

SERVICE SCHEDULE B-1

**SAVEOURHOMEAZ
Principal Reduction Assistance
Summary Guidelines**

<p>1. Program Overview</p>	<p>Principal Reduction Assistance is being administered by the Arizona Department of Housing (“ADOH”) on behalf of the Arizona Home Foreclosure Prevention Funding Corporation (“AHFPFC”). Assistance under this component is provided to homeowners who have suffered an eligible hardship to reduce the outstanding principal balances of qualifying properties.</p> <p>Efforts under this component include monetary assistance for principal reduction of a borrower’s primary mortgage to facilitate a permanent loan modification or recast that achieves an affordable monthly mortgage payment. This will be accomplished exclusively through principal reduction, combined with either (i) an interest rate reduction and/or term extension to achieve a permanent modification, or (ii) a reamortization of the remaining unpaid principal balance (“recast”) to achieve a lower monthly payment (“Modification or Reamortization PRA”).</p> <p>The following types of assistance will be allowable for applications submitted on or before April 6, 2017: (a) principal reduction of a borrower’s primary mortgage contingent upon eligibility for a Home Affordable Refinance Program (“HARP”) mortgage refinance or other substantively similar mortgage refinance (“HARP PRA”); (b) reduction or elimination of an amount up to or equal to the existing non-interest-bearing forbearance that was the outcome of a prior loan modification (“Forbearance Elimination”); or (c) principal reduction of primary mortgages in significant negative equity positions for “non-delinquent” borrowers to an amount as close to 100% loan-to-value (“LTV”) ratio as the amount of per-household assistance will permit to reduce the risk of potential default by such borrowers (“Negative Equity Reduction”).</p> <p>A borrower’s primary mortgage lender may agree to make a matching reduction to the principal balance of the primary loan.</p>
<p>2. Program Goals</p>	<p>The goal of the Principal Reduction Assistance component is to help homeowners avoid foreclosure by reducing the principal balance of their primary mortgage to either (a) facilitate a permanent loan modification or recast that achieves an affordable monthly mortgage payment; or (b) for applications submitted on or before April 6, 2017, reduces a borrower’s negative equity</p>

	position to an amount as close to 100% LTV ratio as the amount of per-household assistance will permit.
3. Target Population/Areas	<p>The targeted populations are households whose income does not exceed 150% of Area Median Income (“AMI”).</p> <p>It is projected that component assistance will be provided to targeted areas according to the following breakdown of counties. These projections are based on population, delinquent loans and pending foreclosures in these areas.</p> <p style="text-align: center;">Maricopa County: 79% of component funds Pima County: 9% of component funds Pinal County: 9% of component funds All other areas: 3% of component funds</p>
4. Program Funds (Excluding Administrative Expenses)	Not applicable. Program Funds may be disbursed under any program included in Schedule B.
5. Borrower Eligibility Criteria	<p><u>General Eligibility Criteria Applicable to All Types of Principal Reduction Assistance:</u></p> <ul style="list-style-type: none"> • Property must be borrower’s primary residence. • Income less than 150% of AMI. • Depending on the agreement with the servicer, eligibility will be determined through an application process and application evaluation by ADOH along with either approved counselors or the servicer. • Requests for Mortgage Assistance with hardship and Dodd Frank Certification. <p><u>Additional Eligibility Criteria Applicable to Each Structure of Principal Reduction:</u></p> <p>(a) In the case of Modification or Reamortization PRA (i.e. principal reduction of a borrower’s primary mortgage combined with either (i) an interest rate reduction and/or term extension to achieve a permanent modification, or (ii) a reamortization of the remaining unpaid principal balance (“recast”) to achieve a lower monthly payment:</p> <ul style="list-style-type: none"> • <i>Eligible financial hardships:</i> A monthly mortgage payment that exceeds 31% of the borrower’s gross monthly income, and a reduction in income due to such hardships as underemployment, medical condition, divorce or death, as set forth in the program guidelines. • <i>Post-assistance affordability:</i> a monthly mortgage

