

**SECOND AMENDMENT TO
COMMITMENT TO PURCHASE FINANCIAL INSTRUMENT
and
HFA PARTICIPATION AGREEMENT**

This Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Second Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the Second Amendment Date (the “Amendment Date”), by and among the United States Department of the Treasury (“Treasury”), the undersigned party designated as HFA whose description is set forth in Schedule A attached hereto (for convenience, a “state housing finance agency” or “HFA”) and the undersigned institution designated by HFA to participate in the program described below (“Eligible Entity”).

Recitals

WHEREAS, Treasury, HFA and Eligible Entity entered into that certain Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Original HPA”) dated as of the Closing Date, as previously amended by that certain First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “First Amendment”; and together with the Original HPA as amended thereby, the “Current HPA”), dated as of the First Amendment Date, all as set forth on Schedule A, attached hereto in connection with Treasury’s federal housing program entitled the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (the “HHF Program”), which was established pursuant to the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), as amended, as the same may be amended from time to time (“EESA”);

WHEREAS, on September 24, 2010 Treasury indicated that it would make \$3.5 billion of additional assistance available under the HHF Program for foreclosure prevention programs for homeowners struggling to make their mortgage payments in certain states that had previously received HHF Program funding for such purposes;

WHEREAS, Treasury desires to increase the available HHF Program funds available to Eligible Entity and as such, Treasury, HFA and Eligible Entity wish to enter into this Second Amendment to document all modifications and additional provisions necessary to address the additional HHF Program funds;

Accordingly, in consideration of the representations, warranties, and mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Treasury, HFA and Eligible Entity agree as follows.

Agreement

1. Amendments

A. Definitions. All references in the Current HPA to the “Agreement” shall mean the Current HPA, as further amended by this Second Amendment; and all references in the

Current HPA to Schedules A or B shall mean the Schedules A or B attached to this Second Amendment. All references herein to the “HPA” shall mean the Current HPA, as further amended by this Second Amendment.

B. Schedule A. Schedule A attached to the Current HPA is hereby deleted in its entirety and replaced with Schedule A attached to this Second Amendment.

C. Schedule B. Schedule B attached to the Current HPA is hereby deleted in its entirety and replaced with Schedule B attached to this Second Amendment.

2. Representations, Warranties and Covenants

A. HFA and Eligible Entity. HFA and Eligible Entity, each for itself, make the following representations, warranties and covenants to Treasury and the truth and accuracy of such representations and warranties and compliance with and performance of such covenants are continuing obligations of HFA and Eligible Entity, each as to itself. In the event that any of the representations or warranties made herein cease to be true and correct or HFA or Eligible Entity breaches any of its covenants made herein, HFA or Eligible Entity, as the case may be, agrees to notify Treasury immediately and the same shall constitute an Event of Default under the HPA.

(1) HFA and Eligible Entity each hereby certifies, represents and warrants as of the date hereof that each of the representations and warranties of HFA or Eligible Entity, as applicable, contained in the HPA are true, correct, accurate and complete in all material respects as of the date hereof. All covenants of HFA or Eligible Entity, as applicable, contained in the HPA shall remain in full force and effect and neither HFA, nor Eligible Entity is in breach of any such covenant.

(2) Eligible Entity has the full corporate power and authority to enter into, execute, and deliver this Second Amendment and any other closing documentation delivered to Treasury in connection with this Second Amendment, and to perform its obligations hereunder and thereunder.

(3) HFA has the full legal power and authority to enter into, execute, and deliver this Second Amendment and any other closing documentation delivered to Treasury in connection with this Second Amendment, and to perform its obligations hereunder and thereunder.

3. Administrative Expenses

Notwithstanding anything to the contrary contained in the Current HPA as amended by this Second Amendment, HFA and Eligible Entity may from time to time submit adjusted budgets to Treasury requesting approval to re-allocate HHF Funds to pay actual program expenses as set forth on a proposed Schedule C. In the event that Treasury shall approve an adjusted budget, in Treasury’s sole discretion, the parties shall enter into an amendment to the HPA to modify Schedules A, B and C as necessary.

