

SERVICE SCHEDULE B-1

Rhode Island Housing’s

Loan Modification Assistance (LMA)

Summary Guidelines

<p>1. Program Overview</p>	<p>Loan Modification Assistance (LMA) will provide up to \$50,000 to help facilitate an affordable mortgage modification or recast (including through principal reduction), or a full lien extinguishment.</p> <p>Lender/Servicer may be required to present a modification plan for Hardest Hit Fund Rhode Island (HHFRI) approval and a final modification agreement prior to release of funds. Lender/Servicer is required to affirm the approved use of funds.</p> <p>LMA is designed to address items that may be negatively impacting the homeowner’s ability to obtain a modification. Funding can be used to address:</p> <ul style="list-style-type: none"> • insufficient income: unemployment or underemployment; • insufficient equity; • delinquent mortgage payments including escrows; • escrow shortage payments; • payment of non-escrowed taxes or insurances; • satisfaction of delinquent condo or planned unit development (PUD) homeowners association dues and special assessments; • satisfaction of subordinate liens, superior real estate tax liens; or other liens related to the property.
<p>2. Program Goals</p>	<p>To help Rhode Island homeowners at risk of foreclosure obtain a loan modification/recast or full lien extinguishment.</p>
<p>3. Target Population/Areas</p>	<p>Low- to moderate-income homeowners suffering a program eligible financial hardship, as defined in the program guidelines, related to reduction of income or other demonstrated financial hardship.</p> <p>Hardest Hit Funds are offered statewide.</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>

5. Borrower Eligibility Criteria

Eligible borrowers must be at risk of foreclosure due to a financial hardship through no fault of their own. A hardship is defined as an uncontrollable increase in expense (excluding consumer debt) or an uncontrollable decrease in income that places the homeowner at risk of foreclosure. Examples of a hardship include: underemployment, reduction of income, unemployment, death or disability in family, unforeseen medical expense, costly home repairs necessary for habitability, extended loss of rental income due to an inability to secure a tenant or negative equity. The loan to value ratio (LTV) must be 110% or greater in order for negative equity to be considered a hardship by itself. Completion of a Hardship Affidavit and appropriate supporting documentation is required. Homeowners must meet the following criteria to be eligible for assistance under LMA:

- Borrower must have a pre-assistance monthly mortgage payment that is greater than 28% of their gross monthly household income;
- Homeowners must meet current maximum income limits as determined in accordance with Program Guidelines; and
- Borrower is able to satisfy program and underwriting guidelines.

If the eligible hardship is negative equity, LMA funding (other than for full lien extinguishment) may not be used to reduce the principal balance of an eligible borrower's mortgage loan below 100% of the current market value of the property, unless it is required to achieve a permanently affordable payment, but in no event can the loan be reduced below an 80% LTV. Second mortgage debt may be considered on a case by case basis.

This assistance must bring the total housing debt to income ratio to 42% or below. HHFRI will consider, on a case-by-case basis, investor program guidelines that utilize affordable mortgage definitions that result in a modification with a total housing debt to income ratio greater than 42%.

Homeowners must meet these additional criteria to be eligible for a full lien extinguishment:

- The primary income for the household must be from a fixed income source.
- The homeowner must have a mortgage balance of \$50,000 or less.
- Total annual household income must be less than 125% of the state median income.

In the event the servicer is subject to investor or insurer income hardship calculation requirements, HHFRI will consider use of alternate models to calculate gross monthly household income. The servicer must provide documentation evidencing the alternate model used.

6. Property/Loan Eligibility Criteria	Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums, provided the original mortgage was not greater than \$820,500.
7. Program Exclusions	<p>Homeowner has cash reserves and/or non-retirement liquid assets exceeding \$20,000.</p> <p>Homeowners who previously received Hardest Hit Funds and failed to satisfy the terms of the assistance and or defaulted on their HHF obligation.</p>
8. Structure of Assistance	<p>Funds will be provided in the form of a zero-percent interest, non-recourse, non-amortizing loan secured by the property. The loan is forgivable at 20% of the original principal balance per year over five (5) years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement. Borrowers who refinance, transfer title or sell the property within the five-year period must repay the loan on a pro-rata basis provided there is sufficient equity from such refinance, title transfer or sale. If the property is sold, refinanced or otherwise transferred and has not increased in value to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven.</p> <p>Funds will be returned to the HHF Program for additional use in accordance with the Agreement.</p>
9. Per Household Assistance	<p>LMA will provide up to (i) \$50,000 to achieve a loan modification/recast and (ii) up to \$50,000 or the pre-assistance mortgage balance, whichever is less, for a full lien extinguishment.</p> <p>When combined with other HHF programs, up to \$75,000 in total HHF assistance per household may be available for homeowners who are at risk of foreclosure.</p>
10. Duration of Assistance	Assistance will be paid directly to the existing servicer in a one-time lump sum.
11. Estimated Number of Participating Households	We estimate that we will serve 611 homeowners based on the maximum program limit and program allocation at this time.
12. Program Inception/Duration	The program began November 1, 2010 and will last until program funds have been exhausted, but no later than December 31, 2020.

