

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

This First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “First Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the 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 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, pursuant to the Original HPA, Treasury purchased a Financial Instrument from Eligible Entity (the “Original Financial Instrument”) on the Closing Date;

WHEREAS, on August 11, 2010 the Obama Administration announced that Treasury would make \$2 billion of additional assistance available under the HHF Program for foreclosure prevention programs for homeowners struggling to make their mortgage payments due to unemployment (the “Unemployment HHF Funds”) in certain states that had previously received HHF Program funding, as well as certain new states and Washington, D.C.;

WHEREAS, Treasury requested an action plan from state housing finance agencies in states that have previously received HHF Program funds for the use of the Unemployment HHF Funds to develop and implement a program or programs that specifically target homeowners struggling with unemployment;

WHEREAS, HFA and Eligible Entity are part of, or are acting on behalf of, a state that was targeted to receive Unemployment HHF Funds and as such, Treasury, HFA and Eligible Entity wish to enter into this First Amendment to document all modifications and additional provisions necessary to address the Unemployment HHF Funds;

WHEREAS, Treasury and Eligible Entity also desire to amend certain terms of the Original Financial Instrument;

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 Original HPA to the “Agreement” shall mean the Original HPA, as amended by this First Amendment; all references in the Original HPA to the “Financial Instrument” shall mean the Amended and Restated Financial Instrument in the form attached to this First Amendment as Exhibit A; all references in the Original HPA to the “Capital Draw Request” shall mean the Capital Draw Request in the form attached to this First Amendment as Exhibit C; and all references in the Original HPA to Schedules A, B or C shall mean the Schedules A, B or C attached to this First Amendment. All references herein to the “HPA” shall mean the Original HPA, as amended by this First Amendment.

B. Unemployment Programs. The following additional language shall be added to Section 3.A. of the Original HPA:

“No Capital Draw for funds in excess of the amount indicated on Schedule A attached hereto as Portion of Program Participation Cap Representing Original HHF Funds shall be permissible for (i) Services that do not Qualify as an Unemployment Program, as indicated in the applicable Service Schedule, without the approval of Treasury, or (ii) Permitted Expenses.”

C. Schedule A. Schedule A attached to the Original HPA is hereby deleted in its entirety and replaced with Schedule A attached to this First Amendment.

D. Schedule B. Schedule B attached to the Original HPA is hereby deleted in its entirety and replaced with Schedule B attached to this First Amendment.

E. Schedule C. Schedule C attached to the Original HPA is hereby deleted in its entirety and replaced with Schedule C attached to this First Amendment.

F. Exhibit A. Exhibit A attached to the Original HPA is hereby deleted in its entirety and replaced with Exhibit A attached to this First Amendment.

G. Exhibit C. Exhibit C attached to the Original HPA is hereby deleted in its entirety and replaced with Exhibit C attached to this First Amendment.

### **2. Substitution of Financial Instrument**

Eligible Entity shall deliver to Treasury on the date hereof an Amended and Restated Financial Instrument in the form attached to this First Amendment as Exhibit A. By executing this First Amendment, Treasury, HFA and Eligible Entity authorize The Bank of New York Mellon to cancel the Original Financial Instrument against delivery of such Amended and Restated Financial Instrument and direct The Bank of New York Mellon to

return the cancelled Original Financial Instrument to (or at the direction of) the Eligible Entity.

### **3. 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 covenants and agrees that no funds in excess of the amount indicated on Schedule A attached hereto as Portion of Program Participation Cap Representing Original HHF Funds shall be used (i) to fund Services performed by Eligible Entity that do not Qualify as an Unemployment Program, as indicated in the applicable Service Schedule, or (ii) for Permitted Expenses.

(2) 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.

(3) Eligible Entity has the full corporate power and authority to enter into, execute, and deliver this First Amendment, the Amended and Restated Financial Instrument and any other closing documentation delivered to Treasury in connection with this First Amendment or the Amended and Restated Financial Instrument, and to perform its obligations hereunder and thereunder.

