# SCHEDULE B-1

## Tennessee Housing Development Agency

## Hardest Hit Fund Program (HHFP)

## Summary Guidelines

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| **1. Program Overview** | The Tennessee Housing Development Agency (THDA) Hardest Hit Fund Program (HHFP) will provide loans to unemployed or substantially underemployed homeowners, or those homeowners impacted by a recent divorce or death of a spouse, who, through no fault of their own, are financially unable to make their mortgage payments and are in danger of losing their homes to foreclosure.<br><br>Loan proceeds will be used to pay all mortgage and mortgage-related expenses (e.g., property taxes, homeowner insurance, homeowner dues) (i) until, for those unemployed or substantially underemployed homeowners, the homeowner secures employment or completes training for a new career and (ii) for all eligible homeowners, subject to maximum assistance criteria described in Section 9.<br><br>For homeowners who were unemployed or substantially underemployed and accumulated payment arrearages, but have since found a new job, reinstatement assistance will be available. |
| **2. Program Goals** | To assist unemployed or substantially underemployed homeowners, or those homeowners impacted by a recent divorce or death of a spouse, to remain in their homes and make monthly payments on their mortgages and mortgage related expenses such as property taxes, homeowner insurance, homeowner dues, and/or past-due mortgage payments (arrearages) so that they may avoid delinquency and foreclosure. |

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| **3. Target Population / Areas** | This program will be available in all Tennessee counties.<br><br>THDA previously provided additional assistance over a longer period of time to eligible homeowners living in targeted or "hardest hit" counties, defined as those counties showing greater than average distress based on a combination of unemployment rate, the percent of the state's foreclosures in that county, and delinquency rates. Twenty-nine counties were chosen as targeted based on the fact that they scored high on two of three factors, as follows: having an unemployment rate at or above the state average rate, having a high percentage of the state's foreclosure |

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| | filings (in the 75th percentile of counties), having a high delinquency rate (again, in the 75th percentile of 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** | Unemployed or substantially underemployed homeowners, or those homeowners impacted by a recent divorce or death of a spouse, who, through no fault of their own, are unable to make their mortgage payments and are at risk of foreclosure. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation as to the cause of their hardship, as specified in the program guidelines. Homeowners will be required to provide continual documentation certifying to their ongoing hardship.<br><br>Employed homeowners who have previously been unemployed or substantially underemployed and who are delinquent, but who can resume future payments without additional assistance.<br><br>Substantially underemployed homeowners are those homeowners whose income has been reduced by 30% or more.<br><br>The event or incident which results in unemployment or substantially underemployment, or the applicable divorce or death of a spouse impacting a homeowner, must have occurred after January 1, 2008.<br><br>Principal, Interest, Taxes and Insurance > 31% of household income after job loss/reduction of income.<br><br>Asset test: Borrower must not have > 6 months reserves.<br><br>Borrower must be a low- or moderate-income homeowner (maximum $92,680 household income).<br><br>Eligibility for program assistance will be determined primarily by participating foreclosure prevention partners using THDA underwriting criteria stated above.<br><br>Funds will be allocated on a first-come/approved, first-served basis. |

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| **6. Property / Loan Eligibility Criteria** | Existing single-family homes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.<br><br>Tennessee owner-occupied, primary residences only. |
| **7. Program Exclusions** | Total unpaid principal balances > $275,000.<br><br>Manufactured homes not considered real property.<br><br>Non-legal U.S. resident. |
| **8. Structure of Assistance** | 0% interest, non-recourse, deferred-payment, forgivable, subordinate loan. A forgiveness clause will reduce the loan amount by 20% a year for every year the borrower stays in the home up until five years. At the end of five years, the note will be considered satisfied and THDA will release the lien securing the note.<br><br>Loan funds are due and payable if property is sold, refinanced or no longer owner occupied and there are sufficient equity proceeds available (unless otherwise prohibited under applicable federal law).<br><br>All deferred, subordinate mortgages will be evidenced by a Home Equity Line of Credit promissory note and secured by a deed of trust on the property. Borrowers will be required to sign and acknowledge via written agreement indicating the program guidelines.<br><br>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement. |
| **9. Per Household Assistance** | Maximum amount available per homeowner:<br>• Assistance for up to 36 months, subject to a maximum assistance cap of $40,000.<br>• There is no maximum monthly payment amount; however, total loan amount cannot exceed applicable benefit. |
| **10. Duration of Assistance** | Homeowners may receive assistance up to a maximum of 36 months. Should a homeowner become reemployed within the applicable period, the homeowner may continue receiving assistance for up to an additional two months after |

