

EMERGENCY HOMEOWNERS’ LOAN PROGRAM:
HOUSING COUNSELING AGENCY ROLES AND RESPONSIBILITIES POST-APPROVAL GUIDELINES

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I. SECTION I: INTRODUCTION

The purpose of these guidelines is to provide Counseling Agencies with all of the information necessary to ensure that Borrowers are provided with appropriate counseling leading up to and after their EHL P Loans have closed. In some instances Borrowers may call up their Counseling Agency (CA) with questions and in other instances the CAs will need to meet with Borrowers for specific counseling on aspects of their Emergency Assistance. In order to ensure that this information is readily available, these guidelines include:

Section II – a description of Borrowers’ Emergency Assistance;

Section III – specific steps and information required for 5(b) counseling;

Section IV – all the mandatory reporting and potential loan modifications that Borrowers should be aware of after closing;

Section V –outline of when and how termination and repayment may take place; and

Section VI – description of the annual recertification requirement.

II. SECTION II: LOAN PAYMENTS

HUD’s Fiscal Agent (FA) is responsible for making the Borrower’s full monthly mortgage payment on the Borrower’s behalf. Processing the Borrower’s Emergency Assistance requires payment of:

- HUD’s Emergency Assistance Payments; and
- Borrower’s Monthly Required Homeowner Contribution Payment.

A. HUD’S EMERGENCY ASSISTANCE PAYMENTS

1. Payment of the Reinstatement Amount

Once the FA receives the Borrower’s properly completed EHL P Note, Security Instrument, and Loan Description Acknowledgment (the “Closing Documents”) the FA will prepare a draw request for the Borrower’s first Emergency Assistance payment (the “Reinstatement Amount”). The Reinstatement Amount is the amount necessary to bring the Borrower’s first lien mortgage loan current (cure the existing delinquency) plus the next monthly payment due. HUD will pay 100% of this amount. HUD’s payment of the Reinstatement Amount constitutes the first month of the Borrower’s Approved Assistance Period.

2. Monthly Emergency Assistance and Payment to Servicing Institution

After payment of the Reinstatement Amount, HUD pays 100% of the Borrower’s next payment due under the Borrower’s Delinquent Mortgage (total monthly payment of principal, interest, taxes and insurance due to the Servicing Institution).

For the remainder of the Borrower’s Assistance Period, HUD contributes an amount equal to the Borrower’s full monthly mortgage payment (total monthly principal, interest, taxes and insurance due to the Servicing Institution) minus the Borrower’s monthly required Homeowner Contribution Payment (HCP). Each of HUD’s monthly contributions is known for program purposes as an “Emergency Mortgage Relief Payment.”

Provided that the Borrower timely (by the due date) and properly (in the full amount due) submits his/her HCP, HUD's Fiscal Agent will send the Borrower's HCP and HUD's Emergency Mortgage Relief Payment to the Borrower's Servicing Institution in full satisfaction of the monthly mortgage payment. HUD anticipates that the Fiscal Agent will transmit the monthly payments by the 1st calendar day of each month.

For example, a borrower makes their Homeowner Contribution Payment on or before February 15th. Bank of New York Mellon combines those funds with HUD's Emergency Mortgage Relief Payment to make the March 1 mortgage payment to the borrower's first lien mortgage servicing institution on the borrower's behalf.

B. MONTHLY REQUIRED HOMEOWNER CONTRIBUTION PAYMENT

1. Due Date. The Borrower will receive a monthly EHLP billing statement from HUD's Fiscal Agent. The envelope for the billing statement will clearly indicate that the bill is from the HUD EHLP program. The billing statement will provide the amount of the Borrower's required monthly Homeowner Contribution Payment (HCP) and the due date, along with a payment coupon and envelope addressed to the Fiscal Agent. **The Borrower's monthly required HCP must be received by the Fiscal Agent on or before the 15th calendar day of each month.** Monthly HCP submissions should be made out and addressed to the following:

Checks Payable to: Bank of New York Mellon

Address:

HUD Emergency Homeowners' Loan Program

See Appendix A for specific lock box addresses based on which state the property is located.

2. Duration. Except for the Reinstatement Amount and the first month of regular monthly Emergency Assistance, the Borrower is responsible for making the HCP for each month that the Borrower receives EHLP Emergency Assistance. Once the Borrower's EHLP Emergency Assistance has been terminated, the Borrower resumes responsibility for making the full monthly mortgage payment to the Borrower's Servicing Institution and will no longer be responsible for making the HCP to HUD.
3. Amount. The expected amount of the Borrower's monthly required HCP is provided by HUD in the Borrower's Closing Letter, and in the Borrower's Loan Description Acknowledgment. The Borrower's Closing Letter will be available for review on HOPE LoanPort (HLP) once they are provided to the Borrower. The amount of the Borrower's HCP is determined by HUD, and is subject to change based on changes in the Borrower's financial circumstances. HUD determines the amount by formula:
 - (a) *Borrowers with No Second Mortgage/HELOC*: Monthly HCP equals the greater of (a) \$150 (\$25 if approved for a Hardship Waiver) or (b) 31% of Borrower's combined current monthly income. Monthly income includes the Borrower's income and the income of all Co-Borrowers, if any.
 - (b) *Borrowers with Second Mortgage/HELOC*: Monthly HCP equals the greater of (a) \$150 (\$25 if approved for a Hardship Waiver) or (b) 31% of Borrower's combined current

monthly income minus the Borrower's monthly Second Mortgage/HELOC payment.

4. Late Payment. It is imperative that the Borrower timely and properly make his/her required monthly HCP. Failure to make timely and proper payment is considered "late payment." Late Payment is an event of default under the terms of the EHLP loan. In the event of Late Payment, the Fiscal Agent is prohibited from making EHLP Emergency Mortgage Relief Payments to the Borrower's Servicing Institution. In such cases, the Borrower will receive a late payment notice from HUD. That notice will include all pertinent information about the right to appeal, if any.
5. Responsibility for Late Fees. The Borrower, not HUD, is responsible for payment of any late fees imposed by the Borrower's Servicing Institution as the result of the Borrower's Late Payment.
6. Early Termination. If the Borrower does not cure the Borrower's first Late Payment, or fails to timely and properly submit his/her HCP more than once, HUD will terminate the Borrower's Emergency Assistance. In such cases, the Borrower will receive a termination notice from HUD. That notice will include all pertinent information about the right to appeal, if any.

III. SECTION III: POST-APPROVAL (5B) COUNSELING FOR BORROWERS

A. LOGISTICS

1. **Timing.** Post-approval counseling can take place as soon as the homeowner receives a Closing Letter from HUD. For purposes of this section, the term Borrower is used synonymously with Approved Applicant.
2. **Requirement to Offer.** Each Borrower **must be offered** post-approval housing counseling (“5b counseling”) by the Borrower’s designated CA. Participation in 5b counseling is not a requirement of continued participation in the EHLP. If the Borrower accepts the offer for 5b counseling, the CA must provide the counseling, at no cost to the Borrower. **Only Borrowers who participate in a 5b counseling session are eligible to apply for and otherwise receive a hardship waiver** to reduce the Borrower’s HCP.

B. REQUIREMENTS OF 5B SESSION.

A 5b counseling session with Borrower must include the following –

1. **Borrower Rights and Responsibilities.** Borrower and CA will discuss the Borrower’s rights and responsibilities under the terms of the EHLP loan, with emphasis on the HCP (see page 4, above), and defaults and remedies as described in the Closing Documents (see page 26, also).
2. **Changes in Income, Mandatory Reporting, and Hardship Waiver.** Borrower and CA will discuss: (1) the mandatory reporting requirements (see page 17) for changes in Borrower income; (2) the increase in Borrower income that will result in Borrower’s non-default early termination from the EHLP Assistance Period (see page 22); (3) the threshold eligibility requirements to receive an adjustment in the amount of Borrower’s Emergency Assistance (see page 13), and/or a hardship waiver (see page 8); and (4) requirement to complete the EHLP recertification (see page 28).
3. **Other Assistance Resources.** Borrower and CA should discuss other resources that may be available to the Borrower. Such resources may include public assistance resources such as unemployment assistance, Temporary Assistance for Needy Families, Social Security, physical and mental health assistance, medical information assistance, crisis intervention assistance, drug and alcohol intervention and rehabilitation assistance, unemployment assistance, job training, transportation assistance, elder care, and childcare.
4. **Budget.** Borrower and CA will develop a verified budget for the Borrower based on Borrower’s expenses, debts, and available sources of income. The basis of the budget must be the CA’s review of documented evidence provided by the Borrower to establish true debt obligations (e.g., credit report), monthly expenses (e.g., monthly bills and banks statements) and spending patterns, and realistic opportunities for income (e.g., returns and pay stubs). This documentation includes previously provided information (e.g. credit report) and any new documentation provided at the time of the 5b counseling session.
5. **Action Plan.** Borrower and CA will develop a written Action Plan for follow up activities to be taken by the Borrower and review this Action Plan with the Borrower prior to execution. The National Industry Standards for Homeownership Education and Counseling provides guidance on what should be included in an Action Plan (See <http://www.homeownershipstandards.org/standards> for further guidance). When developing

this Action Plan, it is expected that the CA will do a comprehensive analysis of the Borrower's employment and overall level of income and debt in order to recommend the best plan of action. The Action Plan should include specific goals and steps the Borrower will take in order for the Borrower to ultimately resume full mortgage payments once Borrower's Emergency Assistance ends.

6. Records Retention. CA should retain copies (electronic is acceptable) of all documentation submitted by the Borrower or obtained on the Borrower's behalf in connection with the 5b counseling session. CAs should consult with NeighborWorks about the rules, requirements, and proper procedures pertaining to records retention.

IV. SECTION IV: MODIFICATIONS TO BORROWER EMERGENCY ASSISTANCE (including Mandatory Reporting Requirements)

The amount and duration of a Borrower's Emergency Assistance may change from time to time based on changes to Borrower's documented financial information (including, but not limited to, changes in income and changes in a Borrower's escrowed property taxes and insurance premiums). This section describes significant changes in the Borrower's circumstances, and the procedures for evaluating and modifying the Borrower's Emergency Assistance in response to such changes.

Changes that may affect a Borrower's Emergency Assistance:

- **Hardship Waiver:** Borrower demonstrates that Borrower is eligible for a reduction in the Borrower's monthly HCP under the EHLPP Hardship Waiver policy.
- **Escrow:** Increases or decreases in the escrow amount due under Borrower's Delinquent Mortgage.
- **Interest Rates:** Adjustment to the Borrower's Delinquent Mortgage interest rate, if the mortgage is an adjustable rate mortgage (ARM) or graduated payment mortgage (GPM).
- **Borrower Income:** Certain increases (mandatory reporting) or decreases (voluntary reporting) in Borrower's combined current income (this includes the present financial resources of all Co-Borrowers, if any).

NOTE for Borrowers with a Second Mortgage or HELOC: HUD will not make adjustments to the Borrower's EHLPP Emergency Assistance based on changes in the amount due under the Borrower's second mortgage/HELOC.

A. EHLPP HARDSHIP WAIVER

Borrowers are required to contribute the HCP towards their mortgage on a monthly basis following payment of the Reinstatement Amount. Borrowers with particular financial constraints, described in this section, are eligible for a hardship waiver (EHLPP Hardship Waiver). Borrowers who apply for and are approved for the EHLPP Hardship Waiver are eligible for a reduced HCP amount equal to the greater of \$25 or 31 percent of the Borrower's current monthly income. Income includes the income of all Co-Borrowers, if any.

1. Initial Hardship Waiver Application.

- (a) *Availability.* The EHLPP Hardship Waiver is only available to Borrowers whose HCP amount is currently \$150. Borrowers whose HCP is more than \$150 are not eligible to apply for the EHLPP Hardship Waiver. Please note that if Borrower has requested an HCP modification because of decreased income, and the CA's modification calculation has reduced the Borrower's HCP to \$150, the CA may evaluate a Borrower for the EHLPP Hardship Waiver at the same time that the CA processes the income decrease modification.
- (b) *Requirement to Participate in 5b Counseling.* Only Borrowers who participate in a 5b counseling session are eligible to apply for the EHLPP Hardship Waiver. Borrowers who do not participate in a 5b counseling session forego the opportunity to apply for the waiver. 5b counseling can take place as soon as the homeowner receives a Closing Letter from HUD. Therefore, for purposes of this section the term Borrower is used

synonymously with Approved Applicant.

- (c) *Conditions for Approval of Hardship Waiver.* A Borrower may be approved for a Hardship Waiver if the Borrower can demonstrate that he or she has experienced any of the following three conditions:

(i) Expiration of Unemployment Benefits

Supporting Documentation: The (Co-) Borrower must submit –

1. A copy of the written notice from the applicable state agency indicating that (Co-) Borrower's unemployment benefits have been exhausted or have expired; and
2. A signed Hardship Waiver Affidavit.

(ii) Self-Employed, Sustained Income Reduction.

Eligibility under this criterion is limited to (Co-) Borrowers who initially qualified for EHLP Emergency Assistance based on a reduction in **self-employment** income, and who have not received unemployment benefits. Such self-employed (Co-) Borrowers are eligible for a Hardship Waiver if the initial reduction in self-employment income that the (Co-) Borrower reported at the time of application has been sustained for 12 consecutive months. *Note* that the 12 month calculation should begin with the date the (Co-) Borrower first experienced the unemployment or underemployment as stated in their EHLP application Unemployment Affidavit.

Supporting Documentation: The (Co-) Borrower must submit a signed EHLP Hardship Waiver Affidavit (the CA must ensure that the (Co-) Borrower's affidavit includes the sustained self-employment clause).

(iii) Increase in Out-of-Pocket Medical Expenses.

