

Dear Servicer:

Thank you for reviewing the Illinois Hardest Hit Fund® (HHF) Servicer Welcome Packet. HHF is a temporary mortgage payment program that helps homeowners who are struggling to make their monthly mortgage payments and reinstate the loan. We are excited for your institution to participate in a program that helps prevent foreclosure and lowers the institution's delinquency rate.

The Servicer Welcome Packet provides all of the information your institution needs to actively participate in the HHF program. Please find the following documents included:

- Program Overview
- Servicer Onboarding Process
- Utilizing Marketing Material
- IHDA Application for Servicer Participation
- IHDA Servicer Participation Agreement
- IHDA Term Sheet on file with the US Treasury
- ACH Credit Form

To initiate your institution's participation in the HHF program, please return the following documents.

- Completed Application for Servicer Participation (**one copy**)
- Lender/Servicer Participation Agreement [Insert your bank's name and forward **three signed originals, not copies**]
- ACH Credit Form [Insert **your servicer ACH information and forward one signed original**]
- Servicer Key Contacts spreadsheet [**return the spreadsheet in Excel format** to Michele Pacocha at mpacocha@ihda.org]

Return these forms to:

Illinois Housing Development Authority
Hardest Hit Fund
ATTN: Michele Pacocha
111 E. Wacker Drive, Suite 1000
Chicago, Illinois 60601

If you have any questions please send them to Pamela Madden at pmadden@ihda.org.

Thank you for your interest in the Illinois Hardest Hit Fund®.

Illinois Hardest Hit Fund® Program Overview

Introduction to IHDA

The Illinois Housing Development Authority (IHDA) is a self-supporting state agency that finances the creation and the preservation of affordable housing throughout Illinois to increase the supply of decent and safe places for people of low or moderate means to live. IHDA accomplishes its mission through a number of federal and state funding sources. IHDA is also a bonding authority and independently sells bonds, based on its own good credit, to finance affordable housing in Illinois. Since its creation in 1967, IHDA has allocated more than \$10.6 billion and financed more than 215,000 affordable units across the state.

Hardest Hit Fund® Overview

Through an expansion to the Toxic Asset Relief Program, the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Market was created. The U.S. Department of the Treasury established the Hardest Hit Fund® Program in February 2010 to provide targeted assistance to families in states hit hard by the economic and housing market downturn. 18 states and the District of Columbia have been approved to receive program funds used to develop foreclosure prevention programs that aim to assist at-risk homeowners.

Illinois was initially approved to receive \$445,603,557. In 2016, IHDA was awarded an additional \$269,474,060 of funding to expand the HHF® program. IHDA, as the state housing finance agency, was chosen to administer these funds. IHDA has access to these federal funds until December 31, 2021.

The statewide Homeowner Emergency Loan Program (HHF HELP) launch occurred in July 2011. In August 2016, IHDA re-launched the program using the additional funding and anticipates approving 6,000 more HHF loans.

HHF HELP provides mortgage payment assistance to households temporarily struggling with income loss, but are working to regain sufficient income to keep their home. Specifically, IHDA provides funding to pay eligible homeowners' mortgage arrearages and their monthly mortgage payments for up to 12 months. Homeowners that are current or delinquent on their first mortgage can participate. Funds are used to pay arrearages before monthly mortgage payments commence. HHF assistance is structured as a zero-interest, deferred payment loan forgiven over a 5 year recapture period.

A maximum of \$35,000 is available to eligible households in across Illinois. IHDA relies on a statewide network of housing counselors to provide eligibility screening before files advance to IHDA for approval, underwriting, and commencement of any payments. Participating housing counseling agencies receive \$950 per household that receives funding (as opposed to each household file that is submitted for review).



Detailed information about Illinois' program HHF HELP is posted on the U.S. Treasury website: www.financialstability.gov.