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| | reemployment. Additionally, if a homeowner becomes reemployed within the applicable period and the homeowner's mortgage payment exceeds 31% of their current income, they are eligible for continued assistance.<br><br>Any reinstatement assistance shall be made in one payment. |
| **11. Estimated Number of Participating Households** | Based on the current average amount of assistance of $25,000, we would expect to assist approximately 7,355 homeowners. With the increase in available assistance amounts and terms, we do expect the average amount of assistance to increase and the number of homeowners assisted to decrease. |
| **12. Program Inception / Duration** | The program began serving the targeted, hardest hit counties January 1, 2011. On March 1, 2011, the program was expanded and all counties became eligible for the program. All funds are expected to be committed by December 31, 2014. Any recaptured funds will be used to fund other HHF Programs through December 31, 2020 or until funding is fully reserved, whichever comes first. |
| **13. Program Interactions with Other HFA Programs** | None. |
| **14. Program Interactions with HAMP** | Borrowers can receive HAMP assistance (including UP program assistance), as applicable, prior to or after receiving Hardest Hit Fund assistance. |
| **15. Program Leverage with Other Financial Resources** | None. |

# SCHEDULE B-2

## Tennessee Housing Development Agency

## HHF Blight Elimination Program (BEP)

## Summary Guidelines

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| **1. Program Overview** | The Tennessee Housing Development Agency (THDA) will administer the Hardest Hit Fund Blight Elimination Program (BEP) to assist in the removal of blighted properties in targeted areas within the State of Tennessee.<br><br>THDA will work in partnership with approved non-profit agencies and land banks (collectively, Program Participants) to strategically target blighted residential single-family properties for demolition, site improvement, and acceptable reuse. |
| **2. Program Goals** | The BEP will reduce foreclosures, promote neighborhood stabilization, and maintain or improve property values through the demolition of vacant, abandoned, blighted residential structures, and subsequent greening/improvement of the remaining parcels.<br><br>THDA has identified meaningful indicators that will enable THDA to track and quantify the program's impact in the targeted areas. |
| **3. Target Population / Areas** | This program will focus on targeted counties in Tennessee with high numbers of vacancies and foreclosures. The presence of a land bank will also be considered. This program will be made available to the following counties: Shelby, Madison, Montgomery, Hamilton, Knox and Anderson.<br><br>THDA program guidelines will ensure that demolition and greening/improvement is designed to increase values of neighboring properties and will promote a positive effect on preserving existing neighborhoods. |
| **4. Program Funds (Excluding Administrative Expenses)** | Not applicable. Program Funds may be disbursed under any program included in Schedule B. |

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| **5. Property Eligibility Criteria** | • Existing single-family (one to four unit) home.<br>• The property must be located in the State of Tennessee.<br>• The property must be located in a targeted area as defined in the program guidelines.<br>• The property must be vacant at the time of acquisition. For any requests submitted on or after January 15, 2016, the property must not be legally occupied at the time of any review or approval by the HFA or eligible entity (as applicable) for blight elimination activity.<br>• The property is a nuisance due to abandonment and/or other adverse conditions as identified in the program guide.<br>• The cost to acquire (if necessary), demolish, green, and maintain the property for up to three years does not exceed $25,000.<br>• THDA will determine property eligibility including the following requirements:<br>(1) Pass a Property Condition test;<br>(2) Meet the State of Tennessee's definition of "Blight" according to Title 13, Public Planning and Housing; and<br>(3) Qualify for lawful demolition. |
| **6. Ownership / Loan Eligibility Criteria** | Program Participant must hold title to the property (may acquire title in conjunction with the program transaction).<br><br>The property must be subject to a loan that can be modified or extinguished. |
| **7. Program Exclusions** | • Commercial properties, multifamily properties.<br>• Properties listed on a state, national, or local historic register.<br>• Properties not meeting THDA's eligibility requirements as specified in the program guidelines. |

