





**FIRST AMENDMENT TO  
HARDEST HIT FUND  
SERVICER PARTICIPATION AGREEMENT**

THIS FIRST AMENDMENT to Hardest Hit Fund Servicer Participation Agreement (Amendment) is entered into by and between FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic (Eligible Entity), and PALM BEACH COUNTY, a local government (Servicer). This Amendment shall become effective upon the date the last party signs the Amendment (Effective Date).

RECITALS

- A. The parties entered into a certain Hardest Hit Fund Servicer Participation Agreement, dated August 13, 2013(Agreement) wherein the parties agreed to certain procedures and protocols with regard to borrowers who participate in the Hardest Hit Fund (HHF) programs and the servicing of their mortgage loans while participating in HHF programs.
- B. Section 7 of the Agreement provides that all HHF programs will be conducted in accordance with the program descriptions and requirements detailed in the attached Standardized Program term sheet which may be amended from time to time.
- C. The parties wish to amend the Standardized Program term sheet to add the most recent HHF program, the Principal Reduction (PR) program.

AGREEMENT

NOW THEREFORE, in consideration of the terms and conditions contained in the Agreement and this Amendment, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. The above recitals are true and correct and, together with the Effective Date as defined above, form a part of this Amendment.
- 2. The Agreement's Standardized Program term sheet is amended by adding thereto SERVICE SCHEDULE B-4 entitled Florida Hardest Hit Fund Principal Reduction (PR) Program Summary Guidelines, a copy of which is attached hereto.

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3. Except as modified by this Amendment, the Agreement shall remain unchanged and in full force and effect.

ELIGIBLE ENTITY:

SERVICER:

Florida Housing Finance Corporation

PALM BEACH COUNTY, FLORIDA, a  
Political Subdivision of the State of Florida

BOARD OF COUNTY COMMISSIONERS

By: \_\_\_\_\_  
Stephen P. Auger, as Executive Director

By: \_\_\_\_\_  
Steven L. Abrams, Mayor

Date of execution: \_\_\_\_\_

ATTEST: Sharon R. Bock  
Clerk & Comptroller

By: \_\_\_\_\_  
Deputy Clerk

Approved as to Terms and Conditions  
Department of Economic Sustainability

By:   
Sherry Howard, Deputy Director

Approved as to Form and Legal Sufficiency

By: \_\_\_\_\_  
Tammy K. Fields  
Chief Assistant County Attorney

Date of execution: \_\_\_\_\_

Attachment: Service Schedule B-4

**SERVICE SCHEDULE B-4**  
**Florida Hardest Hit Fund**  
**Principal Reduction (PR) Program**  
**Summary Guidelines**

<b>1. Program Overview</b>	The Principal Reduction ("PR") Program is designed to assist severely underwater, low-to-moderate income homeowners who have been consistently "current" on their mortgage payments by providing Hardest Hit Funds to reduce the amount of their outstanding principal loan balance to an amount as close to 100% LTV as possible and reduce their monthly mortgage payment. By bringing such a program online in 2013, we will be assisting the homeowners who have stayed in their homes, remained committed to their neighborhoods and honored their obligation to make their mortgage payments. Most strategic defaulters have already abandoned their homes and, as home prices have now mostly stabilized throughout the state, there is less of a danger that home values will decline further after Hardest Hit Funds are made available to the homeowners.
<b>2. Program Goals</b>	<p>The goal of PR is to assist severely underwater homeowners who have been honoring their promise to make their mortgage payments by reducing the amount of the unpaid principal balance on their first mortgage to an amount that is in line with the current value of the property, subject to program limits.</p> <p>In addition, the program will also further assist these homeowners by recasting or refinancing their loan and thus reducing their monthly mortgage payment.</p>
<b>3. Target Population/Areas</b>	Low-to-moderate income borrowers who are severely underwater ( $\geq 125\%$ LTV) and who have been "current" on their first mortgage payments for the past two years.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$500,000,000.00
<b>5. Borrower Eligibility Criteria</b>	<p>Eligible borrowers under PR must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Must be a legal U.S. Citizen or lawful permanent resident.</li> <li>• Must document adjusted household income that does not exceed 140% Area Median Income ("AMI").</li> <li>• Must have an Unpaid Principal Balance ("UPB") on their first mortgage loan that does not exceed \$350,000.</li> <li>• Must have a Loan-to-Value ("LTV") ratio on their first mortgage loan of 125% or greater.</li> <li>• Must show that they have remained "current" on their payments on their first mortgage loan, meaning that they cannot have been 60 days or more late on their payments within the last two years.</li> </ul>