	<p>payment that does not exceed either (1) 31% of the borrower's gross monthly income; or (2) 40% of the borrower's gross monthly income for borrowers who have demonstrated an ability to make the modified mortgage payment for a 3-month period ("Expanded Affordability").</p> <p>(b) In the case of HARP PRA (i.e. principal reduction of a borrower's primary mortgage contingent upon eligibility for a HARP mortgage refinance or other substantively similar mortgage refinance):</p> <ul style="list-style-type: none"> • <i>Post-assistance affordability</i>: determined by the lender's approval of the HARP or other substantively similar mortgage refinance <p>(c) In the case of Forbearance Elimination PRA (i.e. reduction or elimination of an amount up to the existing non-interest-bearing forbearance that was the outcome of a prior loan modification):</p> <ul style="list-style-type: none"> • <i>Eligible financial hardship</i>: Borrower has an eligible forbearance. Eligible forbearances include a non-interest bearing forbearance that is the outcome of a prior loan modification, such as any forbearance structured through the Home Affordable Modification Program ("HAMP") or other substantially similar loan modification. • <i>Pre-assistance affordability</i>: <ul style="list-style-type: none"> ○ borrower must be in good standing with the modification ○ monthly mortgage payment must not exceed either (1) 31% of the borrower's gross monthly income; or (2) 40% of the borrower's gross monthly income for Expanded Affordability <p>(d) In the case of Negative Equity Reduction PRA (i.e. principal reduction of primary mortgages in significant negative equity positions for "non-delinquent" borrowers to an amount as close to 100% LTV ratio as the amount of per-household assistance will permit to reduce the risk of potential default by such borrowers):</p> <ul style="list-style-type: none"> • <i>Eligible financial hardship</i>: <ul style="list-style-type: none"> ○ "Severe Negative Equity" defined as: (1) a negative equity position in which LTV is 120% or more or (2) a negative equity position in which 10% or more of unpaid principal balance ("UPB") constitutes negative equity so long as such negative equity amount is at least \$20,000
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	<ul style="list-style-type: none"> ○ borrower must not have liquid assets in excess of the total amount of assistance provided under this component (as defined in the program guidelines) ● <i>Pre-assistance affordability:</i> <ul style="list-style-type: none"> ○ borrower must be “non-delinquent” or made “non-delinquent” at the time of assistance ○ monthly mortgage payment must not exceed either (1) 31% of the borrower’s gross monthly income; or (2) 40% of the borrower’s gross monthly income for Expanded Affordability
<p>6. Property/Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> ● Property must be owner-occupied. ● UPB of the mortgage(s) must be no greater than \$500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)). ● Depending on the agreement with the servicer, servicer may not be required to approve a homeowner’s participation in the component if a trustee’s sale is scheduled to take place within seven days or less from date the servicer is notified of borrower eligibility.. ● Property must be a single-family dwelling (1 to 4 units).
<p>7. Program Exclusions</p>	<ul style="list-style-type: none"> ● Current unpaid principal balance(s) exceeds 150% of the homeowner’s purchase price. ● Total assistance of \$10,000 or less. ● The principal reduction contribution exceeds \$100,000 (the maximum household assistance). ● The principal reduction contribution exceeds the amount necessary to bring the outstanding mortgage balance to 100% of the property’s fair market value: except as applied to 5(a). ● Properties with an outstanding UPB of the mortgage(s) that is greater than \$500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)).
<p>8. Structure of Assistance</p>	<p>Depending on the agreement with the servicer, the structure of assistance may be provided in one of the following ways:</p> <ul style="list-style-type: none"> ● In the case of Modification or Reamortization PRA, principal reduction assistance may be structured as a one-time up-front, forgivable loan in the amount of the assistance provided to eligible borrowers. Promissory notes evidencing these loans in favor of AHFPFC will be placed on the property as a junior lien. A forgiveness clause will extinguish the loan