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| **8. Structure of Assistance** | THDA will determine acceptability of project sites.<br><br>Program Participant will be responsible for acquisition of the property (if applicable), demolition work, greening/site improvement and on-going property maintenance.<br><br>The Program Participant will submit an application to THDA containing the location of the property, neighborhood conditions, estimated cost of structure removal, estimated cost of greening (if applicable), and the end use of the vacant lot.<br><br>Required documentation must be submitted by the Program Participant to THDA for review and approval in THDA's sole discretion pursuant to the program guidelines.<br><br>HHF funds will be provided in the form of a loan to the Program Participant, upon completion of blight elimination activity on the property, verification by THDA and execution of loan documentation. Total assistance will provide for acquisition costs (if applicable), demolition work, greening/site improvement costs, on-going property maintenance, and a one-time administrative fee of $1,000 per property for the Program Participant.<br><br>The loan will be evidenced by a promissory note in favor of THDA and secured by a deed of trust on the property. The loan will be up to a maximum of $25,000 with a deferred payment, forgivable over a 3 year term at 33.3% per year with a 0% interest rate so long as THDA's requirements are met.<br><br>Eligible costs include removal of debris, contractor's fees, permit fees, final inspections, environmental assessments, greening and maintenance fees in the amount of $1,800 for a three-year period, and any other fees or charges required to complete the property demolition, removal and site improvement, not to exceed $25,000. If the cost to demolish the property exceeds the $25,000 maximum, the non-profit Participant must pay the excess amount upfront. |

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| | The outstanding loan balance will become due and payable if the property or any interest in it is sold, or otherwise conveyed, or its title transferred, or it is used for an unauthorized purpose prior to the end of the loan term or if any ownership interest in the property owner is sold or otherwise conveyed. Special considerations may be made by THDA to release or subordinate its lien prior to the end of the loan term based upon the merit of the request and the proposed positive impact to the community. The method for calculating the portion of the outstanding balance to be forgiven or released will be determined based upon the closing date of the HHF funding.<br><br>Any funds returned according to established program guidelines will be recaptured and used in the program in accordance with the Agreement. |
| **9. Per Property Assistance** | Maximum amount of assistance may not exceed $25,000 per property. Maximum assistance amount includes acquisition costs (if applicable); demolition and greening/improvement costs; and a one-time project management and maintenance fee to cover management and maintenance expenses for a period of three (3) years. |
| **10. Duration of Assistance** | Funds will be disbursed on a first-come-first-served basis. |
| **11. Estimated Number of Properties Demolished** | Based on the maximum amount of assistance of $25,000, approximately 400 blighted properties are anticipated to be demolished and greened. Program will be expanded if funds are available. |
| **12. Program Inception / Duration** | The program will begin on November 1, 2015 and will last as long as the allocation of funds is available or until December 31, 2020. Any recaptured funds will be used to fund HHF Programs through December 31, 2020 or until funding is fully reserved, whichever comes first. |
| **13. Program Interactions with Other HFA Programs** | None. |
| **14. Program Interactions with HAMP** | None. |
| **15. Program Leverage with Other Financial Resources** | If the cost to demolish and green the property are in excess of the $25,000 program cap, the Program Participant must pay the excess amount up front. |

**SCHEDULE B-3**

**Tennessee Housing Development Agency**

**Principal Reduction with Recast Program or Lien Extinguishment**

**(PRRPLE) Summary Guidelines**

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| **1. Program Overview** | The Tennessee Housing Development Agency (THDA) Principal Reduction with Recast Program or Lien Extinguishment (PRRPLE) will lower monthly mortgage payments to affordable levels for eligible homeowners by providing (i) a reduction in the principal balance of their first mortgage loan, combined with a loan recast or modification, or (ii) principal reduction which results in a full lien extinguishment.<br><br>In conjunction with the principal reduction described above, PRRPLE will also pay mortgage-related expenses (e.g., principal, interest, property taxes, homeowner insurance, and servicer-related fees) necessary to bring homeowners current on their mortgage. |
| **2. Program Goals** | The goal of the program is to reduce delinquencies and foreclosures by lowering mortgage payments to affordable levels for homeowners who have encountered a financial burden due to an eligible hardship, including but not limited to homeowners who are living on social security, long-term disability or other fixed income source. |
| **3. Target Population / Areas** | This program will be available statewide in all Tennessee counties.<br><br>THDA will target homeowners who are low-to-moderate income and meet THDA mortgage loan income limits. |
| **4. Program Funds (Excluding Administrative Expenses)** | Not applicable. Program Funds may be disbursed under any program included in Schedule B. |

