



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

Illinois Hardest Hit Fund Proposal

September 1, 2010



ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Section A: Overview of the Illinois HHF Homeowner Emergency Loan Program (HHF HELP)

On August 11, 2010, the Obama Administration announced a \$2 billion expansion of the existing Housing Finance Agency Innovation Fund for Hardest Hit Housing Markets Program (HHF). These funds would be used by nine of the original ten HHF states and an additional seven states and the District of Columbia. States included in this expanded third phase of the program were: Alabama, Georgia, Illinois, Indiana, Kentucky, Mississippi, New Jersey and Tennessee. Funds must be used to offer an unemployment bridge program that will pay a portion of a borrower's mortgage payment while unemployed or substantially underemployed. These areas of the country were selected due to sustained high unemployment over the past twelve months. The Illinois Housing Development Authority (IHDA), the housing finance agency in Illinois, will receive the funds for disbursement. The allocation for Illinois was \$166,352,726. If approved by the U.S. Department of Treasury, IHDA will utilize these funds to implement the Hardest Hit Fund Homeowner Emergency Loan Program (HHF HELP).

Background

Illinois is excited about the opportunity to provide these much needed dollars to homeowners struggling to meet their mortgage obligations in a difficult economy. Large numbers of Illinois homeowners have been affected by a difficult combination of increasing unemployment, declining property values, and rising foreclosures.

The unemployment rate in Illinois has more than doubled since 2006 to 10.3% as of the first quarter of 2010 with some particularly distressed counties experiencing rates as high as 15%-- leaving almost 700,000 Illinoisans currently unemployed. The average length of unemployment at the end of 2009 exceeded six months. Manufacturing and construction jobs were among the first to suffer in the current economy, but the slow job market now cuts across all job sectors in Illinois. The median home sales price in Illinois has fallen almost 25% since 2006, according to the Illinois Association of Realtors. In some Illinois counties, the reduction in price has been as high as 40%-60%. These drops in employment, and decreased home values, have contributed to huge increases in foreclosure filings in the past five years. According to Realtytrac, between January 2009 and June 2010, over 130,000 properties in Illinois received an initial foreclosure filing.

In response to the tough economic challenges facing Illinois and the destabilizing nature of foreclosure, IHDA and other state agencies and organizations have enacted programs to assist homeowners and lessen the impact of foreclosure on surrounding communities. Foreclosure mitigation activities undertaken by or with IHDA support include: National Foreclosure Mitigation Counseling Program (NFMC), Cook County Mortgage

Foreclosure Mediation Program, Neighborhood Stabilization Program (NSP), Predatory Lending Database Capacity Building Grant Program (PLD) and Foreclosure Outreach Events. Brief descriptions of each of these activities are below:

National Foreclosure Mitigation Counseling Program (NFMC)

IHDA applied for NFMC grant funds in order to enable non-profit counseling agencies across Illinois to provide foreclosure counseling to homeowners in danger of foreclosure. NFMC funds Housing Finance Agencies and other HUD approved housing counseling intermediaries to provide foreclosure intervention and loss mitigation counseling. The goal of the funding is to expand and supplement counseling opportunities available to families facing delinquency and foreclosure. NFMC was administered through a competitive application process by NeighborWorks® America, within guidelines defined by Congressional legislation.

IHDA has developed a strong network of housing counseling agencies to assist homeowners; partner agencies employ more than 120 foreclosure counselors throughout Illinois. IHDA has participated in four rounds of funding under this program, receiving a total of \$7.5 million since March 2008. Through the first three rounds of the program, over 12,000 Illinois homeowners facing foreclosure received counseling services free of charge.

Cook County Mortgage Foreclosure Mediation Program

The Cook County Mortgage Foreclosure Mediation Program provides free assistance to Cook County homeowners in foreclosure. An unprecedented partnership between the Circuit Court of Cook County and several state and local organizations, the program was designed to provide homeowners with critical support and help them explore options to either stay in their homes or negotiate a respectable exit as early as possible once the foreclosure process begins.

IHDA acts as the administering agent for the housing counseling component of the program. IHDA screened, selected, and continuously monitors the housing counseling agencies providing counselors for on-site and off-site help to homeowners. IHDA also operates a toll-free help line used to schedule clients for meetings with a housing counselor and an on-site attorney to discuss the counselor's recommendations and prepare for a court date that will determine whether the foreclosure case can be mediated with the lender. The Cook County Board approved \$3.5 million in funding for one year of the program which officially started on April 12, 2010.

Neighborhood Stabilization Program

Enacted by the Housing and Economic Recovery Act 2008 (HERA), Neighborhood Stabilization Program (NSP) is a federal resource appropriated to assist states and communities to address the detrimental impact of vacant and foreclosed properties on communities. All NSP activities must benefit households and communities of low, moderate, or middle income.

Lead administrator responsibilities for NSP in Illinois were assigned to IHDA and approved by the U.S. Department of Housing and Urban Development (HUD) in

December 2009 in order to take advantage of the agency's experience in financing and developing of affordable housing. IHDA works in partnership with many of the state's departments to coordinate investment of housing resources throughout the state.

HUD allocated \$53 million to the state of Illinois for implementation of the program. Eligible activities under NSP include: acquisition and rehabilitation of vacant and foreclosed buildings and land for homeownership or rental; financing mechanisms for new homeownership of foreclosed properties; demolition of blighted properties, land banking, and redevelopment including conversion of non-residential property or new residential construction on vacant land. IHDA has effectively implemented the program with 18 selected sub-grantee agencies and will obligate 100% of the NSP resources by the 18 month obligation deadline of September 4, 2010.

Anti-Predatory Lending Database Program

In 2007, the Illinois Legislature passed Senate Bill 1167 (Public Act 95-0691), requiring that all mortgage loans originated by State-licensed lenders in Cook County (Illinois' most populous county) be entered into a database monitored by the Illinois Department of Financial and Professional Regulation. Originally a 10 zip code pilot program, the Anti-Predatory Lending Database Program (APLD) program has expanded to all of Cook County and recently to Kane, Peoria and Will Counties.

The database serves to collect information on mortgage loans that have potentially higher risk characteristics. Borrowers contemplating these products are subsequently required to undergo a file review session performed by a local HUD-approved housing counselor at no charge. The counselor reviews and re-enters all loan information into the database and explains the long-term ramifications of the mortgage to the borrower who then solely decides whether they move forward with the closing.

IHDA was appropriated \$3,500,000 under the Residential Real Property Disclosure Act for the purpose of making grants to build capacity in HUD-certified counseling agencies participating and committing to provide services as needed for the APLD program. Participating counselors must provide borrowers with file review sessions as needed, and IHDA has committed capacity building support to 38 counseling agencies in the program's four-county area.

Foreclosure Outreach Events

Beginning in November 2007, IHDA has hosted and/or participated in foreclosure prevention events throughout the State tailored to the specific needs of various communities. Thousands of homeowners have attended the events to learn about options and solutions available to them relating to foreclosure. IHDA has collaborated with the Illinois Department of Financial and Professional Regulation, the Attorney General's office, Neighborhood Housing Services of Chicago, the Chicago Community Trust, and various non-profit organizations and local governments to provide households facing foreclosure with information and services. Participation at these events often includes local banks, servicers, title companies, and law service agencies that can provide face-to-face assistance to households.

HHF HELP assistance is a badly needed resource that connects well to these existing efforts by providing direct mortgage assistance to borrowers facing foreclosure. HHF resources will help fill the gap to prevent foreclosures, providing a safety net for homeowners and deter further decline of home values and instability in communities.