To be eligible based on this criterion, the (Co-) Borrower's household must have out of pocket medical expenses of at least \$125 per month for a minimum of three consecutive months due to a medical emergency experience by the (Co-) Borrower, his or her spouse, and/or one or more of his or her dependents.

Supporting Documentation: The (Co-) Borrower must provide all of the following:

1. Payment stubs, canceled checks, or money order receipts from his or her health insurance provider (e.g. Blue Cross, Blue Shield, AARP) (if any);
2. Hospital and/or doctor bills for 3 months prior to his or her application for a Hardship Waiver (if any);
3. Copies of any payment agreements for related medical bills that have not yet been paid (if any); and
4. A signed Hardship Waiver Affidavit (the CA must ensure that the (Co-) Borrower's affidavit includes the medical expenses clause).

- (d) *CA Evaluation of Hardship Waiver Application.* CAs will evaluate all Hardship Waiver applications using the criteria described above. Evaluation can take place at the time of 5b counseling or at the request of the Borrower post-5b counseling. Upon review of each Hardship Waiver application, CAs will be responsible to grant or deny each such

application for a Hardship Waiver based upon these criteria. The CA will provide written notification to the Borrower regarding the outcome of the CA's evaluation of the Hardship Waiver application. This notification will include information about the right to appeal the decision.

- (e) *Reporting to FA.* The CA must report all qualifying Hardship Waivers to the FA via HLP, and include in that report copies of all required documentation.
- (f) *Consequences of Approved Hardship Waiver.*
 - (i) *Dispute.* If the Borrower believes that the hardship waiver application was not properly evaluated by the CA, the Borrower may request that NeighborWorks reconsider the CA's determination. In such cases, the Borrower must properly complete the Change in Emergency Assistance Appeal Form and submit the form to NeighborWorks, along with any supplemental documentation, within the designated timeframe. NeighborWorks will make the final determination related to each appeal. Once finalized, NeighborWorks will notify the Borrower and CA of its determination.
 - (ii) *Reduction in HCP.* As the result of the approved Hardship Waiver, the FA will reduce the Borrower's monthly required HCP to the greater of \$25 or 31 percent of Borrower's present financial resources (wages, rental income, TANF, etc.), as calculated at the time of application (includes resources of all Co-Borrower's, if any). The FA will adjust the Borrower's monthly amount of EHLP Emergency Assistance to offset the change in HCP. Changes to the HCP may take up to 90 days to be reflected accordingly on the EHLP billing statement. The borrower must continue to make its full HCP reflected on the EHLP billing statement.
 - (iii) *Changes to Total Amount of Assistance.* An increase in the Borrower's *monthly* EHLP Emergency Assistance does not necessarily result in HUD's increase to the *overall total* amount of Emergency Assistance approved for the Borrower. Consequently, the Borrower's Approved Assistance Period (months assistance is available) may decrease when the Borrower's monthly EHLP Emergency Assistance increases.

HUD, at its sole discretion, may increase the Borrower's total amount of Emergency Assistance provided that funds are available and the increase does not result in the Borrower's total Emergency Assistance exceeding \$50,000 and/or 24 months.
 - (iv) *Notice of Change.* HUD will send biannually the "EHLP Emergency Assistance Status Update Notice" to all active EHLP Borrowers beginning December 2012. The Status Update Notice will inform each Borrower of his/her current estimated monthly assistance amount and the total amount of assistance that remains available on their Emergency Homeowner Loan Program loan. The notice will be mailed to borrowers every six months beginning December 2012, followed by June 2013, and December 2013 with electronic copies of each notice available for reference via HLP.

2. Duration of Hardship Waiver and Possibility of Extension at Re-certification. If a Borrower is approved for a Hardship Waiver during the first 12 months of Borrower's Approved Assistance Period, the Hardship Waiver is valid up to the date of the Borrower's eligibility re-certification. Borrowers receiving the benefit of a Hardship Waiver remain subject to the EHLPP mandatory reporting requirements. At the time of Borrower's 12-month eligibility re-certification, the CA will reevaluate the (Co-) Borrower's eligibility for a Hardship Waiver extension using the standards outlined above. (See Section VI for additional information.)
3. Fraud, Misstatement, and/or Misrepresentation. If CA suspects that the (Co-) Borrower engaged in fraud, misrepresentation, or misstatement, in connection with the Hardship Waiver application process, the CA will report such conduct to HUD. If HUD determines that the (Co-) Borrower engaged in fraud, misrepresentation, or misstatement in connection with the Hardship Waiver application process, HUD may suspend the (Co-) Borrower EHLPP Emergency Assistance. Pending the outcome of any appeal filed by the (Co-) Borrower, the Emergency Assistance may be terminated, in which case the Borrower's EHLPP Note will be subject to repayment per the terms of the Borrower's Note. HUD reserves the right to pursue all available civil and criminal penalties.

B. ESCROW: ADJUSTMENT IN ESCROWED PROPERTY TAXES AND/OR INSURANCE PREMIUMS

The Borrower's Servicing Institution is required to report changes in the amount due under the Borrower's Delinquent Mortgage, including escrow amounts, to the FA.

1. Changes in Escrow Amount.
 - (a) *Increase in Escrow.* In the event that the required escrow payment **increases** during the Borrower's loan participation period, the FA will increase the amount of Borrower's monthly EHLPP Emergency Assistance. This increase may result in shortening of the Borrower's Approved Assistance Period (see 2., below).
 - (b) *Decrease in Escrow.* In the event that the required escrow payment **decreases** during the Borrower's loan participation period, the FA will reduce the amount of the Borrower's monthly EHLPP Emergency Assistance. If the payment amount decreases enough so that the borrower can now afford their full mortgage payment, the borrower will be exited from the EHLPP Assistance Period, but may be eligible for 2 months of transition period assistance.
2. Changes to Total Amount of Emergency Assistance. An increase in the Borrower's monthly EHLPP Emergency Assistance does not necessarily result in HUD's increase to the total amount of Emergency Assistance approved for the Borrower. Consequently, the Borrower's Approved Assistance Period (months) may decrease when the Borrower's monthly EHLPP Emergency Assistance increases.

HUD, at its sole discretion, may increase the Borrower's total amount of Emergency Assistance provided that funds are available and the increase does not result in the Borrower's total Emergency Assistance exceeding \$50,000 and/or 24 months.

Note that changes in the amount of the Borrower's required escrow for taxes and insurance do not change the amount of the Borrower's monthly required HCP.

3. Notice of Change. HUD will send biannually the “EHL P Emergency Assistance Status Update Notice” to all active EHL P Borrowers beginning December 2012. The Status Update Notice will inform each Borrower of his/her current estimated monthly assistance amount and the total amount of assistance that remains available on their Emergency Homeowner Loan Program loan. The notice will be mailed to borrowers every six months beginning December 2012, followed by June 2013, and December 2013 with electronic copies of each notice available for reference via HLP.

C. INTEREST RATES: ADJUSTMENTS TO DELINQUENT MORTGAGE ARMS AND GPMS

This section applies to Borrowers whose Delinquent Mortgage is an adjustable rate mortgage (**ARM**) or a graduated payment mortgage (**GPM**).

1. Interest Rate Changes. The Borrower’s Servicing Institution is required to report changes in the amount due under the Borrower’s Delinquent Mortgage to the FA.
 - (a) *Increase in Interest Rate.* In the event of an **increase** in the Borrower’s interest rate, the FA will increase the Borrower’s monthly EHL P Emergency Assistance. This increase may result in shortening of the Borrower’s Approved Assistance Period (see 2., below).
 - (b) *Decrease in Interest Rate.* In the event of a **decrease** in the Borrower’s interest rate, the FA will decrease the Borrower’s monthly EHL P Emergency Assistance. If the mortgage payment amount decreases enough so that the borrower can now afford their full mortgage payment, the borrower will be exited from the EHL P Assistance Period, but may be eligible for 2 months of transition period assistance.
2. Changes to Total Amount of Assistance. An increase in the Borrower’s monthly EHL P Emergency Assistance does not necessarily result in HUD’s increase to the total amount of Emergency Assistance approved for the Borrower. Consequently, the Borrower’s Approved Assistance Period (months) may decrease when the Borrower’s monthly EHL P Emergency Assistance increases.

HUD, at its sole discretion, may increase the Borrower’s total amount of Emergency Assistance provided that funds are available and the increase does not result in the Borrower’s total Emergency Assistance exceeding \$50,000 and/or 24 months.

Changes in the Borrower’s Delinquent Mortgage interest rate do not change the amount of the Borrower’s monthly required HCP.

3. Notice of Change. HUD will send biannually the “EHL P Emergency Assistance Status Update Notice” to all active EHL P Borrowers beginning December 2012. The Status Update Notice will inform each Borrower of his/her current estimated monthly assistance amount and the total amount of assistance that remains available on their Emergency Homeowner Loan Program loan. The notice will be mailed to borrowers every six months beginning December 2012, followed by June 2013, and December 2013 with electronic copies of each notice available for reference via HLP.

D. LOAN MODIFICATIONS

1. Borrowers in Trial Modifications Prior to Closing. Borrowers in trial modifications prior to closing are required to choose to participate in the EHLP and exit their trial payment plan (modification), or withdraw their EHLP application.

If a Borrower receives a permanent modification as a result of a trial payment plan, that Borrower has elected the modification option, and is not eligible for the EHLP.

2. Other Pre-Closing Loan Modifications. If the Borrower is brought current as a result of a pre-closing permanent modification, foreclosure is no longer probable. Since the probability of foreclosure is a statutory requirement of the EHLP, the Borrower is not eligible for the EHLP.
3. Other Post-Closing Loan Modifications. If the modification changes the Borrower's monthly PITI, HUD will evaluate the amount and duration of the Borrower's assistance based on the change in PITI in the same manner as all other monthly PITI changes.

E. CHANGES IN BORROWER'S MONTHLY INCOME

1. Decrease in Borrower's Monthly Income.

- (a) *Eligible Borrower.* Only Borrowers with an HCP greater than \$150 (greater than \$25 if previously granted a Hardship Waiver) are eligible for income-based HCP reductions (resulting in an increase to the Borrower's monthly EHLP emergency assistance). Modifications under this section are permitted until the Borrower's HCP amount reaches the program minimum (\$150, or \$25 if granted a Hardship Waiver).

Note: For Borrowers with an HCP of \$150 (program minimum), the EHLP Hardship Waiver is the only method for initially reducing that Borrower's HCP below \$150. See page 8 for the guidelines on EHLP Hardship Waivers.

Borrowers previously granted an EHLP Hardship Waiver may be eligible for modifications under this section, provided that the Borrower has experienced a decrease in combined current income of at least 20 percent. However, in no event will that Borrower's HCP be reduced below \$25.

- (b) *Eligible Circumstance.* A Borrower's initial HCP and total amount of Emergency Assistance is calculated based on the income the Borrower reported at the time the Borrower applied for the EHLP. Borrowers who experience further reductions in income after application are allowed to report those reductions in income to their CA. To be eligible to report an income decrease, the Borrower's total monthly income must have decreased at least 20% from the Borrower's Financial Resources at Approval and the decrease must have been in effect at least 90 consecutive calendar days. The CA is then responsible for evaluating the Borrower's eligibility for an assistance modification. A Borrower who meets the eligibility requirements may qualify for one (1) assistance modification at any time after the Borrower has closed their EHLP loan. However, once the Borrower has been granted the first assistance modification, additional assistance modifications will only be granted when the Borrower's income reduction has been sustained for at least 90 calendar days from the date of the Borrower's last approved

assistance modification.

Note that Borrowers are not required to report decreases of income.

(c) *Required Documentation.* To be eligible for an increase in monthly EHLPP Emergency Assistance, the Borrower must provide the following documentation:

- **Tax Returns:** Copy of Borrower's (and all Co-Borrower's, if any) tax returns for the most recent completed tax year (if any). Self-employed (Co-) Borrowers must submit all documentation listed in Appendix C.
- **Wages/Salary:** Paystubs for Borrower's (and all Co-Borrower's, if any) last 4 weeks (if any);
- **Unemployment:** Records of the Borrower's (and all Co-Borrower's, if any) unemployment benefits from the last 4 weeks (if any);
- **Disability/SSI:** Records of the Borrower's (and all Co-Borrower's, if any) disability/SSI benefits from the last 4 weeks (if any);
- **Pensions/Annuities/Retirement Plans:** Records of the Borrower's (and all Co-Borrower's, if any) income from pensions/annuities/retirement plans from the last 4 weeks (if any);
- **Temporary Aid for Needy Families (TANF):** Records of the Borrower's (and all Co-Borrower's, if any) TANF income from last 4 weeks (if any);
- **Affidavit:** Borrower must complete and sign the Assistance Modification Affidavit.

(d) *CA Evaluation.* The CA should determine whether the Borrower meets the three requirements for additional Emergency Assistance, as follows:

(i) *Income Reduction.* For the Applicant and each Co-Applicant, if any:

1. Sum the total of self-employed and rental income, alimony, dividend and interest (if any) from most recent tax return(s), or, if applicable, profit and loss statement (annualized), (see Appendix C for self-employed borrower income calculations) and divide by 12;
2. Sum: (All **GROSS**) annualized wages, unemployment, disability/SSI, pensions/annuities/retirement plans and TANF from previous four weeks, divided by twelve – specifically:
 - **Wages/Salary:** Using paystubs from the most recent month or 4 weeks, annualize* that income and divide by 12.

Exception: Calculating Current Income for Seasonal Employees: If Applicant or Co-Applicant's employment wages/income fluctuates by more than 50% based on the time of year because of the character of the employment, use the (Co-)Applicant's tax return(s) from the most recent completed tax year AGI (or equivalent in Puerto Rico), divided by 12 for Present Financial Resources. This is in lieu of CA calculating the person's wages based on documentation from last four weeks of employment. If the Borrower or Co-Borrower receive variable pay, such as overtime or commissions, but the variable pay does not

cause the income does not fluctuate more than 50%, the CA should calculate the year-to-date average monthly overtime/commission pay as described in Appendix D.