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| **5. Borrower Eligibility Criteria** | In order to be eligible for assistance under PRRPLE, homeowners must meet the following criteria:<br>• Asset test: homeowner must not have more than 12 months of principal, interest, taxes, and insurance (PITI) in reserves.<br>• Homeowner must be a U. S. citizen or a permanent resident alien.<br>• Homeowner has experienced an eligible financial hardship (as set forth in the program guidelines) which occurred after January 1, 2010. (Permanently disabled homeowners are exempt from this requirement.)<br>• Homeowner is required to complete a budgeting/housing counseling session before closing.<br>• For a non-fixed income homeowner, maximum household income not to exceed $95,900.<br>• For a fixed income homeowner, maximum household income not to exceed $68,700.<br><br>In order to receive principal reduction with a loan recast or modification, the following additional criteria apply:<br>• Homeowner suffered a loss of income equal to or greater than 20% due to a divorce, death of a spouse, underemployment or other financial hardship.<br>• Pre-assistance monthly PITI exceeds 30% of household income.<br>• Post-assistance monthly PITI does not exceed 38% of household income, and is not lower than 25% of household income.<br>• Unpaid principal balance of first mortgage loan does not exceed $275,000.<br>• For a non-fixed income homeowner, post-assistance loan-to-value (LTV) ratio is not less than 78%.<br>• For a fixed income homeowner, there is no minimum LTV ratio.<br><br>In order to receive a full lien extinguishment, the following additional criteria apply:<br>• Primary household income is from social security, long-term disability or other fixed income source.<br>• Pre-assistance monthly PITI exceeds 30% of household income.<br>• Homeowner has a first mortgage loan with an unpaid principal balance that does not exceed $40,000.<br><br>Eligibility for program assistance will be determined by THDA in its sole discretion, based on the criteria stated above and as otherwise set forth in the program guidelines. Funds will be allocated on a first-come/approved, first-served basis. |

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| **6. Property / Loan Eligibility Criteria** | Existing single-family homes or condominiums (attached or detached) including manufactured homes on permanent foundations assessed by taxing authority as real property.<br><br>Owner-occupied, primary residences only. |
| **7. Program Exclusions** | • Manufactured homes not considered real property.<br>• Homeowners who have previously received HHF funds through the HHFP program.<br>• Homeowners who are in an “active” bankruptcy.<br>• Homeowners with a subordinate lien that is delinquent or in foreclosure status. |
| **8. Structure of Assistance** | THDA will structure the PRRPLE assistance as a 0% interest, non-recourse, deferred-payment, forgivable, subordinate loan with a term of 10 years. The loan will be forgiven 20% per year in years 6 through 10. At the end of tenth year, the note will be considered satisfied and THDA will, upon request, release the lien securing the note.<br><br>Loan funds are due on sale or, refinance or if the property is no longer owner-occupied.<br><br>The loan will be evidenced by a promissory note and secured by a Deed of Trust against the property.<br><br>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners through December 31, 2020 in accordance with the Agreement.<br><br>After December 31, 2020, any unused funds will be returned to the U. S. Department of the Treasury in accordance with the Agreement. |
| **9. Per Household Assistance** | Maximum amount available per homeowner is $40,000. |
| **10. Duration of Assistance** | One-time payment to servicer. |

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| **11. Estimated Number of Participating Households** | Based on the maximum of $40,000 of PRRPLE assistance available to homeowners, we anticipate providing 125 homeowners with assistance.<br><br>Recaptured funds will be returned to the program and used to help additional homeowners in accordance with the Agreement. |
| **12. Program Inception / Duration** | The statewide launch of the PRRPLE will occur on March 1, 2017. The program will begin accepting applications on launch date.<br><br>All funds are expected to be committed by September 30, 2020. Any recaptured funds will be used to fund HHF Programs through December 31, 2020 or until funding is fully reserved, whichever comes first. |
| **13. Program Interactions with Other HFA Programs** | Homeowners who have received assistance through the HHF funds in the HHFP program are not eligible to apply for the PRRPLE program. |
| **14. Program Interactions with HAMP** | No. |
| **15. Program Leverage with Other Financial Resources** | No. |