<b>6. Property/Loan Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Property must be the borrowers principal residence, located in Florida and may not be abandoned, vacant or condemned.</li> <li>• The property must be a single family home, a condominium, a townhome, a manufactured or mobile home on foundation permanently affixed to real estate owned by the mortgagor, or a two-four family dwelling unit of which one unit is occupied by the mortgagor as their principal residence.</li> <li>• The homeowner must have acquired the property prior to January 1, 2010.</li> <li>• The servicer must agree to recast the borrower's first mortgage loan unless such loan is in a GNMA security (i.e. is an FHA, VA or USDA-RD loan). For GNMA-secured loans, the borrower is required to refinance the loan within 180 days from the date that the principal reduction payment is made on their behalf.</li> <li>• The borrower's first mortgage loan must be with a regulated financial institution.</li> </ul>
<b>7. Program Exclusions</b>	<ul style="list-style-type: none"> <li>• Borrowers who have a subordinate lien that is in foreclosure.</li> <li>• Borrowers with bankruptcies that have not been discharged or dismissed.</li> <li>• Dodd-Frank exclusion for having been convicted of a mortgage-related felony in the past ten years.</li> </ul>
<b>8. Structure of Assistance</b>	<p>The structure of assistance will be provided as an up-front, forgivable loan to eligible borrowers for up to \$50,000.00. The note evidencing this mortgage loan will carry the following terms:</p> <ul style="list-style-type: none"> <li>• Zero-percent (0%) interest, zero-payment loan;</li> <li>• Five-year term with a pro rata 20% forgiveness of the original mortgage loan amount on each annual anniversary date. The note will be forgiven on the fifth (5<sup>th</sup>) anniversary date providing the borrower has satisfied all terms of the loan. <u>Exception:</u> for GNMA-secured loans, if the borrower fails to refinance the loan within 180 days from the date that the principal reduction payment is made on their behalf, then the loan will only be forgiven 100% at the end of the fifth year (no incremental forgiveness).</li> </ul> <p>If a property is sold on or before the end of the five-year term, the loan is "due on sale" and any net proceeds are due to satisfy the amount of the loan that has not been forgiven.</p> <p>If there are insufficient or no net proceeds available, all or a portion of the note will be forgiven as not to create additional hardships on the borrower/seller at the time of closing. Any loan proceeds that are returned to the Program would be reutilized to assist additional homeowners. All funds recycled into the Program will be returned to Treasury after December 31, 2017.</p>

<b>9. Per Household Assistance</b>	Up to \$50,000.00 or the amount necessary to reduce the UPB on the first mortgage loan to 100% LTV, whichever is less. If the household has received HHF assistance under any other HHF program, the maximum amount of all assistance may not exceed \$50,000.
<b>10. Duration of Assistance</b>	PR assistance will be disbursed in full to the borrower's servicer upon loan closing and agreement of the servicer to accept the PR funds.
<b>11. Estimated Number of Participating Households</b>	It is anticipated that the PR Program will assist approximately 14,285 households.
<b>12. Program Inception/Duration</b>	The PR Program will begin in August 2013 and it is projected that assistance will be expended over a two-year period of time. However, repayment of assistance may extend this time frame up to five additional years.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	The PR Program will most likely not interact with Florida's other current HHF programs. If the household has received HHF assistance under any other HHF Program, the maximum amount of all assistance may not exceed \$50,000.
<b>14. Program Interactions with HAMP</b>	None.
<b>15. Program Leverage with Other Financial Resources</b>	Servicers will be required to recast a borrower's first mortgage loan, except if the loan is in a GNMA security (i.e. FHA, VA or USDA-RD loans). Borrowers with GNMA-secured loans will be required to execute a streamline (or equivalent) refinance to receive the benefit of incremental forgiveness of the HHF loan. Both the recast and the refinance will result in a lower monthly mortgage payment for the borrower.
<b>16. Qualify as an Unemployment Program</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Hardest Hit Fund**  
**Servicer Participation Agreement**  
**Between**  
**Florida Housing Finance Corporation (Eligible Entity)**  
**And**  
**Palm Beach County (Servicer)**

AUG 13 2013

This Servicer Participation Agreement ("Agreement") is made effective this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by and between the undersigned, and hereby confirm their mutual agreement on the following principles relating to the Eligible Entity's Hardest Hit Fund (HHF) program:

1. Each Eligible Entity is responsible for the selection/qualification of borrowers to receive HHF funding; a Servicer will not be involved in the selection but may, with pre-authorization from the Eligible Entity, refer borrowers for consideration.
2. Based upon pre-authorization from the Eligible Entity, the Servicer may refer potentially eligible borrowers to the Eligible Entity. Servicer is not permitted to market or qualify borrowers for HHF unless otherwise stated.
3. Servicer shall establish specific points of contact for HHF cases for the Eligible Entity. This includes call center and email provisions for both the Eligible Entity and its agents (such as HUD-approved counseling agencies). The Eligible Entity will also establish points of contact for Servicer.
4. Upon notification from the Eligible Entity to the Servicer in writing that a borrower has been approved for HHF and acceptance by the Servicer of the transaction, the Servicer shall not initiate the foreclosure process or conduct a foreclosure sale.
5. All communication that includes borrower's Nonpublic Personal Information between the Eligible Entity and Servicer shall be through encrypted email, secure loan port or other similar secure electronic delivery system. In accordance with HUD, privacy, telemarketing, and information security laws, regulations, and guidelines, each party to this Agreement agrees that it will maintain or implement appropriate measures designed to (a) ensure the security and confidentiality of any Nonpublic Personal Information it receives from the other party, including, without limitation, appointing a manager or group to coordinate compliance with the confidentiality obligations herein, (b) protect against any anticipated threats or hazards to the security or integrity of such information, including, without limitation, implementing necessary screening and background checks for individuals that may access or use the Nonpublic Personal Information as permitted by this Agreement, (c) protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to the subject of such information, (d) ensure the proper disposal of all Nonpublic Personal Information received from the other party upon the termination of this Agreement for any reason, unless the information is required to be retained for legal or regulatory record retention purposes, (e) treat the Nonpublic Personal Information with at least the same degree of care that it uses to protect its own confidential and proprietary information of a similar nature but with no less than a reasonable degree of care, and (f) implement or utilize appropriate technological safeguards that are at least in compliance with the Gramm-Leach Bliley Act as well as any generally recognized industry standards. For the purposes of this Agreement, the term "Nonpublic Personal Information" shall mean any information received from or provided by the other party which pertains to or identifies an individual, such as


