

Exhibit B. Loan and Portfolio Requirements

Other HFH-IA Loan Fund Requirements

1. The affiliate must be in **good standing** with the HFH-IA, the Iowa Secretary of State, and HFHI.
2. The affiliate must file the appropriate Form 990 with the IRS.
3. The affiliate must follow applicable mortgage origination regulations and laws
4. The percentage of an affiliate's mortgages that may be pledged will not exceed 50% of the **performing** mortgages in an affiliate's portfolio both in dollar amount of principal outstanding and in number of mortgages, minus any mortgages pledged to another lender. Performing mortgages and balances must be certified by a current Mortgage Portfolio Quality report at the time of loan disbursement.
5. An affiliate with revenues exceeding \$250,000 or discounted assets in excess of \$500,000 must produce **annual audited financial statements**.
6. Each affiliate must submit **quarterly financial statements** and a **quarterly Mortgage Portfolio Quality Report** for its entire loan portfolio for as long as the affiliate is a borrower of HFH-IA.
7. Depending on the source of capital, the projects may or may not be required to be built in Iowa. HFH-IA will determine projects outside Iowa on a case by case basis.
8. HFH-IA will debit an affiliate's bank account for the monthly loan payments.
9. The affiliate must provide a **Board borrowing resolution** acknowledging its current loan balance (if any), the new amount to be borrowed, and naming the authorized signers of the loan documents.

Portfolio Requirements

1. The property pledged must be covered by **title guaranty (title insurance outside Iowa)** or have a clean **attorney's opinion** as to status of title. Title must be vested in homeowner and any filed encumbrances, liens, covenants, etc. must be acceptable to HFH-IA. In addition, the homeowner must have both **property and liability insurance** with the affiliate and HFH-IA named as loss payee.
2. A **flood plain determination** must be completed for any pledged loan; and if a property is within a flood plain, flood insurance is required.
3. The first mortgage loan amount may not exceed 80% of the appraised value of the home. The value of the property will be determined based on a copy of an **appraisal** submitted to HFH-IA. There may be justifiable reasons to accept a mortgage loan with an amount above 80% of the appraised value. This will be determined by the Loan Committee on a case by case bases and will include the credit worthiness of the borrower.
4. Only **mortgages**, not contracts for deed, can be pledged.
5. A professional servicer must service all homeowner loans, or HFH-IA must verify that the affiliate's servicing policy is acceptable. All tax and insurance must be escrowed and paid through the servicer.
6. Any mortgage pledged to HFH-IA must be for **property in Iowa**, unless otherwise approved by HFH-IA.
7. Once pledged, **a mortgage cannot become more than 90 days delinquent** – at this point the affiliate must provide replacement collateral. Once pledged, **a mortgage cannot become more than 90 days delinquent** – at this point the affiliate must provide replacement collateral.
8. No mortgage in the portfolio will be accepted as collateral if the homeowner has been more than **60 days delinquent in the past 12 months**. New mortgages may be pledged at the discretion of HFH-IA.
9. No outside subordinate financing such as home equity loans may be placed on any properties in which a mortgage has been pledged as collateral to HFH-IA **without prior written approval** from HFH-IA.
9. Mortgages may only be pledged to one entity at a time. Mortgages and homeowner payments may not be amended or modified in any way while assigned/pledged to HFH-IA, **without prior written approval** from HFH-IA.