

**SERVICE SCHEDULE B-1**

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

**PRINCIPAL CURTAILMENT PROGRAM (PC)**

**Summary Guidelines**

<p><b>1. Program Overview</b></p>	<p>The Principal Curtailment Program will provide a one- time matching fund of up to \$10,000 to homeowners seeking to modify their loans. The Lender/Service must agree to provide matching forgiveness of principal and to modify the reduced loan balance.</p>
<p><b>2. Program Goals</b></p>	<p>The Principal Curtailment will prevent avoidable foreclosures by helping homeowners who have a qualifying, involuntary hardship (for example, homeowners who currently cannot refinance or modify their mortgages due to negative equity positions). Homeowners will benefit from both a restructured loan payment and the reduction in principal balance, reducing monthly payments and increasing sustainability.</p>
<p><b>3. Target Population/Areas</b></p>	<p>MHA does not anticipate targeting this assistance on a geographic basis, nor have we anticipated targeting specific income limits.</p>
<p><b>4. Program Funds (Excluding Administrative Expenses)</b></p>	<p>Not applicable. Program Funds may be disbursed under any program included in Schedule B.</p>
<p><b>5. Borrower Eligibility Criteria</b></p>	<p>MHA determines homeowner eligibility. Homeowners presently having negative equity, greater than 100% Loan to Value (LTV) or greater than 100% Combined Loan to Value (CLTV), and needing principal curtailment in order to reach a sustainable mortgage payment. Homeowners are required to provide a hardship affidavit; it must be the occupying Homeowner who has the qualifying, involuntary hardship. If providing assistance on a 2<sup>nd</sup> lien, first lien must be documented as current. MHA considers a sustainable mortgage payment 45% or less (gross household income to validated mortgage payment).</p>
<p><b>6. Property/Loan Eligibility Criteria</b></p>	<p>The homeowner must currently occupy the property as his/her primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1- 4 unit properties are eligible if one unit is</p>

	<p>primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.</p>
<p><b>7. Program Exclusions</b></p>	<p>Second homes or investment properties. Homeowners with Liquid- cash reserves exceeding 6 months validated mortgage payments. Lender/Servicer is not required to accept homeowner to the program if a notice of trustee/sheriff sale has been recorded or the trustee/sheriff sale is scheduled less than seven days from date the Lender/Servicer is notified of borrower eligibility.</p>
<p><b>8. Structure of Assistance</b></p>	<p>Homeowners receiving assistance will execute a secured Subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a 5-year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a no cash out, limited-term, refinance, the MHA may subordinate lien position in accordance with program guidelines. Mortgage will be recorded through public records and ongoing monitoring, repayments, discharges, and subordinations will be conducted by MHA. Any repayment of program funds will be re-invested back into program allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>The Lender/Servicer will determine terms of modification according to their internal guidelines. The Lender/Servicer will transmit modification terms to the MHA for review and agree to match MHA’s assistance dollar for dollar towards principal curtailment. Awarded funds will be remitted to Lender/Servicer to be applied towards the capitalized balance resulting in a reduction in existing principal on either the 1<sup>st</sup> or 2<sup>nd</sup> Mortgage.</p> <p>Lender/Servicer is required to provide timely communication of homeowner’s loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Servicer is required to provide evidence of timely application of Hardest Hit Funds inclusive of their required minimum 1:1 match. Lender/Servicer is required to waive all accumulated late charges and non- sufficient funds (NSF) fees.</p>