**SCHEDULE B-4**

**Tennessee Housing Development Agency**

**Down Payment Assistance Program (HHF-DPA)**

**Summary Guidelines**

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| **1. Program Overview** | The Tennessee Housing Development Agency (THDA) will provide a Down Payment Assistance Program (HHF-DPA) as an incentive to qualified first-time homebuyers to purchase a residence in HHF Targeted Zip Codes (as specified in Section 3) within Tennessee. 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 distressed zip codes, stabilize housing prices and help to prevent future foreclosures. |
| **2. Program Goals** | The HHF-DPA Program will help homeowners avoid foreclosure by supporting the stabilization of housing prices in targeted zip codes.<br><br>THDA will identify meaningful indicators that will track and quantify the HHF-DPA Program's impact in HHF Targeted Zip Codes. |
| **3. Target Population / Areas** | This program will be available in the following approved HHF Targeted Zip Codes within Tennessee:<br><br>37037, 37040, 37042, 37073, 37086, 37110, 37115, 37148, 37172, 37186, 37207, 37208, 37217, 37218, 37303, 37311, 37321, 37323, 37404, 37406, 37411, 37412, 37416, 37660, 37716, 37721, 37813, 37821, 37871, 37912, 37914, 37917, 37921, 37924, 38012, 38016, 38018, 38053, 38063, 38105, 38107, 38109, 38111, 38115, 38116, 38122, 38125, 38127, 38128, 38133, 38134, 38135, 38141, 38301, 38305; and 37877, 37890, 37920, 37354, 37874, 38118, 37650.<br><br>For these zip codes, THDA evaluated five housing market distress indicators—seriously delinquent mortgage loans, negative equity, short sales, REO sales, and foreclosures—as well as origination data. Each of these zip codes exceeded the statewide rate in at least four out of the five distressed housing market indicators, and achieved a minimum threshold origination volume. |

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| **4. Program Funds (Excluding Administrative Expenses)** | Not applicable. Program Funds may be disbursed under any program included in Schedule B. |
| **5. Borrower Eligibility Criteria** | Eligible borrowers must qualify for and meet all requirements to receive a THDA Great Choice mortgage loan. For example, the loan must be a first lien, 30-year, fixed-rate mortgage loan originated through a THDA-approved lender, and either conventional or insured or guaranteed by the Federal Housing Administration (FHA), Veterans Administration (VA), or U.S. Department of Agriculture – Rural Development (RD).<br><br>Eligible borrowers must also meet the following criteria:<br>• Income may not exceed THDA household income limits.<br>• Must be First-Time Homebuyers as defined by IRS Tax Code.<br>• Must complete a THDA-approved homebuyer education course prior to closing.<br>• Must be a legal U.S. citizen or lawful permanent resident.<br>• Must have a minimum FICO score of 640 (middle score of three scores or lowest if two scores).<br>• Maximum debt-to-income ratio may not exceed 45%.<br><br>Eligibility for program assistance will be determined by THDA in its sole discretion, subject to the requirements stated above and as otherwise set forth in the program guidelines.<br><br>Funds will be allocated on a first-come/approved, first-served basis. |
| **6. Property / Loan Eligibility Criteria** | • The property must be a single-family home, a condominium unit, a townhome, a manufactured home on a foundation permanently affixed to real estate owned by the borrower, or a two-to-four family dwelling unit of which one unit is to be occupied by the mortgagor as his or her principal residence.<br>• Must be the borrower's primary residence.<br>• Property must be located in an HHF Targeted Zip Code.<br>• Property must meet Insurer or Guarantor's guidelines.<br>• Property must meet the HHF-DPA purchase price limits as specified in the THDA Originating Agent Guide. |