HHF Agreement

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- a name, postal address, e-mail or IP address, facsimile or phone number, mother's maiden name, social security or identification number, transactional, employment, or financial data, medical or health records, personal, gender, political, profile, account, and password information.
6. Where possible, there will be a defined automated and secure process to submit borrowers to the Servicer for workout consideration. There will be no cost of use for Servicer to access.
  7. All HHF programs will be conducted in accordance with the program descriptions and requirements detailed in the attached Standardized Program term sheet(s), which may be amended from time-to-time. Any amendment to the Standardized Program term sheet(s) must receive approval from Eligible Entity and Servicer. It is the Servicer's responsibility to obtain investor and mortgage insurer approval if required.
  8. Servicer may reject a particular transaction between the borrower and the Eligible Entity for a limited set of reasons including fraud, bankruptcy restrictions, foreclosure status and prior history with the borrower. Servicer must provide documentation to the Eligible Entity of the reason for rejection upon request by the Eligible Entity within 10 business days of the request.
  9. Upon first payment under the HHF program, Servicer will waive late charges and non-sufficient fund fees from the date borrower received his/her first unemployment payment, and will not charge a late charge or non-sufficient fund fee during the HHF program or workout option. All advances to the borrower by the Servicer, such as foreclosure, attorney or bankruptcy costs and fees, are payable by the borrower or investor.
  10. Participation in the HHF program is voluntary and either party may terminate the Agreement without cause on 30 days written notice. A Servicer may choose to participate in one HHF program but not another.
  11. The Eligible Entity or its 3rd party partners assisting in the intake function (non-profit counselors) must secure written authorization from each borrower to share information ("Authorization"). Servicer must receive a copy of the Authorization prior to the initial communication or any data sharing with the Eligible Entity.
  12. For unemployment assistance, program funds will only be applied towards PITI (principal, interest, taxes and insurance); for reinstatement programs, funds may also be applied to attorney's fees, property inspection fees, escrow shortage and/or delinquent property taxes, one year of standard homeowner's insurance if forced place insurance has been invoked, and other fees and expenses if they are deemed an advance on behalf of the homeowner by the Servicer. Servicers will not apply HHF funds to HOA payments unless HOA payments have been escrowed and are included in the borrower's monthly PITIA payment.
  13. Non-escrowed loans will not be required to become escrowed for unemployment assistance; borrower or Eligible Entity will be responsible for payment of non-escrowed property-related expenses (e.g. property taxes and insurance).
  14. Servicer will provide Eligible Entity with loan performance data for all borrowers who receive assistance as specified in the program term sheet through secured means for up to 12 months after assistance ends.
  15. Servicer is responsible for timely application of Eligible Entity funds; Servicer will hold the borrower harmless if payments are not applied timely after receipt of funds from the Eligible Entity. Servicer agrees to provide reports to document that funds were applied.
  16. The Eligible Entity is responsible for continuing eligibility of the borrower for its HHF program and any related fraud detection. Servicer will not be required to repay amounts applied to a borrower's loan if that borrower is later determined to be ineligible.
  17. Servicer should notify the Eligible Entity of any ongoing action against a borrower, including fraud-related activities, and if it has evidence that the property is non-owner occupied.
  18. Servicer shall notify the Eligible Entity of any changes in monthly payment amount at least 30 calendar days prior to the change.

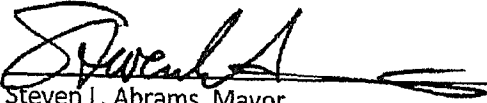
19. Where possible, the Eligible Entity will provide at least 30 days notice before it will cease borrower payments to allow the Servicer time to evaluate the borrower for other loss mitigation options.
20. Servicer agrees that it is not authorized or empowered to determine and/or communicate to the homeowner eligibility for HHF programs. Eligible Entity agrees that it is not authorized or empowered to determine and/or communicate to the homeowner eligibility for foreclosure prevention programs of the Servicer. Eligible Entity retains sole authority for its program eligibility determination and communication to the homeowner and Servicer.