4. Miscellaneous

A. The recitals set forth at the beginning of this Second Amendment are true and accurate and are incorporated herein by this reference.

B. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the HPA.

C. Any provision of the HPA that is determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the HPA, and no such prohibition or unenforceability in any jurisdiction shall invalidate such provision in any other jurisdiction.

D. This Second Amendment may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or electronic copies of this Second Amendment shall be treated as originals for all purposes.

[SIGNATURE PAGE FOLLOWS; REMAINDER OF PAGE
INTENTIONALLY LEFT BLANK]

In Witness Whereof, HFA, Eligible Entity and Treasury by their duly authorized officials hereby execute and deliver this Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

HFA:

CALIFORNIA HOUSING FINANCE
AGENCY

By: /s/ L. Steven Spears
Name: L. Steven Spears
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

By: _____
Name: Herbert M. Allison, Jr.
Title: Assistant Secretary for
Financial Stability

ELIGIBLE ENTITY:

CALHFA MORTGAGE ASSISTANCE
CORPORATION

By: /s/ Diane M. Richardson
Name: Diane M. Richardson
Title: President

In Witness Whereof, HFA, Eligible Entity and Treasury by their duly authorized officials hereby execute and deliver this Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.


HFA:

CALIFORNIA HOUSING FINANCE
AGENCY

By: _____
Name:
Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

By: 
Name: Herbert M. Allison, Jr.
Title: Assistant Secretary for
Financial Stability

ELIGIBLE ENTITY:

CALHFA MORTGAGE ASSISTANCE
CORPORATION

By: _____
Name:
Title:

EXHIBITS AND SCHEDULES

Schedule A Basic Information
Schedule B Service Schedules

SCHEDULE A
BASIC INFORMATION

Eligible Entity Information:

Name of the Eligible Entity: CalHFA Mortgage Assistance Corporation

Corporate or other organizational form: Nonprofit Public Benefit Corporation

Jurisdiction of organization: California

Notice Information:

HFA Information:

Name of HFA: California Housing Finance Agency

Organizational form: Agency of the State of California

Date of Application: April 16, 2010

Date of Action Plan: September 1, 2010

Notice Information:

<u>Program Participation Cap:</u>	\$1,975,334,096.00
<u>Portion of Program Participation Cap Representing Original HHF Funds:</u>	\$ 699,600,000.00
<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$476,257,070.00
<u>Permitted Expenses:</u>	\$88,189,280.25
<u>Closing Date:</u>	June 23, 2010
<u>First Amendment Date:</u>	September 23, 2010
<u>Second Amendment Date:</u>	September 29, 2010
<u>Eligible Entity Depository Account Information:</u>	See account information set forth in the Depository Account Control Agreement between Treasury and Eligible Entity regarding the HHF Program.

SCHEDULE B

SERVICE SCHEDULES

The Service Schedules attached as Schedule B to the Current HPA are hereby deleted in their entirety and replaced with the attached Service Schedules (numbered sequentially as Service Schedule B-1, Service Schedule B-2, et. seq.), which collectively comprise Schedule B to the HPA.

SCHEDULE B-1

California Housing Finance Agency Mortgage Assistance Corporation (“CalHFA MAC”)