13. Program Interactions with Other HFA Programs	Additional aid may be available to eligible homeowners through other HHFRI programs up to program limits.
14. Program Interactions with HAMP	Funds will be paid to the servicer through this program to help the homeowner qualify for a modification.
15. Program Leverage with Other Financial Resources	This program is designed to complement and supplement HAMP, Non-HAMP or other lender/servicer workout solutions. Lender/servicers must be willing to participate.

SERVICE SCHEDULE B-2

Rhode Island Housing's

Temporary and Immediate Homeowner Assistance (TIHA)

Summary Guidelines

1. Program Overview	<p>The Temporary and Immediate Homeowner Assistance (TIHA) can provide up to \$50,000 for partial or full reinstatement or other mortgage related default assistance. Mortgage related default assistance may help pay delinquent taxes, insurances and association dues.</p> <p>TIHA funds can be used to address:</p> <ul style="list-style-type: none">• delinquent mortgage payments including escrows• escrow shortage payments• payment of non-escrowed taxes or insurances• satisfaction of delinquent condo or planned unit development (PUD) homeowners association dues and special assessments• satisfaction of subordinate liens, superior real estate tax liens or other liens related to the property
2. Program Goals	To help a homeowner avoid foreclosure when faced with temporary or immediate crisis.
3. Target Population/Areas	<p>Low- to moderate-income homeowners suffering a program eligible financial hardship, as defined in the program guidelines, related to reduction of income or other demonstrated financial hardship.</p> <p>Hardest Hit Funds, designed to prevent foreclosure, are offered statewide.</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>TIHA provides one-time lump sum mortgage reinstatement assistance for eligible homeowners.</p> <p>Borrower must demonstrate that the hardship resulted in a housing debt-to-income ratio greater than 28% and caused the delinquency. Borrower's post-assistance housing payment must be affordable (based on criteria set forth in program guidelines).</p>

	<p>All homeowners will be required to complete a Hardship Affidavit.</p> <p>Homeowner must be able to document the reason for the hardship. A hardship is defined as an uncontrollable increase in expenses (excluding consumer debt) or an uncontrollable decrease in income that has placed the homeowner at risk of foreclosure.</p> <p>Examples of a hardship include: underemployment, reduction of income, unemployment, death or disability in family, unforeseen medical expense, costly home repairs necessary for habitability or an extended loss of rental income due to an inability to secure a tenant. A loss of home value does not, unto itself, constitute a financial hardship, but may be considered to be a contributing factor in the evaluation of the request for assistance.</p> <p>Homeowners must meet current maximum income limits as determined in accordance with Program Guidelines.</p> <p>Borrower is able to satisfy program and underwriting guidelines.</p>
<p>6. Property/Loan Eligibility Criteria</p>	<p>Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums, provided the original mortgage was not greater than \$820,500.</p>
<p>7. Program Exclusions</p>	<p>Homeowner has cash reserves and/or non-retirement liquid assets exceeding \$20,000.</p> <p>Homeowners who previously received Hardest Hit Funds and failed to satisfy the terms of the assistance and or defaulted on their HHF obligation.</p>
<p>8. Structure of Assistance</p>	<p>Funds will be provided in the form of a zero-percent interest, non-recourse, non-amortizing loan secured by the property. The loan is forgivable at 20% of the original principal balance per year over five (5) years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement. Borrowers who refinance, transfer title or sell the property within the five-year period must repay the loan on a pro-rata basis provided there is sufficient equity from such refinance, title transfer or sale. If the property is sold, refinanced or otherwise transferred and has not increased in value to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven.</p> <p>Funds will be returned to the HHF Program for additional use in accordance with the Agreement.</p>