  
 \_\_\_\_\_  
 Eligible Entity

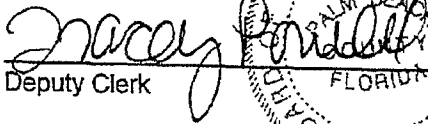
Stephen Auger  
 Executive Director  
 Florida Housing Finance Corporation

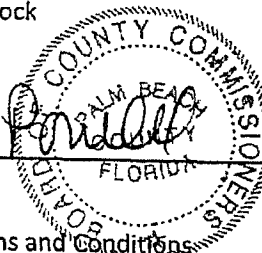
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 PALM BEACH COUNTY, FLORIDA, a  
 Political Subdivision of the State of Florida

BOARD OF COUNTY COMMISSIONERS

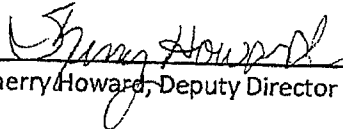
  
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 Steven L. Abrams, Mayor

ATTEST: Sharon R. Bock  
 Clerk & Comptroller

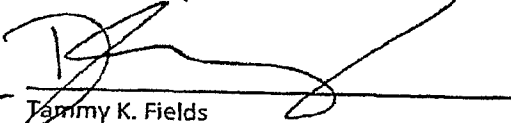
  
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 Deputy Clerk



Approved as to Terms and Conditions  
 Department of Economic Sustainability

  
 \_\_\_\_\_  
 Sherry Howard, Deputy Director

Approved as to Form and Legal Sufficiency

  
 \_\_\_\_\_  
 Tammy K. Fields  
 Chief Assistant County Attorney

**SERVICE SCHEDULE B-1**

**Florida Hardest Hit Fund  
Unemployment Mortgage Assistance Program  
Summary Guidelines**

<b>1. Program Overview</b>	The Unemployment Mortgage Assistance Program (UMAP) focuses on the creation of a sustainable solution to keep Florida unemployed or substantially underemployed homeowners in their current homes by helping those who are struggling to make their current mortgage payments because of hardships sustained since purchasing the home. Florida Housing will use HHF Program funds to pay up to 12 months of a portion of the mortgage payments on behalf of a qualified homeowner based on the criteria and requirements of each servicer. Homeowners will be required to pay 25% of their monthly income towards their monthly mortgage payment (principal and interest plus any required escrow payments, such as taxes and insurance) with a minimum payment requirement of \$70 per month. HHF Program funds will be used to pay, directly to the first mortgage loan servicer, the monthly mortgage payment (principal and interest plus any required escrow payments, such as taxes and insurance) required under the first mortgage loan. This will provide a reasonable period of time for homeowners to become re-employed at a salary that is sufficient for them to either resume making full mortgage payments or qualify for a mortgage modification that will lower the payments and terms of the mortgage to an affordable level.
<b>2. Program Goals</b>	<ul style="list-style-type: none"><li>• Preserving homeownership.</li><li>• Protecting home values.</li></ul>
<b>3. Target Population/ Areas</b>	To determine geographic targeting for HHF Program funding, Florida Housing carried out an analysis of data, relying on data similar to that used by Treasury to allocate funding, to determine the hardest hit areas of the state. Florida Housing evaluated three measures across all 67 Florida counties – housing price decline from peak prices, unemployment rate and seriously delinquent mortgage loans – and then combined ratios for each to create an allocation methodology that will guide how funding is geographically targeted. The majority of the HHF funds will be allocated to those counties that were determined to be hardest hit, although there will be funds available to all 67 counties.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$544,232,792.00

<p><b>5. Borrower Eligibility Criteria</b></p>	<ul style="list-style-type: none"> <li>• Borrower must be a legal US citizen or lawful permanent resident.</li> <li>• At least one borrower must be able to document that he or she is unemployed or substantially underemployed and must provide a financial hardship affidavit. A borrower and/or co-borrower who suffers a hardship that has resulted in a loss of income of at least 10% will be considered “substantially underemployed”.</li> <li>• The maximum household income level for participation will be 140% of the Area Median Income (AMI).</li> <li>• The total housing expense (PITIA) must exceed 31% of the total gross income of the household.</li> <li>• Borrowers who have unencumbered liquid assets or cash reserves (not including retirement or qualified education plans) equal to or exceeding three times the total monthly mortgage payment (including tax and insurance payments) or \$5,000, whichever is greater, must first use those assets above such amount towards mortgage payments before being eligible for HHF Program funds.</li> </ul>
<p><b>6. Property/Loan Eligibility Criteria</b></p>	<ul style="list-style-type: none"> <li>• The property must be a single family home, a condominium unit a townhome, a manufactured or mobile home on foundation permanently affixed to real estate owned by the borrower, or a 2-4 family dwelling unit of which one unit is occupied by the mortgagor as their principal residence.</li> <li>• The property must be the borrower’s principal residence, be located in Florida, and not be abandoned, vacant or condemned.</li> <li>• The outstanding principal balance of the first mortgage is \$400,000 or less at the time of application, regardless of number of dwelling units.</li> </ul>
<p><b>7. Program Exclusions</b></p>	<ul style="list-style-type: none"> <li>• Applicants who have voluntarily left work without good cause attributable to his or her employing unit or has been discharged by the employing unit for misconduct connected with his or her work, based on a finding by the Department of Economic Opportunity.</li> <li>• Bankruptcies that have not been discharged or dismissed.</li> <li>• The borrower may not have an ownership interest in more than one property other than their primary residence.</li> </ul>