UNEMPLOYMENT MORTGAGE ASSISTANCE PROGRAM

Summary Guidelines

1. Program Overview	<p>The Unemployment Mortgage Assistance Program (UMA) is one of CalHFA MAC’s federally-funded programs developed to provide temporary financial assistance to eligible California homeowners who wish to remain in their homes but have suffered a loss of income due to unemployment.</p> <p>CalHFA MAC is partnering with financial institutions to directly provide program funds to subsidize an eligible borrower’s mortgage payments.</p> <p>UMA provides mortgage payment assistance equal to the lesser of \$3,000 per month or 100% of the PITIA (principal, interest, tax, insurance and escrowed homeowner’s association dues) for up to six (6) months, with the purpose of preventing avoidable foreclosures until such time that the borrower retains employment sufficient to meet the demands of satisfying their regular mortgage payment.</p>
2. Program Goals	<p>UMA’s goal is to help homeowners remain in their homes and prevent avoidable foreclosures despite loss of income due to unemployment.</p> <p>The UMA program will minimize past due payments, and provide a borrower with additional time to find alternate employment and replace income needed to make their mortgage payment.</p> <p>UMA was designed to assist borrowers who are currently eligible to receive unemployment benefits.</p> <p>UMA was designed to complement other loss mitigation programs, including increasing a borrower’s eligibility for an extended written forbearance plan and/or loan modification.</p>
3. Target Population / Areas	<p>UMA is designed to target low-to-moderate income homeowners and address the needs of a borrower’s specific situation in lieu of targeting certain regions or counties.</p>
4. Program Allocation (Excluding Administrative Expenses)	<p>\$1,304,714,816.75</p>
5. Borrower Eligibility Criteria	<ul style="list-style-type: none">• Borrower must qualify as a low-to-moderate income household, as follows:<ul style="list-style-type: none">○ Low-to-moderate income of 120% or less of the Area

	<p>Median Income in the county where borrower resides.</p> <ul style="list-style-type: none"> ○ A loan financed in whole or in part by bonds that are tax-exempt under IRC section 143, the borrower is presumed to satisfy income limits. ● Borrower must complete and sign a Hardship Affidavit and 3rd Party Authorization documenting the reason for the hardship. ● Borrowers who have recently encountered a financial hardship due to underemployment or unemployment related to their military service. ● Borrower must agree to provide all necessary documentation to satisfy program guidelines established by CalHFA MAC. ● Borrower must be currently eligible to receive unemployment benefits. ● Mortgage loan is delinquent or at risk of imminent default as substantiated by borrower’s hardship documentation. Loans in foreclosure are not eligible. ● General program eligibility is determined by CalHFA MAC, the housing counselor or servicer based on information received from the borrower. Program-specific eligibility is determined by CalHFA MAC on a first-come/first-approved basis until program funds and funding reserves have been exhausted. Loan servicer will implement the HHF program based on participation agreement terms and conditions. ● Funding allocation will be tracked, monitored and performed by CalHFA MAC in a centralized processing operation.
<p>6. Property / Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> ● Property is encumbered by a first lien mortgage loan that was originated on or before January 1, 2009. ● Current unpaid principal balance (UPB) of the first lien mortgage loan is not greater than \$729,750 (GSE conforming limit for a one-unit property). ● The property securing the mortgage loan must not be abandoned, vacant, condemned or in a serious state of disrepair. ● The subject property is the borrower’s principal residence and the property is located in California. ● The applicant must own and occupy the single family, one-unit home (an attached or detached house or a condominium unit) located in California and must currently reside in the home as their primary residence.
<p>7. Program Exclusions</p>	<ul style="list-style-type: none"> ● Mortgage payments are delinquent 90 days or greater at time of program application. ● Loan is in foreclosure. ● Borrower owns other real property. ● Borrower’s “hardship” is a result of voluntary resignation of employment. ● The borrower is no longer eligible for unemployment benefits from the California Employment Development Department (EDD)