<b>9. Per Household Assistance</b>	Maximum of \$10,000 per household with a minimum 1:1 match from the Lender/Servicer; total of \$20,000 per household.
<b>10. Duration of Assistance</b>	One-time assistance to homeowner paid directly to Lender/Servicer for application towards capitalized balance.
<b>11. Estimated Number of Participating Households</b>	300 households could be served under this program if they all receive the maximum funding amount of \$10,000.
<b>12. Program Inception/Duration</b>	Program rolled out July 12, 2010. Based on the overwhelming need, funds allocated to this Program will likely be exhausted 3 <sup>rd</sup> quarter 2014.
<b>13. Program Interactions with Other HFA Programs</b>	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
<b>14. Program Interactions with HAMP</b>	Homeowners can receive HAMP assistance (including UP program assistance) prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Servicers to follow current guidance issued by their investor and/or U.S. Treasury.
<b>15. Program Leverage with Other Financial Resources</b>	Existing Lender/Servicer will be required to match Hardest Hit Funds at a minimum of 1:1 towards capitalized debt. Lender/Servicer agrees to waive all accumulated late fees and NSF fees upon receipt of Hardest Hit Funds.

**SERVICE SCHEDULE B-2**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LOAN RESCUE PROGRAM (LR)**

**Summary Guidelines**

<b>1. Program Overview</b>	Whether it was a divorce, a serious illness, or a recent period unemployment, many Michigan families have encountered some significant obstacle in their lives that resulted in delinquent mortgage, property tax, or condominium association fees that could result in property foreclosure. This program will provide up to \$30,000 in assistance to households who had a qualifying, involuntary hardship and can sustain homeownership, but need assistance to catch up on delinquent payments, escrow shortage, delinquent property taxes, and/or delinquent condominium association fees to avoid foreclosure. (Condominium assessed fees as described in Act 59, MCL 559.101, <i>et seq.</i> , as amended).
<b>2. Program Goals</b>	This program will prevent avoidable foreclosures by helping homeowners get back on solid footing. In so doing, the program will stem the oversupply of foreclosed homes and short sales that dominate many markets and help stabilize the broader housing market in Michigan.
<b>3. Target Population/Areas</b>	Michigan homeowners currently delinquent on mortgage payments including property taxes and/or condominium association fees.
<b>4. Program Funds (Excluding Administrative Expenses)</b>	Not applicable. Program Funds may be disbursed under any program included in Schedule B.
<b>5. Borrower Eligibility Criteria</b>	MHA determines homeowner eligibility. Homeowners who had a qualifying, involuntary hardship (for example, job loss, decreased income or a catastrophic event). Homeowners are required to provide a hardship affidavit; it must be the occupying Homeowner who has the qualifying, involuntary hardship. If providing assistance on a second lien, first lien must be documented as current. MHA considers a sustainable mortgage payment 45% or less (gross household income to validated mortgage payment). If the property is free and clear of mortgage liens, sustainable housing ratio will be calculated on monthly payment of annual tax and condominium association fees; must be 45% or less.

<p><b>6. Property/Loan Eligibility Criteria</b></p>	<p>The homeowner must currently occupy the property as their primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.</p>
<p><b>7. Program Exclusions</b></p>	<p>Second homes or investment properties. Properties already foreclosed; after the sheriff sale date or after the foreclosure judgment becomes final (property taxes or condominium association fees.) Homeowners with liquid cash reserves exceeding \$10,000.</p>
<p><b>8. Structure of Assistance</b></p>	<p>Homeowners receiving assistance must be able to execute a secured subordinate lien mortgage and note in favor of the Eligible Entity. Loan will be 0%, non-amortizing loan, forgivable over a 5-year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a refinance transaction, the MHA may subordinate lien position in accordance with program guidelines. Mortgage will be recorded through public records; repayments, discharges, and subordinations will be conducted by MHA. Any lien recoveries will be recycled into Michigan’s Hardest Hit Funds for future allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>If assistance is paid directly to tax authority or condominium association, homeowner will execute an additional, simultaneous Demand Note in the amount of delinquent taxes and/or delinquent condominium association fees.</p> <p>Lender/Service and/or eligible third party (property tax authority or condominium association) is required to provide timely communication of homeowner’s loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Service and/or eligible third party (property tax authority or condominium association) is required to provide evidence of timely application of Hardest Hit Funds. Lender/Service is required</p>