	<ul style="list-style-type: none"> <li>• The servicer is not required to accept mortgage assistance payments if a notice of trustee/sheriff sale has been recorded and the trustee/sheriff sale is scheduled less than seven days from date the servicer is notified of borrower approval by the HFA.</li> <li>• Condominium units where financial reporting for the condominium association, pursuant to s. 718.111(13), F.S., for the most recent two years are not provided by the Applicant.</li> </ul>
<p><b>8. Structure of Assistance</b></p>	<p>HHF Program funds under the Unemployment Mortgage Assistance Program will be made available to homeowners in the form of a zero-percent interest, non-recourse, forgivable loan. This loan will be evidenced by a Note and Mortgage in favor of Florida Housing. The HHF loan is forgivable and will be for a period of 5.5 years. The first 20% of the loan will be forgiven eighteen months after the loan closing. The remainder of the loan will be forgiven 20% per year annually thereafter.</p> <p>If the homeowner sells the home during any part of the loan term, the remaining principal balance will be due to Florida Housing in the event there are sufficient equity proceeds from the sale. If there is not enough equity in the home to repay the entire amount due, Florida Housing will forgive the excess portion or all of the remaining principal balance so as to not create additional hardships on the seller at closing. Any loans repaid will be recycled back into the program and used to provide assistance to additional homeowners for the duration of the program up to December 31, 2017. After December 31, 2017, all funds remaining or received shall be returned to Treasury.</p>
<p><b>9. Per Household Assistance</b></p>	<p>Estimated Median Amount Mortgage Payments - \$12,000 Maximum Amount – \$24,000</p> <p>Borrowers who have previously received HHF assistance and were not involuntarily terminated and borrowers who are currently receiving HHF assistance and remain in good standing are eligible for the additional assistance being offered under the changes to the UMAP and MLRP Programs, but only to the extent that the total of the HHF assistance received does not exceed the following limits:</p> <ul style="list-style-type: none"> <li>• UMAP – 12 months or \$24,000, whichever comes first</li> <li>• MLRP with UMAP – maximum of \$18,000 towards reinstatement</li> <li>• MLRP only – maximum of \$25,000 towards reinstatement</li> </ul>



<b>10. Duration of Assistance</b>	The homeowner can receive up to 12 months of monthly mortgage payments from Florida Housing.
<b>11. Estimated Number of Participating Households</b>	Florida Housing anticipates that this strategy will be able to serve approximately 45,000 homeowners over a five year period.
<b>12. Program Inception/ Duration</b>	Florida Housing anticipates implementing these changes by June 18, 2012. It is anticipated that this strategy will last for up to 5 years.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	This Program will interact with the Mortgage Loan Reinstatement Program (MLRP). Borrowers who qualify for UMAP will have arrearages on their first mortgage reinstated up front in an amount not to exceed \$18,000. The maximum amount of combined UMAP and MLRP assistance is \$42,000.
<b>14. Program Interactions with HAMP</b>	HHF funds would be utilized prior to the HAMP forbearance described in Supplemental Directive 10-04. Implementing the program in this order is the most beneficial to the customer and investor since payments would continue to be made instead of capitalized and no late charges or adverse credit reporting would occur. If the borrower has already been through an UP forbearance before applying for this program, then this program may follow UP.
<b>15. Program Leverage with Other Financial Resources</b>	<p>Many servicers have in-house mortgage modification products that can be used in conjunction with this Program. Florida Housing will work with servicers to determine how these programs may best be combined.</p> <p>Servicers will not charge administrative fees (e.g., NSF, late charges) in any month where a full contract payment is made. If the loan is reinstated or modified following HFA mortgage assistance, servicers will waive all administrative fees accrued since the beginning of the delinquency.</p>
<b>16. Qualify as an Unemployment Program</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**SERVICE SCHEDULE B-2**

**Florida Hardest Hit Fund  
Mortgage Loan Reinstatement Program  
Summary Guidelines**

<b>1. Program Overview</b>	The Mortgage Loan Reinstatement Program (MLRP) focuses on the creation of a sustainable solution to keep Florida homeowners in their current homes by helping those who have fallen behind on their mortgage payments because of financial hardship sustained since purchasing the home as a result of unemployment or substantial underemployment. HHF Program funds will be used to pay, directly to the first mortgage loan servicer, payments which include items such as principal and interest plus any required escrow payments (such as taxes and insurance), late fees and Insufficient Fund Fees.
<b>2. Program Goals</b>	<ul style="list-style-type: none"><li>• Preserving homeownership.</li><li>• Protecting home values.</li></ul>
<b>3. Target Population/ Areas</b>	To determine geographic targeting for HHF Program funding, Florida Housing carried out an analysis of data, relying on data similar to that used by Treasury to allocate funding, to determine the hardest hit areas of the state. Florida Housing evaluated three measures across all 67 Florida counties – housing price decline from peak prices, unemployment rate and seriously delinquent mortgage loans – and then combined ratios for each to create an allocation methodology that will guide how funding is geographically targeted. The majority of the HHF funds will be allocated to those counties that were determined to be hardest hit, although there will be funds available to all 67 counties.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$408,174,594.00
<b>5. Borrower Eligibility Criteria</b>	<ul style="list-style-type: none"><li>• Borrower must be a legal US citizen or lawful permanent resident.</li><li>• At least one borrower must be able to document that he or she is unemployed or substantially underemployed and must provide a financial hardship affidavit. A borrower and/or co-borrower who suffers a hardship that has resulted in a loss of income of at least 10% will be considered “substantially underemployed”.</li><li>• The maximum household income level for participation will be 140% of the Area Median Income (AMI).</li><li>• For MLRP-only Applicants, the total housing expense (PITIA) must be less than 31% of the total gross income of the household.</li></ul>