	<p>benefit or such benefits will expire within 90 days.</p> <ul style="list-style-type: none"> • Borrower consummated a “cash-out” refinance of the subject first lien mortgage property. <ul style="list-style-type: none"> ○ Refinancing for the sole purpose of obtaining a new interest rate and loan term is permissible. ○ Costs associated with the first mortgage refinance may be financed in the new loan. ○ Junior liens used to purchase the subject property first mortgage property are not excluded from eligibility. • Stand-alone second liens including home equity lines of credit are considered “cash-out.” Borrowers with junior liens that meet this description are not eligible for program assistance.
8. Structure of Assistance	<p>CalHFA MAC will structure the assistance as a non-recourse, non-interest bearing subordinate loan in favor of the Eligible Entity (CalHFA MAC) secured by a junior lien recorded against the property in the amount of the total reduced PITIA and equal to the total amount of HHF unemployment assistance. At the conclusion of (3) three years, the subordinate loan will be forgiven provided the loan remains in good standing and the borrower complies with program guidelines. Loan funds will only be repaid to Eligible Entity (CalHFA MAC) in the event of a sale or refinance with sufficient net equity proceeds prior to forgiveness. Recovered funds will be recycled in order to provide additional program assistance until December 31, 2017, at which time any recovered funds will be returned to Treasury.</p> <p>The lender/servicer shall be required to provide the borrower with a written approved forbearance plan for a period no less than three (3) months PITIA. The lender/servicer forbearance plan may precede or follow the HHF program assistance.</p> <p>After December 31, 2017, any remaining or returned funds will be returned to Treasury.</p>
9. Per Household Assistance	<p>Up to \$18,000 per household total (average funding of \$14,455.43), equaling the lesser of \$3,000 per month or 100% of PITIA (and in all cases, subject to the HHF Program maximum benefit cap of \$50,000 with respect to monies previously received under other HHF Programs, if any).</p>
10. Duration of Assistance	<p>Borrower participation in UMA is limited to six (6) months maximum.</p>
11. Estimated Number of Participating Households	<p>Approximately 34,951. This figure is based on loans with unpaid principal balances ranging from \$200,000 to \$400,000 with an average funding of \$14,455.43.</p>
12. Program Inception / Duration	<p>UMA will be available to borrowers no later than November 1, 2010 and will last up to three (3) years or until funding is fully reserved.</p>
13. Program	<p>UMA will serve as a gateway to borrower programs aimed at</p>

Interactions with Other HFA Programs	reinstatement and principal reduction.
14. Program Interactions with HAMP	This benefit may precede or extend HAMP, including HAMP UP for temporary unemployment assistance which when combined may provide assistance for up to one year. HAMP UP currently offers a minimum of three months and up to six months for some borrowers.
15. Program Leverage with Other Financial Resources	<p>The applicable servicer/lender is required to complement UMA assistance with a written approved forbearance plan for a period no less than three (3) months PITIA.</p> <p>CalHFA MAC will request that the loan servicer waive fees (e.g., NSF and late charges).</p>
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SCHEDULE B-2

California Housing Finance Agency Mortgage Assistance Corporation (“CalHFA MAC”)

MORTGAGE REINSTATEMENT ASSISTANCE PROGRAM

Summary Guidelines

1. Program Overview	<p>The Mortgage Reinstatement Assistance Program (MRAP) is one of CalHFA MAC’s federally-funded programs developed to provide temporary financial assistance to eligible homeowners who wish to remain in their homes but are in imminent danger of losing their home to foreclosure.</p> <p>MRAP provides funds to assist income-qualified borrowers to help them cure their delinquent first mortgage loan arrearages, which may also include payments needed to reinstate their loans from foreclosure.</p>
2. Program Goals	<p>The MRAP program will prevent avoidable foreclosures by helping borrowers reinstate their past due first mortgage loans.</p> <p>MRAP will also mitigate the need for large reinstatement dollars to be capitalized with remaining loan balance, and thus, broaden the population of borrowers who otherwise may not qualify for modification.</p>
3. Target Population / Areas	<p>MRAP is designed to target low-to-moderate income homeowners and address the needs of a borrower’s specific situation in lieu of targeting certain regions or counties.</p>
4. Program Allocation (Excluding Administrative Expenses)	<p>\$129,400,000.00</p>
5. Borrower Eligibility Criteria	<ul style="list-style-type: none">• Borrower must qualify as a low-to-moderate income household, as follows:<ul style="list-style-type: none">○ Low-to-moderate income of 120% or less of the Area Median Income in the county where borrower resides.○ A loan financed in whole or in part by bonds that are tax-exempt under IRC section 143, the borrower is presumed to satisfy income limits.• Borrower must complete and sign a Hardship Affidavit and 3rd Party Authorization documenting the reason for the hardship.• Borrowers who have recently encountered a financial hardship due to their military service.• Borrower has adequate income to sustain modified mortgage payments per lender guidelines.

