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MEMORANDUM

May 14, 2025

To: TRIBAL HOUSING CLIENTS

From: Ed Clay Goodman and Cari L. Baermann
HOBBS, STRAUS, DEAN & WALKER, LLP

Re: ***Homeowner Assistance Fund — Tribal Closeout Information Session***

On May 13, 2025, the U.S. Treasury Department (“Treasury”) held an information session on the Homeowner Assistance Fund (HAF) Program closeout process. This memorandum provides a summary of the session.

a. HAF Background

The American Rescue Plan Act of 2021 (“ARPA”) provided approximately \$498 million in funding to tribes and tribally designated housing entities (TDHEs) for the HAF Program. This HAF Program provided mortgage assistance to homeowners to prevent the foreclosure or post-foreclosure eviction of a homeowner due to the COVID-19 pandemic. Funding for the HAF Program was allocated through the Treasury for distribution. HAF recipients must obligate all HAF award funds **by September 30, 2026**. Recipients must pay these obligated funds in full within 120 calendar days after September 30, 2026 to facilitate inclusion of those transactions in the Final Reports. HAF recipients may opt to engage in “early closeout” by submitting their final reports prior to that date.

b. Closeout Process

The Treasury staff began the session by describing the purpose of the award closeout process. That purpose is to ensure that:

- Recipients have completed HAF award objectives as outlined in their HAF plan;
- HAF final reports indicate that HAF award funds were expended on allowable costs;
- The recipient returns any balances of any unobligated and unexpended funds remaining on the HAF award;
- The recipient submits a proper accounting of any real or tangible personal property purchased with HAF award funds; and
- The recipient certifies that the data submitted in the HAF final reports comply with the terms and conditions of the recipient’s HAF financial assistance agreement.

Treasury staff also provided a flow chart, showing the general closeout process:



The Treasury staff emphasized that a recipient is not permitted to obligate or expend any additional HAF funds after the recipient submits their final reports.

Recipients are able to begin the closeout process early (prior to September 30, 2026). To determine whether a recipient is ready for the closeout process, the Treasury staff recommended that the recipient consider the following questions and factors:

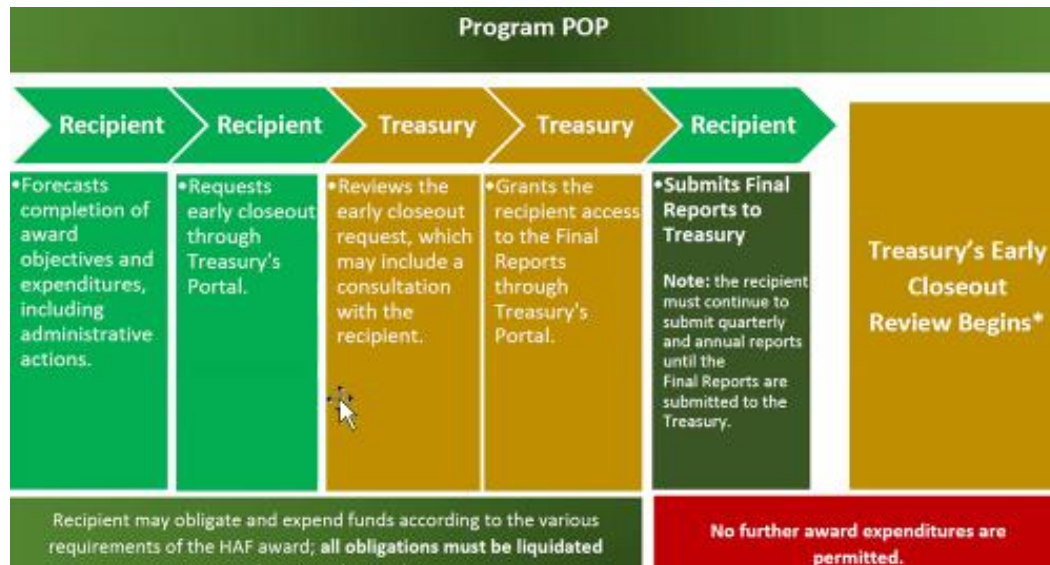
1. **Does the recipient or its subrecipient have any remaining unexpended HAF funds?** Because a recipient may not expend any HAF funds once they submit their final reports, it is critical that the recipient has completely processed all payments for HAF assistance, services, projects, and administrative expenses related to implementing the HAF Program before they submit the final reports.
2. **Are any activities related to the HAF award incomplete?** Before the recipient submits the final reports to Treasury, they should make sure that there are no ongoing activities that were funded by HAF funds. This includes making sure that all activities performed by any subrecipients are complete. This also means that all home repair projects must be delivered to, and as applicable, installed for the homeowners prior to submission of the final reports.
3. **Does the recipient expect that any returned or recovered HAF funds will significantly affect the total expenditures or obligations?**
4. **Does the recipient's budget in the Treasury portal accurately reflect the recipient's actual HAF award budget?**
5. **Does the recipient have any outstanding compliance items that might affect the reporting for the final reports?**

