an independent law enforcement agency to investigate fraud, waste, and abuse related to the Emergency Economic Stabilization Act (EESA). To date, SIGTARP investigations have resulted in the recovery of over $11.2 billion, 389 criminal convictions and 306 defendants sentenced to prison.

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