	<p>in the following manner: (a) the loan amount representing the amount necessary to bring the homeowner's LTV down to 100% will be forgiven at the end of five (5) years, and (b) the remainder of the loan amount representing the amount of the loan that brought the homeowner's LTV below 100% will be forgiven at the end of thirty (30) years, provided the borrower has satisfied all terms of the loan. The terms of these loans will be zero-interest, zero-payment for the duration of the loan. The loan will be considered satisfied upon expiration of the respective term and AHFPFC will release the lien connected with the note. These loans will be utilized to reduce a portion of the principal on the first mortgage loan, the amount of which may be matched by the primary lender/servicer. All or part of the loan funds will be repaid to AHFPFC in the event that the home increases in equity and a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds.</p> <ul style="list-style-type: none">• In the case of HARP PRA, principal reduction assistance is structured as a one-time up-front installment evidenced by a promissory note with a five-year term. Assistance is contingent upon eligibility for a HARP or other substantively similar mortgage refinance.• In the case of Forbearance Elimination PRA and Negative Equity PRA, principal reduction assistance may be structured as a one-time up-front, forgivable loan in the amount of the assistance provided to eligible borrowers. Promissory notes evidencing these loans will be for a term of five (5) years in favor of AHFPFC and placed on the property as a junior lien. A forgiveness clause will extinguish the loan amount at the end of five (5) years, provided the borrower has satisfied all terms of the loan. The terms of these loans will be zero-interest, zero-payment for the duration of the loan. The loan will be considered satisfied upon expiration of a five-year term and AHFPFC will release the lien connected with the note. These loans will be utilized to reduce a portion of the principal on the first mortgage loan, the amount of which may be matched by the primary lender/servicer. All or part of the loan funds will be repaid to AHFPFC in the event that the home increases in equity and a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds.
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	<ul style="list-style-type: none"> Any proceeds that are returned to the component will be reutilized to assist additional homeowners in accordance with the Agreement.
9. Per Household Assistance	<ul style="list-style-type: none"> \$100,000 is the maximum amount of assistance. \$60,000 is the estimated median amount of assistance. The principal reduction contribution must be no greater than \$100,000 (the maximum household assistance). The principal reduction contribution must be no greater than the amount necessary to bring the outstanding mortgage balance to an amount as close to a 100% LTV ratio as the amount of per-household assistance will permit, except as applied to 5(a). Borrowers will not always receive the maximum amount of assistance.
10. Duration of Assistance	Assistance will be available to households on a one-time-only basis.
11. Estimated Number of Participating Households	It is anticipated that the Principal Reduction Assistance component will assist a minimum of 1,808 households in avoiding foreclosures.
12. Program Inception/Duration	<ul style="list-style-type: none"> This component began in September 2010 and it is projected that assistance will be expended by December 31, 2021. All funds still available on December 31, 2021 will be returned to Treasury in accordance with the Agreement.
13. Program Interactions with Other Programs (e.g. other HFA programs)	Borrowers may participate in other components, as long as the borrower meets the eligibility criteria of each component and combined total assistance received from all of the components does not exceed the lesser of: (a) the maximum household assistance of \$100,000 or (b) the amount necessary to bring the outstanding mortgage balance to an amount as close to a 100% LTV ratio as the amount of per-household assistance will permit except as applied to 5(a).
14. Program Interactions with HAMP	ADOH's program may interact with aspects of the Making Home Affordable Program ("MHA"). In some cases, the assistance the ADOH provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that Troubled Asset Relief Program funds are used efficiently and that HHF programs complement MHA programs.

15. Program Leverage with Other Financial Resources	In order to leverage the funds, ADOH will attempt to have the lender/servicer match any principal reduction provided through the Principal Reduction Assistance component.
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SERVICE SCHEDULE B-2

**SAVEOURHOMEAZ
Second Mortgage Assistance Component
Summary Guidelines**

1. Program Overview	Under the Second Mortgage Assistance Component, assistance will be provided to eliminate second mortgages on eligible transactions.
2. Program Goals	The goals of the Second Mortgage Assistance Component are to help homeowners avoid foreclosure by eliminating a second mortgage if necessary to modify the terms of the primary loan, achieve affordability and to reduce the likelihood that a borrower will re-default under its primary loan as a result of the burden of a second mortgage.
3. Target Population/Areas	<p>The targeted populations are households whose income does not exceed 150% of Area Median Income (“AMI”).</p> <p>It is projected that component assistance will be provided to targeted areas according to the following breakdown of counties. These projections are based on population, delinquent loans and pending foreclosures in these areas.</p> <p style="text-align: center;">Maricopa County: 75% of component funds Pima County: 8% of component funds Pinal County: 9% of component funds All other areas: 8% of component funds</p>
4. Program Funds (Excluding Administrative Expenses)	Not applicable. Program Funds may be disbursed under any program included in Schedule B.

<p>5. Borrower Eligibility Criteria</p>	<ul style="list-style-type: none"> • Eligible financial hardships include (a) a monthly mortgage payment that exceeds 31% of the borrower’s gross monthly income, and a reduction in income due to under employment, medical condition, divorce or death as set forth in the program guidelines; or (b) “Negative Equity” defined as: (1) a negative equity position in which LTV is 120% or more or (2) a negative equity position in which 10% or more of unpaid principal balance (“UPB”) constitutes negative equity so long as such negative equity amount is at least \$20,000. • For applications received on or after April 6, 2017, the reduction or elimination of a second mortgage may only be provided to the extent necessary to achieve an affordable monthly mortgage payment for homeowners who have an eligible financial hardship described in (a) above. • Property must be borrower’s primary residence. • Income less than 150% of AMI. • Requests for Mortgage Assistance with hardship and Dodd Frank Certification. • For applications received on or before April 6, 2017: Affordability for Home Affordable Refinance Program (“HARP”) structured assistance is determined by the lender’s approval of the HARP or other substantively similar mortgage refinance, otherwise it is 31% of the household’s gross monthly income or up to 40% of the borrower’s gross monthly income for borrowers who have demonstrated an ability to make the modified mortgage payment for a 3-month period (“Expanded Affordability”).
<p>6. Property/Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> • Property must be owner-occupied. • Unpaid principal balance (“UPB”) of the mortgage(s) must be no greater than \$500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)). • Property must be a Single-family dwelling (1 to 4 units).
<p>7. Program Exclusions</p>	<ul style="list-style-type: none"> • Current UPB of the mortgage(s) exceeds 150% of the homeowner’s purchase price. • Assistance exceeds \$60,000. • Assistance exceeds the amount necessary to bring the outstanding mortgage balance to 100% of the property’s fair market value. • Properties with an outstanding UPB of the mortgage(s) that is greater than \$500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)).