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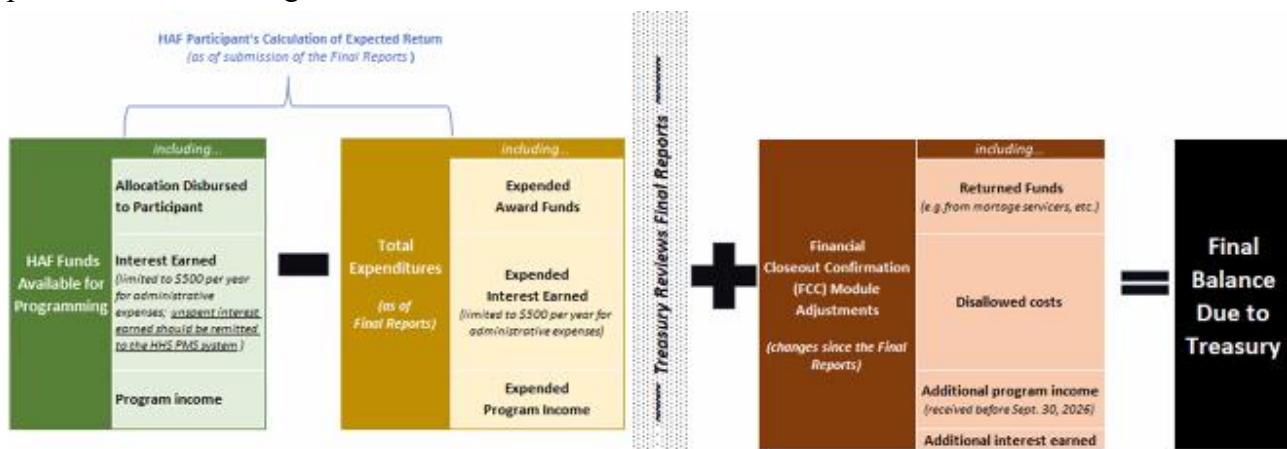
Below is a flow chart showing the early closeout process.



The Treasury staff then provided an overview on how to prepare for final reports. The final reports consist of two reports: the HAF Annual Report and the HAF Quarterly Report, which includes a special section for tangible personal property. Treasury reserves the right to request additional documents to support the final reports. To prepare, the Treasury staff recommends that recipients consider the following questions:

1. Does the budget in Treasury's portal accurately reflect the recipient's actual HAF award budget?
2. Does the data align with HAF Program guidance?
3. Do the final reports accurately reflect the recipient's aggregate financial and programmatic data throughout the award period of performance?
4. Has the recipient accounted for record retention requirements?
5. Did the recipient purchase equipment or supplies that it will need to report?