9. Per Household Assistance	<p>The amount of assistance available under TIHA is up to \$50,000 per household.</p> <p>When combined with other HHF programs, up to \$75,000 in total HHF assistance per household may be available for homeowners who are at risk of foreclosure.</p>
10. Duration of Assistance	<p>Assistance will be paid directly to the existing servicer, taxing authority or lien holder in a one-time lump sum.</p>
11. Estimated Number of Participating Households	<p>We estimate that we will serve 916 homeowners based on the maximum program limit and program allocation at this time.</p>
12. Program Inception/Duration	<p>November 1, 2010 until program funds are exhausted.</p>
13. Program Interactions with Other HFA Programs	<p>Additional aid may be available to eligible homeowners through other HHFRI programs up to program limits.</p>
14. Program Interactions with HAMP	<p>This program does not interact with HAMP.</p>
15. Program Leverage with Other Financial Resources	<p>None. Lender/servicers must be willing to participate.</p>

SERVICE SCHEDULE B-3

Rhode Island Housing's

Moving Forward Assistance

Summary Guidelines

1. Program Overview

The Moving Forward Assistance Program (MFA) will provide eligible homeowners who can no longer afford to stay in their home with up to \$10,500 to assist in the transition.

The MFA assistance can be used to facilitate a short sale or deed in lieu of foreclosure and/or assist with moving and relocation expenses. Eligible homeowners can receive up to a \$2,000 allowance to pay for moving and relocation expenses and up to \$8,500 towards satisfaction of a subordinate lien to facilitate a short sale/deed-in-lieu. Moving and relocation expenses may be disbursed directly to eligible homeowners. Moving and relocation expenses above this amount will be paid when documented. The total amount available for facilitation of short sale/deed in lieu plus moving expenses cannot exceed \$10,500. When MFA funds are used to encourage a short sale or satisfy other real estate liens the amount cannot exceed the amount of the lender charge-off.

MFA assistance is available to homeowners who resided in the property within one of the following time frames: (i) within six (6) months of application for HHF assistance, or (ii) within ninety (90) days prior to the property having been listed as a short sale. In no case shall MFA assistance be provided where the short sale or deed-in-lieu transaction has occurred prior to the disbursement of assistance.

In some circumstances, the best outcome for borrower, lender and community may be for the borrower to relinquish the property in an orderly process. MFA assistance can take the form of a contribution to the primary or secondary lender to help facilitate a short sale or deed in lieu of foreclosure. It could also be used to provide the borrower relocation assistance including a security deposit/first and last month's rent, moving expenses, or utility deposit MFA assistance could be used to satisfy subordinate or superior real estate tax liens against the real estate that prevent the homeowner from transferring clear title. These liens may include mechanics liens, defects,

	inheritance taxes, water fees, fire district or sewer fees, condo fees, PUD lien sale or other legal encumbrances on the property or to satisfy judgments or loan deficiency balances resulting from a short sale.
2. Program Goals	Rhode Island Housing (RIH) envisions that these monies would be used to complement other federal or lender programs designed specifically to stabilize communities by providing assistance to borrowers who have suffered a financial hardship and as a result are no longer financially able to stay in their home.
3. Target Population/Areas	<p>Low- to moderate-income homeowners suffering a program eligible financial hardship, as defined in the program guidelines, who can no longer afford to stay in their home and require transition assistance.</p> <p>Hardest Hit Funds, designed to prevent foreclosure, are offered statewide.</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>Borrower must be able to document the reason for the hardship and will be required to complete a Hardship Affidavit.</p> <p>A hardship is defined as an uncontrollable increase in housing expense or an uncontrollable decrease in income that has placed the homeowner at risk of foreclosure. Examples of a hardship include: underemployment, reduction of income, unemployment, death or disability in family, unforeseen medical expense, and costly home repairs necessary for habitability. A loss of home value does not, unto itself, constitute a financial hardship, but may be considered to be a contributing factor in the evaluation of the request for assistance.</p> <p>Homeowners must meet current maximum income limits as determined in accordance with Program Guidelines.</p> <p>Borrower is able to satisfy program guidelines.</p>