	<ul style="list-style-type: none"> • Borrower must agree to provide all necessary documentation to satisfy program guidelines established by CalHFA MAC. • Mortgage loan is delinquent or at risk of imminent default as substantiated by borrower’s hardship documentation. Loans in foreclosure are eligible. • General program eligibility is determined by CalHFA MAC, the housing counselor or servicer based on information received from the borrower. Program-specific eligibility is determined by CalHFA MAC on a first-come/first-approved basis until program funds and funding reserves have been exhausted. Loan servicer will implement the HHF program based on participation agreement terms and conditions. • Funding allocation will be tracked, monitored and performed by CalHFA MAC in a centralized processing operation.
6. Property / Loan Eligibility Criteria	<ul style="list-style-type: none"> • Property is encumbered by a first lien mortgage loan that was originated on or before January 1, 2009. • Current unpaid principal balance (UPB) of the first lien mortgage loan is not greater than \$729,750 (GSE conforming limit for a one-unit property). • The property securing the mortgage loan must not be abandoned, vacant, condemned or in a serious state of disrepair. • The subject property is the borrower’s principal residence and the property is located in California. • The applicant must own and occupy the single family, one-unit home (an attached or detached house or a condominium unit) located in California and must currently reside in the home as their primary residence.
7. Program Exclusions	<ul style="list-style-type: none"> • Borrower owns other real property. • Borrower’s “hardship” is a result of voluntary resignation of employment. • Borrower consummated a “cash-out” refinance of the subject first lien mortgage property. <ul style="list-style-type: none"> ○ Refinancing for the sole purpose of obtaining a new interest rate and loan term is permissible. ○ Costs associated with the first mortgage refinance may be financed in the new loan. ○ Junior liens used to purchase the subject property first mortgage property are not excluded from eligibility. • Stand-alone second liens including home equity lines of credit are considered “cash-out.” Borrowers with junior liens that meet this description are not eligible for program assistance.
8. Structure of Assistance	<p>In the event that CalHFA MAC receives less than 100% match by the lender/servicer, CalHFA MAC will structure the assistance as a non-recourse, non-interest bearing subordinate loan in favor of the Eligible Entity (CalHFA MAC) secured by a junior lien recorded against the property in the amount of the HHF assistance. At the conclusion of (3) three years, the</p>

	<p>subordinate loan will be forgiven provided the loan remains in good standing and the borrower complies with program guidelines. Loan funds will only be repaid to Eligible Entity (CalHFA MAC) in the event of a sale or refinance with sufficient net equity proceeds prior to forgiveness. Recovered funds will be recycled in order to provide additional program assistance until December 31, 2017, at which time any recovered funds will be returned to Treasury.</p> <p>If the lender/servicer matches the assistance in an amount equal to or greater than 100% of the HHF Program assistance provided to the borrower, then the assistance is not required to be structured as a loan to the borrower.</p> <p>After December 31, 2017, any remaining or returned funds will be returned to Treasury.</p>
9. Per Household Assistance	Up to \$15,000 per household (average funding of \$7,484.15) or 50% of PITIA arrearages, whichever is less (and in all cases, subject to the HHF Program maximum benefit cap of \$50,000 with respect to monies previously received under other HHF Programs, if any).
10. Duration of Assistance	Available on a one-time only basis, per household.
11. Estimated Number of Participating Households	Approximately 17,290. This figure is based on loans with unpaid principal balances ranging from \$200,000 to \$400,000 with an average funding of \$7,484.15.
12. Program Inception / Duration	MRAP will be available to borrowers no later than November 1, 2010 and will last up to three (3) years or until funding is fully reserved.
13. Program Interactions with Other HFA Programs	MRAP will serve as a gateway to other loss mitigation programs including loan modification which may include principal reduction, including other HHF Programs and the Principal Reduction Program.
14. Program Interactions with HAMP	MRAP will serve as a gateway to HAMP which may include principal reduction of borrower's mortgage.