Program Goals

Given the short time frame of the proposal required by Treasury, extensive stakeholder participation in the formation of HHF HELP was not feasible. However, IHDA's previous foreclosure mitigation activities have included participation in many discussions with stakeholders about the nature and response to the crisis. These discussions have helped IHDA form the following program goals to be used as a guide during the development of the program:

- Assist low and moderate homeowners retain their homes;
- Use existing networks and infrastructure as much as possible to support HHF HELP;
- Intervene as early as possible to increase the number of individuals who can avoid foreclosure and maximize the likelihood of sustained homeownership;
- Maximize resources through effective and efficient programming, including the use of web-based technology;
- Create reporting tools that allow for program transparency and accountability;
- Target funds to communities that have been hardest hit by foreclosure and unemployment.

Program Description

HHF HELP will provide Illinois homeowners at or below 120% of the area median income with a portion of their mortgage payment for up to 18 months while searching for a job or participate in job training. Homeowners located within Illinois' counties of higher economic distress will be eligible for a maximum benefit of \$25,000. Homeowners living in the remainder of the state will be eligible for a maximum benefit of \$20,000. Assistance will be in the form of a deferred payment, no-interest loan secured by the homeowner's property with a junior lien. The loan will have a term of ten years, with the principal amount forgiven monthly over the last five years of the term. If the homeowner chooses to sell or refinance the home within the ten year term, repayment will only be required if sufficient net equity proceeds exist to repay the outstanding amount of the loan.

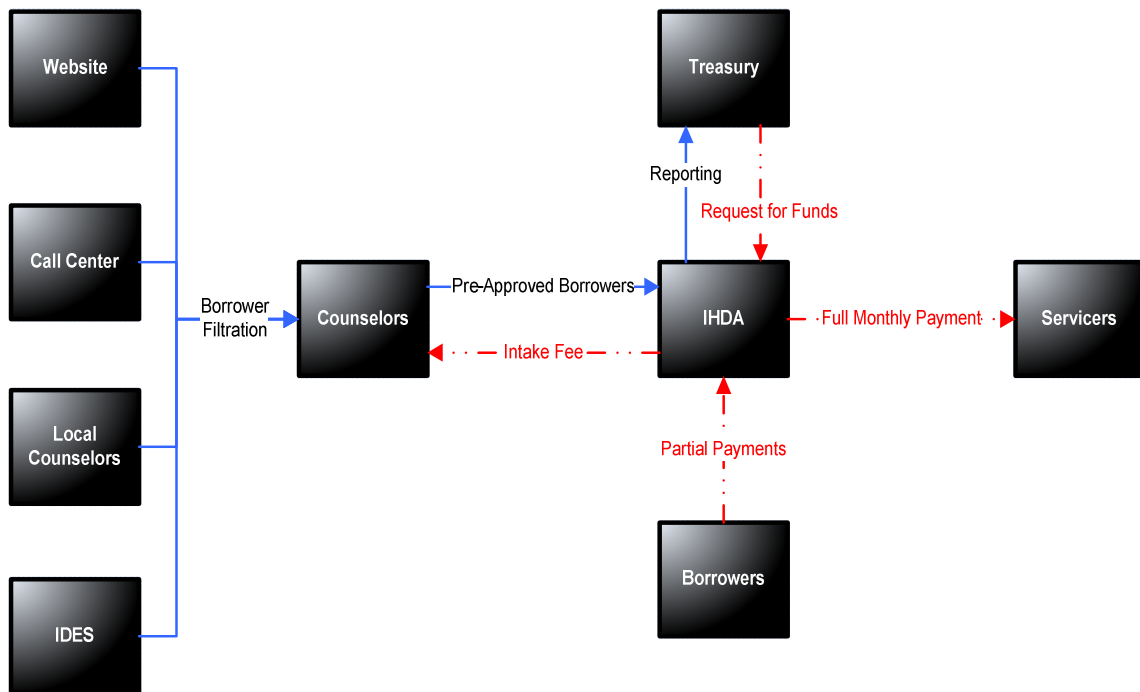
Eligibility for HHF HELP will require that all homeowners be documented as unemployed or deemed substantially underemployed due to no fault of their own. All households must demonstrate a reduction in income of at least 25%. The borrower's mortgage payment must exceed 31% of their present household income. All homeowners must submit a hardship affidavit and provide documentation of income loss. Additionally, each borrower must submit an action plan outlining the steps they will take to regain financial independence and employment. While homeowners will not be

required to be delinquent at the time of intake, they must not have more than three mortgage payments in liquid assets at the time of application for the program, excluding retirement funds. In order to increase the likelihood of sustained homeownership, borrowers must be no more than 6 months delinquent at the time of application intake.

Homeowners will contribute 31% of their current monthly income to each monthly payment. The homeowner’s payment will be remitted to IHDA, who will make the full mortgage payment to the appropriate servicer on behalf of the homeowner. Homeowners will be required to demonstrate their ability to afford the mortgage prior to unemployment or substantial underemployment by providing proof of good payment history. Homeowners must have a current mortgage balance of less than \$500,000 to be eligible.

Implementation Structure

Using the program goals as a guide, IHDA has developed a structure that builds on existing infrastructure and seeks to intervene early in delinquency. The program can be viewed in six major stages that work to streamline the approval and allocation of funds in an equitable way to eligible households statewide. The following flow chart provides an overview:



Program Marketing

IHDA will market the program statewide through a broad range of outreach strategies. IHDA and the Illinois Governor's Office will issue public announcements and press releases describing the program's availability, parameters, and eligibility criteria. Additionally, IHDA will disseminate program information through housing counseling agencies, local homeownership departments, the Illinois Department of Employment Security (IDES), and other community organizations. IHDA will create a HHF HELP website to provide information about the program and intends to include a client pre-screening function. The IHDA Marketing & Communications Department will spearhead all marketing efforts.

Application Intake and Evaluation

Client intake and evaluation will have two components: the counselor intake, and IHDA underwriting and processing. In order to further facilitate efficient tracking and reporting of the program, IHDA will undertake a Request for Proposals (RFP) process to procure a web-based client management system capable of interacting with IHDA's existing systems, facilitating interface with counseling agencies, and reporting to Treasury. In addition, IHDA is examining the efficiencies gained by utilizing the services of a formal call center to answer questions regarding HHF HELP. Should IHDA determine that an outside call center is necessary, an RFP for those services would be required.

Building on existing networks and capacity where possible, HHF HELP will utilize the network of housing counseling agencies built under the NFMC program to perform intake and pre-approval functions on the local level throughout the State. The NFMC counseling network features 42 counseling agencies with 120 counselors experienced in assisting troubled homeowners evaluate their options and apply for loan modifications or other assistance.

For those counties underserved by this NFMC network, IHDA will expand the network in three ways. First, invite HUD-certified agencies not currently receiving NFMC funds through IHDA to participate in the program. Second, widen the network of agencies to include other local assistance organizations experienced in performing eligibility screenings and income certifications for other IHDA programs. These organizations would include community action agencies, regional councils, and other nonprofit entities. Third, IHDA will hire in-house housing counselors who perform these functions for Illinois homeowners over the phone. While the existing network will form the base, IHDA will undertake an application process to determine the final network of participating agencies. A list of IHDA's network of agencies currently involved in the NFMC program and their service counties is included as Exhibit C.

In order to effectively manage the intake and screening of eligible applicants, IHDA will utilize three possible entry points for applicants. First, a website will assist possible applicants in a self-screening. Second, a call center will answer questions and perform a pre-screening for HHF HELP. Third, applicants can contact a housing counseling agency in their area. All three entry points will perform a quick assessment for eligibility, inform the possible applicants of the documents needed to proceed and direct the applicant to the nearest housing counseling agency for a full eligibility screening. All borrowers

considered for eligibility will meet with a counselor for intake processing in person or by phone, and provide all required income information, household information, and property documentation necessary to determine potential eligibility.

If the housing counselor believes the client is eligible, the counselor will submit a full application package to IHDA. IHDA will review each file for compliance with program requirements, underwrite the file, and determine the assistance level. The client management system will maintain documents and assistance decisions electronically, increasing processing efficiency and accuracy.

Loan Closing

Following approval, the borrower will execute loan documents tailored by the IHDA Legal Department. The title company will record the loan documents and a lien will be placed on the property. It is IHDA's intention, through a RFP process, to contract directly with a title company capable of providing these services for all borrowers with adequate statewide coverage.

Loan Set Up and Portfolio Management

The Homeownership Department will transfer approved and closed loans to the IHDA Loan and Portfolio Management Department. Participant and loan information in the client management system will be uploaded to the IHDA loan servicing software to set up the payment schedule and terms. IHDA will make payments on behalf of the borrower until the borrower becomes substantially re-employed, reaches the program termination point, reaches their maximum available amount of assistance, or is removed from the program. The Loan and Portfolio Department will validate the loan for each client and track payments in the loan servicing software system. IHDA will monitor all outflow and inflow of program funds from Treasury and from borrowers through the IHDA general ledger.

Funding and Draws

IHDA will make full mortgage payments on behalf of the borrower directly to the loan servicer on a monthly basis throughout the duration of the borrower's eligibility. In cases where borrowers were in default, IHDA will make a one-time payment bringing the borrower current. This payment can include mortgage arrearages, late fees and penalties, homeowners' association payments (if applicable), legal fees associated with the pending foreclosure, and other fees. While receiving the benefit of full monthly mortgage payments, the borrower is required to make partial payments of 31% of current income directly to IHDA.

IHDA will draw funds from Treasury in bulk requests not exceeding 20% of the total program appropriation. Separate draw requests will be made for administrative expenses in accordance with funding guidelines provided from Treasury.

Compliance and Monitoring

IHDA will be responsible for ongoing monitoring and compliance of the program requirements and participants for continuing eligibility. IHDA will add four dedicated compliance personnel responsible for monitoring client eligibility throughout the

program. IHDA will work with IDES to implement cross checks of participants against existing employment information gathered on a continual basis, and coordinate reports to Treasury and conduct follow-up to examine homeowner outcomes.

Pilot / Readiness Assessment

In order to evaluate the readiness of HHF HELP for a statewide launch, IHDA will undertake a pilot program utilizing its current portfolio of first mortgages financed by IHDA's Mortgage Revenue Bond program. This portfolio will offer IHDA a statewide distribution of loans with homeowners likely to meet the income requirements. Our existing relationship with the servicer of these loans will allow the opportunity to work collaboratively to evaluate and change processes during the pilot phase. IHDA will prepare a readiness assessment for process changes as needed prior to full program launch as required by Treasury.

Timeline to Deployment of Funds

IHDA will begin start-up activities related to the program immediately upon submittal of the proposal. Prior to Treasury approval, IHDA will:

- Release a Request for Information for client management systems enabling IHDA to effectively manage applications to the program, in preparation of issuing a RFP;
- Prepare an application process for housing counseling agencies and other possible partners to perform intake services under the program;
- Develop a RFP for one or more title agencies to assist in the preparation and recordation of mortgage documents;
- Prepare a RFP for website development, if necessary;
- Develop position descriptions for new HHF staff.

In the 120 to 150 days post Treasury approval, IHDA will undertake the following tasks supported by administrative dollars:

- Prepare a standard note and mortgage for use with all program participants;
- Refine and develop program guidelines for use by housing counseling agencies and servicers;
- Develop documentation requirements for the program;
- Issue application for housing counseling partners;
- Issue the RFP for title agencies and make selection;
- Issue the RFP for appropriate client management software and make selection;
- Prepare and issue a RFP for call center services and make selection, if necessary;
- Train partners on program guidelines;
- Hire program-specific HHF staff;

- Complete and test client management software modules;
- Outreach to servicers with program design;
- Develop a full marketing and outreach plan;
- Train housing counseling partners in client management software, program processes and procedures; and
- Draw initial 20% of program funds for the pilot launch and administrative expenses.

Following 120 to 150 days post Treasury approval:

- Launch pilot program utilizing the current IHDA Mortgage Revenue Bond loan portfolio;
- Test program systems;
- Establish readiness to launch full program.

At 90 to 120 days post-pilot launch IHDA will launch the full statewide program. IHDA anticipates deploying all program funds over a four-year period.

Obstacles for Implementation

IHDA identifies three main obstacles for program implementation: overwhelming demand, insufficient counselor capacity, and public misconception about the program.

Considering Illinois' foreclosure and unemployment rates, IHDA anticipates high public demand for this mortgage relief program. To address inflow of clients, IHDA's HHF HELP website, referral network, and call center must manage a high volume of inquiries and ensure homeowners understand eligibility criteria prior to intake with a housing counseling agency. IHDA also intends to procure a web-based client management system capable of managing the data and document and data stream from counselors, IHDA, servicers and Treasury. The employment of such a system should maximize efficiency and enable all program partners to serve more clients.

As counselor intake is required for the program, sufficient agency capacity and adequate statewide coverage is a programmatic concern. IHDA will augment local agency capacity by hiring additional housing counselors in-house and include some additional experienced organizations to serve intake functions in order to meet public demand.

IHDA's marketing efforts and referral network will effectively communicate the conditions and terms of the program and limit public misconception and false information about the program.

Interaction with Existing Programs

Illinois does not currently have an existing mortgage assistance program similar to HHF HELP. It is expected that some homeowners will have received a previous forbearance

under the HAMP Unemployment Program; however, it will not be a requirement for all participants in HHF HELP. HHF HELP assistance may precede, follow, or run concurrently with the HAMP UP forbearance. Clients served through IHDA's state and federally funded foreclosure prevention programs noted above will be evaluated for eligibility for HHF HELP. The existing programs utilize counselors in a role similar to their function outlined in HHF HELP.

Section B: Population Served and Allocation Methodology

IHDA estimates between 7,500 to 10,000 households will receive assistance through HHF HELP. The maximum level of household assistance will be \$20,000 or \$25,000 depending on county location, but the terms and conditions of the program will see many homeowners receiving less than the total assistance amounts. Many households may have smaller monthly mortgage costs or may only need transitional mortgage assistance for a time period shorter than the maximum 18-month program term. It is expected that the average amount of assistance utilized through this program will be \$15,000 per household. If a household needs a lesser amount of financial assistance, a larger number of households will benefit.

The impacts of unemployment and foreclosure have been felt statewide and the potential number of eligible households for this program will vastly exceed the number of assisted households. Program participants will come from two groups, unemployed homeowners and substantially underemployed homeowners. As of June 2010, the total number unemployed people in Illinois was 708,035. According to 2008 American Community Survey Public Use Microdata Sample information (ACS PUMS), there are 3,301,796 owner-occupied households in Illinois (69% of all households) and 2,322,217 of these households have mortgages (70%). By applying these percentages to the 708,035 unemployed households in Illinois, approximately 342,000 unemployed households may have mortgages and be eligible for this program.

Calculating the number of underemployed eligible households for this program is difficult due to lack of available data and reporting on income reduction. Mortgage default is the strongest measure of determining household income reduction. When considering the statewide mortgage default rate of 10.65% against the 2,322,210 households carrying a mortgage, over 247,000 households may be in mortgage default.