**Annualize: For example, if bi-weekly pay stubs, sum the gross pay from the two pay stubs (covering 4 weeks), multiply times 13. This creates an annual estimate from the two pay stubs.*

- **Unemployment:** Using unemployment payments from the most recent month, annualize the unemployment payments and divide by 12.
 - **Disability/SSI:** Annualize the Disability/SSI benefit checks capturing the most recent month or the most recent four (4) consecutive weeks' payments (if any) and divided by 12.
 - **Pensions/Annuities/Retirement Plans:** Annualize the checks/paystubs capturing the most recent month or the most recent four (4) consecutive weeks' payments (if any) and divide by 12.
 - **Temporary Aid for Needy Families (TANF):** Annualize the checks/paystubs capturing the most recent month or the most recent four (4) consecutive weeks' payments (if any) and divide by 12.
3. Add the total of (1) and (2) above, and combine for Borrower and all Co-Borrowers, if any. The result is the Borrower's Present Financial Resources.
 4. *Compare.*
 - Document the amount of Borrower's Financial Resources at Approval, as it was reported at the time of the Borrower's approval for the EHLP (this amount should be available to the CA through HLP).
 - Divide the Borrower's Present Financial Resources by the Borrower's Financial Resources at Approval.
 5. *Result.* If the result of the above calculation is .80 or less, the Borrower meets the income reduction requirement for approval of Borrower's request for additional Emergency Assistance.
 6. *Additional Requirement if Borrower has Previously Been Granted an Assistance Modification based on Reduced Income.* It must be 90 days or more since the Borrower's last approved assistance modification.
- (ii) *Income Reduction.* The Borrower and all Co-Borrowers must complete and sign the Assistance Modification Affidavit.
- (iii) *Notification.* The CA will provide written notification to the Borrower regarding the outcome of the CA's evaluation of the decrease in the Borrower's monthly income. This notification will include information about the right to appeal the decision and how to submit an appeal to NeighborWorks America.
- (e) *Reporting to FA.* The CA must report all qualifying requests for additional Emergency Assistance to the FA via HLP, and include in that report copies of all required

documentation.

- (f) *Consequences of Approval for Additional Assistance.* The CA should inform the Borrower that approved requests for additional Emergency Assistance result in HUD's increase to the amount of the Borrower's monthly EHL P Emergency Assistance.
- (i) *Dispute.* If the Borrower believes that the Borrower's decreased monthly income was not properly calculated by the CA, the Borrower may request that NeighborWorks reconsider the CA's determination and calculations. In such cases, the Borrower must properly complete the Change in Emergency Assistance Appeal Form and submit the form to NeighborWorks, along with any supplemental documentation, within the designated timeframe. NeighborWorks will make the final determination related to each appeal. Once finalized, NeighborWorks will notify the Borrower and CA of its determination.
- (ii) *Changes to Total Amount of Assistance.* Approval does not necessarily result in HUD's increase to the total amount of Emergency Assistance approved for the Borrower. Consequently, the Borrower's Approved Assistance Period (months) may decrease.

HUD, at its sole discretion, may increase the Borrower's total amount of Emergency Assistance provided that funds are available and the increase does not result in the Borrower's total Emergency Assistance exceeding \$50,000 and/or 24 months.

HUD will send biannually the "EHL P Emergency Assistance Status Update Notice" to all active EHL P Borrowers beginning December 2012. The Status Update Notice will inform each Borrower of his/her current estimated monthly assistance amount and the total amount of assistance that remains available on their Emergency Homeowner Loan Program loan. The notice will be mailed to borrowers every six months beginning December 2012, followed by June 2013, and December 2013 with electronic copies of each notice available to the CA via HLP.

- (iii) *Changes to Borrower HCP.* If the Borrower's HCP is greater than \$150 (\$25 if Borrower was previously approved for a Hardship Waiver) at the time the Borrower requests additional Emergency Assistance, the Borrower's HCP will be recalculated by the Fiscal Agent using the amount of Borrower's Present Financial Resources.

The formula for calculating the Borrower's HCP does not otherwise change.

1. *Borrowers with No Second Mortgage/HELOC:* Monthly HCP equals the greater of (a) \$150 (\$25 if approved for a Hardship Waiver) or (b) 31% of Borrower's Present Financial Resources.
2. *Borrowers with Second Mortgage/HELOC:* Monthly HCP equals the greater of (a) \$150 (\$25 if approved for a Hardship Waiver) or (b) 31% of Borrower's Present Financial Resources minus the Borrower's monthly Second Mortgage/HELOC payment.

Note: Changes to the HCP may take up to 90 days to be reflected accordingly on the EHL P billing statement. The Borrower must continue to make their full HCP reflected on their EHL P billing statement.

- (g) *Notice.* HUD will send biannually the “EHL P Emergency Assistance Status Update Notice” to all active EHL P Borrowers beginning December 2012. The Status Update Notice will inform each Borrower of his/her current estimated monthly assistance amount and the total amount of assistance that remains available on their Emergency Homeowner Loan Program loan. The notice will be mailed to borrowers every six months beginning December 2012, followed by June 2013, and December 2013 with electronic copies available for reference via HLP. The Borrower’s monthly EHL P billing statement will also reflect any change to Borrower’s HCP.
- (h) *Fraud.* If a CA suspects that a Borrower has engaged in fraud, misstatement, and/or misrepresentation, the CA will report the suspicion to HUD, and maintain all documentation related thereto. If HUD determines that the Borrower has engaged in fraud, misstatement, and/or misrepresentation, HUD requires that the Borrower’s Emergency Mortgage Relief Payments be suspended. Pending the outcome of any appeal filed by the Borrower, the Emergency Assistance may be terminated, in which case the Borrower’s EHL P Note will subject to repayment per the terms of the Borrower’s Note. HUD reserves the right to pursue all available civil and criminal penalties.

2. Increase in Borrower’s Monthly Income (Mandatory Reporting Requirement).

- (a) *Reporting Standard.* Borrowers are required to report certain increases in monthly income. The threshold for the mandatory reporting requirement is measured as follows:
 - (i) The amount of the Borrower’s monthly income has increased above the Mandatory Reporting Amount; AND
 - (ii) The Borrower’s monthly income has met or exceeded the Mandatory Reporting Amount for 90 consecutive calendar days after closing on the EHL P loan.
- (b) *Timing.* Each EHL P monthly billing statement includes the following certification:

“By submitting the homeowner contribution payment due under this billing statement, you are certifying that: (1) you continue to occupy the property securing your EHL P mortgage/deed of trust as your principal residence; and (2) your current income (the income of all persons listed on your 1st lien mortgage loan documents) does not require you to report a change in income to your Designated Housing Counselor.”

Consequently, if a Borrower’s monthly income (including the income of all Co-Borrowers, if any) meets or exceeds the Mandatory Reporting Amount described in the next paragraph for three (3) consecutive months, the Borrower must report that increase prior to making the Borrower’s next HCP due to HUD. Failure to report such an increase prior to making the Borrower’s next HCP to HUD constitutes a false certification, and is also an event of default under the terms of the Borrower’s EHL P loan.

- (c) *Mandatory Reporting Amount.* The Borrower’s Mandatory Reporting Amount is provided in the Borrower’s Loan Description Acknowledgment at Section 5, and is available to the CA for reference via data fields in HLP. The Borrower’s Mandatory Reporting Amount is determined by HUD. The Mandatory Reporting Amount is the lesser of 1) Borrower’s Financial Resources at Approval plus \$750 dollars; or 2) the

amount of monthly income where 31% of that income is greater than the Borrower's 1st lien monthly mortgage payment. Income includes the Borrower's monthly income and the monthly income of all Co-Borrowers, if any.

(d) *Required CA Evaluation.* If the Borrower reports an increase in monthly income to the CA, the CA should collect all required documentation (see below) from the Borrower and evaluate the Borrower's financial resources within 30 days of the date the Borrower first reported the increase. The CA should evaluate the Borrower's financial resources as follows:

(i) *Required Documentation.* At the time that the Borrower reports an increase in income, the Borrower should provide the following documentation:

1. **Tax Returns:** Copy of Borrower's (and all Co-Borrower's, if any) tax returns for the most recent completed tax year (if any);
Self-employed (Co-) Borrowers must submit all applicable documentation listed in Appendix C.
2. **Wages/Salary:** Paystubs for Borrower's (and all Co-Borrower's, if any) last 4 weeks (if any);
3. **Unemployment:** Records of the Borrower's (and all Co-Borrower's, if any) unemployment benefits from the last 4 weeks (if any);
4. **Disability/SSI:** Records of the Borrower's (and all Co-Borrower's, if any) disability/SSI benefits from the last 4 weeks (if any);
5. **Pensions/Annuities/Retirement Plans:** Records of the Borrower's (and all Co-Borrower's, if any) income from pensions/annuities/retirement plans from the last 4 weeks (if any);
6. **Temporary Aid for Needy Families (TANF):** Records of the Borrower's (and all Co-Borrower's, if any) TANF income from last 4 weeks (if any);

(ii) *CA Evaluation.* The CA should determine whether the Borrower's monthly income meets or exceeds the Mandatory Reporting Amount by conducting the following calculation:

For the Borrower and each Co-Borrower, if any:

1. Sum the total of self-employed and rental income, alimony, dividend and interest (if any) from most recent tax return(s), or, if applicable, profit and loss statement (annualized), (see Appendix C for self-employed borrower income calculations) and divide by 12;
2. Sum: (All GROSS) annualized wages, unemployment, disability/SSI, pensions/annuities/retirement plans and TANF from previous four weeks, divided by twelve – specifically:
 - **Wages/Salary:** Using paystubs from the most recent month or 4 weeks, annualize* that income and divide by 12.

Exception: Calculating Current Income for Seasonal Employees: If Borrower or Co-Borrower's employment wages/income fluctuates by more than 50%

based on the time of year because of the character of the employment, use the (Co-)Borrower's AGI (or equivalent in Puerto Rico) obtained from the tax return(s) from the most recent completed tax year, divided by 12 for Current Income. This is in lieu of CA calculating the person's current income based on documentation from last four weeks of employment. If the Borrower or Co-Borrower receive variable pay, such as overtime or commissions, but the variable pay does not cause the income does not fluctuate more than 50%, the CA should calculate the year-to-date average monthly overtime/commission pay as described in Appendix D.

**Annualize: For example, if bi-weekly pay stubs, sum the gross pay from the two pay stubs (covering 4 weeks), multiply times 13. This creates an annual estimate from the two pay stubs.*

- **Unemployment:** Using unemployment payments from the most recent month, annualize the unemployment payments and divide by 12.
 - **Disability/SSI:** Annualize the Disability /SSI benefit checks capturing the most recent month or the most recent four (4) consecutive weeks' payments (if any) and divided by 12.
 - **Pensions/Annuities/Retirement Plans:** Annualize the checks/paystubs capturing the most recent month or the most recent four (4) consecutive weeks' payments (if any) and divide by 12.
 - **Temporary Aid for Needy Families (TANF):** Annualize the checks/paystubs capturing the most recent month or the most recent four (4) consecutive weeks' payments (if any) and divide by 12.
3. Add the total of (1) and (2) above, and combine for Borrower and all Co-Borrowers, if any. The result is the Borrower's Present Financial Resources.
 4. *Compare.* If the current amount is greater than or equal to the Borrower's Mandatory Reporting Amount as provided in the Borrower's closing letter (available for your reference via HLP) verify that the Borrower has sustained the increased income for 90 calendar days or more. Verification means explaining the 90 calendar day requirement to the Borrower, and obtaining confirmation from the Borrower that the requirement has been met (e.g., via affidavit).
 5. *Notification.* The CA will provide written notification to the Borrower regarding the outcome of the CA's evaluation of the increase in the Borrower's monthly income. This notification will include information about the right to appeal the decision and how to submit an appeal to NeighborWorks America or HUD.

(iii) *Assistance Modification Affidavit.* The Borrower, and all Co-Borrowers, if any, must complete and sign the Assistance Modification Affidavit, which includes Borrower's certification that the amount of Borrower's Present Financial Resources (including the Present Financial Resources of all Co-Borrowers, if any) has met or exceeded the Mandatory Reporting Amount for 90 consecutive calendar days.

(e) *Forward to HUD FA.* If the Borrower's increase in income meets or exceeds the Borrower's Mandatory Reporting Amount (see part c., above), then the CA must report

the Borrower's increased monthly income amount to the FA via HLP. The CA must include in that report copies of all required documentation.

(f) *Consequences of Borrower's Reported Increase in Monthly Income.*

(i) *Dispute.* If the Borrower believes that the Borrower's increased monthly income was not properly calculated by the CA, the Borrower may request a reconsideration of the CA's determination and calculations. NeighborWorks America will receive and review all income change determinations resulting in a payment change that do not result in a program exit. Any income change determination resulting in a program exit will be submitted to and reviewed by HUD. In such cases, the Borrower must properly complete and submit the appropriate form to NeighborWorks or HUD as applicable, along with any supplemental documentation, within the designated timeframe. NeighborWorks or HUD will make the final determination related to each appeal. Once finalized, NeighborWorks or HUD will notify the Borrower and CA of its determination.

(ii) *Determination of Future Assistance.* HUD's Fiscal Agent will compute the Borrower's future monthly EHLP Emergency Assistance based on the CA's calculation of the Borrower's increased monthly income and new HCP. The new HCP will result in either: (1) the termination of the Borrower's Emergency Assistance (which may include a transition period, as described below); or (2) a reduction in the amount of the Borrower's monthly Emergency Assistance.

