



EMERGENCY ASSISTANCE APPROVAL AND COMMITMENT LETTER



NOTICE: The United States Department of Housing and Urban Development is prohibited by statute, regulation, and/or program rules from providing EHL P 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 satisfy the terms and conditions of this commitment letter.

Form with fields: A. Applicant Name, B. Applicant Social Security Number, C. Property Address, D. Co-Applicant 1 Name, E. Co-Applicant 2 Name, F. Servicing Institution, G. Delinquent Mortgage Account Number, H. EHL P Loan Approval Number. Includes 'CERTIFIED MAIL' and '[Date]' markers.

[Name]

[Address]

[City/State/Zip]

Congratulations! The United States Department of Housing and Urban Development ("HUD") has determined that you are eligible for emergency assistance under the federal Emergency Homeowners' Loan Program ("EHL P") subject to the terms and conditions included in this commitment letter. Please note that this approval and commitment allows you to move to the next phase of the process, but your final approval to participate in the EHL P is not guaranteed. You may be required to provide additional documentation that is acceptable to HUD. If the documentation you provide does not satisfy EHL P terms and conditions, HUD may request additional information and/or conduct further review(s). This commitment is also subject to reconsideration if there is any material change in your financial status, in the information provided in your application, or in the condition of the property listed in box 1C, above ("Premises").

1. YOUR APPROVED EMERGENCY ASSISTANCE:

- Approved Assistance Amount – \$ [AUTO GEN APPROVED/OBLIGATED TOTAL EA]
• Approved Assistance Period (months) – [AUTO GEN APPROVED # MO]
• Expected Required Monthly Homeowner Contribution Payment – \$ [AUTO GEN EST. HCP]

2. CHANGES TO YOUR APPROVED EMERGENCY ASSISTANCE: The amount and duration of your EHL P emergency assistance, described in section 1 above, may change from time to time based on changes in your documented financial information (including, but not limited to, changes in your income, and changes in your escrowed property taxes and insurance premiums). For example, if your income increases beyond a certain amount, your monthly amount of emergency assistance may decrease and your required monthly homeowner

contribution payment will consequently increase. If, however, your income declines or the amount you owe for escrowed taxes and insurance increases, you may be eligible for an increase in your Approved Assistance Amount and a decrease in your Required Monthly Homeowner Contribution.

**3. REQUIRED REPORTING OF SUBSTANTIAL INCREASE IN INCOME:** As a condition of your participation in the EHLP, you are required to report certain substantial increases in your current income. If your combined current monthly income (meaning your current monthly income plus the current monthly income of every individual named on your First Lien Mortgage loan documents) over the course of three consecutive months is, at any time while you are receiving assistance, more than \$ [AUTO GEN LINE 19.1 FROM HUD DATA FIELD] **you are required** to report that increase in your combined current monthly income to your designated housing counselor, [AUTO GEN HCA] at [AUTO GEN HCA CONTACT NUMBER]. Failure to report this increase in income may result in HUD's termination of your emergency assistance.

**4. MAXIMUM EMERGENCY ASSISTANCE:** Your EHLP assistance is subject to a maximum assistance amount of \$50,000.00, and a maximum duration of 24 consecutive months, whichever comes first. This does not mean that you will receive \$50,000.00 in EHLP emergency assistance, or that HUD will assist you in making payments on your monthly first lien mortgage for 24 consecutive months, but rather that your EHLP emergency assistance cannot, under any circumstance, exceed that amount or that term.

**5. HOW HUD DISBURSES YOUR EHLP EMERGENCY ASSISTANCE:** The actual amount of your emergency assistance will be the total amount of funds distributed by HUD through two types of payments, (1) a one-time arrearage payment, and (2) a recurring payment of monthly emergency assistance, as described below. The current emergency assistance (amount and duration) that HUD anticipates providing on your behalf is provided in section (1), above.

(A) *Arrearage Payment.* HUD will make a one-time payment of arrearages to your first lien mortgage servicer on your behalf. By making this arrearage payment, HUD will bring your first lien mortgage account current, and you will no longer be considered delinquent on your first lien mortgage.

(B) *Monthly Emergency Assistance Payment.* HUD may make current or future monthly advances to your first lien mortgage servicer on your behalf, for a period not in excess of 24 consecutive months.

NOTE: To continue to receive monthly emergency assistance, you must remain qualified under certain EHLP eligibility criteria that your housing counselor discussed with you. For example, you must continue to occupy the Premises as your principal residence throughout the assistance period to remain eligible. Additionally, the amount of your monthly emergency assistance payment may change from time to time based upon changes in your documented financial information.

**6. YOUR REQUIRED MONTHLY HOMEOWNER CONTRIBUTION PAYMENT:** EHLP rules require you to continue to contribute to your first lien mortgage monthly payments by making the required monthly homeowner contribution payment to HUD. Your required monthly

homeowner contribution payment is **due on the 15th** day of each calendar month **made payable to** HUD's authorized representative, **The Bank of New York Mellon**, without exception. The amount of your required monthly homeowner contribution payment may change from time to time based upon your financial circumstances, and information obtained by HUD. You will receive a statement and payment coupon each month. Your statement will reflect the current amount of your required monthly homeowner contribution payment and the due date.

**WARNING:** You must make your required monthly homeowner contribution payment on time and in the full amount due each month. Failure to do so may result in either suspension or termination of your EHLP emergency assistance, your servicer may be required to report your failure to pay to a credit bureau, and late fees may accrue on your first mortgage.

**7. PAYMENT TO YOUR SERVICER:** Once received, HUD will send your monthly homeowner contribution payment together with your monthly emergency assistance payment to your first lien mortgage servicer to satisfy the monthly mortgage payment due on your first lien mortgage for that month.