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

### **4. Miscellaneous**

A. The recitals set forth at the beginning of this First 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 First 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 First Amendment and the Amended and Restated Financial Instrument 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 First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

**HFA:**

FLORIDA HOUSING FINANCE  
CORPORATION

By: /s/ Steve Auger  
Name: Steve Auger  
Title: Executive Director

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

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

**ELIGIBLE ENTITY:**

FLORIDA HOUSING FINANCE  
CORPORATION

By: /s/ Steve Auger  
Name: Steve Auger  
Title: Executive Director

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

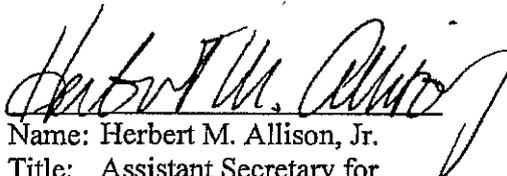
**HFA:**

FLORIDA HOUSING FINANCE  
CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

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

**ELIGIBLE ENTITY:**

FLORIDA HOUSING FINANCE  
CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

## **EXHIBITS AND SCHEDULES**

Exhibit A	Form of Amended and Restated Financial Instrument
Exhibit C	Form of Capital Draw Request
Schedule A	Basic Information
Schedule B	Service Schedules
Schedule C	Permitted Expenses

## EXHIBIT A

### FORM OF AMENDED AND RESTATED FINANCIAL INSTRUMENT

This Amended and Restated Financial Instrument is delivered by the undersigned party (“Eligible Entity”) as provided in Section 1 of the Commitment to Purchase Financial Instrument and HFA Participation Agreement dated as of the Effective Date, as modified by that certain First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement, dated as of the Amendment Date (together, the “Agreement”), by and among the United States Department of the Treasury (“Treasury”), the party designated as HFA in the Agreement (“HFA”) and Eligible Entity. This Amended and Restated Financial Instrument is effective as of the Amendment Date. All of the capitalized terms that are used but not defined herein shall have the meanings ascribed to them in the Agreement.

#### **Recitals**

WHEREAS, Eligible Entity executed and delivered that certain Financial Instrument dated as of the Effective Date to Treasury (“Original Financial Instrument”);

WHEREAS, Treasury and Eligible Entity desire to amend certain terms of the Original Financial Instrument regarding repayment of the Purchase Price, which were clarified after the Closing Date and to provide consistent terms for all states receiving HHF Program funds;

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Eligible Entity agrees as follows:

1. Eligible Entity Obligation; Purchase Price Consideration.
  - (a) Eligible Entity shall perform all Services described in the Service Schedules in consideration for the Purchase Price described in subsection (b) below, in accordance with the terms and conditions of the Agreement, to the satisfaction of Treasury. The conditions precedent to the payment by Treasury of the Purchase Price with respect to the Services are set forth in Section 3(B) of the Agreement.
  - (b) This Amended and Restated Financial Instrument is being purchased by Treasury pursuant to Section 3 of the Agreement through the payment by Treasury of various payments referred to collectively in the Agreement as the “Purchase Price” (which Purchase Price includes payments made by Treasury under the Original Financial Instrument). This Amended and Restated Financial Instrument is being purchased by Treasury in connection with Eligible Entity’s participation in the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets program (the “HHF Program”) created under the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), as amended, as the same may be amended from time to time (“EESA”).
2. Repayment of Purchase Price. In the event a recipient of HHF Program funds repays any or all of the funds received from Eligible Entity in connection with the Services, Eligible Entity shall use such funds as follows:

- (a) First, if such funds are repaid on or prior to December 31, 2017, Eligible Entity may use such repaid funds to continue to provide Services to other eligible homeowners up to and including December 31, 2017 or retain such repaid funds to fund the Permitted Expenses to the extent the full amount as indicated on Schedule C to the Agreement has not been drawn from Treasury pursuant to Section 3(A) of the Agreement. Any repaid funds retained by Eligible Entity to fund Permitted Expenses shall correspondingly reduce the amount that Eligible Entity may draw from Treasury pursuant to Section 3(A) of the Agreement to fund Permitted Expenses.
  - (b) Second, if such funds are repaid on or prior to December 31, 2017 and Eligible Entity is no longer providing the Services to new homeowners and the Permitted Expenses have been fully funded, then Eligible Entity shall remit such funds to Treasury, monthly on the 15th day of each month or first business day thereafter.
  - (c) Third, if such funds are repaid after December 31, 2017, Eligible Entity shall remit such funds to Treasury, monthly on the 15<sup>th</sup> day of each month or first business day thereafter.
3. Final Repayment. In the event Eligible Entity is holding any HHF Programs funds, including, but not limited to, excess cash and amounts on deposit in the administrative reserve, as of December 31, 2017, such funds shall be returned to Treasury or its designee prior to 1:00 p.m. Eastern Standard Time on December 31, 2017.
4. Security Interest. As security for the performance of the Services and the other obligations of Eligible Entity under the Agreement, as such obligations are evidenced in this Amended and Restated Financial Instrument, Eligible Entity has granted to Treasury a first lien priority security interest in the Depository Account and in any moneys, or investments, if any, held therein.
5. Representations, Warranties and Covenants. Eligible Entity represents and warrants that the representations and warranties set forth in the Agreement, on the date hereof, are, and on the date of each Capital Draw hereunder, shall be, true, correct, accurate and complete in all material respects. The truth and accuracy of such representations and warranties are continuing obligations of Eligible Entity. Additionally, all covenants of Eligible Entity set forth in Section 2 of the Agreement are incorporated herein by reference and Eligible Entity, on the date hereof, is not, and on the date of each Capital Draw hereunder, shall not be in breach of any such covenants. In the event that any of the representations or warranties made herein or in the Agreement cease to be true and correct, or the Eligible Entity breaches any of the covenants made herein or in the Agreement, Eligible Entity agrees to notify Treasury immediately and the same shall constitute an Event of Default hereunder.
6. Limitation of Liability

IN NO EVENT SHALL TREASURY, OR ITS OFFICERS, EMPLOYEES, AGENTS OR AFFILIATES BE LIABLE TO ELIGIBLE ENTITY WITH RESPECT TO THE SERVICES OR THE AGREEMENT, OR FOR ANY ACT OR OMISSION OCCURRING IN CONNECTION WITH THE FOREGOING, FOR ANY DAMAGES

OF ANY KIND, INCLUDING, BUT NOT LIMITED TO DIRECT DAMAGES, INDIRECT DAMAGES, LOST PROFITS, LOSS OF BUSINESS, OR OTHER INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OF ANY NATURE OR UNDER ANY LEGAL THEORY WHATSOEVER, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF WHETHER OR NOT THE DAMAGES WERE REASONABLY FORESEEABLE; PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT LIMIT TREASURY'S OBLIGATION TO REMIT PURCHASE PRICE PAYMENTS TO ELIGIBLE ENTITY IN ACCORDANCE WITH THE AGREEMENT.

7. Indemnification

Eligible Entity agrees as set forth on Schedule E to the Agreement, which Schedule E is hereby incorporated into this Amended and Restated Financial Instrument by reference.

IN WITNESS WHEREOF, Eligible Entity hereby executes this Amended and Restated Financial Instrument on the date set forth below.

[INSERT FULL LEGAL NAME OF ELIGIBLE ENTITY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2010

**EXHIBIT C**  
**FORM OF CAPITAL DRAW REQUEST**

[insert date]

The Bank of New York Mellon  
tarpcppclosing@bnymellon.com  
Attn: Matthew Sabino

The United States Department of the Treasury  
OFSCchiefCounselNotices@do.treas.gov  
HFAInnovation@do.treas.gov  
tarp.compliance@do.treas.gov  
Attention: HFA Hardest Hit Fund

Ladies/Gentlemen:

Reference is made to the Commitment to Purchase Financial Instrument and HFA Participation Agreement dated as of the date set forth on Schedule A thereto (as amended, supplemented or otherwise modified and in effect from time to time, the “HPA”) by and among [insert HFA name] (“HFA”), [insert Eligible Entity name] (“Eligible Entity”) and the United States Department of the Treasury (“Treasury”). Reference is also made to the Financial Instrument dated the date set forth on Schedule A to the HPA delivered by Eligible Entity to Treasury (as amended, restated, supplemented or otherwise modified and in effect from time to time, the “Financial Instrument”). Capitalized terms used but not otherwise defined herein shall have the meaning given them in the HPA.