<p>8. Structure of Assistance</p>	<ul style="list-style-type: none"> • The Second Mortgage Assistance Component will provide up-front, forgivable, loans to eligible borrowers. Promissory notes on the forgivable loans will be for a term of five (5) years in favor of the Eligible Entity and placed on the property as a junior lien. A forgiveness clause will extinguish the loan amount at the end of five (5) years, provided the consumer has satisfied all terms of the loan. The terms of the loan are zero-interest, zero-payment for the duration of the loan. The assistance loan will be considered satisfied upon expiration of five-year term and the Arizona Department of Housing (“ADOH”) will release the second lien connected with the note. These loans will be utilized to reduce a portion of the principal on the existing second mortgage and the remaining balance will be extinguished by the lender/servicer, if the assistance is less than the outstanding principal balance due. All or part of the loan funds will be repaid to ADOH in the event that the home increases in equity and a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds. • Second Mortgage Assistance provided as a part of a HARP or other approved refinance will be provided in a one-time installment evidenced by a promissory note with a five-year term. If coupled with Principal Reduction Assistance component on a first mortgage the amount of the promissory note will be for the combined total of all assistance under both components. • Any proceeds that are returned to the program will be reutilized to assist additional homeowners in accordance with the Agreement.
<p>9. Per Household Assistance</p>	<ul style="list-style-type: none"> • \$60,000 is the maximum amount of assistance. • \$50,000 is the estimated median amount of assistance.
<p>10. Duration of Assistance</p>	<p>Second mortgage assistance will be disbursed in full in a one-time payment contingent upon the closing of the transaction.</p>
<p>11. Estimated Number of Participating Households</p>	<p>It is anticipated that the Second Mortgage Assistance Component will assist a minimum of 407 households.</p>
<p>12. Program Inception/Duration</p>	<ul style="list-style-type: none"> • This program component began in September 2010 and it is projected that assistance will be expended by December 31, 2021.

	<ul style="list-style-type: none"> All funds still available on December 31, 2021 will be returned to Treasury in accordance with the Agreement.
13. Program Interactions with Other Programs (e.g. other HFA programs)	For short sale commitments in existence as of April 6, 2017, ADOH will, on behalf of an approved seller, attempt to extinguish the second mortgage as part of a short sale that is part of the Short Sale Assistance Component. Assistance is capped at \$8,500 when combined with the Short Sale Assistance Component. Borrowers may participate in other components, as long as borrower meets the eligibility criteria of each component and the combined total assistance received from all of the components is the lesser of the individual component caps or the total Program cap of \$100,000.
14. Program Interactions with HAMP	ADOH's program may interact with aspects of the Making Home Affordable Program ("MHA"). In some cases, the assistance the ADOH provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs.
15. Program Leverage with Other Financial Resources	N/A

SERVICE SCHEDULE B-3

SAVEOURHOMEAZ Unemployment/Underemployment/Reinstatement Mortgage Assistance Component Summary Guidelines

1. Program Overview	<p>The Unemployment/Underemployment/Reinstatement Mortgage Assistance Component (“UMA”) will provide mortgage relief for qualified unemployed and underemployed borrowers.</p> <p>Arizona Department of Housing (“ADOH”) may, on behalf of the eligible borrower, bring the first mortgage and any junior mortgage (as applicable) current by curing all past due payments, accrued interest and legal fees. Additional benefits may consist of a full monthly mortgage payment to the servicer until the applicable program cap is reached or the borrower becomes sufficiently employed and is able to sustain the payment at 31% of gross monthly income.</p> <p>The borrower will be required to pay a portion of their monthly mortgage payment to ADOH in the amount of 31% of the household gross monthly income, excluding unemployment benefits.</p> <p>ADOH will be responsible for ongoing monitoring of borrowers to ensure continued eligibility if receiving monthly assistance.</p>
2. Program Goals	<p>This Component will provide assistance for a set period of time and/or maximum dollar amount. The purpose of the Component is to assist borrowers until they can obtain sufficient income to resume scheduled mortgage payments or qualify for a modified mortgage payment.</p> <ul style="list-style-type: none">• Sustain the unemployed/underemployed borrower’s monthly mortgage payment until the borrower can resume payment or the available assistance has been provided.• Maintain the borrower’s contribution towards its monthly mortgage payment at 31% of his or her current gross monthly income for the duration of the assistance, excluding unemployment benefits.
3. Target Population/Area	<p>The target population includes eligible homeowners whose hardship is caused by unemployment or underemployment.</p>