	<ul style="list-style-type: none"> <li>• Borrowers who have unencumbered liquid assets or cash reserves (not including retirement or qualified education plans) equal to or exceeding three times the total monthly mortgage payment (including tax and insurance payments) or \$5,000, whichever is greater, must first use those assets above such amount towards reinstatement before being eligible for HHF Program funds.</li> </ul>
<p><b>6. Property/Loan Eligibility Criteria</b></p>	<ul style="list-style-type: none"> <li>• The property must be a single family home, a condominium unit a townhome, a manufactured or mobile home on foundation permanently affixed to real estate owned by the borrower, or a 2-4 family dwelling unit of which one unit is occupied by the mortgagor as their principal residence.</li> <li>• The property must be the borrower's principal residence, be located in Florida, and not be abandoned, vacant or condemned.</li> <li>• The outstanding principal balance of the first mortgage is \$400,000 or less at the time of application, regardless of number of dwelling units.</li> </ul>
<p><b>7. Program Exclusions</b></p>	<ul style="list-style-type: none"> <li>• Applicants who have voluntarily left work without good cause attributable to his or her employing unit or has been discharged by the employing unit for misconduct connected with his or her work, based on a finding by the Department of Economic Opportunity.</li> <li>• Bankruptcies that have not been discharged or dismissed.</li> <li>• The borrower may not have an ownership interest in more than one property other than their primary residence.</li> <li>• The servicer is not required to accept mortgage assistance payments if a notice of trustee/sheriff sale has been recorded and the trustee/sheriff sale is scheduled less than seven days from date the servicer is notified of borrower approval by the HFA.</li> <li>• Condominium units where financial reporting for the condominium association, pursuant to s. 718.111(13), F.S., for the most recent two years are not provided by the Applicant.</li> </ul>

<p><b>8. Structure of Assistance</b></p>	<p>HHF Program funds under the Mortgage Loan Reinstatement Program will be made available to homeowners in the form of a zero-percent interest, non-recourse, forgivable loan. This loan will be evidenced by a Note and Mortgage in favor of Florida Housing. The HHF loan is forgivable and will be for a period of 5.5 years. The first 20% of the loan will be forgiven eighteen months after the loan closing. The remainder of the loan will be forgiven 20% per year annually thereafter.</p> <p>If the homeowner sells the home during any part of the loan term, the remaining principal balance will be due to Florida Housing in the event there are sufficient equity proceeds from the sale. If there is not enough equity in the home to repay the entire amount due, Florida Housing will forgive the excess portion or all of the remaining principal balance so as to not create additional hardships on the seller at closing. Any loans repaid will be recycled back into the program and used to provide assistance to additional homeowners for the duration of the program up to December 31, 2017. After December 31, 2017, all funds remaining or received shall be returned to Treasury.</p>
<p><b>9. Per Household Assistance</b></p>	<p>Estimated Median Amount Mortgage Payments - \$9,000 Maximum Amount – \$18,000 for those using both UMAP and MLRP; \$25,000 for those needing MLRP only.</p> <p>Borrowers who have previously received HHF assistance and were not involuntarily terminated and borrowers who are currently receiving HHF assistance and remain in good standing, are eligible for the additional assistance being offered under the changes to the UMAP and MLRP Programs, but only to the extent that the total of the HHF assistance received does not exceed the following limits:</p> <ul style="list-style-type: none"> <li>• UMAP – 12 months or \$24,000, whichever comes first</li> <li>• MLRP with UMAP – maximum of \$18,000 towards reinstatement</li> </ul> <p>MLRP only – maximum of \$25,000 towards reinstatement</p>
<p><b>10. Duration of Assistance</b></p>	<p>Assistance is provided as a one-time payment.</p>
<p><b>11. Estimated Number of Participating Households</b></p>	<p>Florida Housing anticipates that this strategy will be able to serve approximately 45,000 homeowners over a five year period.</p>
<p><b>12. Program Inception/ Duration</b></p>	<p>Florida Housing anticipates implementing these changes by June 18, 2012. It is anticipated that this Program will last for up to 5 years.</p>
<p><b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b></p>	<p>This Program will interact with the Unemployment Mortgage Assistance Program (UMAP). Borrowers who qualify for UMAP will have arrearages on their first mortgage reinstated up front in an amount not to exceed \$18,000. The maximum amount of combined UMAP and MLRP assistance is \$42,000.</p>