6. Property/Loan Eligibility Criteria	Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums, provided the original mortgage was not greater than \$820,500.
7. Program Exclusions	<p>Homeowner has cash reserves and/or non-retirement liquid assets exceeding \$20,000.</p> <p>Homeowners who previously received Hardest Hit Funds and failed to satisfy the terms of the assistance and or defaulted on their HHF obligation.</p>
8. Structure of Assistance	Funds are provided to eligible homeowners as a non-recoverable grant.
9. Per Household Assistance	<p>Up to \$10,500 per family is available under this program to facilitate a short sale or deed in lieu of foreclosure and/or to assist the homeowner with relocation.</p> <p>When combined with other HHF programs, up to \$75,000 in total HHF assistance may be available for homeowners who are at risk of foreclosure.</p>
10. Duration of Assistance	Participation in this program is a one-time payment.
11. Estimated Number of Participating Households	We estimate that we will serve 66 homeowners based on the maximum program limit and program allocation at this time.
12. Program Inception/ Duration	November 1, 2010 until program funds have been exhausted, but no later than December 31, 2020.
13. Program Leverage /Interactions with Other HFA Programs	MFA can provide assistance, up to the household cap, if a homeowner has used other HHF programs and subsequently can no longer afford to stay in the home.
14. Program Interactions with HAMP	MFA can provide assistance, up to the household cap, if a homeowner has obtained a HAMP or a lender/servicer workout or other HHF program assistance and subsequently can no longer afford to stay in the home.
15. Program Leverage with Other Financial Resources	Rhode Island Housing intends to leverage its current emergency and rental assistance programs which include www.homelocatorri.net and other relocation services which

	include Homeless Protection and Rapid Placement (HPRP) and Road Home Emergency Housing Assistance.
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SERVICE SCHEDULE B-4

Rhode Island Housing

Mortgage Payment Assistance - Unemployment Program (MPA-UP) for Unemployed and/or Underemployed Homeowners

Summary Guidelines

1. Program Overview	<p>The Mortgage Payment Assistance - Unemployment Program (MPA-UP) will provide up to \$50,000 in assistance to help stabilize unemployed and/or underemployed homeowners.</p> <p>MPA-UP assistance may be used to pay partial mortgage and mortgage-related expenses until the maximum household assistance amount is reached or the homeowner returns to work. Funds may be used to pay related arrearages. Current monthly mortgage payment assistance term cannot be less than six (6) months or exceed twenty-four (24) months or \$50,000, whichever is reached first.</p> <p>Homeowners' monthly payment contribution will be 28% of household income but not less than \$250.</p> <p>The homeowner may continue receiving assistance for up to two (2) months after reemployment or substantially increased employment, as long as the program household assistance limit has not been reached. Assistance funds will be paid directly to the lender/servicers. Rhode Island Housing or its designee will collect the homeowner's portion of the payment.</p> <p>MPA-UP assistance may be used to make ongoing partial mortgage payments and related expenses such as:</p> <ul style="list-style-type: none">• Escrows• Taxes and insurance• Condo association fees <p>This Program will work as both a standalone program or to complement other HHFRI programs. Homeowners may receive assistance from one or more HHFRI Programs, up to the maximum program and household limit.</p>
2. Program Goals	To assist unemployed and/or underemployed homeowners to remain in their homes and make on-time, monthly payments on their mortgages during their hardship so that they may avoid delinquency and foreclosure; and to help stabilize homeowners

	so that they can obtain a sustainable loan modification, if necessary, after they have regained full employment.
3. Target Population / Areas	<p>Low- to moderate-income, unemployed and/or underemployed homeowners suffering a program eligible financial hardship.</p> <p>Hardest Hit Funds, designed to prevent foreclosure, are offered statewide.</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>Eligible borrowers are unemployed or underemployed homeowners, who through no fault of their own, are unable to make their mortgage payments and are at risk of imminent default or foreclosure, as specified in the program guidelines. Borrowers will be required to provide a financial hardship affidavit with appropriate documentation on the cause of their unemployment or underemployment pursuant to program and underwriting guidelines.</p> <p>Eligible borrowers must have monthly mortgage payments that are greater than 28% of their gross monthly household income.</p> <p>All eligible borrowers must be able to document the unemployment hardship that has placed them at risk of imminent default or foreclosure.</p> <p>Household income must be fully documented and verifiable, income limits apply based on borrowers household gross annual income and family size.</p> <p>Homeowners must meet current maximum income limits as determined in accordance with Program Guidelines.</p> <p>Self-employed borrowers will be required to document loss of business and income and submit appropriate documentation.</p> <p>Homeowner will be required to contribute to their contractual monthly mortgage obligation. They must make their portion of the mortgage payment as directed by Rhode Island Housing or its designee, on time; and must actively seek reemployment during the assistance period.</p> <p>Borrower is able to satisfy program and underwriting guidelines.</p>