15. Program Leverage with Other Financial Resources	<p>The goal of the program is for the applicable servicer/lender to match MRAP funds on a dollar-for-dollar basis. The matching funds will be paid no later than at the time of CalHFA MAC program funding.</p> <p>CalHFA MAC will require that the servicer waive all accrued and unpaid late charges and NSF fees for all payments funded with MRAP benefits.</p>
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SCHEDULE B-3

California Housing Finance Agency Mortgage Assistance Corporation (“CalHFA MAC”)

PRINCIPAL REDUCTION PROGRAM

Summary Guidelines

1. Program Overview	<p>The Principal Reduction Program (PRP) is one of CalHFA MAC’s federally-funded programs developed with a goal to provide capital on a dollar-for-dollar matching basis with participating lenders to reduce over a three-year period the outstanding principal balances of qualifying properties with negative equity.</p> <p>PRP will provide monies to reduce the principal balance of the first mortgage loan for the purpose of establishing an appropriate level of debt for eligible borrowers with qualifying properties.</p>
2. Program Goals	<p>The PRP program will, in cooperation with participating lenders, leverage the HHF dollars by reducing the principal balances of underwater mortgages and provide an incentive for qualifying homeowners to remain in their homes during this period of steep declines in value.</p> <p>A reduction in principal through PRP can achieve desired income ratios and affordability for a borrower on the existing mortgage loan or can be used in conjunction with a loan modification.</p>
3. Target Population / Areas	<p>PRP is designed to target low-to-moderate income homeowners and address the needs of a borrower’s specific situation in lieu of targeting certain regions or counties.</p>
4. Program Allocation (Excluding Administrative Expenses)	<p>\$420,729,999.00</p>
5. Borrower Eligibility Criteria	<ul style="list-style-type: none">• Borrower must qualify as a low-to-moderate income household, as follows:<ul style="list-style-type: none">○ Low-to-moderate income of 120% or less of the Area Median Income in the county where borrower resides.○ A loan financed in whole or in part by bonds that are tax-exempt under IRC section 143, the borrower is presumed to satisfy income limits.• Borrower must complete and sign a Hardship Affidavit and 3rd Party Authorization documenting the reason for the hardship.• Borrowers who have recently encountered a financial hardship due

	<p>to their military service.</p> <ul style="list-style-type: none"> • Borrower has adequate income to sustain modified mortgage payments per lender guidelines. • Borrower must agree to provide all necessary documentation to satisfy program guidelines established by CalHFA MAC. • Mortgage loan is delinquent or at risk of imminent default as substantiated by borrower’s hardship documentation. Loans in foreclosure are eligible. • General program eligibility is determined by CalHFA MAC, the housing counselor or servicer based on information received from the borrower. Program-specific eligibility is determined by CalHFA MAC on a first-come/first-approved basis until program funds and funding reserves have been exhausted. Loan servicer will implement the HHF program based on participation agreement terms and conditions. • Funding allocation will be tracked, monitored and performed by CalHFA MAC in a centralized processing operation.
<p>6. Property / Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> • Property is encumbered by a first lien mortgage loan that was originated on or before January 1, 2009. • Current unpaid principal balance (UPB) of the first lien mortgage loan is not greater than \$729,750 (GSE conforming limit for a one-unit property). • The property securing the mortgage loan must not be abandoned, vacant, condemned or in a serious state of disrepair. • The subject property is the borrower’s principal residence and the property is located in California. • The applicant must own and occupy the single family, one-unit home (an attached or detached house or a condominium unit) located in California and must currently reside in the home as their primary residence.
<p>7. Program Exclusions</p>	<ul style="list-style-type: none"> • Borrower owns other real property. • Borrower’s “hardship” is a result of voluntary resignation of employment. • Borrower fails to satisfy lender underwriting guidelines, including a LTV of 120% or less. • Borrower consummated a “cash-out” refinance of the subject first lien mortgage property. <ul style="list-style-type: none"> ○ Refinancing for the sole purpose of obtaining a new interest rate and loan term is permissible. ○ Costs associated with the first mortgage refinance may be financed in the new loan. ○ Junior liens used to purchase the subject property first mortgage property are not excluded from eligibility. • Stand-alone second liens including home equity lines of credit are considered “cash-out.” Borrowers with junior liens that meet this description are not eligible for program assistance.