In accordance with Section 3.A. of the HPA, the undersigned Eligible Entity hereby requests that The Bank of New York Mellon (“BNYM”), on behalf of Treasury, disburse the amounts set forth on the attached Capital Draw Schedule as a Capital Draw against the Purchase Price as described in the HPA to Eligible Entity on [insert date] (the “Funding Date”).

HFA and Eligible Entity, as applicable, hereby certify to Treasury and BNYM, as of the date hereof and on the Funding Date, that:

- (a) no default or Event of Default has occurred and is continuing as of the date hereof and on the Funding Date [other than \_\_\_\_\_];
- (b) each of the representations and warranties made by HFA and Eligible Entity in the HPA and Financial Instrument are true and correct on and as of such date, as if made on and as of the date hereof and on the Funding Date [other than \_\_\_\_\_];

- (c) HFA and Eligible Entity are in compliance with the covenants and other agreements set forth in the HPA and Financial Instrument, which shall remain in full force and effect [other than \_\_\_\_\_];
- (d) No portion of any prior Capital Draw and/or this Capital Draw in excess of the amount set forth on Schedule A to the HPA as Portion of Program Participation Cap Representing Original HHF Funds, have been or will be used to fund Services that do not Qualify as an Unemployment Program, as indicated in the applicable Service Schedule, or Permitted Expenses.
- (e) all data and information set forth in this Capital Draw Request, including the Capital Draw Schedule, is true and correct in all respects; and
- (f) to our knowledge, there have been no Acts of Bad Faith by any HHF Recipient [other than \_\_\_\_\_].

In the event that any part of the certification made herein is discovered not to be true and correct after the date hereof, HFA or Eligible Entity, as applicable, shall notify Treasury immediately.

[INSERT FULL LEGAL NAME OF HFA]

\_\_\_\_\_  
[Name of Authorized Official]  
[Title of Authorized Official]

[INSERT FULL LEGAL NAME OF ELIGIBLE ENTITY]

\_\_\_\_\_  
[Name of Authorized Official]  
[Title of Authorized Official]

**CAPITAL DRAW SCHEDULE**

Capital Draw Request for:	
[_____] Program	\$ _____
[_____] Program	\$ _____
[_____] Program	\$ _____
Permitted Administrative Expenses	\$ _____
Total Capital Draw Request	\$ _____
Amount of Capital Draw Request for Non-Unemployment Programs and Permitted Expenses	\$ _____
Amount of Capital Draw Request for Unemployment Programs	\$ _____
Total Capital Draw Request as a Percentage of Program Participation Cap <sup>1</sup> :	_____ %
Total Purchase Price funded to date, including current Capital Draw:	\$ _____
Total funding to date, including current Capital Draw for Non-Unemployment Programs and Permitted Expenses <sup>2</sup>	\$ _____
Total funding to date, including current Capital Draw for Unemployment Programs	\$ _____
Program Participation Cap:	\$ _____
Program Funds Remaining:	\$ _____
Amount of HHF Program funds on hand prior to this Capital Draw:	\$ _____
HHF Program funds on hand prior to this Capital Draw as a Percentage of Program Participation Cap <sup>3</sup> :	_____ %

<sup>1</sup> May not be less than 2.5% nor exceed 20%.

<sup>2</sup> May not exceed Portion of Program Participation Cap Representing Original HHF Funds.

<sup>3</sup> May not exceed 5.0% on the date of submission of the Draw Request.

**Depository Account Information/Wire  
Instructions for payment of Capital Draw:**

**SCHEDULE A**  
**BASIC INFORMATION**

**Eligible Entity Information:**

Name of the Eligible Entity:	Florida Housing Finance Corporation <sup>1</sup>
Corporate or other organizational form:	a public corporation and a public body corporate and politic, established and existing under the Florida Housing Finance Corporation Act, as amended, Chapter 420, Part V, Florida Statutes.
Jurisdiction of organization:	Florida
Notice Information:	

**HFA Information:**

Name of HFA:	Florida Housing Finance Corporation <sup>1</sup>
Organizational form:	a public corporation and a public body corporate and politic, established and existing under the Florida Housing Finance Corporation Act, as amended, Chapter 420m, Part V, Florida Statutes.
Date of Application:	April 16, 2010
Date of Action Plan:	September 1, 2010
Notice Information:	Same as notice information for Eligible Entity.