6. Property / Loan Eligibility Criteria	Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums, provided the original mortgage was not greater than \$820,500.
7. Program Exclusions	<p>Homeowner has cash reserves and/or non-retirement liquid assets exceeding \$20,000</p> <p>Homeowners who previously received Hardest Hit Funds and failed to satisfy the terms of the assistance and or defaulted on their HHF obligation.</p>
8. Structure of Assistance	<p>Funds will be provided in the form of a zero-percent interest, non-recourse, non-amortizing loan secured by the property. The loan is forgivable at 20% of the original principal balance per year over five (5) years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement. Borrowers who refinance, transfer title or sell the property within the five-year period must repay the loan on a pro-rata basis provided there is sufficient equity from such refinance, title transfer or sale. If the property is sold, refinanced or otherwise transferred and has not increased in value to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven.</p> <p>Funds will be returned to the HHFRI Program for additional use in accordance with the Agreement</p>
9. Per Household Assistance	<p>The amount of assistance under MPA-UP is up to \$50,000 per household (including borrowers who are currently receiving assistance and who demonstrate a continued hardship per program guidelines).</p> <p>When combined with other HHF programs, \$75,000 in total HHF household assistance may be available for homeowners who are at risk of foreclosure.</p>
10. Duration of Assistance	<p>The duration of the assistance is determined by the individual need of each eligible borrower but is up to two (2) years of payment assistance or the maximum household limit, whichever is reached first. The homeowner may continue receiving assistance for up to two (2) months after reemployment or substantially increased employment, as long as the program household limit has not been reached.</p> <p>Assistance will be paid directly to the existing servicer, municipality, association, insurer or lien holder and may be distributed in a lump sum or on a monthly basis until the maximum program amount is reached.</p>

	Assistance will be terminated if an approved HHF homeowner becomes more than two (2) months delinquent in his/her portion of the monthly mortgage obligation.
11. Estimated Number of Participating Households	We estimate that we will serve 2373 homeowners based on the maximum program limit and program allocation at this time.
12. Program Inception / Duration	December 1, 2010 until program funds have been exhausted, but no later than December 31, 2020.
13. Program Interactions with Other HFA Programs	MPA-UP program provides up to \$50,000 in assistance and acts as a gateway to other HHFRI programs. Program funds may be used in combination with other HHFRI programs up to program and household limits.
14. Program Interactions with HAMP	MPA-UP complements other lender/servicer workout plans, including any offered under MHA.
15. Program Leverage with Other Financial Resources	There is no investor match required for this program. However, lender/servicers must be willing to participate.

SERVICE SCHEDULE B-5

Rhode Island Hardest Hit Fund

Principal Reduction Program

Summary Guidelines

1. Program Overview	In the current housing crisis, many borrowers have found themselves owing more than their homes are worth (i.e. are “underwater”); there is also growing evidence that these loans are more likely to default, and that principal reduction may further the long-term sustainability of a loan. This program, designed by Bank of America, provides financial assistance, matched by the investor, to reduce the principal balance of underwater mortgages. The assistance (up to \$25,000) will be matched on a dollar-for-dollar basis. Borrowers may access the program through the HFA either directly or by referral from servicer (with HFA approval).
2. Program Goals	Leverage HHF dollars by reducing the principal balances of “underwater mortgages” (specifically mortgages for which the mark-to-market LTV is greater than 115%) and provide financial assistance to qualifying homeowners to remain in their homes during this period of steep declines in value. A reduction in principal can achieve desired income and loan-to-value ratios that result in an affordable payment for a customer on the existing mortgage loan or can be used in conjunction with a loan modification.
3. Target Population / Areas	The target population includes customers whose loans are at least sixty (60) days or more delinquent, where hardship is documented. The goal of the program is to target and address the needs of a customer’s specific situation in lieu of targeting certain regions or counties.
4. Program Funds (Excluding Administrative Expenses)	Not applicable. Program Funds may be disbursed under any program included in Schedule B.

5. Borrower Eligibility Criteria	Generally consistent with HAMP Criteria <ul style="list-style-type: none"> • At least sixty (60) days delinquent or in imminent default
6. Property/Loan Eligibility Criteria	The property must be the customer's principal residence; other criteria include: <ul style="list-style-type: none"> • Owner-Occupied, Single-Family 1-4 unit property • First Lien, Purchase or Rate & Term Refinance • Unpaid principal balance below \$729,750 • Property not vacant or condemned
7. Program Exclusions	Exclusions include: <ul style="list-style-type: none"> • Mortgage is a Cash-out-Refinance • Loan Originated after 1/1/2009 • LTV < 115% • Notice of trustee sale has been recorded and the trustee sale is scheduled within seven (7) days of date application received by servicer. <p>Homeowners who previously received Hardest Hit Funds and failed to satisfy the terms of the assistance and or defaulted on their HHF obligation.</p>
8. Structure of Assistance	Assistance will not be structured as a loan, since there is a dollar-for-dollar match on assistance. HHFRI assistance will be provided in accordance with the Servicers Principal Reduction schedule.
9. Per Household Assistance	Up to \$25,000 HHF dollars (not including investor match).
10. Duration of Assistance	HHFRI assistance will be provided in accordance with the Servicers Principal Reduction schedule.
11. Estimated Number of Participating Households	32