8. Structure of Assistance	<p>In the event that CalHFA MAC receives less than 100% match by the lender/servicer, CalHFA MAC will structure the assistance as a non-recourse, non-interest bearing subordinate loan in favor of the Eligible Entity (CalHFA MAC) secured by a junior lien recorded against the property in the amount of the HHF assistance. At the conclusion of (3) three years, the subordinate loan will be forgiven provided the loan remains in good standing and the borrower complies with program guidelines. Loan funds will only be repaid to Eligible Entity (CalHFA MAC) in the event of a sale or refinance with sufficient net equity proceeds prior to forgiveness. Recovered funds will be recycled in order to provide additional program assistance until December 31, 2017, at which time any recovered funds will be returned to Treasury.</p> <p>If the lender/servicer matches the assistance in an amount equal to or greater than 100% of the HHF Program assistance provided to the borrower, then the assistance is not required to be structured as a loan to the borrower.</p> <p>After December 31, 2017, any remaining or returned funds will be returned to Treasury.</p>
9. Per Household Assistance	<p>Up to \$50,000 per household (average funding of \$31,449.58), less program monies previously received under other HHF Programs.</p>
10. Duration of Assistance	<p>Available on a one-time only basis, per household.</p>
11. Estimated Number of Participating Households	<p>Approximately 13,378. This figure is based on loans with unpaid principal balances ranging from \$200,000 to \$400,000 with an average funding of \$31,449.58.</p>
12. Program Inception / Duration	<p>PRP will be available to borrowers no later than November 1, 2010 and will last up to three (3) years or until funding is fully reserved.</p>
13. Program Interactions with Other HFA Programs	<p>PRP may be used in conjunction with MRAP aimed at reinstatement.</p>
14. Program Interactions with HAMP	<p>PRP may work in conjunction with a standard HAMP modification to help eligible borrowers achieve desired income ratios and affordability. PRP may not be combined or used in conjunction with the HAMP Principal Reduction Alternative (PRA). PRP layering with HAMP PRA is strictly prohibited. PRP funds are not eligible in any combination to qualify for HAMP PRA investor incentive compensation.</p>
15. Program	<p>The goal of the program is for the applicable servicer/lender to match PRP</p>

<p>Leverage with Other Financial Resources</p>	<p>funds on a dollar-for-dollar basis. The servicer/lender's matching funds will be paid no later than at the time of CalHFA MAC program funding.</p> <p>CalHFA MAC will require that the servicer waive all accrued and unpaid late charges and NSF fees at the time the modification agreement is completed</p>
<p>16. Qualify as an Unemployment Program</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

SCHEDULE B-4

California Housing Finance Agency Mortgage Assistance Corporation (“CalHFA MAC”)

THE TRANSITION ASSISTANCE PROGRAM

Summary Guidelines

1. Program Overview	<p>The Transition Assistance Program (TAP) is one of CalHFA MAC’s federally-funded programs developed to provide eligible homeowners with transition assistance when it is determined that they can no longer afford their home.</p> <p>TAP will be used in conjunction with short sale and deed-in-lieu programs to help borrowers make a smooth transition to housing. Borrowers will be required to occupy and maintain the property until the home is sold or returned to the lender as negotiated.</p> <p>Program funds would be available on a one-time only basis up to \$5,000 per household and can be used or layered with other CalHFA MAC HHF Programs. No funds will go directly to the borrower. All funds will be sent to the Servicer subject to Servicer/Investor approval of short sale or deed-in-lieu of foreclosure. Funds are intended to help the borrower secure new housing (e.g., rent, moving expenses, and security deposits) and will be available for transition assistance counseling services.</p>
2. Program Goals	CalHFA MAC envisions that these monies would be used to complement other federal or lender programs designed specifically to stabilize communities by providing assistance to borrowers who have suffered a financial hardship and as a result are no longer financially able to afford their mortgage payments.
3. Target Population / Areas	TAP is designed to target low-to-moderate income homeowners and address the needs of a borrower’s specific situation in lieu of targeting certain regions or counties.
4. Program Allocation (Excluding Administrative Expenses)	\$32,300,000.00
5. Borrower Eligibility Criteria	<ul style="list-style-type: none">• Borrower must qualify as a low-to-moderate income household, as follows:<ul style="list-style-type: none">○ Low-to-moderate income of 120% or less of the Area Median Income in the county where borrower resides.