Given these parameters, IHDA estimates that Illinois has a range of 247,000 to 342,000 eligible households for this program. Due to the availability of funds and the statewide need, IHDA has limited eligibility using income, assets, mortgage type, and mortgage amount to target assistance to households that will benefit from the temporary mortgage assistance and be likely to regain financial independence as homeowners.

Targeted Funds to Illinois' Hardest Hit Counties

To best address the geographic diversity of the conditions of unemployment and foreclosure in Illinois, IHDA will target a higher funding level to eligible homeowners in counties faced with higher levels of economic distress. Counties in worse economic

condition may face longer periods of recovery in the housing and job market, necessitating higher levels of assistance. By comparing each county's unemployment rate, foreclosure rate, delinquency rate, and change in home prices against state levels, IHDA has identified counties experiencing particular distress. Counties exceeding the state average rates in any of these four categories will be eligible to receive a maximum of \$25,000 in HHF HELP assistance. All other counties will receive a maximum of \$20,000 in HHF HELP assistance per eligible household. The following table shows all counties in Illinois, identifies those which will qualify as an Illinois Hardest Hit County and the factor in which they qualified. A map showing the geographic distribution of these counties throughout the state is also attached.

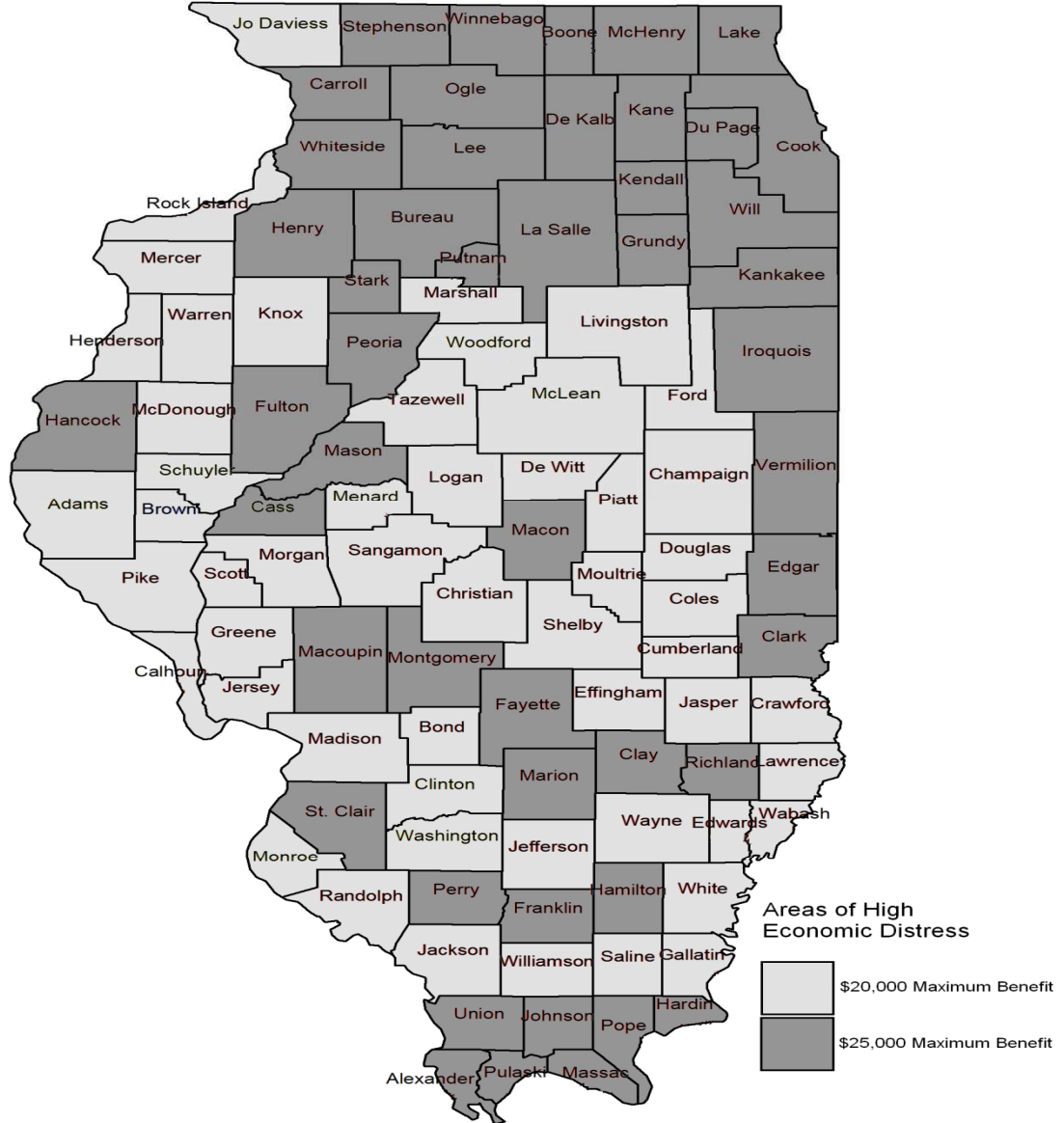
Identification of Illinois' Hardest Hit Counties

County	Unemployment	Foreclosure Filings	Delinquencies 90 Days +	Housing Change	County	Unemployment	Foreclosure Filings	Delinquencies 90 Days +	Housing Change
Adams					Lee	X			
Alexander	X				Livingston				
Bond					Logan				
Boone	X	X	X	X	Macon	X			
Brown					Macoupin	X			
Bureau	X				Madison				
Calhoun					Marion	X			
Carroll	X				Marshall				
Cass		X			Mason	X			
Champaign					Massac	X		X	
Christian					McDonough				
Clark	X				McHenry			X	
Clay	X				McLean				
Clinton					Menard				
Coles					Mercer				
Cook	X	X	X		Monroe				
Crawford					Montgomery	X			
Cumberland					Morgan				
De Witt					Moultrie				
DeKalb			X		Ogle	X			
Douglas					Peoria	X			
DuPage			X		Perry	X			
Edgar	X				Piatt				
Edwards					Pike				
Effingham					Pope	X			X
Fayette	X				Pulaski	X			
Ford					Putnam			X	
Franklin	X				Randolph				
Fulton	X				Richland	X			
Gallatin					Rock Island				
Greene					Saline				
Grundy	X				Sangamon				
Hamilton				X	Schuyler				
Hancock	X			X	Scott				
Hardin	X			X	Shelby				
Henderson					St. Clair	X			
Henry				X	Stark	X			
Iroquois		X			Stephenson	X			
Jackson					Tazewell				
Jasper					Union	X			
Jefferson					Vermilion	X			
Jersey					Wabash				
Jo Daviess					Warren				
Johnson	X				Washington				
Kane	X		X		Wayne				
Kankakee	X				White				
Kendall	X		X	X	Whiteside	X			
Knox					Will	X		X	
Lake			X	X	Williamson				
La Salle	X				Winnebago	X		X	
Lawrence					Woodford				

Note: Each Illinois county was evaluated against the State average in terms of foreclosure rate in June 2010, percent change in home sale prices from 2006-2009, 90-day delinquency rates, and unemployment rates from June 2010. Counties are identified as "hardest hit" if they exceeded the State average in any category as shown by an "X" above.

Sources: Bureau of Labor Statistics, Federal Reserve Bank of New York, Illinois Association of Realtors.

Illinois' Hardest Hit Counties



The darker shaded counties indicate those areas are “hardest hit”, relative to all other counties in Illinois. These indicators are used to determine “hardest hit”: county share of state foreclosure filings in June 2010, percent change in valid home sale prices from 2006-2009, 90-day delinquency rates and average unemployment rates from June 2010. Counties were grouped into categories against the State in each indicator.