	to waive all accumulated late charges and non-sufficient funds (NSF) fees.
<b>9. Per Household Assistance</b>	One-time award up to \$30,000 per household.
<b>10. Duration of Assistance</b>	One-time assistance to homeowner, paid directly to Lender/Servicer and/or eligible third party, for application towards homeowner's total, accrued delinquent mortgage payments, escrow shortages, corporate advances, excluding late charges and NSF fees, delinquent property taxes and/or delinquent condominium association fees on homeowners' account.
<b>11. Estimated Number of Participating Households</b>	Based upon maximum program funding of \$30,000 per household, 6,854 households may be assisted.
<b>12. Program Inception / Duration</b>	Based on the overwhelming need, funds allocated to this Program will likely be exhausted prior to December 31, 2020.
<b>13. Program Interactions with Other HFA Programs</b>	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program. Homeowners are eligible for simultaneous disbursements to multiple, eligible entities/participating partners in this Program.
<b>14. Program Interactions with HAMP</b>	Homeowners can receive HAMP assistance prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Servicers to follow current guidance issued by their investor and/or U.S. Treasury.
<b>15. Program Leverage with Other Financial Resources</b>	Lender/Servicer agrees to waive all accumulated late fees and NSF fees. No further matching is required.

**SERVICE SCHEDULE B-3**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
UNEMPLOYMENT MORTGAGE SUBSIDY PROGRAM (UMS)**

**Summary Guidelines**

<b>1. Program Overview</b>	<p>Michigan, through its Unemployment Mortgage Subsidy Program, may directly provide funds to the Lender/Servicer to subsidize an eligible homeowner's current or modified monthly mortgage payment and/or reinstate an existing mortgage, property tax or condominium association fees delinquency.</p> <p>This Program assists the homeowner who has had a qualifying, unemployment or underemployment-related hardship in retaining homeownership by subsidizing up to 50% or \$1,000 (whichever is less) of the monthly mortgage payment. The monthly subsidy will not exceed a total of 12 consecutive months or \$12,000. Homeowners will be responsible for the unsubsidized portion of their first mortgage lien's monthly payment, which will be collected by MHA's special sub-servicer and sent to MHA; MHA will always remit the full mortgage payment directly to the Lender/Servicer.</p> <p>Homeowners will also be eligible for upfront assistance to contribute towards a mortgage delinquency; inclusive of current mortgage payment due, delinquent mortgage payments, escrow shortages, corporate advances, excluding accrued late charges and non-sufficient funds (NSF) fees, on homeowners' mortgage account. Unemployed or underemployed homeowners that do not have a first mortgage lien or the first mortgage lien is documented as current and is not with a participating lender/servicer may be eligible for one-time reinstatement of delinquent property taxes and/or condominium association dues only. Maximum reinstatement amount cannot exceed the maximum program reservation of \$30,000 less the total amount initially reserved for 12 monthly subsidy amounts.</p>
<b>2. Program Goals</b>	<p>Provide monthly mortgage payment assistance and delinquent mortgage, property tax, or condominium association fees reinstatement to unemployed or underemployed residents helping them remain successful in homeownership by preventing avoidable foreclosures. In so doing, the program will stem the oversupply of foreclosed homes that dominate many markets and help stabilize the broader housing market in Michigan.</p>