1. *Termination of Borrower's Assistance.* If the Borrower's increased monthly income, as reported by the CA, results in the Borrower's monthly mortgage payment being less than 31% of Borrower's monthly income, the FA will initiate the phase-out or termination of the Borrower's EHLP Emergency Assistance.

Generally, Borrowers who properly reported that their current monthly income had met or exceeded the Borrower's Mandatory Reporting Amount for 90 consecutive days will be eligible for 1-to-2 months of "transition period" EHLP Emergency Assistance following the Borrower's reporting of the increase to the CA.

The availability of transition period Emergency Assistance is subject to: (a) the Borrower having properly reported in the increase in his/her monthly income; and (b) the Borrower's total Emergency Assistance not exceeding the 24 consecutive months and/or \$50,000.

HUD will provide written notification of the termination of a Borrower's EHLP Emergency Assistance directly to the Borrower, with electronic copies of each notice available to the CA via HLP.

2. *Reduction in Borrower's Assistance.* If the Borrower's increased monthly income, as reported by the CA, meets or exceeds the Borrower's Mandatory Reporting Amount, but is less than the amount that triggers termination of the Borrower's Emergency Assistance under 1, above, the Borrower will continue to receive EHLP Emergency Assistance. In such cases, the Fiscal Agent will compute the Borrower's monthly EHLP Emergency Assistance based on the Borrower's newly reported monthly income (*see* pages 3 and 4 for information on how HUD

calculates the amount of the Borrower's monthly EHLPP Emergency Assistance and monthly required HCP).

HUD will send biannually the "EHLPP Emergency Assistance Status Update Notice" to all active EHLPP Borrowers beginning December 2012. The Status Update Notice will inform each Borrower of his/her current estimated monthly assistance amount and the total amount of assistance that remains available on their Emergency Homeowner Loan Program loan. The notice will be mailed to borrowers every six months beginning December 2012, followed by June 2013, and December 2013 with electronic copies of each notice available to the CA via HLP. The Borrower's monthly EHLPP billing statement will also reflect any change in the amount of the Borrower's HCP. Changes to the HCP may take up to 90 days to be reflected accordingly on the EHLPP billing statement. The borrower must continue to make their full HCP reflected on their EHLPP billing statement.

V. SECTION V: TERMINATION AND REPAYMENT

A. TERMINATION

1. No Default during Assistance Period. Borrowers who do not default under the terms of the EHLP loan during the Assistance Period will see their EHLP Emergency Assistance end either: (a) as anticipated; or (b) early, because the Borrower's monthly income increased to an amount that made the Borrower's mortgage affordable (see pages 17-21); or (c) early, because the borrower chose to voluntarily withdraw from the program.
 - (a) *Termination of Assistance as Anticipated.* This applies to Borrowers who do not default under the terms of the EHLP Loan during the Assistance Period and who are not exited from the Assistance Period early because of the increase in their monthly income (see below). Such Borrowers' EHLP Emergency Assistance is terminated as a result of that Borrower's having received 24 months of EHLP Emergency Mortgage Relief Payments, or the amount of EHLP Emergency Assistance committed to the Borrower by HUD, whichever comes first. The Borrower's initial Approved Assistance Amount is provided in the Borrower's Loan Description Acknowledgment. If the Borrower's overall total Approved Assistance Amount changes (see pages 8-21), the revised Approved Assistance Amount will be documented in HLP for reference.
 - (i) Changes. If the Borrower experienced a change in the Borrower's EHLP Emergency Assistance, the Borrower's Approved Assistance Period may be modified as a result. The CA should review the Borrower's Loan Description Acknowledgment and any subsequent Notices of Change in Assistance. These documents are available for reference via HLP.
 - (ii) Notice. HUD will provide written notification to a Borrower approved to receive transition period Emergency Assistance directly to the Borrower, with electronic copies of the notice available for reference via HLP. That notice will include all pertinent information about the right to appeal to HUD, if any.
 - (iii) Transition Period Assistance. Borrowers whose Emergency Assistance is terminated as anticipated, and who have received less than \$50,000 and 24 months of Emergency Assistance may be eligible for up to two additional months of Emergency Assistance immediately following the end of the Borrower's Assistance Period.
 - (b) *Early Non-Default Termination of Assistance.* This applies to Borrowers who do not default under the terms of the EHLP loan during the Assistance Period, but who properly reported an increase in their monthly income that results in the termination of their EHLP Emergency Assistance prior to its anticipated end.
 - (i) Transition Period Assistance. Generally, these Borrowers may be eligible for 2 months of "transition period" EHLP Emergency Assistance, provided that HUD finds such additional assistance reasonably necessary for the Borrower to resume making full mortgage payments.

The two month grace period Emergency Assistance is subject to: (a) the Borrower having properly reported in the increase in his/her monthly income; and (b) the Borrower's total Emergency Assistance not exceeding the 24 consecutive months and/or the Borrower's Approved Assistance Amount.

- (ii) Notice. The CA will provide written notification of the termination of a Borrower's EHLPEmergency Assistance resulting from the CA's evaluation of the increased income directly to the Borrower. That notice will include all pertinent information about the right to appeal to HUD, if any.

HUD will provide written notification of the termination of a Borrower's EHLPEmergency Assistance directly to the Borrower, with electronic copies of each notice available to the CA via HLP.

- (c) *Borrower Voluntary Withdraws from the Program*. This applies to Borrowers who do not default under the terms of the EHLPEmergency Assistance during the Assistance Period and who are not exited from the Assistance Period early because of the increase in their monthly income (see below). Such Borrowers' EHLPEmergency Assistance is terminated prior to its anticipated end as requested by the Borrower.

- (i) Reporting to FA. The CA must report all Borrower Request for Withdrawal to the FA via HLP, and include the Borrower Notice of Withdrawal.

- (ii) Notice. The counselor must provide the borrower with the Borrower Notice of Withdrawal to complete and return to the counselor. The counselor will upload the completed copy of the notice into HLP for future reference and process accordingly in HLP. The notice will include the borrower's reason for withdrawal, if provided.

- (iii) Transition Period Assistance. Borrowers whose Emergency Assistance is terminated because the borrower withdrew from the program, and who have received less than \$50,000 and 24 months of Emergency Assistance may be eligible for up to two additional months of Emergency Assistance immediately following the end of the Borrower's Assistance Period.

2. Default during Assistance Period.

- (a) *Termination*. HUD may terminate a Borrower's Emergency Assistance when the Borrower defaults under the terms of the EHLPEmergency Assistance loan.

Alternatively, HUD may suspend a Borrower's Emergency Assistance until the Borrower takes whatever action HUD reasonably requires to cure the default. HUD, in its sole discretion, determines whether a default is curable.

- (b) *Events of Default*. The following are the events of default under the terms of the Borrower's EHLPEmergency Assistance loan:

- (i) Fraud in connection with the EHLPEmergency Assistance (application and/or participation);
- (ii) Breach of any term of the EHLPEmergency Assistance loan (security instrument, promissory note, and the loan description acknowledgment);
- (iii) Breach of any term of the Borrower's Delinquent Mortgage loan;
- (iv) Borrower's failure to maintain the Premises as the Borrower's principal residence;
- (v) Borrower's sale, lease, or other transfer of any ownership interest in the premises (except the lease of a unit other than the Borrower's residence in a multi-unit single family residence, provided that the Borrower reports the resulting change in monthly

- income to HUD); or
- (vi) Borrower refinances, in which the Borrower draws cash from any loan secured by a lien that is superior to the HUD EHLF lien.
- (c) *Notice*. HUD will provide written notification of the termination of a Borrower's EHLF Emergency Assistance directly to the Borrower, with electronic copies of each notice available to the CA via HLP. That notice will include all pertinent information about the right to appeal to HUD, if any.

B. TRANSITION COUNSELING (LEVEL 5D)

HUD anticipates that some Borrowers will have difficulty transitioning back to making full monthly mortgage payments upon the conclusion of the Assistance Period. Transition counseling, as described below, must be made available to all Borrowers who are near the anticipated end of their EHLF Approved Assistance Period or have already exited their Assistance Period.

1. Timing and Borrower Notification. All Borrowers still receiving EHLF Emergency Assistance must be offered transition counseling. CAs are responsible for notifying and scheduling transition counseling appointments with each such Borrower.
 - (a) *Eligible recipients*. All approved or formerly approved EHLF borrowers that have received EHLF assistance qualify for a Transition Counseling (Level 5d) session.
 - (b) *Earlier transition counseling*. Counseling agencies are encouraged to undertake counseling as early as 6 months prior to assistance expiring. If appropriate, earlier counseling may allow time to undertake a loan modification to ensure that a borrower can remain current after the EHLF assistance expires. It may also give adequate lead time to encourage borrowers to pursue opportunities for improving their income.
 - (c) *Post-Exit transition counseling*. A number of EHLF borrowers have or will receive their maximum assistance before the 24 months of assistance is reached. Others may see their assistance end due to 2 or more missed payments. Counseling agencies may provide 5D counseling to borrowers that have exited the program.
2. Requirement to Offer. Each Borrower must be offered transition counseling by the Borrower's designated CA. If the Borrower accepts the offer for transition counseling, the CA must provide the counseling, at no cost to the Borrower.
3. Transition (5d) Counseling Requirements.
 - (a) *Borrower Rights and Responsibilities*. Borrower and CA will discuss the Borrower's remaining rights and responsibilities under the terms of the EHLF loan, with emphasis on the principal reduction period (*see* page 26, below) and defaults (*see* page 26, below).
 - (b) *Other Assistance Resources*. Borrower and CA should discuss other resources that may be available to the Borrower. Such resources may include other public assistance, physical and mental health assistance, medical information assistance, crisis intervention assistance, drug and alcohol intervention and rehabilitation assistance, unemployment assistance, job training, transportation assistance, elder care, childcare, etc.

- (c) *Loss Mitigation Options.* If Borrower cannot meet Borrower's mortgage loan obligations, Borrower and CA should discuss loss mitigation options that might be available to the Borrower.
- (d) *Budget.* Borrower and CA will develop a budget for the Borrower based on Borrower's expenses, debts, and available sources of income. The basis of the budget shall be based on the borrower's representation of their debt obligations (e.g., current credit report), monthly expenses (e.g., current monthly billing statements and banks statements) and spending patterns, and realistic opportunities for income (e.g., most recent tax returns and current pay stubs).
- (e) *Action Plan.* Borrower and CA will develop a written Action Plan for follow up activities to be taken by the Borrower and review this Action Plan with the Borrower prior to execution. The National Industry Standards for Homeownership Education and Counseling provides guidance on what should be included in an Action Plan (See <http://www.homeownershipstandards.org/standards> for further guidance). When developing this Action Plan, it is expected that the CA will do a comprehensive analysis of the Borrower's employment and overall level of income and debt in order to recommend the best plan of action. The Action Plan should include specific goals and steps the Borrower will take in order for the Borrower to more likely resume full mortgage payments.
- (f) *Records Retention.* CA should retain copies (electronic is acceptable) of all documentation submitted by the Borrower or obtained on the Borrower's behalf in connection with the 5d counseling session. CAs should consult with NeighborWorks about the rules, requirements, and proper procedures pertaining to records retention.

C. REPAYMENT

1. General Repayment. The EHL P loan is a zero interest, non-recourse, deferred contingent liability. Except for the Borrower's HCP made towards the existing 1st lien mortgage during the Borrower's Assistance Period, there is no regular payment due.
2. No Borrower Default – Principal Reduction and Repayment. Absent default, the Borrower's total outstanding EHL P loan balance as of the date Borrower's Emergency Assistance ends will decline by 20% each calendar year, beginning on the first anniversary of the date the Borrower's Emergency Assistance ends until the outstanding balance reaches \$0 ("Principal Reduction"). This means that if the Borrower does not default, the Borrower's EHL P loan balance will reach \$0 60 months (5 years) after the end of the Borrower's Emergency Assistance. HUD will release its EHL P lien on the Borrower's Premises once the Borrower's loan balance reaches zero.

HUD's National Servicing Center (NSC) in Oklahoma City will service each EHL P mortgage. Upon exit from the program, and subsequent transfer of the mortgage documents, the NSC will provide Borrowers with a letter describing the outstanding principal balance of their EHL P loan, along with the terms of repayment. The NSC will also send annual notifications to each Borrower with information about the outstanding principal balance on the Borrower's EHL P loan, including information, as applicable, regarding principal reduction and/or repayment.

3. Borrower Default – Repayment.
 - (a) *Principal Reduction and Default.* The Principal Reduction feature is unavailable to Borrowers as of the date of default (unless the Borrower cures the default in accordance with the loan documents). Thus, a Borrower who defaults during the Borrower's Assistance Period will not be eligible for any reduction in their outstanding EHL P loan balance. A Borrower who defaults after the Borrower's Assistance Period has ended will not be eligible for any Principal Reduction that has not already occurred.
 - (b) *Events of Default.* The following are the events of default under the terms of the Borrower's EHL P loan:
 - (i) Fraud in connection with the EHL P (application and/or participation);
 - (ii) Breach of any term of the EHL P loan (security instrument, promissory note, and the loan description acknowledgment);
 - (iii) Breach of any term of the Borrower's Delinquent Mortgage loan;
 - (iv) Borrower's failure to maintain the Premises as the Borrower's principal residence;
 - (v) Borrower's sale, lease, or other transfer of any ownership interest in the premises (except the lease of a unit other than the Borrower's residence in a multi-unit single family residence, provided that the Borrower reports the resulting change in monthly income to HUD); or
 - (vi) Borrower refinances, in which the Borrower draws cash, any loan secured by a lien that is superior to the HUD EHL P lien.