Eligibility Criteria

Households must meet the following criteria to be eligible for any HHF HELP assistance:

- Present household income equal or below 120% of area median income;
- Currently unemployed or substantially underemployed by no fault of the borrower(s);
- Fee simple title ownership on the property;
- Occupancy of the home as primary residence with no more than four units;
- Primary residence must be the sole residence of the borrower(s);
- Households must show a minimum of 25% reduction in income;
- Current mortgage expense greater than 31% of present household income;
- Evidence of timely mortgage payments prior to income reduction;
- No more than 6 months mortgage delinquency at time of application;
- Present housing payment (and escrow should it apply) in excess of 31% of monthly income;
- Maximum total of 3 months housing payments in available liquid assets, excluding retirement; and
- A present maximum mortgage amount not to exceed of \$500,000.

Homeowners with a first mortgage with a fixed-rate adjustable rate (ARM) will be eligible to apply for assistance. However, monthly principal and interest payments for all mortgages must be fixed for the possible 18-month duration of program funding. Funding will only be available toward first mortgages, as secondary mortgages are excluded from receiving program support. IHDA will review all mortgages and liens against the client's property to determine eligibility. Homeowners with interest-only first mortgages and negative amortization first mortgages will be excluded from receiving any assistance.

Every household must submit a hardship affidavit in order to receive HHF HELP assistance along with supporting documentation evidencing a verified need for mortgage assistance. Program participants must provide authorization to counselors and IHDA to access the borrower's private information, contact the borrower's loan servicer, and collect information after the conclusion of assistance.

Each applicant will submit a Borrower Action Plan in order to be eligible for assistance containing an outline and description of a plan to regain meaningful employment. All borrowers will have to report job search progress or training progress at IHDA's request throughout the program assistance term.

Please see the HHF HELP Term Sheet attached as Exhibit A.

Section C: Demonstration of Capacity to Implement

Eligible Entity

In accordance with HHF Guidelines published by the US Department of Treasury ("Treasury"), each recipient of funding from the HHF must qualify as an "Eligible Entity", as defined in the Emergency Economic Stabilization Act (the "EESA"). The Illinois Housing Development Authority is a body politic and corporate established and regulated by the State of Illinois (the "State") pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et. seq., as amended (the "Act"). IHDA operates independently of the State and has the power to receive funds from Treasury and enter into agreements or other transactions with any federal agency, as detailed in the Act. Thus, the Illinois Housing Development Authority qualifies as an "eligible entity".

IHDA Background

IHDA has demonstrated experience as a lender, issuer, and program administrator for a wide range of housing programs including the federal Mortgage Revenue Bond (MRB), Low Income Housing Tax Credit (LIHTC), HOME Investment Partnership Funds, HUD Risk Share Mortgage Insurance Program, Section 8 Project Based Rental Assistance, and State programs including Illinois Affordable Housing Trust Fund (State Trust Fund), Illinois State Housing Tax Credit, and the Illinois Rental Housing Support Program. Recently, IHDA took the lead for implementation of the affordable housing programs authorized under the HERA and ARRA federal legislation including NSP 1, Tax Credit Assistance Program (TCAP), the U.S. Treasury 1602 Tax Credit Exchange Program, and the New Issue Bond Program.

IHDA has successfully implemented all of the above-referenced programs in cooperation with both the U.S. Department of Housing and Urban Development (HUD) and the U.S. Treasury/Internal Revenue Department (Treasury). In addition, as more fully described earlier in the proposal, IHDA has been administering several foreclosure mitigation programs, including the National Foreclosure Mitigation Counseling Program.

Since its inception, IHDA has invested over \$10.2 billion to create 212,342 affordable housing units and assist home purchases for first-time homebuyers. Cumulative funding through IHDA's financing programs in FY10 (ending June 30, 2010) included over \$706 million in financing commitments for 7,700 units. Funding administered by IHDA through federal Section 8 Project Based contract administration totaled an additional \$125 million in FY10. In addition, the Authority is the lead agency for the State of Illinois for preparation and reporting under the federally mandated Consolidated Plan (HUD) and the State of Illinois Comprehensive Housing Plan, each of which seek to address the housing needs of underserved, priority populations throughout State.

Over years of operating these programs, IHDA has built significant expertise to:

- develop programs addressing community needs;
- establish systems and procedures in conformance with governmental regulations;

- implement effective public marketing and communications tools;
- manage statewide and local networks of housing developers and providers;
- create meaningful monitoring and reporting mechanisms; and
- achieve efficient fund disbursement.

IHDA's Key Staff Members

Gloria L. Materre, Executive Director, was appointed by the Authority's Board on September 18, 2009. Ms. Materre served as Deputy Chief of Staff under Governor Pat Quinn, playing an instrumental role in housing initiatives, legislative matters, economic and business development, and community stabilization. She has an extensive legal background in real estate and business transactions, as well as other professional experience. Ms. Materre was principal of Materre & Associates, P.C. for over 13 years. She holds a bachelor's degree in journalism from the University of Wisconsin-Madison, and a law degree from the University of Illinois College of Law.

Phillip Culpepper, Deputy Executive Director and Chief of Staff, joined the Authority in October 2009. He brings extensive experience in the areas of public finance, bond fund accounting, strategic planning and revenue forecasting. As the Director of Debt Management for the State of Illinois, Mr. Culpepper oversaw more than \$7 billion in public finance transactions. He also served with the Illinois Toll Highway Authority, where he structured and coordinated more than \$3 billion of municipal bonds and derivative transactions to support construction projects for Illinois' Congestion Relief Program. Mr. Culpepper served as a Non-Commissioned Officer in the U.S. Army and holds a bachelor's degree in economics from Loyola University of Chicago.

Robert W. Kugel, Chief Financial Officer, has served as Chief Financial Officer of the Authority since 1983. He has been with the Authority since 1975. Previously, he served as finance manager of Telco Marketing Services Inc. for three years and of a division of The Greyhound Corporation for four years. Mr. Kugel holds a Juris Doctor degree from John Marshall Law School, a Master of Business Administration degree from Loyola University of Chicago and a Bachelor of Science degree from Northern Illinois University.

Mary R. Kenney, General Counsel, returned to the Authority in August 2000. She previously served as an administrator of the Authority's Portfolio Administration Department from 1988 through 1991 and earned her law degree from Loyola University of Chicago. After law school, she joined the Chicago law firm of Johnson & Bell in 1994 where she specialized in commercial litigation. Ms. Kenney has argued before various appellate courts and has participated in all phases of litigation at the trial court level. She also holds a Bachelor of Science degree in finance from DePaul University, where she concentrated in real estate and graduated with honors.

Vanessa Hill, Director of Homeownership Programs, joined IHDA in 2005. Ms. Hill has administered or supervised the NFMC, the homeownership initiatives of the federal HOME program and State Housing Trust Fund programs, as well as other programs targeting housing counseling capacity and predatory lending. Ms. Hill has a background

in affordable housing development and holds a Bachelor of Arts Degree in Social Welfare from the University of Wisconsin-Madison.

Margaret Cullom, Managing Director Loan and Portfolio Management, joined the Authority in October 2007 and brings over 20 years of loan servicing and asset administration experience in the multifamily and single family housing industry. Since joining the Authority Ms. Cullom has established the Loan and Portfolio Management Department with an emphasis on transaction and financial management, risk management, and customer support for the Authority. Prior to joining the Authority she managed multifamily operations for the National Association of Home Builders and served over 14 years managing multifamily assets for Fannie Mae.