<p>4. Program Funds (Excluding Administrative Expenses)</p>	<p>Not applicable. Program Funds may be disbursed under any program included in Schedule B.</p>
<p>5. Borrower Eligibility Criteria</p>	<p>General Requirements:</p> <ul style="list-style-type: none"> • One or more of the responsible borrowers must be unemployed/underemployed. • Borrowers must participate in (face-to-face when possible) continued eligibility validations according to program guidelines. • Borrower must occupy the subject property as his or her primary residence during the assistance disbursement period. • Income less than 150% of Area Median Income (“AMI”). • Requests for Mortgage Assistance with hardship and Dodd Frank Certification. <p>Additional Unemployment Requirements:</p> <ul style="list-style-type: none"> • If the eligible borrower is unemployed, the borrower must provide proof he or she applied for unemployment benefits (UB107, UB100). <p>Additional Underemployment Requirements</p> <ul style="list-style-type: none"> • If the eligible borrower is underemployed, the borrower must provide documentation of a significant reduction of income, as specified in the program guidelines, resulting in a housing payment greater than 31% of his or her gross monthly income. <p>Additional Reinstatement Assistance Requirements:</p> <ul style="list-style-type: none"> • Borrower must demonstrate that the hardship caused by unemployment or underemployment has passed. For example, one of the borrowers was unemployed and now the same borrower is employed, eliminating the hardship. • There must be a correlation between the qualified hardship and the delinquency in the mortgage payments. • Borrowers must demonstrate that they now have the ability to afford the monthly mortgage payment. Affordability is defined as the payment being at or under 31% of the borrower’s documented gross monthly income. • A monthly mortgage payment that does not exceed

	<p>40% of the borrower’s gross monthly income for borrowers who have demonstrated an ability to make the modified mortgage payment for a 3-month period (“Expanded Affordability”).</p> <ul style="list-style-type: none"> • The reinstatement assistance may be inclusive of junior mortgages (as applicable) and subject to Component eligibility criteria.
6. Property/Loan Eligibility Criteria	<ul style="list-style-type: none"> • Unpaid principal balance (UPB) of the mortgage(s) must be no greater than \$500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)). • Property must be owner-occupied. • Mortgage(s) must be delinquent by at least two (2) payments; provided, however, in the case of a borrower that is current or has only one payment due and unpaid by the end of the month in which it is due, and makes application for Component assistance, such borrower will be evaluated to determine if it is at risk of imminent default. • Component payments must go toward a first mortgage except when reinstating a junior mortgage. • Property must be a single-family dwelling (1 to 4 units).
7. Program Exclusions	<ul style="list-style-type: none"> • Properties that have an outstanding mortgage(s) in excess of 150% of the purchase price. • Properties that have an outstanding mortgage(s) in an amount greater than \$500,000.
8. Structure of Assistance	<ul style="list-style-type: none"> • ADOH will execute and record a non-recourse, non-interest bearing forgivable note of no more than five (5) years in duration, secured by a junior lien on the property. The note amount will be forgiven at the completion of the loan term. All or part of the loan funds will be repaid to ADOH in the event that the home increases in equity and a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds. • Any proceeds that are returned to the program will be reutilized to assist additional homeowners in accordance with the Agreement.

<p>9. Per Household Assistance</p>	<p>Servicers have no responsibility for monitoring individual program participation and are not required to refund payments received that exceed individual program caps.</p> <ul style="list-style-type: none"> • Original approved monthly mortgage assistance of \$2,000. Later adjustments to the monthly mortgage assistance may exceed the \$2,000 a month maximum. Assistance is available for a maximum of twenty-four (24) months for Borrowers applying for assistance prior to September 15, 2016, and for up to a maximum of twelve (12) months for applications submitted thereafter, including previously rejected applications that have been resubmitted to the program. • Upfront reinstatement assistance required by servicers in order for the homeowner to participate in UMA will be limited to twelve (12) months of monthly mortgage payment assistance, regardless of the term length of monthly mortgage payment assistance approved for the Borrower. • Maximum amount of assistance will be limited to a cap of \$60,000.
<p>10. Duration of Assistance</p>	<p>Servicers have no responsibility for monitoring payment duration.</p> <ul style="list-style-type: none"> • Up to twenty-four (24) months' of mortgage payment assistance for participants applying for assistance prior to September 15, 2016, and for up to a maximum of twelve (12) months for applications submitted thereafter, including previously rejected applications that have been resubmitted to the program. • Benefits may be provided for up to two (2) months post re-employment, provided the maximum term and/or amount of mortgage payment assistance has not been met. • Borrowers whose payments remain unaffordable to them at the end of the twenty-four (24) month UMA term, may be provided an extended term of mortgage assistance for six (6) additional months, if such assistance has been approved by the Program prior to September 15, 2016. During the extended term the homeowner will make no contribution toward the mortgage payment and will be required to meet with their housing counselor to adopt a transition plan.