	<ul style="list-style-type: none"> ○ A loan financed in whole or in part by bonds that are tax-exempt under IRC section 143, the borrower is presumed to satisfy income limits. • Borrower must complete and sign a Hardship Affidavit and 3rd Party Authorization documenting the reason for the hardship. • Borrowers who have recently encountered a financial hardship due to their military service. • Borrower must agree to provide all necessary documentation to satisfy program guidelines established by CalHFA MAC. • Mortgage loan is delinquent or at risk of imminent default as substantiated by borrower’s hardship documentation. Loans in foreclosure are eligible. • General program eligibility is determined by CalHFA MAC, the housing counselor or servicer based on information received from the borrower. Program-specific eligibility is determined by CalHFA MAC on a first-come/first-approved basis until program funds and funding reserves have been exhausted. Loan servicer will implement the HHF program based on participation agreement terms and conditions. • Funding allocation will be tracked, monitored and performed by CalHFA MAC in a centralized processing operation.
<p>6. Property / Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> • Property is encumbered by a first lien mortgage loan that was originated on or before January 1, 2009. • Current unpaid principal balance (UPB) of the first lien mortgage loan is not greater than \$729,750 (GSE conforming limit for a one-unit property). • The property securing the mortgage loan must not be abandoned, vacant, condemned or in a serious state of disrepair. • The subject property is the borrower’s principal residence and the property is located in California. • The applicant must own and occupy the single family, one-unit home (an attached or detached house or a condominium unit) located in California and must currently reside in the home as their primary residence.

7. Program Exclusions	<ul style="list-style-type: none"> • Borrower owns other real property. • Borrower consummated a “cash-out” refinance of the subject first lien mortgage property. <ul style="list-style-type: none"> ○ Refinancing for the sole purpose of obtaining a new interest rate and loan term is permissible. ○ Costs associated with the first mortgage refinance may be financed in the new loan. ○ Junior liens used to purchase the subject property first mortgage property are not excluded from eligibility. • Stand-alone second liens including home equity lines of credit are considered “cash-out.” Borrowers with junior liens that meet this description are not eligible for program assistance.
8. Structure of Assistance	<p>TAP assistance will not be structured as a loan.</p> <p>After December 31, 2017, any remaining or returned funds will be returned to Treasury.</p>
9. Per Household Assistance	<p>Up to \$5,000 per household (average funding of \$5,000.00).</p>
10. Duration of Assistance	<p>Available on a one-time only basis, per household.</p>
11. Estimated Number of Participating Households	<p>Approximately 6,460. This figure is based on loans with unpaid principal balances ranging from \$200,000 to \$400,000 with an average funding of \$5,000.00.</p>
12. Program Inception / Duration	<p>TAP will be available to borrowers no later than November 1, 2010 and will last up to three (3) years or until funding is fully reserved.</p>
13. Program Leverage-with Other HFA Programs	<p>TAP benefits may be available to the borrower even if UMA, MRAP and/or PRP benefits have been utilized, subject to the HHF Program maximum benefit cap of \$50,000.</p>
14. Program Interactions with HAMP	<p>TAP complements HAMP and HAFA. The funds will leverage monies being made available through HAFA. Servicer is required to follow HAFA guidelines for allowable costs. In cases where the Servicer has approved the borrower for a HAFA transaction, TAP dollars will be limited to \$2,000 in order to maintain the \$5,000 HHF Program maximum per household.</p>
15. Program Leverage with Other Financial	<p>None.</p>

Resources	
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No