12. Program Inception / Duration	Approximately one to three years or until HHF funds are fully utilized.
13. Program Interactions with Other HFA Program	Additional aid may be available to eligible homeowners under Temporary and Immediate Homeowner Assistance (TIHA) and Moving Forward Assistance (MFA) up to program limits.
14. Program Interactions with HAMP and other Programs	HHF / Investor principal reduction will be the first step in the principal reduction assistance waterfall, prior to the HAMP alternative waterfall (per the guidance contained within the MHA Handbook) and any proprietary servicer programs. Borrower may access this program after unemployment assistance but must be able to demonstrate their ability to sustain the modified mortgage.
15. Program Leverage with Other Financial Resources	The applicable investor matches state contributed HHF principal reduction funds on a dollar-for-dollar basis. Servicer waives certain NSF and late charges.
16. Servicer reporting to HFA	The servicer will be able to identify all loans which received assistance through a HHF program and provide the HFA updates on the status of the loan (e.g. current/delinquent, foreclosure, short sale, etc.) on a quarterly basis for a period of twelve (12) months after assistance ends.

SERVICE SCHEDULE B-6

Rhode Island Hardest Hit Fund

Down Payment Assistance (DPA) Program

Summary Guidelines

1. Program Overview	<p>The Down Payment Assistance (DPA) Program will provide an incentive to qualified homebuyers who purchase and occupy an eligible property in targeted hardest hit areas in Rhode Island. The DPA loan is only available to eligible homebuyers who obtain first mortgage financing through Rhode Island Housing’s single-family mortgage program.</p>
2. Program Goals	<p>The goal of the DPA Program is to provide an incentive to encourage homebuyers to choose an eligible property within a hardest hit neighborhood. Eligible Properties are defined in section 6 below.</p> <p>Encouraging homeownership in housing markets that have been hardest hit by unemployment and foreclosures will strengthen demand in those areas, stabilize the housing market and prevent future foreclosures.</p> <p>Rhode Island will identify meaningful indicators that will enable them to track and quantify the DPA Program’s impact in targeted areas.</p>
3. Target Population / Areas	<p>The DPA program will target those communities in the state that were most impacted by the state’s foreclosure crisis. RIH evaluated all communities in the state at a zip code level and identified targeted areas based on higher than average indicators of seriously delinquent mortgage loans, negative equity, short sales, REO sales, and foreclosure rates. Those target areas were originally: Warwick, Providence, Pawtucket, Johnston, West Warwick, Woonsocket, Central Falls, Cranston, North Providence, and East Providence.</p> <p>The target areas have been narrowed to Warwick, Providence, Pawtucket, Woonsocket, Cranston and East Providence based upon additional indicators of distressed sales and the number of vacant homes.</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>Eligible borrowers must qualify for and meet all applicable income and purchase price limitations and requirements of Rhode Island Housing’s single-family first-time buyer loan programs.</p> <p>Allowable first mortgage loans are 30-year, fixed-rate loans insured or guaranteed by the Federal Housing Administration (FHA), Veterans Administration (VA), U.S. Department of Agriculture – Rural Development (RD) or GSE.</p> <p>Eligible borrowers must also meet the following criteria:</p> <ul style="list-style-type: none"> • Borrowers must be First-time Homebuyers. For the purpose of the DPA Program, a First-time Homebuyer is someone who has not had an ownership interest in their primary residence in the past three years, unless purchasing a home in a Federally Designated Targeted Area as specified in the Rhode Island Housing Program Guide. • Borrowers must be credit-worthy and meet Rhode Island Housing’s underwriting guidelines and applicable Agency (FHA, VA, USDA-RD) or GSE or requirements. • Homeowners must meet current maximum income limits as determined in accordance with Program Guidelines. • Borrowers must complete a pre-purchase homebuyer education course and receive a certificate of completion. • Homebuyers must occupy the home as their primary residence and satisfy all mortgage occupancy requirements as applicable. • Borrowers must be legal U.S. citizens or lawful permanent residents or otherwise meet the applicable Agency (FHA, VA, USDA-RD) or GSE requirements. • Borrowers must be able to provide a Dodd-Frank affidavit.