11. Estimated Number of Participating Households	It is anticipated that the Unemployment/Underemployment Mortgage Assistance Component will assist a minimum of 4,211 households.
12. Program Inception/Duration	<ul style="list-style-type: none"> • This component began in March 2011 and assistance is expected to be expended by December 31, 2021. • All funds still available on December 31, 2021 will be returned to Treasury in accordance with the Agreement.
13. Program Interactions with Other Programs (e.g. other HFA Programs)	Borrowers may participate in other components, as long as the borrower meets the eligibility criteria of such component and combined total assistance received from all of the components is the lesser of the individual component caps or total program cap of \$100,000.
14. Program Interactions with HAMP	ADOH's program may interact with aspects of the Making Home Affordable Program ("MHA"). In some cases, the assistance the ADOH provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs.
15. Program Leverage with Other Financial Resources	Servicers will not charge administrative fees (e.g., NSF, late charges) in any month where a full contract payment is made. If the loan is reinstated or modified following ADOH mortgage assistance, servicers will waive all administrative fees accrued since the beginning of the delinquency.

SERVICE SCHEDULE B-4

SAVEOURHOMEAZ Short Sale Assistance Component Summary Guidelines

1. Program Overview	<p>Short Sale Assistance Component will provide the eligible seller the funds needed to relocate or secure a lease option purchase agreement on the property when a short sale has been approved by the homeowner’s servicer. It will provide much needed enhancements to the short sale process for qualified sellers.</p> <p>The Arizona Department of Housing (“ADOH”) is responsible for screening sellers to determine program eligibility and providing confirmation to the seller and servicer/lender that it intends to provide assistance to the seller.</p> <p>Servicers may refer potentially eligible sellers to ADOH.</p> <p>Depending on the agreement with the servicer and or purchaser of the subject property, one of two methods will be used to provide short sale assistance:</p> <ul style="list-style-type: none">• Assistance may be provided in order to facilitate the short sale.• Assistance may be provided in order to facilitate a short sale lease option transaction. <p>The structure of these two types of assistance is further discussed in Section 8.</p> <p>ADOH may provide funds directly to the homeowner as a part of the short sale closing/funding process but not prior to closing.</p>
2. Program Goals	<p>Short Sale Assistance Component was designed to help stabilize communities by providing assistance to consumers in unrecoverable situations to transition from homeownership to renting as well as enhance the marketability of short sale properties and accelerate the stabilization of property value.</p>
3. Target Population/Area	<p>The targeted populations are households whose income does not exceed 150% of Area Median Income (“AMI”).</p>

4. Program Funds (Excluding Administrative Expenses)	Not applicable. Program Funds may be disbursed under any program included in Schedule B.
5. Borrower Eligibility Criteria	<ul style="list-style-type: none"> • Lender-approved short sale. • Purchase and Sale Agreement. • Income less than 150% of AMI. • Requests for Mortgage Assistance with hardship and Dodd Frank Certification.
6. Property/Loan Eligibility Criteria	<ul style="list-style-type: none"> • Property must have been owner-occupied within the last 12 months. • Unpaid principal balance (“UPB”) of the mortgage(s) must be no greater than \$500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)). • Property must be a Single-family dwelling (1 to 4 units)
7. Program Exclusions	<ul style="list-style-type: none"> • Property located outside of Arizona. • Properties with an outstanding UPB of the mortgage(s) that is greater than \$500,000. • Sellers who apply for assistance after the short sale has been completed. • Sellers who are executing a “strategic default” (determination made through program underwriting guidelines). • Properties that have an outstanding mortgage(s) in an amount greater than \$500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)).
8. Structure of Assistance	<p>Assistance under this component will be structured as a one-time installment to the appropriate party.</p> <p>When provided to facilitate a short sale, assistance may be structured in the following manner:</p> <ul style="list-style-type: none"> • Transition assistance may be available to the seller. • Seller-paid closing cost assistance on behalf of the buyer when applicable. • Assistance to extinguish junior liens when applicable.