Illinois Hardest Hit Fund® Servicer On-Boarding

Pre-Screening Criteria

The following list is pre-screening eligibility criteria most relevant to Servicer outreach efforts. Applicants must pass these eligibility criteria along with other income related criteria to be eligible to receive HHF assistance. These criteria are listed for informational purposes only. Servicer's are not expected to pre-screen prospective HHF borrowers. Pre-screen criteria include:

- Income reduction (15%) due to unemployment or under-employment of the borrower or co-borrower.
- Mortgage is amortizing - not an interest only or negative amortization loan.
- Borrower/co-borrower lives in the property in Illinois for which HHF assistance is being requested.
- HHF funds are being used on a 1st position loan. Loans in the 2nd position including 2nd mortgages and equity lines of credit are not eligible for assistance.
- Borrower/co-borrower does not own more than one residential property.
- Valid state of Illinois identification.

Servicer "On-Boarding" & Support

The process to become an active HHF Servicer is easy. HHF hosts quarterly webinars to train new Servicers and keep you abreast of program changes. If you would like to receive an invitation to the next webinar, please send an email request to pmadden@ihda.org.

NOTE: Your borrower's HHF application cannot be fully processed until your firm and IHDA have executed the Servicer Participation Agreement (SPA). Upon an executed SPA, we are able to make assistance payments on behalf of your borrowers.

Benefits of Hardest Hit Fund Program Participation

As a way to bring your delinquent homeowners current and provide them with temporary mortgage payment assistance, the Illinois Housing Development Authority is appealing to your institution to participate in the Hardest Hit Fund® (HHF).

Our existing participating servicers help HHF to achieve its program goals and help achieve their delinquency and liquidity goals.



Illinois Hardest Hit Fund® Servicer HHF Marketing

As part of your role as a Participating HHF Servicer, you have the option to conduct outreach to your delinquent loan pool. We have found the most successful outreach has been to borrowers at 60 – 90 days delinquent. In these instances, arrearage isn't so high as to disqualify the homeowner. Here are a few of the ways our Servicers are advising their delinquent borrowers about the HHF program.

Phone Banking & Mortgage Statement Advertisement: Reference Hardest Hit Fund content in your mortgage statements or phone banking efforts. Here's the approved verbiage in English and Spanish.

Are you having trouble paying your mortgage? The Illinois Housing Development Authority through the Hardest Hit Fund® offers temporary mortgage assistance to struggling homeowners. Households that can demonstrate a 15% reduction in income due to a qualifying hardship may be eligible. Visit www.illinoishardesthit.org to find out more and apply for free.

Lobby Displays: Display pre-printed Hardest Hit Fund posters or flyers in your branch lobbies. Contact hhfcustomerservice.org to place an order.

Direct Mail: Use pre-written HHF solicitation letters or envelop inserts (modified flyers) to send to your delinquent borrower pool. The following is a sample letter to support your direct mail efforts.

Dear Loan Customer,

This is being sent to inform you of a statewide mortgage assistance program supported by the US Department of the Treasury. The Illinois Housing Development Authority, through the Illinois Hardest Hit Fund®, will bring homeowner's mortgage payments current and pay the full mortgage payment for up to 12 months. Eligible borrowers are homeowners who have experienced a 15% reduction in income due to a qualifying hardship, through no fault of their own.

Find out if you qualify by visiting www.illinoishardesthit.org. Application and counseling is free.

NOTE: Outreach material is also available in Spanish.

NOTE: These outreach strategies should not be conducted until the Lender/Servicer Participation Agreement is executed.



NOTE: Any other mass outreach to prospective HHF applicants must be approved by HHF management, as stated in our Servicer Participating Agreement. Please contact Ms. Man Yee Lee at Manyeel@IHDA.ORG.