<b>3. Target Population / Areas</b>	Unemployed and underemployed Michigan homeowners who need help paying their monthly mortgage payment and/or are currently delinquent on mortgage payments, property taxes and /or condominium fees.
<b>4. Program Funds (Excluding Administrative Expenses)</b>	Not applicable. Program Funds may be disbursed under any program included in Schedule B.
<b>5. Borrower Eligibility Criteria</b>	MHA determines homeowner eligibility. Homeowners who have lost their job and have received Michigan unemployment benefits (UIA) within the last 12 months of application date (not registration date) or homeowners who are underemployed and are able to document a 20% reduction in gross income. Homeowners are required to provide a hardship affidavit; it must be the occupying Homeowner who has the qualifying, involuntary hardship. Qualifying ratio of 45% or less (gross household income, including unemployment compensation, to borrower's required portion of the validated mortgage payment). If the property is free and clear of mortgage liens, sustainable housing ratio will be calculated on monthly payments of annual tax and/or condominium association fees; must be 45% or less.
<b>6. Property / Loan Eligibility Criteria</b>	The homeowner must currently occupy the property as their primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.
<b>7. Program Exclusions</b>	Homeowners unable to document an eligible unemployment or underemployment hardship. Second homes or investment properties. Properties already foreclosed; after the sheriff sale or after the foreclosure judgment becomes final (property taxes or condominium association fees.) Homeowners with liquid cash reserves exceeding \$10,000.  Assistance may not be provided on a loan in a 2 <sup>nd</sup> lien position.
<b>8. Structure of Assistance</b>	Homeowners receiving assistance must be able to execute a secured subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a



	<p>5-year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a refinance transaction, the MHA may subordinate lien position in accordance with in program guidelines. Mortgage will be recorded through public records; repayments, discharges, and subordinations will be conducted by MHA. Any lien recoveries will be recycled into Michigan's Hardest Hit Funds for future allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit funds will be available on a first come, first serve basis.</p> <p>Lender/Service is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Service is required to provide evidence of timely application of Hardest Hit Funds. Lender/Service is required to waive all accumulated late charges and NSF fees.</p>
<b>9. Per Household Assistance</b>	\$ 30,000 maximum per household.
<b>10. Duration of Assistance</b>	After one-time reinstatement assistance to mortgage lender/service, tax authority and/or condominium association, the monthly subsidy ceases after 12 months consecutive monthly payments OR if homeowner fails to pay their portion of the payment in accordance with terms of the Note.
<b>11. Estimated Number of Participating Households</b>	Based upon maximum program funding of \$30,000 per household, a minimum of 2,728 households may be assisted.
<b>12. Program Inception / Duration</b>	Based on the overwhelming need, funds allocated to this program will likely be exhausted prior to December 31, 2017.
<b>13. Program Interactions with Other HFA Programs</b>	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
<b>14. Program Interactions with HAMP</b>	Homeowners can receive HAMP assistance prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Service to follow current guidance issued by their investor and/or U.S. Treasury.

<b>15. Program Leverage with Other Financial Resources</b>	Lender/Service provider agrees to waive all accumulated late fees and NSF fees. No further matching is required.
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**SERVICE SCHEDULE B-4**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
MODIFICATION PLAN PROGRAM (MP)**

**Summary Guidelines**

<b>1. Program Overview</b>	Michigan’s Modification Plan Program provides a permanent solution to many homeowners who have a qualifying, involuntary hardship and an unsustainable monthly mortgage payment and/or to borrowers with severe negative equity. Up to \$30,000 in assistance may be provided to the Lender/Servicer to pay the capitalized balance or negative equity in order to contribute towards reaching a lower monthly payment. Re-amortization only or Recast Modifications are eligible.
<b>2. Program Goals</b>	This program will prevent avoidable foreclosures by putting homeowners who may be at a higher risk of foreclosure into a permanent, affordable loan modification allowing them to maintain homeownership, curb vacancies and stabilize local communities.
<b>3. Target Population/Areas</b>	Homeowners with negative equity greater than 115% Loan to Value (LTV) and homeowners who do not have a sustainable mortgage payment.
<b>4. Program Funds (Excluding Administrative Expenses)</b>	Not applicable. Program Funds may be disbursed under any program included in Schedule B.
<b>5. Borrower Eligibility Criteria</b>	MHA determines homeowner eligibility. Homeowners who have a qualifying, involuntary hardship and a present housing payment greater than 45% and/or have severe negative equity greater than 115% LTV. MHA considers a sustainable mortgage payment as 45% or less (gross household income to validated mortgage payment.) Homeowners are required to provide a hardship affidavit; it must be the occupying Homeowner who has the qualifying, involuntary hardship.
<b>6. Property/Loan Eligibility Criteria</b>	The homeowner must currently occupy the property as their primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.