**8. RECERTIFICATION:** You will be asked, from time to time while you are receiving EHLP emergency assistance, to provide HUD with information regarding your income, residency and employment status. You will also be asked to make certifications to HUD so that HUD can determine whether you continue to be eligible for EHLP emergency assistance. If you fail to timely provide the information and/or certifications requested, your EHLP emergency assistance will be suspended and may be terminated.

**9. EHLP LOAN DOCUMENTS:** You are required, as a condition of EHLP participation, to execute a promissory note ("Note") and a security instrument (mortgage or deed of trust) ("Security Instrument") (together the "Loan Documents") and loan description acknowledgment. Your Loan Documents will be recorded, as necessary, in the land records of the locality where the Premises is located. A lien will be created against the Premises as a result of your executing the Security Instrument.

**10. REPAYMENT:** Your EHLP emergency assistance, evidenced by the Note, and secured by the Security Instrument, is provided as a zero interest, nonrecourse, deferred contingent liability. Except for your monthly homeowner contribution payment that is ultimately provided to your Servicer, there are no regular monthly payments due on your emergency assistance loan. Absent default under your EHLP Loan Documents, your total outstanding EHLP loan balance as of the date your emergency assistance ends will decline by 20% each calendar year, beginning on the first anniversary of the date your emergency assistance ended, and continuing each anniversary thereafter, until the outstanding balance of your EHLP loan reaches \$0.

**NOTE:** A *default* under your EHLP Loan Documents automatically terminates the declining balance feature of your EHLP loan. The outstanding balance of your EHLP loan becomes immediately due and payable upon sale, cash-out refinance, or other transfer of the Premises, in accordance with the terms and conditions of your EHLP loan documents. **In the event that it is found that you knowingly provided fraudulent information to obtain EHLP assistance, the declining feature of your EHLP loan**

**will be terminated, the entire amount of EHL P assistance that you received will be immediately due and payable and you may be liable for penalties described in section 17 below.**

**11. SPECIAL ALLOWANCE FOR MOVING EXPENSES:** Absent fraud, and in the event that your EHL P loan becomes immediately due and payable upon your sale of the Premises, HUD will, in accordance with program rules, accept repayment out of available proceeds minus, at HUD's sole discretion, \$2,000.00, to remain with you for payment of relocation expenses.

**12. PREPAYMENT:** You are allowed to prepay the outstanding balance of your EHL P loan at any time, without penalty.

**13. FLOOD INSURANCE:** [AUTO GEN CHECKMARK FOR FLOOD INSURANCE REQUIRED] If this line is checked, you are required to furnish HUD, either at closing or within seven (7) calendar days thereafter, with a copy of an original policy of flood insurance (or application for insurance) under the National Flood Insurance Act of 1968. The policy must include evidence that it remains current as of the date it is provided. HUD has the right to determine whether the policy is from a satisfactory company, and whether the form and amount of the policy is acceptable. The policy must name HUD as an additional mortgagee and loss payee, in accordance with the Hazard Insurance requirements in the next paragraph. Failure to provide proof of such insurance within seven (7) calendar days of closing may result in either suspension or termination of your EHL P emergency assistance.

**14. HAZARD INSURANCE:** You are required to furnish HUD, either at closing or within seven (7) calendar days thereafter, with a copy of an original policy of hazard insurance insuring the Premises against loss by fire and other hazards. The policy must insure against all hazards customarily insured against in the area where the Premises is located, and must include evidence that the policy remains current as of the date it is provided. HUD has the right to determine whether the policy is from a satisfactory company, and whether the form and amount of the policy is acceptable. The policy must provide for written notice to HUD before termination or cancellation of the policy can take place. The policy must name HUD as an additional mortgagee and loss payee in the following form:

U.S. Department of Housing and Urban Development, its successors and/or assigns

451 7<sup>th</sup> St., SW, Washington, DC 20410

Loan # [AUTO GEN EHL P Loan Number]

You are required to maintain HUD on your hazard (and flood, if applicable) insurance policy as a mortgagee and loss payee until HUD otherwise notifies you in writing. Failure to provide proof of such insurance within seven (7) calendar days of closing may result in either suspension or termination of your EHL P emergency assistance.

**15. MODIFICATION:** HUD reserves the right to revoke this EHL P loan commitment, or to modify the terms as required, if any material facts appear which have not been previously revealed to HUD by you. If HUD discovers any facts, circumstances, or conditions or any material change in facts, circumstances or conditions which, if known, would have caused HUD

not to issue this loan commitment, HUD will, at its sole discretion, either declare this loan commitment null and void, or issue this commitment for a lesser Approved Assistance Loan Amount or Approved Assistance Period, or both.

**16. ACCEPTANCE:** You demonstrate your acceptance of the terms and conditions of this letter by executing the EHLP Loan Documents, described in paragraph 8.

**17. AUTHORIZED THIRD PARTY:** HUD reserves the right to authorize an agent or other delegee to fulfill all of HUD's rights and responsibilities under this loan commitment letter (including the authority to execute this loan commitment letter).

**18. COMMITMENT EXPIRATION DATE:** Your loan commitment expiration date is [insert date of CDSF recalculation/45 day foreclosure hold]. If you cannot close on your EHLP assistance prior to this date, this commitment letter becomes null and void; you may be required to provide additional documentation; and your loan will be resubmitted for final approval and will be subject to the availability of EHLP assistance funds at the time of resubmission.

Sincerely,

By: \_\_\_\_\_

Title: \_\_\_\_\_

On behalf of: THE UNITED STATES  
DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT