

Florida Housing Finance Corporation
National Community Capital LLC
Florida Modification Enabling Pilot Program (MEP)
Summary Guidelines

1. Program Overview	<p>This Modification Enabling Pilot Program (“MEP”) is being administered by the Florida Housing Finance Corporation (“FHFC”) in partnership with National Community Capital LLC (“NCC”). Funding under this Pilot Program is designed to provide directed assistance to eligible borrowers under the NCC ReStart Program with the intent to permanently modify and reduce the borrower’s loan amount to an affordable level to achieve a monthly total housing payment that does not exceed 35% of the borrower’s monthly income. Borrowers meeting the eligibility requirements described in Section 5 below may be eligible for MEP assistance through the NCC ReStart Program.</p> <p>Eligible loan pools under this MEP Pilot Program include only loans in Florida sold under the Department of Housing and Urban Development’s (“HUD”) Distressed Asset Stabilization Program (“DASP”) in calendar years 2012 and in 2013 that are purchased by NCC.</p> <p>The FHFC agreement with the NCC ReStart Program will be used to enable and facilitate permanent modifications by advancing a forgivable loan to eligible borrowers in an amount not to exceed \$50,000.00 to enable a loan modification to occur immediately. MEP funding may not be used to reduce the principal balance of an eligible borrower’s mortgage loan below 100% of the current market value of the property. However, the NCC ReStart Program may reduce the principal amount of an eligible borrower’s mortgage loan below 100% of the property’s current market value to achieve a permanently modified mortgage loan as long as it uses its own capital and not MEP funding. As the funding formula for the maximum amount MEP assistance expressly states a floor of 100% of the property’s current market value the MEP assures that its assistance is limited to funding principal reduction for eligible borrowers only down to 100% of the property’s current market value.</p> <p>Consistent with the terms of MEP, the NCC ReStart Program may permanently modify and reduce the existing first mortgage loan to an amount whose net present value does not exceed the lessor of:</p> <ul style="list-style-type: none">• A loan amount equal to 100% of the current market value of the property; or• A loan amount whose net present value (using a 30 year amortization at an interest rate equal to 300 basis points above the 30 year FHA rate as quoted by Wells Fargo Mortgage) results in a monthly total housing payment that does not exceed 35% of the borrowers adjusted gross monthly income. <p>The resulting mortgage loan amount is hereafter referred to as the Modified Mortgage Loan Amount. In order to make the mortgage payments affordable to the borrower, the MEP forgivable second mortgage loan will be made to eligible borrowers for up to \$50,000.00 to fund a modification of the mortgage loan amount to an amount equal to 100.00% of the current market value (or as close to 100% of the current market value as the \$50,000.00 in MEP assistance will permit and as long as the reduced mortgage loan amount results in a total</p>
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	<p>housing payment not greater than 35% of the borrower’s adjusted gross monthly income).</p> <p>There is a required dollar-for-dollar private capital match under the NCC Program. As a result of this private capital match, the final amount of MEP assistance will be determined by subtracting the Current Market Value of the property from borrower’s Unpaid Principal Balance (UPB) times 50% or \$50,000 whichever is less.</p> <p>The structure of the MEP assistance is described in Section 8.</p>
<p>2. Program Goals</p>	<p>The central goal of MEP is to help homeowners avoid foreclosure by permanently modifying a borrower’s primary mortgage to achieve a monthly total housing payment that does not exceed 35% of the borrower’s adjusted gross monthly income.</p> <p>MEP aspires to achieve a seventy-five percent (75%) success rate in loans assisted under the program that continue to make on-time monthly payments for at least 24 months after the permanent modification occurred.</p>
<p>3. Target Population/Areas</p>	<p>The targeted populations are households whose loans NCC is able to acquire under the HUD DASP sales in 2012 and 2013.</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>\$50,000,000.00</p>
<p>5. Borrower Eligibility Criteria</p>	<p>Eligible Borrowers under MEP must meet the following criteria:</p> <ul style="list-style-type: none"> • Must be a legal U.S. Citizen or lawful permanent resident • Must document adjusted household income that does not exceed 140% Area Median Income (“AMI”) • Demonstrate an ability to maintain a financial obligation for the home based upon an affordable mortgage with a total monthly housing payment equal to or less than 35% of their gross monthly income. • Must meet the LTV requirements described in this Section. <p>Borrowers with current UPB’s equal to or greater than 105% of the property’s current market value are eligible for MEP assistance if they meet one of the following financial hardships and provide a financial hardship affidavit. Eligible financial hardships include:</p> <ul style="list-style-type: none"> • Reduced income due to changes in employment • Medical condition(s) • Divorce • Death <p>Borrowers that are unable to document any of these financial hardships may be eligible for MEP assistance if their current UPB is equal to or greater than 125% of the property’s current market value.</p>
<p>6. Property/Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> • Property must be the borrowers principal residence, located in Florida and may not be abandoned, vacant or condemned. • The property must be a single family home, a condominium, a townhome, a