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| **7. Program Exclusions** | • Borrowers who received assistance from other HHF Programs.<br>• Borrowers convicted of any mortgage-related felonies or other prohibited crimes in the past ten years, in accordance with Section 1481(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. |
| **8. Structure of Assistance** | Down payment assistance, including reasonable and customary closing costs, will be made available to homeowners in the form of a zero-percent (0%) interest, non-recourse, and forgivable second mortgage loan with a ten year term. This loan will be evidenced by a note and deed of trust in favor of THDA. The second mortgage loan will be forgivable at a rate of 20% per year, in years 6 through 10. THDA reserves the right to subordinate the second mortgage loan as further detailed in the HHF-DPA Program Guide.<br><br>The HHF-DPA loan shall be due on sale. . Any HHF-DPA loan funds recovered before September 30, 2020 will be recycled back into HHF-DPA and used to provide assistance to additional homeowners for the duration of HHF-DPA in accordance with the Agreement. |
| **9. Per Household Assistance** | $15,000 per household. |
| **10. Duration of Assistance** | HHF-DPA Program funds will be used to reimburse participating lenders who fund the loan at closing once it is determined that all HHF-DPA Program requirements have been met. The loan must close prior to December 31, 2020. |
| **11. Estimated Number of Participating Households** | It is anticipated that the HHF-DPA Program will assist approximately 4,000 homeowners.<br><br>Funds recaptured prior to September 3, 2020, will be returned to the HHF-DPA and used to assist additional homeowners in accordance with the Agreement. |
| **12. Program Inception / Duration** | The HHF-DPA Program will begin in March 2017. The program will accept applications within 30 days from the launch date. The program will begin accepting applications for the expansion of ZIP Codes on November 1, 2017.<br><br>All funds are expected to be committed by October 31, 2020. Funds recaptured prior to September 30, 2020, will be returned to the HHF-DPA and used to assist additional homeowners in accordance with the Agreement through December 31, 2020 or until funding is fully reserved, whichever comes first. |

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| **13. Program Interactions with Other HFA Programs** | The HHF-DPA Program will take advantage of an existing infrastructure of participating lenders who are already actively originating both first mortgage and down payment assistance loans as part of THDA's mortgage loan origination programs.<br><br>Homeowners may have received assistance through other HFA Programs. |
| **14. Program Interactions with HAMP** | None. |
| **15. Program Leverage with Other Financial Resources** | THDA uses tax-exempt bond proceeds as a source of funding for the accompanying first mortgage loans. In addition, funds may be leveraged by our lenders using additional subsidy programs such as state housing grants, Federal Home Loan Bank down payment assistance, Neighborhood Stabilization Program (NSP) Funds or HOME funds. HHF-DPA may not be leveraged with USDA-RD Grant Funding. |

**SCHEDULE B-5**

**Tennessee Housing Development Agency**

**HHF Reinstatement Only Program (HHF-ROP)**

**Summary Guidelines**

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| **1. Program Overview** | The Tennessee Housing Development Agency (THDA) Hardest Hit Fund Reinstatement Only Program (ROP) will provide assistance to homeowners who have fallen behind on their mortgage loans and are in imminent danger of losing their home to foreclosure due to a qualified hardship that occurred after they acquired their home.<br><br>Loan proceeds will be used to pay all mortgage loan and mortgage-related expenses to Servicer (e.g., escrowed property taxes, homeowner insurance, homeowner dues) to bring the homeowner's mortgage loan(s) current, subject to maximum assistance criteria described in Section 9. Homeowners may receive assistance to bring their mortgage loan current through the month the reinstatement payment is made. |
| **2. Program Goals** | To prevent foreclosures and preserve homeownership by providing reinstatement assistance to homeowners who have been impacted by an involuntary loss of income that caused them to become delinquent on their mortgage loan(s). |
| **3. Target Population / Areas** | This program will be available in all Tennessee counties. |
| **4. Program Funds (Excluding Administrative Expenses)** | Not applicable. Program Funds may be disbursed under any program included in Schedule B. |

