

SERVICE SCHEDULE B-1

Indiana Hardest Hit Fund Unemployment Bridge Program

Summary Guidelines

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| 1. Program Overview | Under Indiana’s Hardest Hit Fund Unemployment Bridge Program (UBP) the Indiana Housing and Community Development Authority (IHCDA) will offer individuals who are unemployed through no fault or neglect of their own a monthly benefit to cover a portion of their first mortgage and related expenses while the individual seeks new employment. When necessary, IHCDA may also provide a limited amount of funding at the outset of assistance to bring a mortgage current so that IHCDA may provide future monthly payments. IHCDA may also provide assistance to currently substantially underemployed homeowners who accumulated a delinquency during a period of unemployment but cannot bring their mortgage current with their current income. This last category of assistance will only apply if borrowers: (a) qualify in all other respects for assistance; (b) have demonstrated that they can afford mortgage payments with their post-unemployment income; and (c) cannot qualify for mortgage reinstatement but for HHF assistance. Assistance is subject to approval of the homeowner’s HHF Action Plan, which is a plan relating solely to TARP funded modification programs that will be developed by a housing counseling agency in connection with the initial intake eligibility screening and file underwriting process, and approved by IHCDA (the “HHF Action Plan”). |
| 2. Program Goals | The goal of the UBP is to cover a portion of PITI for eligible unemployed and substantially underemployed homeowners, allowing them to: 1) Secure re-employment in their occupation; or 2) Access training made available through the Indiana Department of Workforce Development that will help them secure employment in a new occupation. |
| 3. Target Population / Areas | Our target population is low- to moderate-income homeowners in any county in Indiana. Homeowners in the 46 counties classified as hardest hit will be eligible for a longer term of assistance (18 months) than homeowners residing in other counties (12 months). |
| 4. Program Allocation (Excluding Administrative Expenses) | \$182,652,552.15 |
| 5. Borrower Eligibility Criteria | 1) Unemployed and eligible for unemployment insurance or (in limited cases) substantially underemployed and able to document both current financial hardship and a prior period of unemployment resulting in a current delinquency; 2) Engaged in approved training, education or structured volunteer work |

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| | <p>(as defined by IHCDA) except for the limited number of cases in which we will assist currently underemployed individuals;</p> <ol style="list-style-type: none"> 3) Current household income below 140% AMI adjusted for borrower household size; 4) Documentation of six months of pre-hardship timely payments; 5) Agreement to pay a minimum of 30% of household income at time of enrollment toward PITI based on documentation of unemployment benefits, except for the limited number of cases in which we will assist currently underemployed individuals; in those cases, individuals will be expected to make some contribution toward clearing their delinquency, with 30% of household income serving as the standard; 6) Owning only one home; 7) Submission of hardship affidavit documenting inability to pay mortgage; 8) Priority of service will be extended to veterans and military personnel (active or reserve); 9) Receiving unemployment insurance benefits from the Indiana Department of Workforce Development (“DWD”) on or after the UBP implementation date; 10) At IHCDA’s sole discretion, Borrower may be removed from the program for failing to make their required payments, |
| 6. Property / Loan Eligibility Criteria | <ol style="list-style-type: none"> 1) Owner-occupied primary residence located in Indiana. 2) The unpaid principal balance of the borrower’s first lien mortgage cannot exceed the conforming loan limit established by the Federal Housing Finance Agency, as modified from time to time. |
| 7. Program Exclusions | <ol style="list-style-type: none"> 1) Property is vacant, abandoned or condemned. 2) Borrower has not exhausted or been ruled ineligible for other programs (federal or direct lender). 3) Borrower has liquid assets sufficient to make 6 months’ worth of payments, excluding retirement accounts. 4) Borrower is ineligible for unemployment benefits (for example due to nature of job loss or no W-2 reportable wages). |
| 8. Structure of Assistance | <p>All assistance is structured as a forgivable, non-recourse, non-amortizing loan, secured by a junior lien on the property. The loan has a term of 10 years and is forgiven at a rate of 20% per year in years 6 through 10 of the loan term. If the borrower sells the property before the forgiveness period expires; all net sale proceeds up to the full principal balance outstanding will be due and payable to IHCDA. All funds returned to the UBP may be recycled until December 31, 2017; thereafter they will be returned to Treasury.</p> |
| 9. Per Household Assistance | <p>Total assistance per household is not to exceed \$18,000 in hardest hit counties or \$12,000 in balance of state.</p> |

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| 10. Duration of Assistance | <p>In hardest hit counties, up to eighteen months or three months after re-employment, whichever comes first; in balance of state, up to one year or three months after re-employment, whichever comes first. In either case, assistance will terminate upon household's receipt of the maximum assistance. As applicable, total assistance will be reduced by 1) the number of months' payment required to bring a homeowner current on their mortgage and/or 2) the amount required to pay for taxes and insurance on non-escrowed loans. Once homeowner is brought current, the maximum amount of monthly assistance per household may not exceed \$1,000.00.</p> |
| 11. Estimated Number of Participating Households | <p>An estimated 16,257 households will receive assistance, at an average assistance level of about \$702 per month for an average of approximately sixteen (16) months of assistance, inclusive of payments to clear delinquencies and assistance after re-employment.</p> |
| 12. Program Inception / Duration | <p>Provided that IHCDA receives prompt and reasonable cooperation from servicers, IHCDA anticipates that the pilot period will begin as soon as November 1, 2010 (but no later than March 1, 2011) and will last for five (5) months. After the pilot period, IHCDA anticipates that the program will last for approximately two (2) years.</p> |
| 13. Program Interaction with Other Programs (e.g. other HFA programs) | <p>IHCDA manages the Homeless Prevention and Rapid Re-Housing Program (HPRP) funding for the balance of state Continuum of Care. IHCDA assessment tool for HPRP will incorporate screening for HHF eligibility for homeowners at risk of homelessness through foreclosure. HPRP administrators will be trained on eligibility requirements and screening for HHF. IHCDA also manages the Indiana Foreclosure Prevention Network (IFPN), which is a coalition of community service and housing-related organizations, government agencies, lenders, realtors, and trade associations that are actively addressing Indiana's foreclosure crisis through a variety of methods. IHCDA anticipates contracting with some of the organizations which are providing IFPN counseling services to provide eligibility screening, intake and preliminary underwriting for HHF. Finally, IHCDA will work with DWD to coordinate efforts; for example, the availability of HHF for qualified unemployed persons may be noted in Unemployment Insurance benefit determination letters from DWD.</p> |
| 14. Program Interactions with HAMP | <p>Borrowers will be pre-screened for HAMP, HAFA and HAMP-UP and programs offered by lenders. HHF funds can be utilized before or after assistance from HAMP-UP.</p> |
| 15. Program Leverage | <p>No leveraging from banks and servicers is required. IHCDA anticipates entering into participation agreements with servicers that will set forth IHCDA's expectations for servicers, including acceptance of payment from IHCDA and application of payment to PITI only.</p> |
| 16. Qualify as an Unemployment Program | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> |