<b>7. Program Exclusions</b>	Homeowners whose Lender/Service is unable to permanently modify or recast their existing lien. Assistance may not be provided on a loan in a 2 <sup>nd</sup> lien position. Second homes or investment properties. Properties already foreclosed; after the sheriff sale date or after the foreclosure judgment becomes final (property taxes or condominium association fees.) Homeowners with liquid cash reserves exceeding \$10,000.
<b>8. Structure of Assistance</b>	<p>Homeowners receiving assistance will execute a secured subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a 5-year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a refinance transaction the MHA may be willing to subordinate lien position. Mortgage will be recorded through public records; repayments, discharges, and subordinations will be conducted by MHA. Any lien recoveries will be recycled into Michigan's Hardest Hit Funds for future allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>MHA will determine amount of assistance up to program maximum based on delinquency amount and/or if the loan is current, based on amount required to improve negative equity position. MHA equity calculation will not reduce principal loan balance below 100% LTV. Awarded funds will be remitted to Lender/Service to be applied towards the capitalized balance. The Lender/Service will determine term of the modification according to their internal guidelines and transmit modification terms to the MHA. MHA will confirm final LTV is not less than 100% and reduced modified mortgage payment is sustainable i.e. 45% or less (gross household income to validated mortgage payment).</p> <p>Lender/Service is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Service is required to provide evidence of timely application of Hardest Hit Funds. Lender/Service is required to waive all accumulated late charges and non-sufficient funds (NSF) fees.</p>
<b>9. Per Household</b>	One-time award up to \$30,000 per household.

<b>Assistance</b>	
<b>10. Duration of Assistance</b>	One-time assistance to homeowner, paid directly to Lender/Servicer, for application towards capitalized balance and/or negative equity, excluding late fees and NSF fees, on homeowners' mortgage account.
<b>11. Estimated Number of Participating Households</b>	Based upon maximum program funding of \$30,000 per household, a minimum of 294 households may be assisted.
<b>12. Program Inception/ Duration</b>	Program rolled out July 2012. Based on the overwhelming need, funds allocated to this Program will likely be exhausted prior to December 31, 2017.
<b>13. Program Interactions with Other HFA Programs</b>	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
<b>14. Program Interactions with HAMP</b>	Homeowners can receive HAMP assistance prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Servicers to follow current guidance issued by their investor and/or U.S. Treasury.
<b>15. Program Leverage with Other Financial Resources</b>	Lender/Servicer agrees to waive all accumulated late fees and NSF fees. No further matching is required.