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| **5. Borrower Eligibility Criteria** | In order to be eligible for assistance under ROP, homeowners must meet the following criteria:<br><br>• Maximum household income not to exceed $95,900.<br><br>• Asset test: homeowner must not have more than 6 months of principal, interest, taxes, and insurance (PITI) in reserves (excludes retirement accounts).<br><br>• Homeowner must be a U. S. citizen or a permanent resident alien.<br><br>• Homeowner has experienced an eligible financial hardship of involuntary loss of income equal to or greater than 20% due to a divorce, death of a spouse, or temporary loss of wages which occurred after the purchase of the home and after January 1, 2010 (permanently disabled homeowners do not need to meet the January 1, 2010 requirement).<br><br>• Post-Assistance: homeowner’s monthly PITI must not exceed 38% of household income.<br><br>• Homeowner is required to complete and sign a financial hardship affidavit with appropriate documentation as to the cause of the hardship, as specified in the program guidelines.<br><br>• Homeowner is required to complete a budgeting/housing counseling session before closing.<br><br>Eligibility for program assistance will be determined by THDA in its sole discretion, based on the criteria stated above and as otherwise set forth in the program guidelines. The ROP funds will be allocated on a first-come/approved, first-served basis. |
| **6. Property / Loan Eligibility Criteria** | The property must be an existing single-family home or condominium (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.<br><br>Tennessee owner-occupied, primary residences only. |
| **7. Program Exclusions** | • Homeowner has a total unpaid principal balance > $275,000.<br>• Homeowner has received assistance through other HHF funded programs.<br>• Homeowner is in “active” bankruptcy. |

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| **8. Structure of Assistance** | ROP assistance is structured as a 0% interest, non-recourse, deferred-payment, forgivable, subordinate mortgage loan with a ten (10) year term. A forgiveness clause will reduce the loan amount by 20% per year for every year the homeowner stays in the home in years 6 through 10. At the end of the ten (10) years, the note will be considered satisfied and the homeowner may request to release the lien securing the note.<br><br>The mortgage loan will be evidenced by a promissory note and secured by a deed of trust on the property in favor of THDA. Borrowers will be required to sign and acknowledge the program guidelines pursuant to a written agreement.<br><br>Loan funds are due and payable if the property is sold, refinanced or no longer owner occupied and there are sufficient equity proceeds available (unless otherwise prohibited under applicable federal law).<br><br>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement. |
| **9. Per Household Assistance** | Up to $20,000. |
| **10. Duration of Assistance** | ROP assistance is provided as a one-time disbursement per mortgage loan. |
| **11. Estimated Number of Participating Households** | Based on the maximum amount of ROP assistance, THDA anticipates assisting approximately 285 homeowners. |
| **12. Program Inception / Duration** | The program will began serving Tennesseans across the state November 1, 2017.<br><br>All funds are expected to be committed by December 31, 2020. Any recaptured funds will be used to fund HHF Programs through December 31, 2020 or until funding is fully reserved, whichever comes first. |
| **13. Program Interactions with Other HFA Programs** | None. |
| **14. Program Interactions with HAMP** | None. |

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| **15. Program Leverage with Other Financial Resources** | None. |

## SCHEDULE C

## PERMITTED EXPENSES

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| ***One-time / Start-Up Expenses:*** | |
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| Initial Personnel | $50,264.40 |
| Building, Equipment, Technology | $230,209.59 |
| Professional Services | $19,668.00 |
| Supplies / Miscellaneous | $3,265.33 |
| Marketing /Communications | $741.73 |
| Travel | $1,786.15 |
| Website development /Translation | $15,000.00 |
| Contingency | $0.00 |
| **Subtotal** | **$320,935.20** |
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| ***Operating / Administrative Expenses:*** | |
| Salaries | $18,233,044.07 |
| Professional Services (Legal, Compliance, Audit, Monitoring) | $429,776.36 |
| Travel | $134,186.56 |
| Buildings, Leases & Equipment | $0.00 |
| Information Technology & Communications | $723,697.19 |
| Office Supplies/Postage and Delivery/Subscriptions | $348,098.82 |
| Risk Management/ Insurance | $0.00 |
| Training | $85,236.42 |
| Marketing/PR | $2,118,848.92 |
| Miscellaneous | $198,394.29 |
| **Subtotal** | **$22,271,282.63** |
| | |
| ***Transaction Related Expenses:*** | |
| Recording Fees | $4,185,602.93 |
| Wire Transfer Fees | $421,778.31 |
| Counseling Expenses | |
| File Intake | $30,000.00 |
| Decision Costs | $0.00 |
| Successful File | $9,211,000.00 |
| Key Business Partners On-Going | $100,000.00 |
| **Subtotal** | **$13,948,381.24** |
| | |
| **Grand Total** | **$36,540,599.07** |
| | |

| | |
|---|---|
| % of Total Award | 12.09% |
| Award Amount | $302,336,993.00 |
| | |