(c) *Repayment of Outstanding Balance.*

- (i) Fraud. In the case of fraud, HUD may declare the Borrower's entire unpaid EHLP loan balance immediately due and payable. If the Borrower fails to pay this amount, HUD may foreclose on the EHLP loan.

In the case of fraud, HUD and/or the United States may pursue any available remedy, civil or criminal, to the fullest extent of the law.

- (ii) Other Default. Absent fraud, HUD may declare the Borrower's entire unpaid EHLP loan balance immediately due and payable when the Borrower engages in one of the following transfers of the Premises:

- Sale;
- Lease (except for the lease of a unit other than the Borrower's residence in a multi-unit home, provided that the Borrower reports the change in Borrower's income resulting from the lease to HUD);
- Cash-out refinance of a loan in a superior lien position to the HUD EHLP lien;
or
- Other transfer.

- (iii) Nonrecourse. The EHLP loan is a nonrecourse loan. The Borrower is not personally liable for the EHLP loan balance. HUD's recovery of any unpaid loan balance is limited to available proceeds from the sale of the Premises.

- (iv) Borrower's Moving Expenses. Absent fraud, and in the event that the Borrower's EHLP loan balance becomes immediately due and payable upon Borrower's sale of the Premises, HUD will, in accordance with program rules, accept repayment out of available proceeds minus, at HUD's discretion, up to \$2,000 to be used by the Borrower for the payment of relocation expenses. NOTE: This benefit will not be made available to any Borrower who is required, but does not participate in a Level 5d Transition Counseling session with his or her CA.

VI. SECTION VI: RECERTIFICATION (LEVEL 5C)

A. EHLP RECERTIFICATION GUIDELINES INTRODUCTION

Prior to receiving a 13th month of EHLP Emergency Assistance, an EHLP Borrower is required to complete the EHLP recertification. A Borrower's recertification appointment and recertification package must be completed and results uploaded into HLP on or before the 15th day of the 12th month of the Borrower's Assistance Period. Borrowers are required to re-certify continued compliance with the following requirements:

- **Principal Residency:** The subject property continues to serve as the Borrower's Principal Residence; and
- **Income:** Thirty-one percent of the Borrower's current income (including income of all Co-Borrowers, if any) is less than the monthly payment on the Borrower's 1st lien mortgage.
- **Hardship Waiver:** Borrowers who have received a hardship waiver and thereby reduced their HCP must be reevaluated for the hardship waiver at the time of recertification. Eligibility for the EHLP Hardship Waiver is the same as in the first 12 months of assistance, and CAs should evaluate for eligibility using the process in Section IV.A. of these guidelines.

NOTE: The above requirements are captured in the EHLP Recertification Statement (see Appendix B). The requirement to report an increase in income remains in effect at the time of recertification, and throughout any additional assistance period.

For purposes of these recertification guidelines, the Assistance Period begins with the date the Borrower first enters Active Assistance status. All months referenced should be understood as from the date the Borrower first entered Active Assistance. The date of Active Assistance is available to CAs in HLP.

Example: For all Borrowers who entered Active Assistance at any time during January 2012, the recertification appointment and recertification package must be completed and results uploaded (including all required documentation) into HLP on or before December 15, 2012.

B. INITIATING THE BORROWER RECERTIFICATION PROCESS

CAs will contact each participating Borrower to schedule the mandatory recertification appointment, according to the following procedures:

Recertification Appointment: No earlier than the beginning of the 10th month of the Borrower's Assistance Period, and no later than the end of the 11th month of the Assistance Period, CAs will contact each Borrower, in writing, via mail or email, to schedule an appointment for EHLP Recertification.

1. Failure to Schedule an Appointment. Borrowers who fail to schedule a Recertification Appointment, or who fail to complete an appointment and recertification package on or before the 15th day of the 12 month of the Borrower's Assistance Period will be terminated from the EHLP Assistance Period.
2. Recertification Information. As detailed below, the CA will provide the Borrower with information explaining the recertification process, including the documentation that will be required to show:
 - Principal residency;
 - Current Income; AND
 - Ongoing eligibility for a Hardship Waiver (if applicable).
3. Required Documentation. Borrowers are required to provide the following documentation as part of the Recertification Counseling Session:
 - (a) *Principal Residence:* The most recent/current copy of the Borrower's residential utility bill, e.g., landline telephone, electric, gas, or water bill.
 - The mailing address on the utility bill must match the address entered on the Borrower's original application, and loan approval documents. The service address on the utility bill must match the property address on the Borrower's first lien and in Box C of the EHLP Closing Letter.
 - (b) *Monthly Income:* The Borrower's monthly income and the monthly income of all Co-Borrowers, if any. NOTE: CAs should reference HLP to determine the names of any Co-Borrowers included by HUD at the time of loan approval.
 - Current Income is to be calculated using:
 - Tax Returns: Copy of Borrower's (and all Co-Borrower's, if any) tax returns for the most recent completed tax year (if any);
 - Self-employed (Co-) Borrowers must submit all applicable documentation based on self-employment category, listed in Appendix C of these guidelines.
 - Wages/Salary: Paystubs for Borrower's (and all Co-Borrower's, if any) last 4 weeks (if any);
 - Unemployment: Records of the Borrower's (and all Co-Borrower's, if any) unemployment benefits from the last 4 weeks (if any);
 - Disability/SSI: Records of the Borrower's (and all Co-Borrower's, if any) disability/SSI benefits from the last 4 weeks (if any);
 - Pensions/Annuities/Retirement Plans: Records of the Borrower's (and all Co-Borrower's, if any) income from pensions/annuities/retirement plans from the last 4 weeks (if any);
 - Temporary Aid for Needy Families (TANF): Records of the Borrower's (and all Co-Borrower's, if any) TANF income from last 4 weeks (if any);
 - (c) *Hardship Waiver:* Continued eligibility for a Hardship Waiver and reduced HCP is premised on the Borrower continuing to meet the requirements for the Hardship Waiver. The Hardship Waiver documentation listed below is only required for Borrowers

currently making payments under a Hardship Waiver. For any Borrower submitting an initial Hardship Waiver application, the CA should follow the processes for requesting a Hardship Waiver as outlined in Section IV.A of these guidelines.

- **Expiration of unemployment benefits**, and no subsequent substantial increase in income since the initial approval of the Borrower's Hardship Waiver;

Supporting Documentation: The (Co-) Borrower must submit a signed EHLPP Hardship Waiver Affidavit (the CA must ensure that the (Co-) Borrower's affidavit includes the expired unemployment benefits clause).

- **Sustained decrease in self-employment income**, and no subsequent substantial increase in income since the initial approval of the Borrower's Hardship Waiver; or

Supporting Documentation: The (Co-) Borrower must submit a signed EHLPP Hardship Waiver Affidavit (the CA must ensure that the (Co-) Borrower's affidavit includes the sustained self-employment clause).

- **Ongoing increase in household expenses related to an emergency medical condition**, as identified by the Borrower at the time of the initial application for a Hardship Waiver.

Supporting Documentation: The (Co-) Borrower must provide all of the following:

- Payment stubs, canceled checks, or money order receipts from his or her health insurance provider (e.g. Blue Cross, Blue Shield, AARP) (if any);
- Hospital and/or doctor bills for 3 months prior to the recertification (if any);
- Copies of any payment agreements for related medical bills that have not yet been paid (if any); and
- A signed Hardship Waiver Affidavit (the CA must ensure that the (Co-) Borrower's affidavit includes the medical expenses clause).

(d) *(Co-) Borrower Recertification Statement:* Completing and signing the (Co-) Borrower Recertification Statement is a condition for continued participation in the EHLPP for all (Co-) Borrowers.

4. At the Recertification Appointment, the CA will:

- (a) Make a preliminary assessment of the Borrower's recertification package;
- (b) Inform the Borrower of any missing required documentation; and
- (c) Inform the Borrower that failure to comply with the requirements of the recertification process will result in suspension of the Borrower's monthly Emergency Mortgage Relief Payments, and possibly termination from the EHLPP Assistance Period.

- If the Borrower fails to provide the requested recertification documentation as instructed by or before the 15th day of the 12th month of their assistance period, the Borrower will be found ineligible for continued Emergency Mortgage Relief Payments.
- Notification of the Borrower's non-compliance will be sent to the FA and HUD via HLP. Upon this notification from the CA, the FA will suspend the Borrower's Emergency Mortgage Relief Payments.
- The CA must send written ineligibility notification explaining the basis for the ineligibility determination.
- HUD will provide written notification of the termination of a Borrower's EHLPP Emergency Assistance directly to the Borrower, with electronic copies of each notice available to the CA via HLP as outlined in the Termination Section V.A. of these guidelines.

C. CA REVIEW OF RECERTIFICATION PACKAGE & NOTIFICATION OF DETERMINATION

1. Income Determination. The CA must calculate the Borrower's current income (and Co-Borrowers, if any) according to the income calculation procedures provided in Section IV.E of these guidelines. Based on the CA's income calculation, the CA will then compare the Borrowers income with the Borrower's last reported income in HLP, and determine which of the following categories applies to the Borrower:
 - (a) The Borrower's current income, including the income of all Co-Borrowers, if any, is unchanged from the last reported income in HLP;
 - If so, the Borrower has met the income requirements for EHLPP recertification. If the Borrower also meets the principal residency requirement, the CA should approve the Borrower for recertification and continued EHLPP assistance, (remaining assistance period of up to 12 months or remaining EHLPP loan balance of up to \$50,000 of emergency assistance, whichever comes first).
 - (b) The Borrower's current income, including the income of all Co-Borrowers, if any, has decreased from the last reported income in HLP;
 - If so, the Borrower may be evaluated for Income Decrease Assistance Modification, Hardship Waiver, or both, as applicable. Please refer to the Section IV of these guidelines for detailed information for completing Assistance Modification and Hardship Waiver evaluations. NOTE: Borrowers (and Co-Borrowers) are not required to submit an Assistance Modification Affidavit at the time of recertification in addition to the required documentation described in Section VI.B.3.
 - The current monthly income for the Borrower and Co-Borrower, if any, must be entered on the applicable Recertification Statement.

- Note that as a general matter, a Borrower whose combined income has decreased meets the income requirement for EHLP recertification. If the Borrower also meets the principal residency requirement, the CA should approve the Borrower for recertification and continued EHLP assistance (remaining assistance period of up to 12 months or remaining EHLP loan balance of up to \$50,000 of emergency assistance, whichever comes first).
- (c) The Borrower’s current income, including the income of all Co-Borrowers, if any, has increased from the last reported income in HLP.
- If so, the Borrower must be evaluated for Income Increase Assistance Modification and/or Termination or Program Exit. Refer to Section IV of these guidelines for detailed information about conducting this analysis. NOTE: Borrowers (and Co-Borrowers) are not required to submit an Assistance Modification Affidavit at the time of recertification in addition to the required documentation described in Section VI.B.3.
 - The current monthly income for the Borrower and Co-Borrower, if any, must be entered on the applicable Recertification Statement.
 - Note: Borrowers whose combined income at recertification has increased from the last reported income in HLP will be subject to one of the following three outcomes: (a) be eligible to receive additional EHLP assistance without modification because the Borrower’s combined income is below the Increase Income Assistance Modification threshold; (b) be eligible to receive additional but reduced EHLP assistance because the Borrower properly reported the increase in income, and Borrower’s combined income is above the Income Increase Assistance Modification threshold but the amount of the Borrower’s 1st lien monthly mortgage payment is still greater than 31% of the Borrower’s combined income; or (c) be ineligible for continued EHLP assistance because 31% of the Borrower’s combined income is equal to or more than the amount of the Borrower’s 1st lien monthly mortgage payment.

Borrowers deemed ineligible for continued assistance due to a reported income increase may be eligible for up to two months of transition assistance, but only if that transition period does not cause the borrower to exceed \$50,000 (program maximum) (see Section V.A. of these guidelines).

- (d) Regardless of the amount of time the income has been sustained, the Borrower’s calculated income at the time of recertification will determine whether an income adjustment should be processed or whether the Borrower should be exited from the program (with transition period assistance, if applicable).

2. Processing. All Borrower recertifications must be processed within HLP. To process a recertification, the CA must perform the following actions:

- (a) Record the current monthly income for the EHLP Borrower and all Co-Borrowers, if any;
- (b) Upload into HLP all required documentation, including recertification statement,

principal residency, income, and Hardship Waiver (if applicable); and

(c) Confirm within HLP the Borrower's recertification has been completed.

3. **Notification.** Within 10 business days of the Borrower's recertification counseling session and submission of all required documents, or conclusion of the Borrower's recertification window (15th day of the 12 month of the Borrower's Assistance), the CA will provide the Borrower with written notification that details the outcome of the CAs recertification analysis. Appropriate notification will also be sent to the FA and HUD via HLP. All Borrowers will fall into one of the following two categories:

(a) The Borrower is eligible to receive additional EHLP Emergency Assistance;

- If so, the notice must also detail any expected changes to the Borrower's HCP and Emergency Assistance amounts (when a modification is expected, CAs must also provide all notices required under the applicable portion of **Section IV** of these guidelines); OR

(b) The Borrower is not eligible to receive additional EHLP Emergency Assistance.

- If so, the notice must provide a detailed explanation of the basis for the ineligibility determination, and include the written procedures for requesting a Secondary Review (that process is described in the next section).
- Note: A notice of ineligibility should only be sent once: (a) the period for the Borrower to schedule and complete the recertification process has expired or (b) the Borrower completed the recertification process and the Borrower's documentation supported an ineligibility determination.
- Borrowers who are ineligible because they no longer occupy the property as their principal residence requirement or did not complete the recertification before the deadline will be suspended by the Fiscal Agent from active EHLP Emergency Assistance pending the conclusion of the Recertification Secondary Review. Borrowers who are ineligible for additional assistance because 31% of the Borrower's combined income is equal to or more than the amount of the Borrower's 1st lien monthly mortgage payment will not be suspended and may be eligible for up to two months of transition assistance as described in 1.c. of this section.