Illinois Hardest Hit Fund® Application for Servicer Participation

Servicer Participation Information

Name of Entity:	
Primary Contact:	
Physical Address:	
Mailing Address:	
Phone:	
Fax:	
Primary Contact Email:	
Ownership structure, history and years of operation: (i.e. corporation, sole proprietorship, 501(c)3, etc.)	
Primary operational enterprise: (i.e. mortgage servicing, default management, homeownership counseling, etc.)	
Primary regulating entity and/or approvals: (i.e. FDIC, Fannie Mae, HUD, IL Dept. of Financial & Professional Regulation, etc.)	
Residential mortgage servicing managed: (i.e. \$000 & number of loans)	
Other state HHF program participation:	
Net worth (\$000):	



Servicer Participation Agreement between Illinois Housing Development Authority and <Name of Servicer >

The undersigned hereby confirm their mutual agreement on the following principles relating to the Servicer's participation in the Illinois Housing Development Authority's Hardest Hit Fund (HHF) program:

1. Illinois Housing Development Authority 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 Illinois Housing Development Authority, refer borrowers for consideration.
2. Based upon pre-authorization from the Illinois Housing Development Authority, Servicers may refer potentially eligible borrowers to the Illinois Housing Development Authority, but Servicers are not permitted to proactively market HHF.
3. Servicers shall establish specific points of contact for HHF cases for the Illinois Housing Development Authority. This includes call center and email provisions for both the Illinois Housing Development Authority and its agents (such as HUD-approved counseling agencies). The Illinois Housing Development Authority will also establish points of contact for Servicers.
4. Upon notification that a borrower has been conditionally approved for HHF, the Servicer shall not initiate the foreclosure process or, if the borrower is already in the foreclosure process, conduct a foreclosure sale for 45 days, with any extensions by mutual consent of the Illinois Housing Development Authority and the Servicer.
5. All communication that includes borrower's Nonpublic Personal Information between the Illinois Housing Development Authority 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 (d) 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 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 and workout options will be conducted in accordance with the program descriptions and requirements detailed in the attached Program term sheet(s), which require acceptance by the Servicer and Illinois Housing Development Authority. It is the Servicer's responsibility to obtain investor and mortgage insurer approval. Servicer may object to a particular transaction, in consultation with the Illinois Housing Development Authority, for a limited set of reasons including fraud, bankruptcy restrictions, foreclosure status and prior history with the borrower. Servicer must provide documentation of the reason for rejection upon request by the Illinois Housing Development Authority.
8. Not all borrowers that qualify for HHF will qualify for HAMP or other workout options; information about assisted borrower's workout status should be communicated by the Servicer to the Illinois Housing Development Authority.
9. Servicer is only required to waive late charges or NSF fees - all advances such as foreclosure or bankruptcy costs 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 Illinois Housing Development Authority or its 3rd party partners assisting in the intake function (non-profit counselors) must secure written authorization from each borrower to share information. Servicer must receive a copy of the signed authorization.
12. For the Homeowner Emergency Loan Program, program funds may be applied towards PITI (principal, interest, taxes and insurance), 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; borrowers will be responsible for payment of non-escrowed property-related expenses (e.g. property taxes and insurance).
14. Servicer will provide Illinois Housing Development Authority 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 Illinois Housing Development Authority funds; servicer shall hold the borrower harmless if payments are not applied timely. Servicer agrees to provide reports to document that funds were applied.
16. The Illinois Housing Development Authority 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 Illinois Housing Development Authority 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 acknowledges that this Agreement does not cover the terms and conditions for the Reverse Mortgage Assistance Program. Servicer will need (or already has) a separate agreement with the Authority to address Servicer's participation in any other HHF programs.

19. Servicer shall notify the Illinois Housing Development Authority of any changes in monthly payment amount at least 30 calendar days prior to the change.
20. Where possible, the Illinois Housing Development Authority 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.
21. Servicer agrees that it is not authorized or empowered to determine and/or communicate to the homeowner eligibility for HHF foreclosure prevention programs. Illinois Housing Development Authority agrees that it is not authorized or empowered to determine and/or communicate to the homeowner eligibility for foreclosure prevention programs of the Servicer. Illinois Housing Development Authority retains sole authority for its program eligibility determination and communication to the homeowner and Servicer. Servicer will communicate with borrowers and Illinois Housing Development Authority regarding modification and other Servicer-driven approvals.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____
Audra Hamernik, Executive Director