	<p>When provided to facilitate a short sale with a lease purchase option, assistance may be structured in the following manner:</p> <ul style="list-style-type: none"> • Lease Purchase Option (“LPO”) for the subject property between the seller and the buyer. • Transaction fee paid to the buyer on behalf of the seller. • Property maintenance cash reserve payment paid to the buyer on behalf of the seller. • Financial assistance when the sales price exceeds 80% of the Broker Price Opinion (“BPO”) used to determine the sales price. These funds will be paid directly to the current lender to satisfy the short sale pay-off balance as part of the short sale closing process.
9. Per Household Assistance	<ul style="list-style-type: none"> • Maximum assistance for short sale assistance shall be \$25,000, in accordance with program guidelines. • Maximum assistance for Short Sale Assistance Component with a lease purchase option shall be \$66,000, in accordance with program guidelines, including when combined with other programs.
10. Duration of Assistance	Program is a one-time payment per seller household, made upon close of escrow on the short sale.
11. Estimated Number of Participating Households	Based on ADOH eligibility criteria and available funding, it is anticipated that the Short Sale Assistance Component will assist a minimum of 163 households.
12. Program Inception/Duration	This component began in June 2011 and it is projected that assistance will be expended by December 31, 2021. All funds still available on December 31, 2021 will be returned to Treasury in accordance with the Agreement.
13. Program Interactions with Other Programs (e.g. other HFA Programs)	Borrowers may participate in other components, as long as the borrower meets the eligibility criteria of each component and combined total assistance received from all of the components is the lesser of the individual component caps or the total Program cap of \$100,000. Sellers participating in Home Affordable Foreclosure Alternative (“HAFA”) Assistance may receive up to \$1,500 for relocation assistance.

<p>14. Program Interactions with HAMP</p>	<p>ADOH’s program may interact with aspects of the Making Home Affordable Program (“MHA”). In some cases, the assistance the ADOH provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs.</p>
<p>15. Program Leverage with Other Financial Resources</p>	<p>Short sale assistance may be combined with lease purchase options funded by a third party.</p>

SERVICE SCHEDULE B-5

**SAVEOURHOMEAZ (SOHAZ)
Down Payment Assistance (DPA)
Summary Guidelines**

1. Program Overview	The Down Payment Assistance (DPA) Program will provide an incentive to qualified homebuyers to purchase a primary residence in targeted areas in Arizona. Providing incentives to qualified homebuyers in housing markets that have been hardest hit by serious delinquency, negative equity, distressed sales, and foreclosures will strengthen demand in those areas, stabilize housing prices and prevent future foreclosures. This Program will be offered within 26 zip codes in Arizona.
2. Program Goals	The goal of the DPA Program is to prevent future foreclosures by assisting with the stabilization of housing prices in targeted areas. The Arizona Home Foreclosure Prevention Funding Corporation (AHFPFC) will identify meaningful indicators that will enable them to track and quantify the DPA Program’s impact in the targeted areas.
3. Target Population/Areas	<p>Targeted areas (“Targeted Area”) are as follows: This component will be offered within 26 zip codes throughout in Arizona, to include: Bullhead City (86442), Casa Grande (85122), Glendale (85301), Green Valley (85614), Kingmen (86409), Phoenix (85042, 85016, 85017, 85051, and 85041), Rio Rico (85648), Sahuarita (85629), Sierra Vista (85650 and 85635), Tucson (85730, 85706, 85747, 85712, 85710, 85711, 85713, and 85746), Vail (85641) and Yuma (85364, 85365 and 85367). .</p> <p>For these specific areas, AHFPFC evaluated five (5) housing market distress indicators across the entirety of Arizona. Each Targeted Area exceeded the statewide rate in at least four (4) out of the five (5) distressed housing market indicators which include: change in sale price from one year ago; REO sales rate; Short sales rate; Negative Equity; and the Foreclosure Rate.</p>
4. Program Funds (Excluding Administrative Expenses)	Not applicable. Program Funds may be disbursed under any program included in Schedule B.