Neil O'Callaghan, Managing Director Information Technology, has more than 23 years of Information Systems experience. Mr. O'Callaghan manages the IT group in its efforts to identify, develop and direct the implementation of the Authority's information technology solutions to support the Authority's business activities. He has a Bachelors Degree in Information Systems and a Masters in Business Administration. Prior to joining the Authority, he was a Vice President at a technology consulting firm with experience working with an extensive array of clients, technologies and software applications.

Hazim Taib, Deputy Chief Financial Officer and Assistant Treasurer, has been with the Authority since 1998. His responsibilities include overseeing over \$4.5 billion of total assets and liabilities, managing the Authority's capital budget along with its credit risk and rating. He has extensive experience in bond structuring, cash modeling, tax exempt issuance and rating agencies requirements. Mr. Taib holds a Master of Business Administration degree with emphasis in statistics, a Bachelor of Science degree in finance from Indiana State University and a degree in Public Administration from Universiti Teknologi MARA, Malaysia.

Compliance Infrastructure

IHDA has established business processes to receive, administer, and disburse federal and state funds to meet program goals, in accordance with governmental requirements, and to minimize the risk for fraud or mismanagement of funds. The structural framework of the Authority provides for the separation of duties between program approval of grants and loans, and the staff or departments responsible for disbursement of funds, playing a vital role in the overall compliance infrastructure of all administered programs. The departments described below will be integral in the disbursement and tracking of HHF HELP funds.

The **Homeownership Department** will house HHF HELP at IHDA. This department currently operates all first mortgage products, down payment assistance, owner-occupied rehabilitation, home modification and foreclosure mitigation programs for the agency. IHDA's Home Start first time homebuyer first mortgage program currently offers an FHA product through a network of community lenders. Most of the federal HOME and State Trust Fund activities such as down payment assistance, rehabilitation and

foreclosure mitigation counseling are implemented in partnership with not-for-profit and local government partners, including housing counseling agencies. IHDA will rely on these partnerships in order to facilitate the statewide launch of program. IHDA anticipates dedicating 24 staff persons to HHF HELP. This staff will be responsible for the day-to-day operations of the program, providing phone counseling, ensuring compliance with the program requirements, and reporting to Treasury.

The **Loan and Portfolio Management Department** services and manages the IHDA multifamily rental and single family portfolio of loans using both internal Authority staff and external contracted servicers. As of June 30, 2010, IHDA's loan portfolio included 11,400 loans totaling \$2.1 billion. The greatest number of loans in the IHDA portfolio include 9,000 Homeowner Mortgage Revenue Bond-financed residential mortgages. The multifamily rental housing portfolio includes over \$1.4 billion in mortgage loans financed through taxable and tax exempt resources, HOME or State Trust Fund resources. IHDA operates numerous home purchase and rehabilitation programs with HOME and State Trust Fund and has over 1,500 loans in this segment of the portfolio, all of which are serviced in-house by IHDA staff.

Over the past several years IHDA has launched several re-engineering initiatives that have enabled IHDA to maximize the effectiveness and efficiency of its core financial processes and enhance loan servicing operations. IHDA has implemented the following improvements:

- IHDA's loan servicing system was enhanced with expanded technical functionality to track and monitor loan and property level data for multifamily assets;
- Electronic scanning of all multifamily and single family loan documents;
- Conversion to a new custom developed software application to service single family residential mortgages;
- Consolidation of single family loan servicing activities to one single sub-servicer;
- Enhanced linkages between servicing software applications and programs;
- Automated HUD Section 8 and 236 payment processing.

The **Finance and Accounting Departments** manage all financial operations within the Authority. The Finance Department is responsible for transfer of funds and disbursement of fund requests based on approvals received by the program managers and senior Authority staff. This department is responsible for the Authority's cash and investment position, bond trust activity and debt liability management.

The Accounting Department is responsible for accurate and timely accounting and reporting of all grant, loan and bond transactions, maintenance of the financial books and records of the Authority, issuance of timely financial reports, management of the electronic time tracking system and cost allocation plan, and ensuring adequate control of assets. The department reviews accounts payable requests, processes timely vendor payments, manages the Authority payroll, and processes all fees and payments. In

addition, the department ensures adherence to generally accepted accounting principles in all financial and reporting transactions.

The **Legal Department** serves as internal counsel for all Authority business including: financing and bond issuance; negotiation and documentation of loans, grants, and contracts; consultation and interpretation of legislative and regulatory matters; and oversight of all legal aspects of the Authority administration.

IHDA operations benefit from guidance and recommendations provided through a defined internal audit format. The **Internal Audit Department** (IA) is responsible for reviewing internal controls for operations and programs by conducting periodic audits based on an annual risk assessment plan, assisting in implementing proper internal controls of new systems, and recommending changes to identify and improve current internal controls in each of the IHDA's business systems. The Director of Internal Audit reports to the Audit Committee of the IHDA Board of Directors. The internal audit function at IHDA operates in conformance with State Fiscal Control and Internal Audit Act (30 ILCS/10) and the Institute for Internal Auditors Standards for Professional Practices of Internal Auditing.

The Authority's **Information Technology Department** supports the Authority's computer systems and technology requirements. The IT staff support a help desk, user desktop and application software, system backup and recovery, database management, system security, custom software development, and new technology and application requirements. Many of the IT staff have numerous years of experience with Housing Finance Agency systems, including significant experience working with mortgage loan origination and loan servicing applications. This department manages all electronic protection systems for the Authority. The Information Technology department has a current disaster recovery plan with offsite recovery ability.

IHDA intends to utilize the existing department infrastructure and build on currently existing policies and procedures wherever possible in the operation and compliance of HHF HELP.

Audit and Internal Controls

IHDA will comply with all requirements under EESA and will carry out the following steps for the program:

- Evaluate policies, procedures and internal controls for compliance with all program requirements;
- Test processes before full program launch by administering a pilot program utilizing IHDA's existing first mortgage portfolio;
- Prepare a readiness assessment and confirm that program process and controls functioned correctly during the pilot phase;
- Evaluate program process for compliance with applicable OMB Circulars, adequate internal controls and sufficient fraud risk mitigation.

IHDA complies with audit, administrative, and cost requirements and principles outlined under federal guidelines OMB A-133, OMB A-87 and OMB A-102. IHDA activities comply with multiple federal and state compliance criteria from HUD and other funding entities.

IHDA's Internal Audit Department performs an annual certification of internal controls. This review examines existing controls for all Authority programs and makes recommendations for improvement. As a new IHDA program, HHF HELP will undergo certification of internal controls in the first year and each year of operation. Controls are assessed in accordance with the criteria determined by the Committee of Sponsoring Organizations (COSO). An annual financial and compliance audit of IHDA programs and financial statements is conducted by an independent audit firm, contracted through the Illinois Office of the Auditor General.

IHDA will employ client management, loan servicing, and general ledger systems to manage information flow through each stage of the HHF HELP process and between implementation partners. IHDA will verify information through review and comparison of source documentation and reconciliation of financial accounts. Transactions into and out of the HHF accounts will be recorded to the general ledger, reconciled monthly to the data contained in the loan servicing system. The Accounting Department will then reconcile the HHF fund records in the general ledger against monthly bank statements.

Fraud Risk Mitigation

IHDA will seek to combat the risk of fraud within HHF HELP both at the funding level with IHDA and its business partners, and with applicants to the program. IHDA will review the program for internal control prevention and detect weaknesses that could result in fraud. IHDA will continually make process improvements and add controls as necessary throughout the program to safeguard the funds, and verify all submittals from partner housing counseling agencies to make the final eligibility determination and funding approvals. Borrowers will be required to attest that all information submitted is accurate and to provide any additional documentation requested by IHDA.