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<sup>1</sup> References in the First Amendment to the term “HFA” shall mean the Florida Housing Finance Corporation, in its capacity as HFA as such term is used in the First Amendment; and references in the First Amendment to the term “Eligible Entity” shall mean the Florida Housing Finance Corporation, in its capacity as Eligible Entity as such term is used in the First Amendment.

<u>Program Participation Cap:</u>	\$656,864,755.00
<u>Portion of Program Participation Cap Representing Original HHF Funds:</u>	\$418,000,000.00
<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$238,864,755.00
<u>Permitted Expenses:</u>	\$65,550,750.00
<u>Closing Date:</u>	June 23, 2010
<u>Amendment Date:</u>	September 23, 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 Original 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.

## **SERVICE SCHEDULE B-1**

### **Florida Hardest Hit Fund Mortgage Intervention Strategy Summary Guidelines**

<b>1. Program Overview</b>	The Mortgage Intervention Strategy focuses on the creation of a sustainable solution to keep Florida unemployed or substantially underemployed homeowners in their current homes by helping those who are struggling to make their current mortgage payments because of hardships sustained since purchasing the home. Florida Housing will use HHF Program funds to pay up to eighteen months of all or a portion of the mortgage payments on behalf of a qualified homeowner based on the criteria and requirements of each servicer. This will provide a reasonable period of time for homeowners to become re-employed at a salary that is sufficient for them to either resume making full mortgage payments or qualify for a mortgage modification that will lower the payments and terms of the mortgage to an affordable level.
<b>2. Program Goals</b>	<ul style="list-style-type: none"><li>• Preserving homeownership.</li><li>• Protecting home values.</li></ul>
<b>3. Target Population/ Areas</b>	To determine geographic targeting for HHF Program funding, Florida Housing carried out an analysis of data, relying on data similar to that used by Treasury to allocate funding, to determine the hardest hit areas of the state. Florida Housing evaluated three measures across all 67 Florida counties – housing price decline from peak prices, unemployment rate and seriously delinquent mortgage loans – and then combined ratios for each to create an allocation methodology that will guide how funding is geographically targeted.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$591,314,005.00.
<b>5. Borrower Eligibility Criteria</b>	<ul style="list-style-type: none"><li>• At least one co-borrower must be able to document that he or she is unemployed or substantially underemployed through no fault of his/her own and must provide a financial hardship affidavit.</li><li>• The maximum household income level for participation will be 140% of the Area Median Income (AMI).</li><li>• Borrowers who have unencumbered assets or cash reserves (not including retirement or qualified education plans) equal to or exceeding three times the total monthly mortgage payment (including tax and insurance payments) or \$5,000,</li></ul>

	<p>whichever is greater, must first use those assets towards mortgage payments before being eligible for HHF Program funds.</p>
<p><b>6. Property/Loan Eligibility Criteria</b></p>	<ul style="list-style-type: none"> <li>• The property must be the borrower’s principal residence, be located in Florida, and not be abandoned, vacant or condemned.</li> <li>• The borrower’s mortgage must be under the maximum mortgage amount of \$400,000.</li> <li>• The maximum loan to value ratio cannot exceed 200%.</li> <li>• Borrowers may not be more than six months in arrears on their first mortgage.</li> <li>• HHF Program funds will only be used to pay, directly to the first mortgage loan servicer, principal and interest plus any required escrow payments (such as taxes and insurance) required under the first mortgage loan.</li> </ul>
<p><b>7. Program Exclusions</b></p>	<ul style="list-style-type: none"> <li>• Termination of employment by the homeowner without a necessitous cause or termination of the homeowner’s employment by an employer for willful misconduct.</li> <li>• The homeowner has sufficient income to pay the mortgage but has failed to do so – in this regard, if the homeowner’s total housing expense is less than or equal to 31% of calculated income, and no reasonable cause for financial hardship is demonstrated by the homeowner, then the nonpayment of the mortgage debt will not be considered to be a circumstance beyond the homeowner’s control.</li> </ul>
<p><b>8. Structure of Assistance</b></p>	<p>HHF Program funds under the Mortgage Intervention Strategy will be made available to homeowners in the form of a zero-percent interest, non-recourse, forgivable loan. This loan will be evidenced by a Note and Mortgage in favor of Florida Housing. Once the homeowner resumes making mortgage payments on his/her own, the forgivable provisions of the loan will begin. The loan will be forgiven over a 5 year period, at a rate of 20% per year as long as the borrower remains current on their first mortgage and continues to live in the house as their principal residence.</p> <p>During the five year forgiveness period, Florida Housing, or its designated loan servicer, will be making annual residency verifications to ensure continued principal residence status and will verify payment history on the first mortgage loan during the previous 12 month period.</p> <p>If the homeowner sells the home during any part of the loan term, the remaining principal balance will be due to Florida Housing in the event there are sufficient equity proceeds from the sale. If</p>