This communication from the CA must inform the Borrower that his/her EHLP Emergency Mortgage Relief Payments are being suspended or modified, and that he/she has a right to request a second review (Request for Review) of the documentation by NeighborWorks or HUD to determine whether or not the recertification documents were correctly evaluated by the CA.

D. RECERTIFICATION SECONDARY REVIEW

If the Borrower believes the CA's Recertification Determination is in error, the Borrower may request Secondary Review of the initial determination.

1. Secondary Review of Income-Based Determinations. Requests for Secondary Review of Assistance Modifications, income-based Program Exit or Termination, and Hardship Waivers will be processed according to the applicable procedures for Secondary Review outlined in the Section IV of these guidelines. NeighborWorks America will receive and review all appeals of recertification determinations resulting in an Assistance Modification that does not result in a program exit. All appeals of recertification determinations resulting in a Program Exit or Termination will be submitted to and reviewed by HUD.
2. Secondary Review of Principal Residency. A principal residency recertification determination that results in Program Exit or Termination is reviewable by HUD. The Borrower must properly complete the Request for Secondary Review that is included in the Borrower's Recertification Notice within 10 business days from the date of that notice. The Request for Secondary Review must describe how the CA is in error and include all supporting documentation. The Borrower and CA (via HLP) will receive a notice from HUD of HUD's final determination of the Borrower's Request for Secondary Review.

E. RECORD RETENTION

CAs should retain copies (electronic is acceptable) of all documentation submitted by the Borrower or obtained on the Borrower's behalf in connection with the recertification. CAs should consult with NeighborWorks about the rules, requirements, and proper procedures pertaining to records retention.

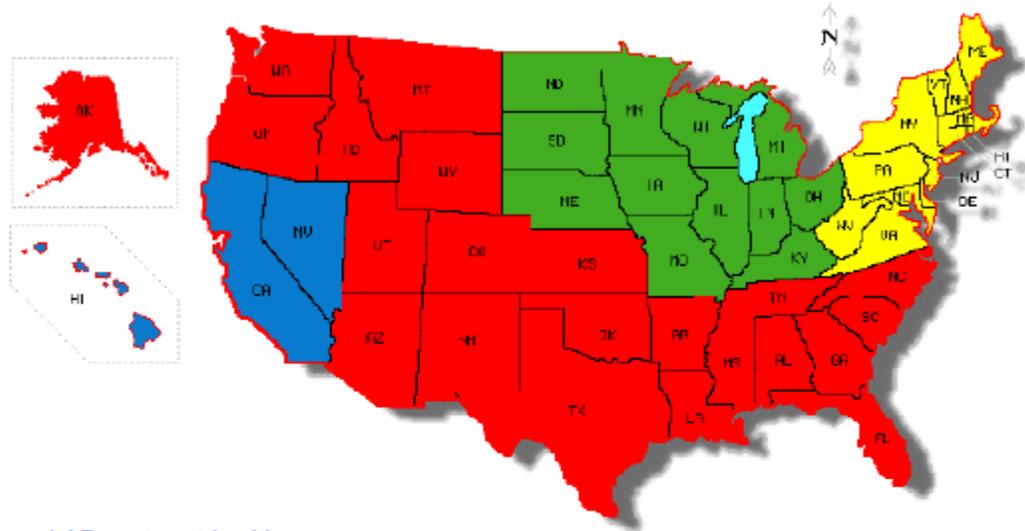
The CA must upload into HLP, the electronic version of the recertification package noted in this section of the guidelines.

VII. APPENDIX A: EHL P PAYMENT ADDRESSES

Appendix A

DNI Lockbox Network

- - Pasadena, CA
- - Palatine, IL
- - Pittsburgh, PA
- - Dallas, TX



Commercial Department Lockbox:

P.O. Box 535
Lake Zurich, IL 60047-0535

8-4-10

<p>PO Box 7168 Pasadena, CA 91109-7168 CA, HI, NV</p>
<p>PO Box 0054 Palatine, IL 60055-0054 IA, IL, IN, KY, MI, MN, MO, ND, NE, OH, SD, WI, Puerto Rico,</p>
<p>PO Box 371306 Pittsburgh, PA 15250-7306 CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT, WV</p>
<p>PO Box 660592 Dallas, TX 75266-0592 AK, AL, AZ, AR, CO, FL, GA, ID, KS, LA, MS, MT, NC, NM, OK, OR, SC, TN, TX, UT, WA, WY</p>

VIII. APPENDIX B: AFFIDAVITS, LETTERS, NOTICES

- A. Hardship Waiver Affidavit**
- B. Assistance Modification Affidavit**
- C. Borrower Notice of Withdrawal**
- D. Borrower Recertification Statement**
- E. Co-Borrower Recertification Statement**

A. HARDSHIP WAIVER AFFIDAVIT



HUD EMERGENCY HOMEOWNERS' LOAN PROGRAM – HARDSHIP WAIVER AFFIDAVIT

NOTICE: Completion of this Hardship Waiver Affidavit is required for all EHLB Borrowers (and Co-Borrowers, if any) applying for an EHLB Hardship Waiver. **Before completing, please read the Privacy Act Statement included at the end of this Hardship Waiver Affidavit.**

The Department of Housing and Urban Development is prohibited by statute, regulation, and/or program rules from providing EHLB emergency assistance on behalf of any person who does not meet minimum program requirements. No person shall be eligible to receive emergency assistance under the Emergency Homeowners' Loan Program who cannot certify to any of the statements included in this document.

Name of EHLB (Co-) Borrower: _____

Last Four (4) Digits of Social Security Number: ***-**-_____

I, the Undersigned EHLB (Co-) Borrower Certify, under penalty of perjury, that: *(Initial the applicable line)*

1. Expiration of Unemployment Benefits

_____ My unemployment benefits, previously reported as income on my EHLB application, have expired or been exhausted. I further certify, under penalty of perjury, that, to the best of my knowledge and belief, the information and documentation that I have provided for the purpose of applying for an EHLB Hardship Waiver, including but not limited to the information I have provided in this affidavit, is true, complete, and correct.

2. Self-Employed, Sustained Income Reduction

_____ I have not received unemployment benefits since I experienced a reduction in my self-employment income that resulted from economic conditions and/or medical emergency. I further certify, under the penalty of perjury, that the reduction in my self-employment income has been sustained for at least 12 consecutive months from the date I first experienced the unemployment or underemployment as stated in my EHLB application Unemployment Affidavit.

3. Increase in Out-of-Pocket Medical Expenses

_____ The out-of-pocket medical expenses that form the basis of my application for an EHLB Hardship Waiver resulted from a medical emergency experienced by me, my spouse, and/or one or more of my dependents. I further certify, under penalty of perjury, that, to the best of my knowledge and belief, the information and documentation that I have provided for the purpose of applying for an EHLB Hardship Waiver, including but not limited to the information I have provided in this affidavit, is true, complete, and correct.

By signing below, I understand that nothing pertaining to my application for an EHLB Hardship Waiver releases me from my responsibility to report certain increases in my current income (including current income of all persons listed on the first lien mortgage and/or note, or both).

By signing below, I understand that any false statement made in connection with this affidavit or my participation in the EHLB may result in fines or imprisonment of up to five (5) years, or both, under 18 U.S.C. § 1001, that I may also be subject to civil and/or administrative penalties or sanctions, and that HUD may pursue any available penalty or sanction, criminal, civil or administrative, to the fullest extent of the law.

Signature of EHLB (Co-) Borrower

Date

PRIVACY ACT STATEMENT

Purpose: By signing this Hardship Waiver Affidavit, you are authorizing HUD, directly or through its agents, to request income information from such sources necessary to verify your income, employment status and such other information necessary to ensure that you are eligible for the federal benefits to be derived under this program and that those benefits are set at the correct level.

Uses of Information to be Obtained: HUD is required to protect the income and employment information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. 552a. HUD may disclose information (other than tax return information) for certain routine uses, such as to other government agencies for law enforcement purposes or unemployment/income verification purposes. Any persons engaging in unauthorized disclosures or improper uses of information obtained for the purposes described above may be subject to penalties.

B. ASSISTANCE MODIFICATION AFFIDAVIT



HUD EMERGENCY HOMEOWNERS' LOAN PROGRAM – ASSISTANCE MODIFICATION AFFIDAVIT

NOTICE: Completion of this Assistance Modification Affidavit is required for all EHLP Borrowers reporting a change (increase or decrease) in current income (including the income of all Co-Borrowers), if any. **Please read the Privacy Act Statement at the bottom of this page before completing this Assistance Modification Affidavit.**

The Department of Housing and Urban Development is prohibited by statute, regulation, and/or program rules from providing EHLP emergency assistance on behalf of any person who does not meet minimum program requirements. No person shall be eligible to receive emergency assistance under the Emergency Homeowners' Loan Program who cannot certify to any of the statements included in this document.

Name of EHLP Borrower: _____

Last Four (4) Digits of Social Security Number: ***-**-_____

I understand that, in accordance with the terms of my EHLP loan documents, I am required to complete this Assistance Modification Affidavit to report a change in my current income (including the income of any person listed on the first lien mortgage and/or note or both) to my designated housing counseling agency.

I hereby certify, under penalty of perjury, that, to the best of my knowledge and belief, I have sustained the change in current income (including the income of any person listed on the first lien mortgage and/or note or both), as properly calculated in the attached worksheet and described below, for at least ninety (90) calendar days.

Previously Reported Income: _____

Current Income: _____

Amount of Change in Income: _____

Date of Change in Income: _____

I further certify that, to the best of my knowledge and belief, the information and documentation that I have provided for the purpose of reporting my change in current income (including the current income of any person listed on the first lien mortgage and/or note or both), including but not limited to the information I have provided in this affidavit and attached worksheet, is true, complete, and correct.

By signing below, I understand that any false statement made in connection with my participation in the EHLP may result in fines or imprisonment of up to five (5) years, or both, under 18 U.S.C. § 1001, that I may also be subject to civil and/or administrative penalties or sanctions, and that HUD may pursue any available penalty or sanction, criminal, civil or administrative, to the fullest extent of the law.

Signature of EHLP Borrower

Date

PRIVACY ACT STATEMENT

Purpose: By signing this Assistance Modification Affidavit, you are authorizing HUD, directly or through its agents, to request income information from such sources necessary to verify your income, employment status and such other information necessary to ensure that you are eligible for the federal benefits to be derived under this program and that those benefits are set at the correct level.

Uses of Information to be Obtained: HUD is required to protect the income and employment information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. 552a. HUD may disclose information (other than tax return information) for certain routine uses, such as to other government agencies for law enforcement purposes or unemployment/income verification purposes. Any persons engaging in unauthorized disclosures or improper uses of information obtained for the purposes described above may be subject to penalties.

C. BORROWER NOTICE OF WITHDRAWAL



**HUD EMERGENCY HOMEOWNERS' LOAN PROGRAM –
BORROWER NOTICE OF WITHDRAWAL**

NOTICE: Please read the Privacy Act Statement on page 2 of this Notice of Withdrawal before completing this Notice of Withdrawal. If you wish to discuss the Privacy Act Statement prior to submission you may call the Office of the HUD Privacy Officer at (202) 402-8047.

Name of Borrower(s): _____

EHLP Case Number: _____

Last Four (4) Digits of Social Security Number: ***-**-_____

By signing this Notice of Withdrawal below, I, the Emergency Homeowners' Loan Program (EHL) Borrower, am hereby requesting that I be withdrawn from the U.S. Department of Housing and Urban Development (HUD) Emergency Homeowners' Loan Program.

The reason(s) for my withdrawal from the EHL is (are) as follows (optional):

By signing below, I, the EHL Borrower, understand that upon my withdrawal from the EHL I will no longer be eligible for any type of assistance through the EHL, and that I will not be permitted to rescind this Notice of Withdrawal.

Signature of Borrower

Date

Signature of Borrower

Date

PRIVACY ACT STATEMENT

Uses of Information to be Obtained: HUD is required to protect the income and employment information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. 552a. HUD may disclose information (other than tax return information) for certain routine uses, such as to other government agencies for law enforcement purposes or unemployment/income verification purposes. Any persons engaging in unauthorized disclosures or improper uses of information obtained for the purposes described above may be subject to penalties.

D. BORROWER RECERTIFICATION STATEMENT

Department of Housing and Urban Development
 EMERGENCY HOMEOWNERS' LOAN PROGRAM

A. BORROWER NAME:

BORROWER RECERTIFICATION STATEMENT

B. SOCIAL SECURITY NUMBER (Last 4-digits)
 * - - - -

**U.S. Department of Housing and Urban Development – Emergency Homeowners' Loan Program
 Borrowers Recertification of Eligibility**

NOTICE: Furnishing the information requested on this form is a condition of **continued** participation for all Borrowers in the Emergency Homeowners' Loan Program (EHLPP). **Please read the Privacy Act Statement on page 2 of this form before completing this Borrower Recertification Statement.**

The Department of Housing and Urban Development is prohibited by statute, regulation, and/or program rules from providing EHLPP emergency assistance on behalf of any person who does not meet minimum program requirements. No person shall be eligible to **continue** to receive emergency assistance under the Emergency Homeowners' Loan Program who cannot certify to any of the statements included in this Borrower Recertification Statement.