Date

< Name of Servicer >

By: _____

Date

Printed Name: _____

Title: _____

**Illinois Hardest Hit Fund®
Term Sheet Summary Guidelines**

<p>1. Program Overview</p>	<p>The Illinois Homeowner Emergency Loan Program (HHF HELP or the Program) will assist in preventing foreclosure for homeowners who have experienced a substantial reduction in income or other qualifying hardship.</p> <p>Borrowers are referred to the Program through the HHF HELP website and/or hotline, housing agencies, mortgage servicers or other entities. The Illinois Housing Development Authority (IHDA) approved intake agencies or IHDA staff will perform all client intake. Intake agencies will screen applications and provide a full application package to IHDA for final approval.</p> <p>HHF HELP Assistance will be provided in three ways:</p> <ol style="list-style-type: none"> 1. Monthly Mortgage Payment Assistance: For homeowners who have experienced an income reduction due to a qualifying hardship. Monthly Mortgage Payment Assistance (MMPA) will be provided for up to 18 months to applicants approved prior to May 31, 2016 and up to 12 months for applicants approved after that date. IHDA will make full mortgage payments to the servicer on behalf of the borrower. Applicants approved prior to May 31, 2016 are required to contribute a partial mortgage payment to IHDA on a monthly basis. If borrowers regain employment and earn sufficient income to adequately afford their mortgage during the applicable term, borrowers will be transitioned from the Program. 2. Reinstatement Assistance: For homeowners who have experienced an income reduction due to a qualifying hardship. Reinstatement Assistance will pay a homeowner’s delinquent balance and other associated fees and costs. 3. Reverse Mortgage Assistance: For homeowners with a Federal Housing Administration (FHA) Home Equity Conversion Mortgage (HECM), who have had property taxes, insurance, homeowner association dues or other property-related expenses as set forth in the program guide (“Property Expenses”) impounded by their mortgage servicer and have experienced a qualifying hardship. Reverse Mortgage Assistance will be used to repay the amount of Property Expenses advanced on behalf of a homeowner by his or her mortgage servicer and pay up to two years of projected Property Expenses. <p>Borrowers may be eligible for both MMPA and Reinstatement Assistance as determined by housing debt to gross income (DTI) parameters. Reverse Mortgage Assistance cannot be combined with other assistance options.</p>
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<p>2. Program Goal</p>	<p>The goal of the Program is to assist homeowners who have experienced a substantial reduction in income or other qualifying hardship by providing mortgage assistance or payment of eligible Property Expenses that will allow them to pursue sustainable homeownership without the immediate threat of default or foreclosure.</p>
<p>3. Target Population / Areas</p>	<p>The Program aims to serve all areas of the State and all employment sectors as the foreclosure crisis and unemployment crisis in Illinois is diverse. Funds will only be available to households at or below the moderate-income level for the State (120% of area median, as defined by HUD).</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>Program allocation amount on file with Treasury.</p>
<p>5. Borrower Eligibility Criteria</p>	<p>All homeowners must meet the following criteria:</p> <ul style="list-style-type: none"> • Present income at or below 120% of area median; • Fee simple title ownership on a property not exceeding four units; • Liquid assets cannot exceed program guidelines. <p>For MMPA and Reinstatement Assistance, homeowners must meet the following additional program criteria:</p> <ul style="list-style-type: none"> • The borrower must complete and sign a financial hardship affidavit attesting to the prior loss of income due to one of the following qualifying hardships: <ul style="list-style-type: none"> ○ Unemployment ○ Underemployment ○ Divorce ○ Death of a spouse or ○ Medical condition • Assistance will be made available to eligible borrowers based on housing DTI parameters set forth in the program guide. <p>For Reverse Mortgage Assistance, homeowners must meet the following additional program criteria:</p> <ul style="list-style-type: none"> • Property Expenses must be delinquent or the borrower is currently in a repayment plan with the servicer. • The borrower must complete and sign a financial hardship affidavit attesting to the prior loss of income or other involuntary financial hardship as set forth in the program guidelines. • Assistance will be made available to eligible borrowers based on housing DTI parameters set forth in the program guide.