IHDA will also work cooperatively with IDES to assist in the evaluation of requests for assistance. As allowable by federal and state rules, IHDA will utilize the information currently collected regarding claims of unemployment insurance to review HHF HELP participants for possible instances of fraud.

As required by Treasury, IHDA will develop an Internal Antifraud and Compliance Monitoring Program within 90 days of the effective date of the HFA Participation Agreement.

Reporting Protocols

IHDA will comply with all tracking and reporting standards required by Treasury for the HHF resources. The client management, loan servicing, and general ledger systems will track a wide range of program and financial information including beneficiary

demographics, property information, mortgage terms, and accounting of all payments into and out of the HHF HELP fund. IHDA will make financial reporting, including all programmatic and administrative expenditures available on a monthly, quarterly, and annual basis. IHDA will also reconcile variances between projected and actual budget amounts.

IHDA will compile programmatic and demographic information on a quarterly basis, or as required by federal guidelines. IHDA will develop additional reporting for the HHF HELP to assess programmatic goals including: successfully retained homeownership; homeowner assumption of full mortgage payments; homeowner delinquencies; other outcomes such as home sale or short sale, foreclosures or deed in lieu. As with financial performance, IHDA will identify and review variances between projected program outcomes and actual outcomes. IHDA will add at least four compliance personnel officers responsible for reporting and tracking HHF HELP.

Systems Infrastructure

The foundation for the system infrastructure will rely on adaptation of existing technology systems, procurement of a new client management system, and procedures currently in place at IHDA. The client management system to be procured will provide an on-line system to facilitate borrower intakes, referrals and submissions by counselors, and review of eligibility by IHDA staff. It will effectively manage the flow of borrower information between all program partners. Any system acquired will be capable of interacting with IHDA's current servicing and accounting systems. All systems put in place for the program will comply with EESA. IHDA will verify information through review and comparison of source documentation and reconciliation of financial accounts.

Funding Implementation Mechanisms

IHDA will create separate fund accounts for HHF HELP fund disbursements, repayments, and administrative expenses. Only eligible activities and related administrative expenses will be paid using HHF funds. HHF HELP funds will be held in a Treasury designated account and tracked for each individual loan. Funding draws will be requested on a scheduled basis for all newly approved HHF loans.

IHDA will create a separate division within the loan servicing system to account for all loan transactions administered under HHF HELP. The system will designate individual loan criteria including monthly and maximum dollar allocations and maximum terms of assistance to control funding outlays. IHDA will create a loan record for all payments into and out of the HHF designated account. The servicing system will immediately transmit payment data to the Authority's general ledger.

The Authority's Loan and Portfolio Management and Finance Departments will coordinate payments to servicers via ACH wire transfers on a monthly basis. The Authority will make full mortgage payments to servicers. The loan servicing system will produce monthly payment statements for all participating loans.

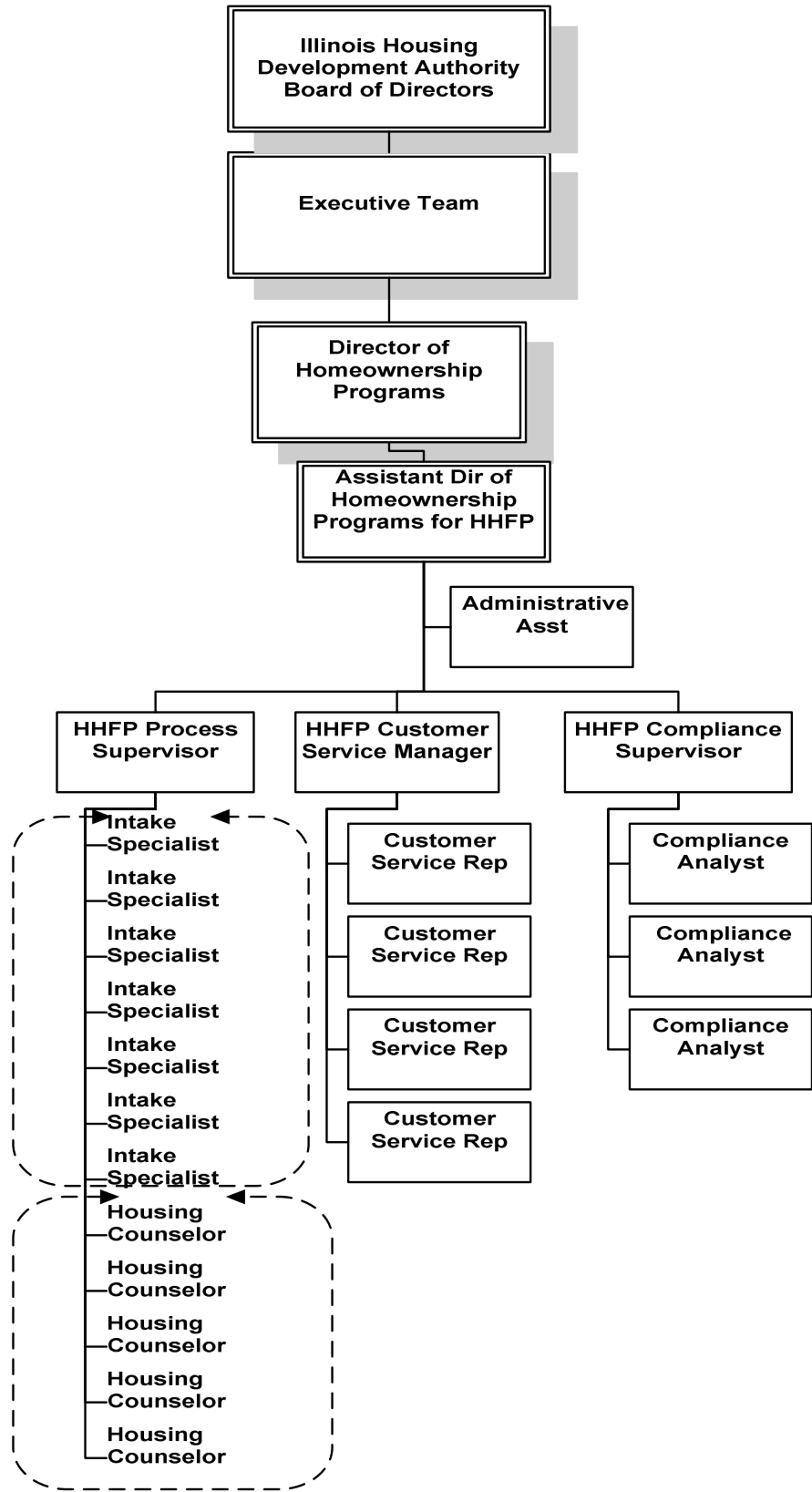
Section D: Staffing and Business Partners

The staffing plan detailed below describes IHDA's best estimate of the staffing requirements necessary for the program implementation of HHF HELP. As the operational implications of the program are still being assessed, additional staff or changes in staff deployment may be necessary. The staffing grid below describes both deployment of existing staff and adding new staff while the organizational chart details the HHF HELP dedicated staff.