C. PROPERTY ADDRESS (Premises):

D. FIRST LIEN MORTGAGE:

(A) Servicer – _____

(B) Account Number – _____

(C) Outstanding Balance – _____

E. DESIGNATED HOUSING COUNSELING AGENCY –

F. CO-BORROWER NAME(S) (if any) –

G. CURRENT MONTHLY INCOME \$ _____

PART I – REQUIRED CERTIFICATIONS

	INITIAL
1. I certify that I am a borrower on the First Lien Mortgage, identified in Box D of this document and/or a signor or co-signor on the promissory note secured by that First Lien Mortgage which secures the Premises described in Box C of this document.	
2. I certify that I occupy the Premises as my principal residence, and that the Premises is a single family residence (1-4 unit), condominium, or cooperative.	
3. I certify that I am financially unable to make my full monthly mortgage payment on the First-Lien Mortgage identified in Box D, above, and that I remain in need of EHLPP emergency assistance.	
4. I certify that circumstances make it probable that, absent my receiving EHLPP emergency assistance, there will be a foreclosure of the Premises.	
5. I certify that each co-borrower on the First-Lien Mortgage identified in Box D, above, and/or co-signor on the promissory note secured by that First-Lien Mortgage, was identified in my Recertification Package, and his/her income was included in determining my eligibility to continue to receive the benefit of emergency assistance through the EHLPP.	
6. I certify that I am not delinquent on any non-tax Federal debt, as defined under 31 USCA § 3720B and 31 CFR § 285.13. And, I certify that I do not have delinquent child support obligations (meaning the amount of support determined under a court order, or an order of an administrative procedure established under state law, for the support and maintenance of a child, or of a child and parent with whom the child is living, which has not been paid) that have been submitted to the US Department of the Treasury for collection by offset.	
7. I certify under penalty of perjury that, to the best of my knowledge and belief, the data and documentation I have provided to my designated housing counseling agency, identified in Box E, above, for the purpose of completing the EHLPP Recertification Package (including but not limited to data and documentation concerning income) is true, complete and correct.	
8. I certify that I will immediately notify my designated housing counseling agency, identified in Box E, above, in writing, to update or correct any inaccuracies in the data or documentation I provided for purposes of completing the EHLPP Recertification Package, including in this Borrower Recertification Statement, whenever I become aware of such information.	

PART III – FALSE STATEMENTS

By signing below, I, the EHLP Borrower, understand that any false statement or misrepresentation made in this Borrower Recertification Statement, or otherwise made in connection with my participation in the EHLP may result in fines or imprisonment of up to five (5) years, or both, under 18 U.S. § 1001, that I may also be subject to civil and/or administrative penalties or sanctions, and that HUD may pursue any available penalty, civil or criminal, to the fullest extent of the law.

PRINTED BORROWER NAME

BORROWER SIGNATURE

DATE

PRIVACY ACT STATEMENT

Purpose: By signing this Borrower Recertification Statement, you are authorizing HUD, directly or through its agents, to request income information from such sources necessary to verify your income, employment status and such other information necessary to ensure that you remain eligible for the federal benefits to be derived under this program and that those benefits are set at the correct level.

Uses of Information to be Obtained: HUD is required to protect the income and employment information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. § 552a. HUD may disclose information (other than tax return information) for certain routine uses, such as to other government agencies for law enforcement purposes or unemployment/income verification purposes. Any persons engaging in unauthorized

E. CO-BORROWER RECERTIFICATION STATEMENT

Department of Housing and Urban Development
 EMERGENCY HOMEOWNERS' LOAN PROGRAM

A. CO-BORROWER NAME:

B. SOCIAL SECURITY NUMBER (*Last 4-digits*)

* _ _ _ _

CO-BORROWER RECERTIFICATION STATEMENT

**U.S. Department of Housing and Urban Development – Emergency Homeowners' Loan Program
 Co-Borrowers Recertification of Eligibility**

NOTICE: Furnishing the information requested on this form is a condition of **continued** participation for all Co-Borrowers in the Emergency Homeowners' Loan Program (EHLP). **Please read the Privacy Act Statement on page 2 of this form before completing this Recertification Statement.**

The Department of Housing and Urban Development is prohibited by statute, regulation, and/or program rules from providing EHLP emergency assistance on behalf of any person who does not meet minimum program requirements. No person shall be eligible to **continue** to receive emergency assistance under the Emergency Homeowners' Loan Program who cannot certify to any of the statements included in this Co-Borrower Recertification Statement.

C. PROPERTY ADDRESS (Premises):

D. FIRST LIEN MORTGAGE:

(A) Servicer – _____

(B) Account Number – _____

(C) Outstanding Balance – _____

E. DESIGNATED HOUSING COUNSELING AGENCY –

F. CURRENT MONTHLY INCOME \$

PART I – REQUIRED CERTIFICATIONS

	INITIAL
1. I certify that I am a co-borrower on the First Lien Mortgage, identified in Box D of this document and/or a signor or co-signor on the promissory note secured by that First Lien Mortgage which secures the Premises described in Box C of this document.	
2. I certify that I am financially unable to make my full monthly mortgage payment on the First-Lien Mortgage identified in Box D, above, and that I remain in need of EHLP emergency assistance	
3. I certify that circumstances make it probable that, absent my receiving EHLP emergency assistance, there will be a foreclosure of the Premises.....	
4. I certify that I am not delinquent on any non-tax Federal debt, as defined under 31 USCA § 3720B and 31 CFR § 285.13. And, I certify that I do not have delinquent child support obligations (meaning the amount of support determined under a court order, or an order of an administrative procedure established under state law, for the support and maintenance of a child, or of a child and parent with whom the child is living, which has not been paid) that have been submitted to the US Department of the Treasury for collection by offset.....	
5. I certify under penalty of perjury that, to the best of my knowledge and belief, the data and documentation I have provided to my designated housing counseling agency, identified in Box E, above, for the purpose of completing the EHLP Recertification Package (including but not limited to data and documentation concerning income) is true, complete and correct	
6. I certify that I will immediately notify my designated housing counseling agency, identified in Box E, above, in writing, to update or correct any inaccuracies in the data or documentation I provided for purposes of completing the EHLP Recertification Package, including in this Co- Borrower Recertification Statement, whenever I become aware of such information.....	

PART III – FALSE STATEMENTS

By signing below, I, the EHLP Co- Borrower, understand that any false statement or misrepresentation made in this Co- Borrower Recertification Statement, or otherwise made in connection with my participation in the EHLP may result in fines or imprisonment of up to five (5) years, or both, under 18 U.S. § 1001, that I may also be subject to civil and/or administrative penalties or sanctions, and that HUD may pursue any available penalty, civil or criminal, to the fullest extent of the law.

PRINTED CO-BORROWER NAME

CO-BORROWER SIGNATURE

DATE

PRIVACY ACT STATEMENT

Purpose: By signing this Co- Borrower Recertification Statement, you are authorizing HUD, directly or through its agents, to request income information from such sources necessary to verify your income, employment status and such other information necessary to ensure that you remain eligible for the federal benefits to be derived under this program and that those benefits are set at the correct level.

Uses of Information to be Obtained: HUD is required to protect the income and employment information it obtains in accordance with the Privacy Act of 1974, 5 U.S.C. § 552a. HUD may disclose information (other than tax return information) for certain routine uses, such as to other government agencies for law enforcement purposes or unemployment/income verification purposes. Any persons engaging in unauthorized

IX. APPENDIX C: SELF EMPLOYED INCOME CALCULATIONS AND REQUIRED DOCUMENTS

Documentation Requirements and Income Calculation for Self-Employed Applicants (Co-Applicants)

Business Structure	Required Income Documentation	Monthly Income Analysis and Calculation
<p>Sole Proprietorship</p>	<ul style="list-style-type: none"> ▪ U.S. Individual Income Tax Return (IRS 1040) for most recent calendar or fiscal year, including Schedule C – <i>Profit or Loss From Business</i> (Sole Proprietorship) <p>and</p> <ul style="list-style-type: none"> ▪ Audited Year-to-Date Profit and Loss (P&L) Statement <u>or</u> signed Quarterly Tax Returns obtained from/filed with the IRS (<i>if more than a calendar quarter has elapsed since the date of the most recent calendar or fiscal year tax return was filed</i>). 	<p><i>The lesser of:</i></p> <ul style="list-style-type: none"> ▪ Business Income (Schedule C Line 31, Form 1040 line 12) from most recent calendar or fiscal year’s tax returns <u>plus</u> Depletion and Depreciation (Lines 12 and 13 of Schedule C), if applicable <u>divided</u> by 12 <p>or</p> <ul style="list-style-type: none"> ▪ Net Profit (Loss) from Audited Year-to-Date Profit and Loss Statement <u>divided</u> by the number of months analyzed on the P&L <p>or</p> <ul style="list-style-type: none"> ▪ Business Income (Line 31 of Schedule C) from Quarterly Tax returns <u>plus</u> Depletion and Depreciation (Lines 12 and 13 of Schedule C), if applicable, <u>divided</u> by the number of months analyzed on the Quarterly Tax Returns.
<p>Partnership</p>	<ul style="list-style-type: none"> ▪ U.S. Individual Income Tax Return (IRS 1040)for most recent calendar or fiscal year, including Schedule E- Supplemental Income and Loss (from Rental Estates, Royalties, Partnerships, S Corporations, Estates, Trusts, REMICS, etc.) <p>and</p> <ul style="list-style-type: none"> ▪ U.S Return of Partnership Income (IRS Form 1065) for most recent calendar or fiscal year, including Schedule K-1: Partner’s Share of Income, Credits and Deductions <p>and</p> <ul style="list-style-type: none"> ▪ Audited Year-to-Date Profit and Loss (P&L) Statement <u>or</u> signed Quarterly tax returns obtained from/filed with the IRS (<i>if more than a calendar quarter has elapsed since the date of the most recent calendar or fiscal year tax return was filed</i>). 	<p><i>The lesser of:</i></p> <ul style="list-style-type: none"> ▪ Total Partnership Income(Loss) (Line 32 of Schedule E) from most recent calendar or fiscal year’s tax returns <u>multiplied</u> by the partner’s share in the business <u>plus</u> Depletion and Depreciation(Lines 16 and 17 of Form 1065) <u>divided</u> by 12 <p>or</p> <ul style="list-style-type: none"> ▪ Net Profit (Loss) from Audited Year-to-Date Profit and Loss Statement <u>multiplied</u> by the partner’s share of the business <u>divided</u> by the number of months analyzed on the P&L Statement <p>or</p> <ul style="list-style-type: none"> ▪ Total Partnership Income(Loss) (Line 32 of Schedule E) from Quarterly Tax returns <u>multiplied</u> by the partner’s share of the business <u>plus</u> Depletion and Depreciation (Lines 16 and 17 of Form 1065) <u>divided</u> by the number of months analyzed on the tax returns

Business Structure	Required Income Documentation	Monthly Income Analysis and Calculation
Corporations	<ul style="list-style-type: none"> ▪ U.S. Income Tax Return for a Corporation (IRS Form 1120) for most recent calendar or fiscal year <p>And</p> <ul style="list-style-type: none"> ▪ Audited Year-to-Date Profit and Loss (P&L) Statement <u>or</u> signed Quarterly Tax Returns filed with the IRS (<i>if more than a calendar quarter has elapsed since the date of the most recent calendar or fiscal year tax return was filed</i>). 	<p><i>Lesser of:</i></p> <ul style="list-style-type: none"> ▪ Total Taxable Income(Loss) (Line 30 of IRS Form 1120), <u>plus</u> Depletion and Depreciation (Lines 20 and 21 of Form 1120), divided by 12 <p>or</p> <ul style="list-style-type: none"> ▪ Net Profit (Loss) from Audited Year-to-Date Profit and Loss Statement or Taxable Income (Loss) from Quarterly Tax Returns <u>plus</u> Depletion and Depreciation (Lines 20 and 21 of Form 1120), <u>divided</u> by the number of months covered by the applicable document analyzed.
(Subchapter) "S" Corporations	<ul style="list-style-type: none"> ▪ U.S. Income Tax Return for an S Corporation (IRS Form 1120S) for most recent calendar or fiscal year ▪ U.S. Individual Income Tax Return (IRS 1040) for most recent calendar or fiscal year ▪ Audited Year-to-Date Profit and Loss (P&L) Statement or signed Quarterly Tax Returns filed with the IRS (<i>if more than a calendar quarter has elapsed since the date of the most recent calendar or fiscal year tax return was filed</i>). 	<p><i>Lesser of:</i></p> <ul style="list-style-type: none"> ▪ Ordinary Business Income(Loss) (Line 21 of IRS Form 1120S) <u>plus</u> Depreciation and Depletion (Lines 15 and 16 of Form 1120S), <u>divided</u> by 12 <p>or</p> <ul style="list-style-type: none"> ▪ Net Profit (Loss) from Year-to-Date Profit and Loss Statement <u>or</u> Ordinary Business Income (loss) from Quarterly Tax Returns <u>plus</u> Depreciation and Depletion (Lines 15 and 16 of Form 1120S), <u>divided</u> by the number of months covered by the applicable document analyzed.

X. APPENDIX D: CALCULATING OVERTIME AND COMMISSION INCOME

Generally, overtime and commission income would not be considered effective income unless the borrower has received this income for the past two years, and it will likely continue. Consequently monthly income from these sources is determined by averaging the income over a two year period.

Since the CA will not be collecting tax returns from borrowers earning wages and salaries, the treatment of overtime and commission income for EHLP borrowers will necessarily differ from the standard treatment in the case of loan origination. To determine from these sources, the CA needs to separately average the year-to-date earnings from overtime or commission, as applicable, then follow standard guidance to calculate monthly income from regular earnings and sum the two components to arrive at total monthly income.