**SERVICE SCHEDULE B-5**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
BLIGHT ELIMINATION PROGRAM (BE)**

**Summary Guidelines**

<b>1. Program Overview</b>	Strategically target residential and multifamily demolition in designated areas within the state of Michigan, by partnering with land banks, non-profit and/or for-profit organizations (together, “Partners”).
<b>2. Program Goals</b>	The Blight Elimination Program (BE) primary purpose and goal is to focus efforts on decreasing foreclosures and stabilizing neighborhoods through the demolition and greening of vacant and abandoned single family and multi family structures in designated areas across Michigan. MHA will work with program Partners to identify meaningful indicators that will enable them to track and quantify the Blight Elimination Program’s impact in the designated communities.
<b>3. Target Population/Areas</b>	Demolition funds will be focused in the cities of Detroit, Flint, Grand Rapids, Pontiac, Saginaw, Ecorse, Highland Park, River Rouge, Ironwood, Muskegon Heights, Inkster, Jackson, Hamtramck, Port Huron, Adrian and Lansing. Additional cities will be selected through an application process pursuant to a Notice for Funds Availability (NOFA), and upon approval of the applicant’s strategic plan and execution of agreements. Please refer to program guides for additional information. MHA may authorize demolition to immediately adjacent neighborhoods to the designated cities if there is consensus among the applicable Partners that activity will promote increased values of remaining property and promote a positive economic impact.
<b>4. Program Funds (Excluding Administrative Expenses)</b>	Not applicable. Program Funds may be disbursed under any program included in Schedule B.
<b>5. Property Eligibility Criteria</b>	<p>MHA determines property eligibility. Property will be considered blighted if it meets any of the following criteria as determined by the local governing body in their strategic plan and pursuant to program guidelines.</p> <ul style="list-style-type: none"><li>• Considered a public nuisance according to local code or ordinance.</li><li>• Is a nuisance due to age, physical condition or use.</li><li>• Has had utilities, plumbing, heating or sewage disconnected, destroyed, removed or rendered ineffective so that property is</li></ul>

	<p>unfit for the intended use.</p> <p>For any requests submitted on or after January 15, 2016, properties 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.</p>
<b>6. Ownership/Loan Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Eligibility for residential (1-4 units) and multi-family (4+ units) demolition will be determined by MHA internal committee, ensuring funds will be appropriately spent, providing the greatest good for the city and neighborhood as defined in the program guidelines.</li> <li>• MHA to issue note and mortgage not to exceed \$25,000 per structure for actual costs incurred to acquire (if applicable), demolish, green, manage, and maintain property for a period to run concurrently with the term of the lien.</li> </ul>
<b>7. Program Exclusions</b>	<ul style="list-style-type: none"> <li>• Commercial structures</li> <li>• Properties listed on a national, state, or local historic register that do not receive approval from State Historic Preservation office and local Historical Chapters.</li> </ul>
<b>8. Structure of Assistance</b>	<p>MHA/MSHDA will determine project sites in direct consultation with Partners.</p> <p>Partners will be responsible for property acquisition (if applicable), demolition work and on-going property maintenance.</p> <p>Partners will submit to MHA/MSHDA the following for each demolition candidate:</p> <ul style="list-style-type: none"> <li>• Property ownership and/or acquisition information including location, deed, title insurance or equivalent.</li> <li>• Pre-demolition inspection with photos and post demolition inspection with photos. Third party environmental inspection (including asbestos information, if applicable), report providing proof of completion of demolition.</li> <li>• Any other miscellaneous information identified on property to include hazards, adverse findings, etc.</li> </ul> <p>Upon receipt of the above documentation, MHA will provide Hardest Hit funding to Partner after Partner's execution of a mortgage and note for a maximum of \$25,000 in favor of MHA. Total assistance will provide for payoff of any existing lien (if applicable), demolition costs, a \$500 one-time project management fee, and \$750 maintenance fee to cover maintenance of property for a period to run concurrently with the term of the lien.</p> <p>Loan will be 0%, non-amortizing loan, forgivable over a 5-year term at 20% per year, as long as covenants are met; outstanding balance of loan will be due on sale, transfer, or unauthorized use</p>

	of the property, to the extent of net proceeds received. Mortgage will be recorded through public records and ongoing monitoring, repayments, and discharges will be conducted by MHA. Any repayment of program funds will be re-invested back into program allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Special considerations may be made by MHA to release lien prior to 5-year term based on merit of request and to promote positive economic impact to community as set forth in program guidelines.
<b>9. Per Property Assistance</b>	Maximum of \$25,000 per structure which includes payoff of existing lien (if applicable); demolition costs, a one-time project management fee, and maintenance fee.
<b>10. Frequency of Assistance</b>	One-time assistance per property.
<b>11. Estimated Number of Properties demolished</b>	15,247 properties could be served under this program if they all receive the maximum funding amount of \$25,000. Further economies of scale savings will be investigated to drive costs down throughout all communities served for the BE program. This will in essence increase the total number of properties served to be greater than 15,247
<b>12. Program Inception/ Duration</b>	Expansion of Program to roll out late November, 2014. Based on the overwhelming need, funds allocated to this Program will likely be exhausted prior to December 31, 2020.
<b>13. Program Interactions with Other HFA Programs</b>	Property will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned properties may be eligible for this program.