<p>6. Property/Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> • The property must be a single-family home, a condominium unit, a townhouse 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 one of the six HHF Targeted Areas. • Property must meet Rhode Island Housing HFA Homebuyer Loan Program guidelines. • Meet all applicable Agency (FHA, VA, USDA-RD) or GSE underwriting guidelines.
<p>7. Program Exclusions</p>	<ul style="list-style-type: none"> • Borrowers, properties and/or loans do not meet DPA Program eligibility requirements or Agency/Fannie Mae underwriting criteria. • Dodd-Frank exclusion for having been convicted of a mortgage-related felony in the past ten years. • Homeowners who previously received Hardest Hit Funds and failed to satisfy the terms of the assistance and or defaulted on their HHF obligation. • The property must not be new construction.
<p>8. Structure of Assistance</p>	<p>Funds will be provided in the form of a five-year, zero-percent interest, non-recourse, deferred payment, forgivable subordinate loan. The loan will be evidenced by a note and secured by a mortgage on the property. The loan is forgivable at 20% of the original principal balance per year over five (5) years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement. Borrowers who refinance, transfer title or sell the property within the five-year period must repay the loan on a pro-rata basis provided there is sufficient equity from such refinance, title transfer or sale. If the property is sold, refinanced or otherwise transferred and has not increased in value to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven.</p>

	Funds will be returned to the HHF Program for additional use in accordance with the Agreement.
9. Per Household Assistance	<p>\$7,500</p> <p>If the borrower has received HHF assistance under any other HHF program, the maximum amount of all assistance may not exceed \$75,000.</p>
10. Duration of Assistance	DPA Program funds will be disbursed in one lump sum at closing to eligible homebuyers.
11. Estimated Number of Participating Households	We estimate that we will serve an incremental 2,452 homeowners based on the maximum program limit and program allocation at this time.
12. Program Inception / Duration	The DPA Program will re-open in 2017 and it is projected that the allocation will be expended by December 31, 2020.
13. Program Interactions with Other HFA Programs	The DPA Program will take advantage of an existing infrastructure of Participating Lenders and the Loan Center who actively originate both first mortgages and down payment assistance loans as part of Rhode Island Housing's current single-family mortgage program. A borrower who obtains the \$7,500 DPA may be evaluated for other assistance programs, but may not receive additional down payment assistance from Rhode Island Housing. This does not restrict or exclude a homebuyer from being evaluated for a RIH Mortgage Credit Certificate, closing cost or other non-down payment assistance subsidy programs. While first-time borrowers must participate in Rhode Island Housing approved pre-purchase homebuyer counseling, post-purchase counseling is also available.
14. Program Interactions with HAMP and other Programs	None.

15. Program Leverage with Other Financial Resources	Funds may be leveraged by Rhode Island Housing, lenders or municipal partners using additional subsidy programs.
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SERVICE SCHEDULE B-7

Rhode Island Hardest Hit Fund

Reverse Mortgage Assistance Program (RMA)

Program was de-funded as of May 22, 2018

SERVICE SCHEDULE B-8

Rhode Island Housing

Rhode Island Refi

Summary Guidelines

1. Program Overview	Rhode Island Housing will leverage HHF dollars to facilitate a no cash out refinance in order to produce long-term mortgage sustainability. The new program aims to assist eligible homeowners who are current on their mortgage payments but owe more than their home is worth due to a long period of declining property values in their community. HHFRI will offer homeowners with negative equity (defined in Section 6) up to \$75,000 to reduce the balance owed on their mortgage and refinance into a new affordable loan based on the current market value of their home. The forgivable loan will lower the amount owed on an underwater loan to a level that reflects the decline in the home's value, allowing homeowners to erase their negative equity and refinance into an affordable 30-year fixed-rate Rhode Island Housing mortgage.
2. Program Goal	The goal of this Program is to achieve long-term mortgage sustainability by leveraging funds with a refinance. This will reduce the likelihood of future mortgage delinquency, default, or long-term unaffordability due to negative equity.
3. Target Population / Areas	The program will target income-eligible homeowners in Rhode Island who are current on their mortgage payments but owe more than their home is worth due to a long period of declining property values in their community.
4. Program Funds (Excluding Administrative Expenses)	Not applicable. Program Funds may be disbursed under any program included in Schedule B.
5. Borrower Eligibility Criteria	The program is targeted toward homeowners who have been current on their mortgage payments for at least 12 consecutive months. Borrower must also qualify for the new loan under RIH's income and credit requirements. Eligible first mortgage loans include, but are not limited to, those insured or guaranteed by the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture Rural Development (USDA), Federal National Mortgage Association (Fannie Mae) or