<b>14. Program Interactions with HAMP</b>	<p>HHF funds would be utilized prior to the HAMP forbearance described in Supplemental Directive 10-04. Implementing the program in this order is the most beneficial to the customer and investor since payments would continue to be made instead of capitalized and no late charges or adverse credit reporting would occur. If the borrower has already been through an UP forbearance before applying for this program, then this program may follow UP.</p>
<b>15. Program Leverage with Other Financial Resources</b>	<p>Many servicers have in-house mortgage modification products that can be used in conjunction with this Program. Florida Housing will work with servicers to determine how these programs may best be combined.</p> <p>Servicers will not charge administrative fees (e.g., NSF, late charges) in any month where a full contract payment is made. If the loan is reinstated or modified following HFA mortgage assistance, servicers will waive all administrative fees accrued since the beginning of the delinquency.</p>
<b>16. Qualify as an Unemployment Program</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No





## Program Fact Sheet

### **Background**

In February 2010, US Treasury (Treasury) created the "Housing Finance Agency (HFA) Innovation Fund for the Hardest-Hit Housing Markets" (HFA Hardest-Hit Fund) and allocated funds under the Emergency Economic Stabilization Act of 2008 (EESA) to five states: Arizona, California, Florida, Michigan and Nevada. The funds were allocated to these states because of their excessive housing market depreciation and to assist in foreclosure prevention efforts. In March 2010, Treasury allocated a second disbursement of \$600 million to an additional five state HFAs based on high unemployment rates. On August 11, Treasury again expanded the HFA Hardest-Hit Fund to include a total of 18 states and the District of Columbia, and added an additional \$2 billion. Florida received another allocation of funds, \$236.8 million, from the third round of funding, which added to the initial allocation of \$418 million, brought Florida's total funding to \$656.8 million. On September 29, 2010, Treasury announced a fourth round of funding, awarding Florida an additional \$401 million; this brings Florida's total award amount to more than \$1 billion.

### **Current Program**

Florida Housing Finance Corporation (Florida Housing) is using a portion of these funds specifically for a principal reduction program that provides assistance to eligible homeowners who have remained current on their payments and who owe at least 125% more on their home than its current market value, commonly referred to as the home being "underwater."

- The Florida Hardest-Hit Fund Principal Reduction (HHF-PR) program is designed to assist eligible homeowners by providing up to \$50,000 to reduce the principal balance of the first mortgage, thereby reducing the loan-to-value (LTV) of the first mortgage to no less than 100%.

Florida homeowners may apply for the Florida HHF-PR Program using the web-based, online application system at [www.PrincipalReductionFLHHF.org](http://www.PrincipalReductionFLHHF.org). The site contains all the information a homeowner needs to apply, including detailed eligibility criteria, step-by-step prompts and answers to frequently asked questions (FAQs).

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The Florida HHF-PR Program is funded using resources allocated through the federal Hardest-Hit Fund (HHF), which also includes two targeted unemployment programs. More information about these programs can be found at the official website: [www.FLHardestHitHelp.org](http://www.FLHardestHitHelp.org).



## Frequently Asked Questions

1) **What is Florida HFA Hardest-Hit Fund (HHF)?**

Florida Housing Finance Corporation (Florida Housing) was directed by US Treasury (Treasury) to create and administer foreclosure prevention assistance programs that address the unique issues of our state.

2) **What is the Florida HHF Principal Reduction Program?**

The Florida Hardest-Hit Fund Principal Reduction (HHF-PR) program is designed to assist eligible homeowners by providing up to \$50,000 to reduce the principal balance of the first mortgage, thereby reducing the loan-to-value (LTV) of the first mortgage to no less than 100%.

3) **What are the eligibility requirements?**

Homeowners must meet **all criteria** within each category to qualify. However, eligible and approved homeowners for the Florida HHF-PR Program can still be denied for HHF-PR by their mortgage company.

Additionally, participation in the Florida HHF-PR Program is on a first come, first served basis; only homeowners with complete application packages will be forwarded to their lender for final approval (a complete application package must have the all of the homeowner's mandatory and requested documents submitted and reviewed). Homeowners who meet all eligibility criteria, but have not submitted required and requested documentation will not have their application sent to the lender, nor will a "place in line" be saved for him/her/them.

### ***Homeowner Requirements***

- Must be a legal US resident/legal alien;
- Must be a Florida resident;
- Must occupy property as primary residence (proof of Homestead required);

- Total household income must be below 140% AMI (at time of application) adjusted for household size;
  - If there has been a bankruptcy, it must be discharged or dismissed; and
  - Cannot have a conviction within the last 10 years on a mortgage-related felony (self-certified).
    - *Homeowners will be required to sign an affidavit stating s/he has not been convicted of a mortgage-related felony in the last 10 years; this includes larceny, theft, fraud, forgery, money laundering and/or tax evasion.*
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#### ***Property Requirements***

- Homeowner's primary residence must be located in Florida and can be any one of the following structures:
    - A single-family home, condominium, or townhome;
    - A manufactured or mobile home on a foundation permanently affixed to real estate owned by the homeowners; or
    - A one-, two-, three- or four-family dwelling unit of which one unit is occupied by the homeowner as the primary residence.
  - The property must have been purchased prior to January 1, 2010; and
  - The property cannot be abandoned, vacant or condemned.
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#### ***Mortgage Requirements***

- First mortgage is with a regulated financial institution, Habitat, or USDA;
  - The outstanding principal balance of the first mortgage is \$350,000 or less at the time of application;
  - The current loan-to-value on the first mortgage must be greater than 125%; and
  - Homeowner cannot have a current pending litigation on the property or mortgage.
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### ***Other Evaluation Criteria***

- The loan must be eligible for recast; if the mortgage is a FHA, VA or USDA-RD mortgage, the borrower will need to refinance to receive the *pro rata* forgiveness provisions; and
- Borrower must be current on payments for the first mortgage for the past 24 months.