**SERVICE SCHEDULE B-6**  
**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
**STEP FORWARD DOWN PAYMENT ASSISTANCE (DPA)**

**Summary Guidelines**

<b>1. Program Overview</b>	The Down Payment Assistance (DPA) program will provide an incentive to qualified homebuyers to purchase a primary residence in targeted areas that have been hardest hit by serious delinquency, foreclosures, negative equity and distressed sales. The increased sales activity in these distressed areas will help advance Michigan’s recovery efforts by increasing property values, stabilizing housing markets and preventing future foreclosures.
<b>2. Program Goals</b>	The goal of the DPA program is to stabilize housing markets and prevent foreclosure in targeted areas that are still struggling with high rates of vacancies, foreclosures and stagnant property values. Michigan will identify meaningful indicators to track and quantify the DPA program’s impact in the targeted areas.
<b>3. Target Population/Areas</b>	<p>The DPA program will be available in the following 61 zip codes (the Targeted Areas), located in 10 counties:</p> <p>Bay County (48706, 48708); Genesee County (48457, 48458, 48503, 48504, 48506, 48507, 48509, 48519, 48529, 48532); Ingham County (48906, 48910, 48911, 48912, 48915); Jackson County (49202, 49203, 49254); Macomb County (48015, 48021, 48048, 48066, 48089, 48091); Muskegon County (49442); Oakland County (48030, 48033, 48075, 48340, 48341, 48342); Saginaw County (48602, 48604); Washtenaw County (48160, 48198); and Wayne County (48111, 48122, 48125, 48135, 48141, 48146, 48174, 48180, 48184, 48192, 48195, 48205, 48214, 48215, 48219, 48221, 48223, 48224, 48225, 48227, 48228, 48235, 48239, 48240).</p> <p>In selecting the Targeted Areas, Michigan evaluated five indicators of housing distress—90+ day delinquencies, completed foreclosures, negative equity, real estate owned (REO) sales, and short sales—as well as loan origination volume. Each of the Targeted Areas exceeded the statewide average in at least four of the five distressed housing market indicators, and were located in counties that achieved a minimum threshold origination volume.</p>

<b>4. Program Funds (Excluding Administrative Expenses)</b>	Not applicable. Program Funds may be disbursed under any program included in Schedule B.
<b>5. Borrower Eligibility Criteria</b>	<p>Eligible borrowers must qualify for a Michigan State Housing Development Authority (MSHDA) first lien mortgage loan, originated through a MSHDA-approved lender, and meet the lender’s conventional, Federal Housing Administration (FHA), Veteran’s Administration (VA), or Rural Development (RD) program guidelines. Eligible borrowers must also meet the following criteria</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> MSHDA income and sales price limits by geographic area, as set forth in program guidelines;</li> <li><input type="checkbox"/> Execution of a Dodd-Frank Certification attesting to no mortgage- or real estate-related felonies within the past 10 years; and</li> <li><input type="checkbox"/> Completion of a Step Forward Homebuyer Education course from a MSHDA- or HUD-approved agency.</li> </ul>
<b>6. Property/Loan Eligibility Criteria</b>	<p>The property must be an existing, single-family home, condominium unit (attached or detached), or manufactured home on a foundation permanently affixed to real estate. In addition, the property must:</p> <ul style="list-style-type: none"> <li>• Be the borrower’s primary residence;</li> <li>• Be located in a Targeted Area; and</li> <li>• Meet all applicable insurer’s or guarantor’s program guidelines.</li> </ul>
<b>7. Program Exclusions</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Second homes or investment properties;</li> <li><input type="checkbox"/> Borrowers who previously received assistance from other Michigan HHF programs; and</li> <li><input type="checkbox"/> Borrowers not able to meet the Dodd-Frank requirements.</li> </ul>
<b>8. Structure of Assistance</b>	<p>DPA assistance will be structured as a subordinate lien mortgage and note in favor of MHA. Loan will be 0% interest, non-amortizing loan, forgivable over a 5- year term at 20% per year, and due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a no cash-out refinance transaction, MHA may subordinate its lien position in accordance with program guidelines. Mortgage will be recorded through public records and ongoing monitoring,</p>