<p>6. Property / Loan Eligibility Criteria</p>	<p>All properties must meet the following criteria:</p> <ul style="list-style-type: none"> • Property must be owner-occupied; • Property can be one, two, three, and four units; • Property must be the primary residence of the borrower(s); and • Property types can include single-family homes, detached or attached houses, town homes, condos and mobile homes on permanent foundations recorded as real property. <p>For MMPA and Reinstatement Assistance loan criteria includes:</p> <ul style="list-style-type: none"> • Loan must be secured by a first position lien; • Homeowners can have a maximum present mortgage amount of \$500,000; and • Homeowners must carry a fixed rate mortgage or an adjustable rate mortgage. <p>For Reverse Mortgage Assistance loan criteria includes:</p> <ul style="list-style-type: none"> • Reverse mortgage must be serviced by a HUD-approved HECM servicer. • Mortgage balance of the HECM reverse mortgage is not greater than the FHA limit; • All subordinate liens must be in good standing.
<p>7. Program Exclusions</p>	<ul style="list-style-type: none"> • Homeowners with interest-only or negative amortization mortgages, with the exception of FHA HECMs; • Assistance for subordinate mortgages; • Homeowners that own and/or are a party to mortgages on multiple residential properties; and • Applicants unable to substantiate past and current income or failing to provide required program documentation as requested.
<p>8. Structure of Assistance</p>	<p>Assistance will be in the form of a non-recourse, non-amortizing, zero-percent interest, forgivable loan. The forgivable loan will be recorded as a subordinate lien and will only be repaid if net equity proceeds exist in the event of sale or refinance. The term of the loan is ten years for applicants approved prior to May 31, 2016 and five years for applicants approved after that date. The loan is forgiven on a monthly pro rata basis over the last five years of the loan term. Any remaining funds will be returned to Treasury in accordance with the Agreement.</p> <p>Assistance will be paid directly to Lender/Servicer and applied to a homeowner's arrearages, mortgage payments and Property Expenses, as applicable.</p>

9. Per Household Assistance	The maximum amount of assistance per homeowner is \$35,000.00.
10. Duration of Assistance	<p>MMPA will be provided for up to 18 months to applicants approved prior to May 31, 2016 and up to 12 months for applicants approved after that date. Assistance will terminate after the maximum number of monthly payments has been reached, upon expending the maximum amount of assistance per household or if the borrower is determined to be no longer eligible for assistance.</p> <p>Reverse Mortgage Assistance will pay off the arrearage and provide upfront funding for up to two years of projected monthly Property Expenses, subject to the \$35,000 per household cap.</p>
11. Estimated Number of Participating Households	IHDA anticipates that 18,000 - 20,000 households will be assisted through the HHF HELP Program.
12. Program Inception / Duration	The Program launched in 2011 and closed in early 2016. IHDA re-launched the Program on August 1, 2016.
13. Program Interactions with Other HFA Programs	Households served under the National Foreclosure Mitigation Counseling (NFMC) Program may also be reviewed for HHF HELP eligibility.
14. Program Interactions with HAMP	Clients denied for a HAMP modification may be eligible for assistance through this Program. Intake agencies evaluating eligibility for clients may also review for possible HAMP eligibility. Borrowers in a HAMP trial period may not use funds from HHF HELP to make trial period payments.
15. Program Leverage with Other Financial Resources	The Program requires no financial contribution from servicers or lenders, but they will be encouraged to waive fees as the HHF HELP Program provides direct benefit to their loan portfolio. IHDA will work to collaborate with servicers and lenders to effectively manage payments and information of the borrowers.

Automated Clearinghouse (ACH) Bank Credit Authorization

The Illinois Housing Development Authority is to electronically deposit funds into the following bank account:

Servicer ACH Account Name	
City	
State	
Servicer Account Number	
Servicer ABA Routing Number	
Servicer Name	
Servicer City	
Servicer State	

(Date)

(Print Name)

(Signature)