DHCD SERVICING MANUAL

 AMENDMENT #5

SECTION 3, PAGE 22, H. ESCROW ACCOUNTS IS CHANGED AS FOLLOWS:

3. ADVANCING FUNDS- **CURRENT ACOUNTS**-The Servicer is to advance its own funds to pay a Mortgagor’s escrow bill if sufficient funds are not available in the Mortgagor’s escrow account when an expense becomes due . Collection from the Mortgagor of escrow shortages due to increases in taxes or other bills may be accomplished by prorating the shortage or requesting lump sum payments. When lump sum payments are requested, Servicers will offer counseling to any Mortgagor who needs a reasonable amount of time to acquire the sum due or refer them to a HUD approved housing counseling agency.

4. **Reimbursement on DELINQUENT ACOUNTS**-Escrow advances made on delinquent accounts will be reimbursed by DHCD effective with the completion of a foreclosure sale. When the Servicer advises DHCD that a foreclosure sale has been held, the Servicer may begin billing DHCD for all foreclosure related expenses beginning the month after the foreclosure sale has been completed. The request for escrow reimbursement shall be provided in a format acceptable to DHCD and will be submitted to DCA for review and payment.