	<p>Federal Home Loan Mortgage Corporation (Freddie Mac), as set forth in the Program Guidelines. Additional borrower eligibility requirements include:</p> <ul style="list-style-type: none"> • Homeowner must meet current maximum income limits as determined in accordance with Program Guidelines. • Mortgage current/in good standing (a minimum of 12 consecutive months of on-time payments) • Must execute a Dodd-Frank affidavit.
6. Property / Loan Eligibility Criteria	<ul style="list-style-type: none"> • The property must be a single-family home, a condominium unit, a townhouse, or a two-four family dwelling unit • Must be owner occupied and borrower’s primary residence; • Meet all applicable Fannie Mae underwriting guidelines; • Underwriting: full credit qualifying with full appraisal; • Pre-assistance combined loan-to-value (CLTV) ratio must be 110% or greater; • Borrowers must exit with a 30-year fixed rate mortgage; • Borrowers must exit with a loan-to-value (LTV) of 80% or greater and an “affordable monthly payment” defined as a maximum housing debt-to-income (DTI) of 38%. Borrower may only receive additional funds over the funds needed to arrive at 38% in order to satisfy investor’s maximum LTV requirement (e.g. Fannie Mae: 97%); and • Post-assistance principal balance cannot exceed \$424,100.
7. Program Exclusions	<ul style="list-style-type: none"> • Dodd-Frank exclusion for having been convicted of a mortgage-related felony in the past ten years. • Homeowners who previously received Hardest Hit Funds and failed to satisfy the terms of the assistance and or defaulted on their HHF obligation.
8. Structure of Assistance	<p>Borrower’s existing loan(s) will be refinanced into a Rhode Island Housing fixed rate, 30-year no cash-out refinance mortgage.</p> <p>Assistance is structured as a one-time disbursement at closing evidenced by a promissory note with a three-year term and a recorded Recapture Agreement. The assistance will be forgiven on a monthly pro-rata basis over the three-year term. Any remaining funds will be returned to the HHF Program for additional use in accordance with the Agreement.</p>
9. Per Household	<p>Eligible borrowers may receive up to \$75,000. If an applicant also receives or received assistance through Hardest Hit Fund Rhode</p>

Assistance	Island (HHFRI), their maximum total assistance amount from HHF cannot exceed \$75,000.
10. Duration of Assistance	Assistance under this program is intended to be a one-time disbursement to the closing agent.
11. Estimated Number of Participating Households	Approximately 46 households.
12. Program Inception / Duration	The Refinance Program will begin in 2017 and it is projected that the allocation will be expended by December 31, 2020.
13. Program Interactions with Other HFA Programs	None.
14. Program Interactions with HAMP	None.
15. Program Leverage with Other Financial Resources	The refinance program will take advantage of Rhode Island Housing's Participating Lenders and Loan Center who originate both purchase money and refinance first mortgages as part of Rhode Island Housing's single-family mortgage program.

SCHEDULE C
PERMITTED EXPENSES

	Rhode Island
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$0.00
Professional Services	\$0.00
Supplies / Miscellaneous	\$0.00
Marketing /Communications	\$0.00
Travel	\$0.00
Website development /Translation	\$0.00
Contingency	\$0.00
Subtotal	\$0.00
<i>Operating / Administrative Expenses:</i>	
Salaries	\$11,113,997.83
Professional Services (Legal, Compliance, Audit, Monitoring)	\$645,646.96
Travel	\$25,000.00
Buildings, Leases & Equipment	\$1,527,108.98
Information Technology & Communications	\$1,017,338.87
Office Supplies/Postage and Delivery/Subscriptions	\$100,911.52
Risk Management/ Insurance	\$20,098.00
Training	\$0
Marketing/PR	\$978,198.26
Miscellaneous	\$815,565.28
Subtotal	\$16,243,865.70
<i>Transaction Related Expenses:</i>	
Recording Fees	\$0.00
Wire Transfer Fees	\$402,293.75
<i>Counseling Expenses</i>	
File Intake	\$765,800.00
Decision Costs	\$0.00
Successful File	\$0
Key Business Partners On-Going	\$0.00
Subtotal	\$1,168,093.75
Grand Total	\$17,411,959.45
% of Total Award	15.01%
Award Amount	\$116,019,791.00