#### ***4) How do I apply?***

To apply for the HHF-PR program, you will need to use our web-based system from a computer with Internet access. The website address is [www.PrincipalReductionFLHHF.org](http://www.PrincipalReductionFLHHF.org); this site contains all the information you will need to begin your application for assistance, with step-by-step instructions and prompts to help you.

If you do not have access to the Internet from your residence, public computers can be found throughout many communities at public libraries, schools or educational centers, or government-run facilities in your county.

Since you are completing information about your financial situation, it will be necessary for you to have the following:

- Information about your first mortgage, such as your monthly mortgage statement;
- Your most recent income tax return (for self-employed borrowers);
- Information about your checking and/or savings accounts; and
- Information about the monthly gross (before tax) income of your household, including recent pay stubs, or documentation of income you receive from other sources.

#### ***5) What happens once I complete the application?***

Once you complete the required information on the website, you will be contacted by an HHF-PR Advisor to set up an appointment to review your information. If you did not send the required documents electronically via email, fax or mail, you should be prepared to bring them with you to your appointment.

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6) **How much assistance is available for me?**

A qualified homeowner may receive up to \$50,000 to reduce the principal balance of the first mortgage, thereby reducing the loan-to-value (LTV) to not less than 100%. Approved funds will be paid directly to the first mortgage servicer to be applied to the principal balance of your loan.

7) **What are the terms of the assistance?**

HHF-PR program funds will be in the form of a 0%-interest, forgivable loan that will be subordinate to current mortgages on the home. The loan is forgiven at a rate of 20% per year over a five-year period. If the borrower has a FHA, VA or USDA-RD mortgage, the borrower will need to refinance the mortgage within 120 days after closing on principal reduction funds in order to receive the *pro rata* forgiveness. If a refinance is not done within the specified time, the principal reduction loan will be 100 % forgiven after a full five years; therefore, no *pro rata* forgiveness will apply.

The HHF-PR loan must be paid back if your home is sold prior to the end of the loan period and there are sufficient proceeds from the sale to pay all superior secured loans. Florida Housing will agree to make the HHF-PR loan subordinate for homeowners who refinance their first mortgage to receive more favorable loan terms. However, if a homeowner refinances the first mortgage loan to consolidate debt or receive cash out, the homeowner will be required to repay the HHF-PR loan according to the loan terms.

8) **Will a homeowner who receives HHF financial assistance through the HHF-PR program have to pay the money back?**

See answer for Question 7.

9) **What follow-up is required for the HHF-PR program?**

Your assigned HHF-PR Advisor is your ONLY point of contact. You will need to contact them for follow-up and updates on your application. Do not call Florida Housing.

10) **Can a homeowner be a part of another program (HAMP, HARP, HHF—UMAP/MLRP, other loan modifications and/or trial modifications) and still apply to receive HHF-PR assistance?**

Mortgage servicers have differing rules regarding the use of HHF-PR program



funds for various modification and/or refinance programs. The servicer will have the final decision on whether or not HHF-PR program funds will be accepted for your current loan.

In addition, homeowners who are currently receiving HHF UMAP funding are not able to participate in the HHF-PR program. However, homeowners who received HHF UMAP/MLRP funds in the past may be eligible for HHF-PR program funds if the following apply:

1. Must have paid their first mortgage for a period of 24 months from the date of the last UMAP/MLRP payment; and
2. Must be current on the first mortgage (cannot be 60 or more days late within the past 24 months).

Prior HHF Program participants who qualify for the HHF-PR program may receive up to a total of \$50,000 for all HHF programs in which they participated.

11) **Can a homeowner be part of Florida's HHF program and still apply to receive HHF-PR assistance?**

See answer for Question 10.

12) **I applied for UMAP and/or MLRP before and was denied; can I apply for HHF Principal Reduction?**

If you previously applied for the HHF UMAP and/or MLRP programs, and was denied, you should visit the HHF Principal Reduction application website at **[www.PrincipalReductionFLHHF.org](http://www.PrincipalReductionFLHHF.org)** to review the eligibility criteria for the program. If after reviewing the criteria, you believe you may qualify, go ahead and click the "Start Now" button on the homepage and begin the HHF-PR application.

13) **A homeowner has questions about the application s/he has already completed or has questions while completing the application.**

If during the application process you are unsure as to how to complete the application, or you have any questions at all, please click the "Assign Me Now" button, which is located throughout the application. When you click this button, you will be immediately assigned to an HHF-PR Advisor Agency that can assist you through the application process.

If you have already been assigned an Advisor Agency, contact your assigned HHF-PR Advisor regarding your questions about the application.

14) **Where can I find additional information about the Florida's HHF-PR program?**

More information on the HHF-PR program can be found on the website at **[www.PrincipalReductionFLHHF.org](http://www.PrincipalReductionFLHHF.org)**.

*For questions, please call the Florida Hardest-Hit Fund Information Line toll-free at 1-(877) 863-5244.*