	there is not enough equity in the home to repay the entire amount due, Florida Housing will forgive the excess portion or all of the remaining principal balance so as to not create additional hardships on the seller at closing. Any loans repaid will be recycled back into the program and used to provide assistance to additional homeowners for the duration of the program up to December 31, 2017. After December 31, 2017, all funds remaining or received shall be returned to Treasury.
<b>9. Per Household Assistance</b>	Estimated Median Amount Mortgage Payments - \$25,000 Maximum Amount – \$40,000
<b>10. Duration of Assistance</b>	The homeowner can receive up to 18 months of monthly mortgage payments from Florida Housing. This assistance may be in the form of up to six months worth of accrued arrearage payments (provided the arrearage time corresponds to a period of unemployment or substantial underemployment) and/or ongoing monthly payments for up to 18 months worth of total assistance.
<b>11. Estimated Number of Participating Households</b>	Florida Housing anticipates that this strategy will be able to serve approximately 20,000 homeowners over a five year period.
<b>12. Program Inception/ Duration</b>	Florida Housing anticipates launching its pilot program in Lee County, Florida in early fall, followed by statewide implementation in early 2011. It is anticipated that this strategy will last for up to 5 years.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	None.
<b>14. Program Interactions with HAMP</b>	HHF funds would be utilized prior to the HAMP forbearance described in Supplemental Directive 10-04. Implementing the program in this order is the most beneficial to the customer and investor since payments would continue to be made instead of capitalized and no late charges or adverse credit reporting would occur. If the borrower has already been through an UP forbearance before applying for this program, then this program may follow UP.
<b>15. Program Leverage with Other Financial Resources</b>	Many servicers have in-house mortgage modification products that can be used in conjunction with this Program. Florida Housing will work with servicers to determine how these programs may best be combined.
<b>16. Qualify as an Unemployment Program</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**SCHEDULE C**

**PERMITTED EXPENSES**

	Florida
<b><i>One-time / Start-Up Expenses:</i></b>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$20,750.00
Professional Services	\$50,000.00
Supplies / Miscellaneous	\$1,000.00
Marketing /Communications	\$10,000.00
Travel	\$20,000.00
Website development /Translation	\$52,500.00
Contingency	\$0.00
<b>Subtotal</b>	<b>\$154,250.00</b>
<b><i>Operating / Administrative Expenses:</i></b>	
Salaries	\$9,180,000.00
Professional Services (Legal, Compliance, Audit, Monitoring)	\$1,920,000.00
Travel	\$500,000.00
Buildings, Leases & Equipment	\$850,000.00
Information Technology & Communications	\$4,192,500.00
Office Supplies/Postage and Delivery/Subscriptions	\$90,000.00
Risk Management/ Insurance	\$110,000.00
Training	\$1,244,000.00
Marketing/PR	\$75,000.00
Miscellaneous	\$760,000.00
<b>Subtotal</b>	<b>\$18,921,500.00</b>
<b><i>Transaction Related Expenses:</i></b>	
Recording Fees	\$1,575,000.00
Wire Transfer Fees	\$100,000.00
<b><i>Counseling Expenses</i></b>	
File Intake	\$0.00
Decision Costs	\$4,800,000.00
Successful File	\$0.00
Key Business Partners On-Going	\$40,000,000.00
<b>Subtotal</b>	<b>\$46,475,000.00</b>
<b>Grand Total</b>	<b>\$65,550,750.00</b>
<b>% of Total Award</b>	<b>9.98%</b>
<b>Award Amount</b>	<b>\$656,864,755.00</b>