Macy's Retail Holdings, Inc. DBA Macy's 7 West 7th Street Cincinnati, OH 45202		800-234-MACYS	Pay Group: MEO Pay Begin Date: 07/01/2012 Pay End Date: 07/07/2012		Advice#: 24617217 Check Date: 07/13/2012				
Employee ID: 1234567 Location: 1234567			Basis of Pay: Non-Commission Hourly Associate or Hourly Executive						
May E. Help 100 Main Street Any Town, USA			Tax Data: Federal NY State		Marital Status: Married Married				
			Allowances: 3 3		Addl. Pct.: 0 0				
			Addl. Amt.: 0 0						
HOURS, UNITS AND EARNINGS						TAXES			
Description	Rate	Hrs/Units	Current		YTD		Description	Current	YTD
			Earnings	Hours	Earnings	Hours			
Regular	25.240385	40.00	1,009.62	1,059.23	26,735.47				
Overtime	37.953158	0.95	35.97	79.86	3,023.56	FEDERAL	57.00	2,726.74	
PTO			0.00	56.00	1,413.46	ST-W/ILD	36.81	1,594.88	
Holiday			0.00	24.00	605.76	FICA-OASDI	36.40	1,335.65	
NP Hrs			0.00	8.00	201.92	FICA-MED	12.57	461.12	
						SUIVSDI	0.60	16.80	
Total		40.95	1,045.59	1,227.09	31,960.17	Total	143.41	6,135.17	
BEFORE TAX DEDUCTIONS			AFTER TAX DEDUCTIONS			EMPLOYER PAID BENEFITS			
Description	Current	YTD	Description	Current	YTD	Description	Current	YTD	
CG100PT	153.78	153.78							
fd911	25.09	25.09							
Total	178.87	178.87	Total	0	0	Total			
TOTAL GROSS		FED TAXABLE GROSS		TOTAL TAXES		TOTAL DEDUCTIONS		NET PAY	
Current:	1,045.59	866.72	143.41	178.87	723.31				
YTD:	31,960.17	31,801.30	6,135.17	178.87	25,666.13				
NET PAY DISTRIBUTION									
Checking								723.31	
Total								723.31	

As an example:

The paystubs from Macy’s Retail Holdings, Inc. show both regular and overtime earnings. The borrower is paid weekly and 4 consecutive weeks of paystubs are provided with “Pay End Dates” of 6/16/12, 6/23/12, 6/30/12 and 7/7/12. To calculate monthly income in this scenario, follow the steps outlined below.

1. Calculate Overtime Earnings from Macy’s

The most recent paystub, **Pay End Date** of 7/7/12 show YTD Earnings for Overtime as \$3,023.56.

Overtime income is calculated as \$3,023.56 divided by 6.25 months = \$483.77 per month.

2. Calculate Regular Earnings from Macy’s

Sum the Regular Current Earnings from the 4 weeks of paystubs, annualize that income and divide by 12.

Gross Current Earnings	Pay End Date
+\$1,009.62	06/16/12
+\$ 958.38	06/23/12
+\$ 1043.69 (<i>\$639.84 + \$403.85</i>)	06/30/12
+\$1,009.62	07/07/12
\$4,021.31	

May E. Help 100 Main Street		Employee ID: Location:	12345 Inc.	Pay Group: MEO Pay Begin Date: 06/10/2012 Pay End Date: 06/16/2012 Basis: Non-Commission Hourly Associate or Hourly	Tax Data: Feder Marital Status: Marri Allowances: 3 Addl. Pct.: 0 Addl. Amt.: 0		
HOURS, UNITS AND EARNINGS							
Description	Rate	Hrs/Units	Current		YTD		Description
			Earnings	Hours	Earnings	Hours	
Regular	25.240385	40.00	1,009.62	955.91	24,127.63		FEDERAL
Overtime	37.860305	13.10	495.97	78.91	2,987.59		ST-WHLD
PTO			0.00	40.00	1,009.61		FICA-OASDI
Holiday			0.00	24.00	605.76		FICA-MED
NP Hrs			0.00	8.00	201.92		SUI/SDI
Total:		53.10	1,505.59	1,106.82	28,932.51		Total:
BEFORE TAX DEDUCTIONS			AFTER TAX DEDUCTIONS			EMPLOYER PAID BEN	
Description	Current	YTD	Description	Current	YTD	Description	
Total: 0 0			Total: 0 0			*Taxable	
TOTAL GROSS		FED TAXABLE GROSS		TOTAL TAXES		TOTAL DE	
Current:	1,505.59	1,505.59	316.55				
YTD:	28,932.51	28,932.51	5,632.14				
						NET PAY DISTRI	
						Checking	
						Total:	

Total Monthly Earnings is:

+ \$4,356.42 (\$4,021.31 x 13 = \$52,277.03 /12) - Gross Monthly Regular earnings)

+ \$483.77 (YTD Average monthly overtime)

= \$4,840.19

XI. APPENDIX E: SUMMARY OF CHANGES TO EHLP POST-APPROVAL GUIDELINES

Summarized below are the primary changes in the revised versions of the *Emergency Homeowners' Loan Program: Housing Counseling Agency Roles and Responsibilities Post-Approval Guidelines*, dated February 24, 2012, June 13, 2012, and October 1, 2012. **The October 1, 2012 revisions are shown in bold.**

Payment address – p. 4

- **CHANGED:** The payment address for Homeowner Contribution Payments to reflect different locations based on the state of residency. Appendix A provides the map of mailing address locations. (2/24/12)

Hardship waiver – p. 8-11

- **ADD:** Language about the ability of borrowers to appeal CA's hardship waiver determination. (2/24/12)
- **ADD:** The CA is responsible for providing written notification to the client regarding outcome of hardship waiver evaluation and the right to appeal. (2/24/12)
- **ADD:** It may take up to 90 days for income changes to be reflected on a Borrower's EHLP monthly statement. Borrowers are responsible for paying the full amount shown on the statement until the change is fully implemented. (2/24/12)
- **ADD:** The CA can simultaneously process a hardship waiver and income decrease if the Borrower's income has decreased enough to reduce the HCP to \$150. (6/13/12)
- **ADD:** HUD will provide written notification to all active Borrowers summarizing the Borrowers' EHLP Assistance received to date and estimated remaining assistance. This notification will be provided every six months beginning in December 2012. (6/13/12)

Escrow adjustments – p. 11-12

- **ADD:** Borrowers will be exited from the EHLP Assistance Period if the Borrower can afford the total monthly mortgage payment as a result of an escrow payment decrease. (6/13/12)
- **ADD:** Borrowers exited from the EHLP Assistance Period due to an escrow payment decrease may be eligible for 2 months of transition period assistance. (6/13/12)
- **ADD:** HUD will provide written notification to all active Borrowers summarizing the Borrowers' EHLP Assistance received to date and estimated remaining assistance. This notification will be provided every six months beginning in December 2012. (6/13/12)

Interest rate adjustments – p. 12

- **ADD:** Borrowers will be exited from the EHLP Assistance Period if the Borrower can afford the total monthly mortgage payment as a result of an interest rate payment decrease. (6/13/12)
- **ADD:** Borrowers exited from the EHLP Assistance Period due to an interest rate payment decrease may be eligible for 2 months of transition period assistance. (6/13/12)

- ADD: HUD will provide written notification to all active Borrowers summarizing the Borrowers' EHLA Assistance received to date and estimated remaining assistance. This notification will be provided every six months beginning in December 2012. (6/13/12)

Loan modifications – p. 13

- ADD: Borrowers in trial modifications prior to closing EHLA loans must choose to exit the trial modification or withdraw their EHLA application. (6/13/12)
- ADD: Borrowers brought current due to a loan modification on their first lien mortgage prior to closing the EHLA loan are not eligible for EHLA. (6/13/12)
- ADD: Borrowers may participate in a loan modification after closing on their EHLA loan. HUD will treat any resulting payment changes in the same manner as other payment changes (i.e. escrow and/or interest changes). (6/13/12)

Income changes: Decrease – p. 13-17

- REMOVE: Previous requirement of Borrowers to wait three months after closing to report first income decrease. (2/24/12)
- CLARIFY: Income decreases must be sustained at least 90 calendar days prior to the Borrower requesting an assistance modification. (6/13/12)
- ADD: Self-employed borrowers need to turn in all applicable schedules with their tax returns and a year-to-date Profit and Loss statement. Appendix C provides additional guidance on how to calculate current income for self-employed borrowers. (2/24/12)
- ADD: Self-employed Borrowers must turn in the documentation described in Appendix C. (6/13/12)
- **ADD: CAs should follow the process for calculating year-to-date average monthly overtime and commission pay as described in Appendix D. (10/1/12)**
- ADD: Language about the ability of borrowers to appeal CA's income decrease determination. (2/24/12)
- ADD: The CA is responsible for providing written notification to the client regarding outcome of income change evaluation and the right to appeal. (2/24/12)
- ADD: It may take up to 90 days for income changes to be reflected on a Borrower's EHLA monthly statement. Borrowers are responsible for paying the full amount shown on the statement until the change is fully implemented. (2/24/12)
- ADD: HUD will provide written notification to all active Borrowers summarizing the Borrowers' EHLA Assistance received to date and estimated remaining assistance. This notification will be provided every six months beginning in December 2012. (6/13/12)

Income changes: Increase – p.17-21

- ADD: Self-employed borrowers need to turn in all applicable schedules with their tax returns and a year-to-date Profit and Loss statement. Appendix C provides additional guidance on how to calculate current income for self-employed borrowers. (2/24/12)
- ADD: Self-employed Borrowers must turn in the documentation described in Appendix C. (6/13/12)
- **ADD: CAs should follow the process for calculating year-to-date average monthly overtime and commission pay as described in Appendix D. (10/1/12)**

- CLARIFY: The CA must collect all Borrower documentation and evaluate the change within 30 days of the Borrower first reporting the change. (2/24/12)
- ADD: The CA is responsible for providing written notification to the client regarding outcome of income change evaluation and the right to appeal. (2/24/12)
- ADD: Language requiring the Assistance Modification Affidavit to be signed by all Co-Borrowers (if applicable). (6/13/12)
 - *This requirement is effective as of the publication date of the revised guidelines. However, at the time of recertification, if applicable, the CA must request for all co-borrowers, if any, to complete and sign an Assistance Modification Affidavit, which includes a certification that the amount of Borrower's Present Financial Resources (including the Present Financial Resources of all Co-Borrowers, if any) has met or exceeded the Mandatory Reporting Amount for 90 consecutive calendar days. Per the 10/1/12 guideline revisions, signed Assistance Modification Affidavits are not required at the time of recertification in addition to the Recertification Statements. The Borrower (and Co-Borrower, if applicable) will be required to report current income on the applicable Recertification Statements.*
- ADD: Appeals from homeowners being exited from the EHLA Assistance Period as a result of an income increase will be submitted to and reviewed by HUD. Appeals from homeowners experiencing an HCP increase as the result of an income increase will be submitted to and reviewed by NeighborWorks America. (6/13/12)
- ADD: HUD will provide written notification to all active Borrowers summarizing the Borrowers' EHLA Assistance received to date and estimated remaining assistance. This notification will be provided every six months beginning in December 2012. (6/13/12)
- ADD: It may take up to 90 days for income changes to be reflected on a Borrower's EHLA monthly statement. Borrowers are responsible for paying the full amount shown on the statement until the change is fully implemented. (2/24/12)

Termination: Early Non-Default Termination due to Income Increase – p. 22-23

- ADD: The CA is responsible for providing written notification to the client regarding termination due income change and the borrower's right to appeal. (2/24/12)
- CHANGE: Appeals of program exits due to income increases will go to HUD and not NeighborWorks America. (6/13/12)

Termination: Voluntary Withdrawal – p.23

- ADD: The process by which Borrowers can choose to voluntarily exit the assistance period early for reasons other than default or increased income. Borrowers must complete a form to submit to the CA, and then the CA will upload the form and process the voluntary withdrawal within HLP. (2/24/12)
- ADD: Borrowers who voluntarily withdraw from active assistance may be eligible for up to two months of Transition Assistance. (2/24/12)

Transition Counseling – p. 24-25

- **CHANGE:** Extends deadline to perform Level 5d Transition Counseling to December 31, 2013. (2/24/12)
- **DELETE:** Removes the deadline to perform Level 5d Transition Counseling. (10/1/12)
- **ADD:** Expands the definition of who is eligible for Level 5d Transition Counseling to include all Borrowers who have received EHLPP assistance. (10/1/12)
- **ADD:** Counselors may perform Level 5d Transition Counseling as early as 6 months prior to a Borrower’s anticipated program exit. Counselors also may perform Level 5d Transition Counseling after a Borrower’s program assistance has ended. (10/1/12)

Recertification – p. 28-34

- **ADD:** New Section VI “Recertification (Level 5C)” provides guidance for the mandatory EHLPP Recertification, including the documentation requirements, the CA’s evaluation process, and the resulting impacts on the Borrower’s continued participation or program exit/termination. (10/1/12)
- **ADD:** The deadline for a Borrower’s mandatory EHLPP Recertification is the 15th day of the 12th month of the Borrower’s Assistance Period (counted with the month the Borrower entered Active Assistance as the first month). (10/1/12)

Appendix B: Affidavits – p. 36-49

- **ADD:** New “Borrower Recertification Statement” and “Co-Borrower Recertification Statement” which are required to be completed and signed as part of the EHLPP Recertification. (10/1/12)

Appendix C: Guidelines for Evaluating Changes in Income for Self-Employed Borrowers – p.50-51

- **ADD:** More detailed instructions regarding documentation requirements and how to calculate current income for self-employed borrowers. (6/13/12)
- **ADD:** Option to submit signed quarterly tax returns filed with the IRS instead of Audited Year-to-Date Profit and Loss Statements. (6/13/12)
- **ADD:** Specific line schedule and line references in the Monthly Income Analysis and Calculation column to provide additional direction for counselors calculating self-employed income. (10/1/12)

Appendix D: Calculating Overtime and Commission Income – p.52-54

- **ADD:** Instructions on how CAs should account for overtime and commission pay when calculating current income. (10/1/12)