The Treasury staff then provided an overview of the repayment process. To assist recipients with calculating the final balance that the recipient must return to Treasury, the Treasury staff provided the following chart:



If a recipient must repay any HAF funds to Treasury, below is the repayment process that it will follow:

1. The recipient submits their final reports to Treasury;
2. Treasury reviews the final reports; Treasury may send instructions to revise and resubmit the Final Reports or an Information Document Request (IDR) for the recipient to provide further clarity;
3. Treasury will send repayment instructions with a deadline by which the recipient must return the HAF funds (through a pre-debt notice);
4. The recipient must return HAF funds in full within 30 calendar days of the pre-debt notice to avoid debt collection;
5. If the recipient fails to return any HAF funds by that 30-day deadline, Treasury will initiate debt collection and will issue a demand letter;
6. After 30 days of nonpayment, Treasury will begin assessing and escalating penalties and interest on delinquent debts.

Treasury staff also commented that there are different requirements for whether a recipient may redeploy or must repay certain types of HAF funds, depending on where the recipient is in the closeout process. To assist recipients with determining these requirements, Treasury staff provided the following charts:

Repayment requirements for returned or recovered funds:

	Prior to September 30, 2026		After September 30, 2026
Type of Funds	Open Awards	Awards in "Early Closeout"	All Awards
Recovered Program Income (e.g., homeowner loan repayments (principal and interest))	<i>May redeploy funds for eligible HAF purposes</i>	<i>Must repay funds to Treasury</i>	<i>Not required to return funds to Treasury</i>
Other recovered funds (e.g., recipient recovers improper payments, etc.)	<i>May redeploy funds for eligible HAF purposes</i>	<i>Must repay funds to Treasury</i>	<i>Must repay funds to Treasury</i>
Returned funds (e.g., homeowner financial assistance returned to recipient by servicer, utility company, home repair contractor, or other end beneficiaries)	<i>May redeploy funds for eligible HAF purposes</i>	<i>Must repay funds to Treasury</i>	<i>Must repay funds to Treasury</i>

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Repayment requirements for earned interest:

Type of Funds	Open Awards	Upon Submitting Final Reports
Earned interest > \$500 per year	Annually remit to DHHS PMS System	Remit to DHHS PMS System*
Earned interest < \$500 per year	May be retained for administrative expenses	Must repay funds not expended as administrative costs to Treasury along with unexpended HAF award funds

c. Compliance and Reporting

The Treasury staff also provided additional information about other compliance reporting requirements. First, the quarterly report for tribal governments and TDHEs that received over \$5 million in HAF funds is due **on May 15, 2025**. Additional information is available in the [HAF Compliance and Reporting Guidance](#) and the [HAF Quarterly Report User Guide](#).

On April 11, 2025, Treasury updated the [HAF Closeout Resource](#) with clarifications to information related to record retention, audit thresholds, and repayment of HAF funds. For specifics on the record retention, audit thresholds, and repayment requirements for HAF funds, recipients should also refer to the Uniform Guidance found at 2 CFR part 200 and Treasury's [HAF Compliance and Reporting Guidance](#). The Treasury staff emphasized that after closeout of the HAF program, recipients will remain subject to the records retention and audit requirements. Recipients must also make ongoing returns of HAF funds and financial adjustments, if required by Treasury.

Treasury staff recommended that tribes and TDHEs update their tribal points of contacts in the HAF portal, so that Treasury can contact the most up-to-date tribal contacts. They noted this will be particularly important if Treasury has any questions or issues with closeout reports.

d. Resources

Recipients can access additional resources regarding the HAF closeout requirement on the Treasury [website](#). This includes the following two resources:

- [Early Closeout Checklist](#)
- [HAF Closeout Resource](#)

If a recipient needs additional assistance with compliance or reporting, or if they would like to talk through program implementation, Treasury hosts weekly HAF Tribal office hours on

Wednesdays at 3:00 P.M. ET at the following [registration link](#). Recipients can also email Treasury at HAF_Tribal@treasury.gov.

Conclusion

If you have any questions about this memorandum, please contact Ed Clay Goodman (egoodman@hobbsstrauss.com) or Cari Baermann (cbaermann@hobbsstrauss.com); both may be reached by phone at (503) 242-1745.