Role	Role Description	Number of Staff
Director, Homeownership Programs	Oversee the HHF Program ("Program") operations and responsible for Program delivery	Part-time throughout life of Program
Assistant Director of Homeownership Programs for HHF	Responsible for daily operations of the Program and management of any outside Program vendors (if applicable)	1 full-time throughout life of Program
HHF Program Administrative Support	Provides administrative and clerical support to Program	1 full-time throughout life of Program
HHF Program Process Supervisor	Responsible for managing of Processing and Housing Counseling staff, responsible for intake and processing, training of counselors	1 full-time throughout life of Program
HHF Housing Counseling Staff	In-house counselors to augment intake and triage	5 full-time throughout life of Program
HHF Intake Specialist	Responsible for reviewing applications submitted by housing counselors processing of Program Applications, producing loan documents, arranging closing, requesting loan set up with Portfolio	7 full-time throughout life of Program

Role	Role Description	Number of Staff
HHF Program Customer Service Supervisor	Responsible for managing of Customer Service Staff, hotline and web portal	1 full-time throughout life of Program
HHF Program Customer Service Staff	Responsible for answering homeowner communications and providing overall customer service for the Program	4 full-time throughout life of Program
HHF Program Compliance Supervisor	Responsible for Program reporting to US Treasury and ensuring compliance with all applicable guidelines and requirements of the program	1 full-time throughout life of Program
HHF Compliance Analyst	Manage reports to Treasury, ongoing recertifications of unemployment once client is assisted, outcome follow up	3 full-time throughout life of Program
Managing Director, Loan & Portfolio	Oversee set up of homeowner loans, payments to servicers and collecting borrower payments	Part time throughout life of the Program
Loan and Portfolio Staff	Responsible for establishing loans in servicing software, effectuating payments to servicers, tracking and reconciling borrower payments	1.5 full-time
Managing Director, Information Technology	Oversee the support of technology components that enable the Program	Part time during start -up, nominal effort throughout Program life
IT Staff	Maintain and support the technology components of the program as well as general IT support	Part-time throughout life of Program
General Counsel	Provides oversight to all legal issues and resolutions related to the Program	Part time during start up and nominal effort throughout Program life
Legal Staff	Assist in the initial development of program legal documents and other forms, assist with legal issues as they arise	Part-time throughout life of Program
Controller	Responsible for proper accounting of program funds and responses to audit requests	Part-time during start up and nominal effort throughout Program life
Accounting Staff	Responsible for ensuring proper accounting of Program funds	2 full-time

Role	Role Description	Number of Staff
Chief Internal Auditor	Oversee risk management and control for the Program	Part-time during start up and nominal effort throughout program life
Internal Audit Staff	Responsible for risk management and control for the Program	Part-time throughout life of program
Director, Marketing & Communications	Oversee communication and outreach for the Program	Part-time during start up and nominal effort throughout Program life
Marketing & Communications Staff - Communications & Outreach	Responsible for development and delivery of communication materials and outreach to potential eligible homeowners.	Part-time throughout life of Program
Marketing & Communications Staff - Web Site	Responsible for the delivery of outreach and communication materials via the IHDA website and other partner sites	Part-time throughout life of Program
Chief Financial Officer	Oversee the draws and financial analysis of Program funds	Nominal effort throughout Program life
Finance Staff	Conduct detailed financial analysis of Program funds	Part-time throughout Program
Business Partners		
Outside Counsel	Supports legal staff on legal issues and resolutions associated with the Program	1 full-time for funds allocation period; part-time during reporting and compliance
Outside Audit Firm	Provides Program with annual independent financial audit and assessment and assistance in pre-launch readiness assessment	Part-time throughout Program
Client Management System Vendor	Provides web-based client management system with required maintenance	Part-time throughout Program
Call Center	Provides information and initial screening to HHF HELP interested applicants	Full-time throughout Program
Title Agency(ies)	Provides closing services and property information for borrower loans	Part-time throughout Program
HHF Program Counseling Vendor - possible if necessary	Provides selection, training and oversight of counseling agencies participating in the Program	Full-time throughout funds allocation



Partnerships with housing counseling agencies, community action agencies and other local service organizations will play a key role in implementing HHF HELP. IHDA expects housing counseling agencies will serve as one of the multiple points-of-contact for eligible borrowers before they begin the intake process for the program. Agencies will perform the initial eligibility screen for the program, collect all supporting documentation and provide IHDA with a fully documented file with which to confirm eligibility status and determine an assistance amount.

Utilizing the agencies for this purpose will build on their expertise in existing modification programs and supporting documentation. IHDA will use the counselor’s existing knowledge and experience to handle the high demand for the program. In return for performing this service, the agency will be paid approximately \$600 per loan closed.

IHDA will work with community action agencies and other HUD-certified counseling agencies to extend coverage to counties where no NFMC participating housing counseling agency exists.

Additionally, IHDA will enlist help from the Illinois Department of Employment Security to provide IHDA with reports of unemployed borrowers throughout the program for compliance and reporting purposes.

HHF HELP will also require the services of title agents within Illinois to provide accurate property legal descriptions and record mortgages with the appropriate local governmental office. IHDA expects these services will cost approximately \$400 to \$600 per file.

Section E: Administrative Expense

IHDA anticipates using approximately 16.09% of the \$166 million award for allowable administrative expenses. Approximately 25% will be used to compensate housing counseling agencies. Please see Exhibit B for the required Administrative Budget.

Expenditure Timeline

The schedule below describes IHDA’s expectation that the original program funds will be drawn down over a four year period. IHDA expects the majority of applications to be submitted in Year One and Year Two with expenses reduced over Year Three and Year Four.

Implementation	Year One	Year Two	Year Three	Year Four
\$1,851,815	\$65,800,364	\$49,350,273	\$32,900,182	\$16,450,092

IHDA will make an initial draw of 20% of available HHF Funds upon Treasury approval. IHDA will request funds as needed throughout the program but anticipates draws on a quarterly basis.

Section F: Risk Management

IHDA will manage risks to the program through a combination of internal controls, reviewing all submittals by business partners and ongoing compliance monitoring. IHDA will create an Internal Antifraud and Compliance Monitoring System for HHF HELP within 90 days of Treasury approval of the program.

Policies, procedures and internal controls required to implement HHF HELP will be modeled on processes already in place and operating at IHDA. All departments within the Authority maintain procedure manuals for implementation of programs and processes. HHF HELP processes and systems will incorporate validation of information and checks and balances to assure participant eligibility, program compliance with regulations, and financial soundness. IHDA staff will develop a detailed procedure manual for the program that identify program-specific activities and incorporate established processes and systems. IHDA will design a training module on program requirements and procedures for all IHDA staff and outside business partners working on HHF HELP.

IHDA will also manage fraud risk by reviewing each file submitted by our intake partners to confirm eligibility, and will make the final determination of eligibility and establish the amount of assistance available to the household. IHDA has formed a partnership with IDES to check program participants against the currently available sources of information on unemployed and newly hired persons, as allowable by the regulations regarding those sources of information.

All new IHDA programs are required to undergo a risk assessment and internal audit. An audit will occur annually of HHF HELP as part of IHDA's financial and compliance audit conducted by an independent audit firm. In addition, the Internal Audit Department at IHDA will incorporate an assessment and review of the program into the annual internal audit plan utilizing an Enterprise Risk Management program. Areas of focus include review of processes and internal controls to assess: reporting and accountability of staff and managers throughout the process; adequate financial management and reporting; and weaknesses or susceptibility to fraud. The assessment is required to include a thorough evaluation of fraud risks in accordance with Illinois Statute and to increase awareness of high risk areas for staff.

In addition, IHDA will add HHF HELP to the annual control certification review undertaken by the Internal Audit Department in conformance with COSO criteria. The control assessment examines internal environmental risks such as organization structure, assignment of authority and responsibility, and human resource standards. Control activities such as reconciliations, safeguarding of assets and process flow controls are also evaluated.

IHDA will continually review the program for internal control and detect weaknesses that could result in fraud. The results of the independent review and audit of the pilot phase will contribute to adjustment and refinement of the procedures for full roll-out of the

program. IHDA will make process improvements and add controls as necessary to safeguard the funds.