	<p>repayments, discharges, and subordinations will be conducted by MHA. Any lien recoveries will be recycled into Michigan's Hardest Hit Funds for future allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit Funds will be available on a first come, first serve basis.</p>
<b>9. Per Household Assistance</b>	\$15,000 per household
<b>10. Duration of Assistance</b>	DPA program funds will be used to reimburse the originating, MSHDA-approved lender, who table funds the loan at closing once it is determined that all DPA program requirements have been met.
<b>11. Estimated Number of Participating Households</b>	Up to 1,333 households could be served under the DPA program, based on assistance of \$15,000 per household.
<b>12. Program Inception/ Duration</b>	The DPA program will be rolled out in 2018. Based on expected demand, Michigan anticipates that funds will likely be exhausted by the 4th quarter of 2019.
<b>13. Program Interactions with Other HFA Programs</b>	<p>The DPA program will take advantage of an existing infrastructure of MSHDA-approved lenders who are actively originating both first lien mortgage and down payment assistance loans as part of MSHDA's single family loan origination programs.</p> <p>The DPA program loan must be subordinate to a MSHDA originated first lien mortgage loan, and cannot be used in conjunction with other MSHDA down payment assistance programs.</p>
<b>14. Program Interactions with HAMP</b>	None.
<b>15. Program Leverage with Other Financial Resources</b>	MSHDA may use tax-exempt bond proceeds as the source of funding for the accompanying first mortgage lien.

**SCHEDULE C****PERMITTED EXPENSES**

	Michigan
<b><i>One-time / Start-Up Expenses:</i></b>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$0.00
Professional Services	\$57,270
Supplies / Miscellaneous	\$0.00
Marketing /Communications	\$787,500
Travel	\$0.00
Website development /Translation	\$0.00
Contingency	\$0.00
<b>Subtotal</b>	<b>\$ 844,770</b>
<b><i>Operating / Administrative Expenses:</i></b>	
Salaries	\$32,376,910
Professional Services (Legal, Compliance, Audit, Monitoring)	\$ 5,000,000
Travel	\$160,000
Buildings, Leases & Equipment	\$ 1,647,730
Information Technology & Communications	\$ 2,805,000
Office Supplies/Postage and Delivery/Subscriptions	\$518,000
Risk Management/ Insurance	
Training	\$ 25,000
Marketing/PR	\$9,535,003
Miscellaneous	\$ 650,000
<b>Subtotal</b>	<b>\$ 52,717,643</b>
<b><i>Transaction Related Expenses:</i></b>	
Recording Fees	\$2,860,000
Wire Transfer Fees	\$385,000
<b><i>Counseling Expenses</i></b>	
File Intake	\$79,440
Decision Costs	\$0.00
Successful File	\$0.00
Key Business Partners On-Going	\$4,460,000

<b>Subtotal</b>	<b>\$ 7,784,440</b>
<b>Grand Total</b>	<b>\$ 61,346,853</b>
<b>% of Total Award</b>	<b>8.06%</b>
<b>Award Amount</b>	<b>\$761,622,301</b>