	<p>manufactured or mobile home on foundation permanently affixed to real estate owned by the mortgagor, or a 2-4 family dwelling unit of which one unit is occupied by the mortgagor as their principal residence that is owner-occupied with an unpaid principal balance (“UPB”) equal to or less than \$400,000.00.</p> <ul style="list-style-type: none"> • Mortgage must a distressed loan with a UPB that equals or exceeds the required percentages described in Section 5 above. Market value will be established by a FIRREA-compliant appraisal completed by an appraiser licensed and in good standing under Chapter 475 of the Florida statutes for NCC at the time the appraisal is performed.
7. Program Exclusions	<ul style="list-style-type: none"> • Borrower’s whose current loan-to-value is less than 105% of the property’s current market value. • Borrowers who are in an active Chapter 7 bankruptcy.
8. Structure of Assistance	<p>The structure of assistance will be provided as an up-front, forgivable loan to eligible borrowers for up to \$50,000.00 depending upon individual circumstances. The Note evidencing the Second Mortgage Loan will carry the following terms:</p> <ul style="list-style-type: none"> • Zero percent (0%) interest, zero payment loan • Five (5) year term in favor of FHFC with a pro rata 20% forgiveness of the original Second Mortgage Loan Amount on each annual anniversary date. The Note will be extinguished on the fifth (5th) anniversary date providing the borrower has satisfied all terms of the loan. <p>If a property is sold on or before the end of the five (5) year term, the loan is “due on sale” and any net proceeds due to FHFC after reducing the sales price by:</p> <ul style="list-style-type: none"> ○ usual and customary costs of sale and attorney’s fees; ○ taxes and any other payments due to federal, state and local governmental entities ○ satisfaction of the first mortgage loan amount due NCC Program and it’s successors and assigns <p>If there are insufficient or no net proceeds available after reducing the sale amount by the above items, 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 12/31/2017.</p>
9. Per Household Assistance	<p>\$50,000.00 is the Maximum Amount of Assistance. \$33,333.33 is the estimated Median Amount of Assistance.</p>
10. Duration of Assistance	<p>MEP assistance will be disbursed in full upon the loan closing for qualified applicants by NCC ReStart Program.</p>
11. Estimated Number of Participating Households	<p>It is anticipated that the MEP will assist a minimum of 1,500 households in avoiding imminent foreclosures.</p>
12. Program Inception/Duration	<p>This program component will begin in May 2013 and it is projected that assistance will be expended over a two (2) year period of time. However,</p>

	repayment of assistance may extend this time frame up to five additional years.
13. Program Interactions with Other Programs (e.g. other HFA programs)	MEP will interact with FHFC's MLRP and UMAP in the following manner. At the time NCC assessed the borrower for eligibility under MEP, if it finds that the borrower is not eligible for MEP it will then assess whether the borrower is eligible for MLRP or UMAP assistance. If the borrower is eligible for either MLRP or UMAP, the application and approval process will be completed in the manner prescribed by FHFC. Borrowers may receive assistance from more than one of these programs as long as the total combined assistance does not exceed \$50,000.00.
14. Program Interactions with HAMP	None.
15. Program Leverage with Other Financial Resources	As the NCC ReStart Program will reduce the existing first mortgage loan in accordance with the MEP there will be a minimum 1:1 private capital leveraged match. However, as the NCC ReStart Program will likely fund with private capital additional principal reductions for eligible borrowers below 100% of the property's current market value in order to achieve a principal reduction it is expected that the leveraged match will be closer to 3 to 1. Lender match amounts shall be documented at the time of closing of the modification.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No MEP assistance qualifies as an unemployment program when the NCC ReStart Program modifies loans and provides assistance to borrowers meeting the Section 5 Financial Hardship criteria relating to borrowers whose incomes have been reduced due to changes in their employment.