<p>5. Borrower Eligibility Criteria</p>	<p>Eligible borrowers must qualify for and meet all requirements for a first mortgage loan under the Arizona Industrial Development Authority's homebuyer program, or a comparable homebuyer program administered by an approved local Industrial Development Authority (IDA). Allowable first mortgage loans will be "Qualified Mortgages" (QM) that are 30-year, fixed-rate loans insured or guaranteed by the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture – Rural Development (RD), Fannie Mae HFA Preferred, and/or Freddie Mac HFA Advantage. Eligible borrowers must also meet the following criteria:</p> <ul style="list-style-type: none"> • Borrower(s) income not to exceed the income limit established with respect to the first mortgage loan and published in the related program guidelines. • Purchase Price limit is four (4) times the annual income limit. • Each borrower must complete a homebuyer education course before closing, and as otherwise set forth in the program guidelines. • The homebuyer will work through one of the approved mortgage lenders participating in the Pathway to Purchase Program Home Loan Program, or a mortgage lender participating in one of the IDA's comparable homebuyer programs. The lender will be the borrower's point of contact throughout the process, working with the homebuyer to obtain a qualifying mortgage and registration for the DPA Program loan. • Each borrower will be required to provide a satisfactory Dodd-Frank certificate.
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6. Property/Loan Eligibility Criteria	<ul style="list-style-type: none"> • The property must be a single-family home, a condominium unit, a townhome, or a two-four family dwelling unit of which one unit is to be occupied by the mortgagor as his or her principal residence. • Must be the borrower’s primary residence. • Property must be located in a Targeted Area. • Meet all applicable DPA Program, Ginnie Mae (FHA, VA, USDA-RD) or GSE (Fannie Mae & Freddie Mac) underwriting guidelines. • Must be a resale of an existing property. • Property must be within the purchase price limit of no more than four (4) times the annual income limit established for the program.
7. Program Exclusions	<ul style="list-style-type: none"> • Borrowers, properties and loans not eligible for assistance through the Pathway to Purchase Home Loan Program or comparable IDA homebuyer program. • Dodd-Frank exclusion for having been convicted of a mortgage-related felony in the past ten years.
8. Structure of Assistance	<p>Down payment assistance, including reasonable and customary closing costs, will be made available to homeowners as follows: Assistance will be structured as a one-time up-front, forgivable loan in the amount of the assistance provided to eligible borrowers. A promissory note evidencing the loan will be for a term of five (5) years in favor of AHFPFC and placed on the property as a junior lien. A forgiveness clause will extinguish the loan amount at the end of five (5) years, provided the borrower has satisfied all terms of the loan. The terms of these loans will be zero-interest, zero-payment for the duration of the loan. The loan will be considered satisfied upon expiration of a five-year term and AHFPFC will release the lien connected with the note. All or part of the loan funds will be repaid to AHFPFC in the event that a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds.</p> <p>Any proceeds that are returned to the component will be reutilized to assist additional homeowners in accordance with the Agreement.</p>
9. Per Household Assistance	<p>The lesser of 10 percent of the purchase price amount or \$20,000.</p>

10. Duration of Assistance	DPA Program funds will be used to reimburse the Arizona Industrial Development Authority, the Arizona Department of Housing, or a local IDA, as applicable, who pre-funds the DPA at closing once it is determined that all DPA Program component requirements have been met.
11. Estimated Number of Participating Households	It is anticipated that the DPA Program will assist approximately 5,011 households.
12. Program Inception/Duration	The DPA Program will begin in March 2016 and it is projected that assistance will be expended through 2021.
13. Program Interactions with Other Programs (e.g. other HFA programs)	<p>The DPA Program will take advantage of an existing infrastructure of participating lenders who are already actively originating Pathway to Purchase Home Loans or lenders participating in a local IDA homebuyer program. If the borrower has received HHF assistance under any other Program Component, they will be excluded from receiving assistance under this component.</p> <p>Any borrower receiving funds from the DPA Program will not be eligible for other down payment assistance programs offered by the Arizona Industrial Development Authority.</p>
14. Program Interactions with HAMP	None.
15. Program Leverage with Other Financial Resources	None.

SCHEDULE C**PERMITTED EXPENSES**

	Arizona
Program Duration (years)	
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$59,470.00
Building, Equipment, Technology	\$6,379.00
Professional Services	\$57,650.00
Supplies / Miscellaneous	\$0.00
Marketing /Communications	\$126.00
Travel	\$1,877.00
Website development /Translation	\$67,147.00
Contingency	\$0.00
Subtotal	\$192,649.00
<i>Operating / Administrative Expenses:</i>	
Salaries	\$12,199,156
Professional Services (Legal, Compliance, Audit, Monitoring)	\$1,647,728
Travel	\$56,650
Buildings, Leases & Equipment	\$0
Information Technology & Communications	\$475,000
Office Supplies/Postage and Delivery/Subscriptions	\$900,000
Risk Management / Insurance	\$0.00
Training	\$4,000.00
Marketing/PR	\$1,808,099
Miscellaneous	\$1,540,000
Subtotal	\$18,630,633
Transaction Related Expenses:	
Recording Fees	\$6,532,736
Wire Transfer Fees	\$0.00
Counseling Expenses	
File Intake	\$0.00
Decision Costs	\$0.00
Successful File	\$0.00
Key Business Partners On-Going	\$11,423,727
Subtotal	\$17,956,463
Grand Total	\$36,779,745
% of Total Award	12.42%
Award Amount	\$296,146,720