

**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
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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.

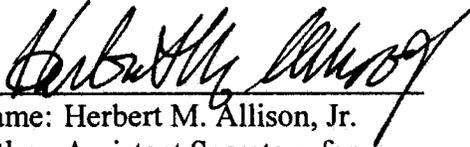
HFA:

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

By: _____
Name:
Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

MICHIGAN HOMEOWNER ASSISTANCE
NONPROFIT HOUSING 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: Michigan Homeowner Assistance Nonprofit Housing Corporation

Corporate or other organizational form: Domestic Nonprofit Corporation

Jurisdiction of organization: State of Michigan

Notice Information:

HFA Information:

Name of HFA: Michigan State Housing Development Authority

Organizational form: Public body corporate and politic of the State of Michigan

Date of Application: April 14, 2010

Date of Action Plan: September 1, 2010

Notice Information:

<u>Program Participation Cap:</u>	\$498,605,738.00
<u>Portion of Program Participation Cap Representing Original HHF Funds:</u>	\$154,500,000.00
<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$128,461,559.00
<u>Permitted Expenses:</u>	\$16,710,486.00
<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.

SERVICE SCHEDULE B-1

Michigan State Housing Development Authority

PRINCIPAL CURTAILMENT PROGRAM

Summary Guidelines

1. Program Overview	The Principal Curtailment Program will provide a one-time matching fund of up to \$10,000 to homeowners seeking to modify their loans. The Lender/Service must agree to provide matching forgiveness of principal overhang and to modify the reduced loan balance.
2. Program Goals	The Principal Curtailment will prevent avoidable foreclosures by helping homeowners who currently cannot refinance or modify their mortgages due to negative equity positions. Homeowners will benefit from both a restructured loan payment and the reduction in principal balance, reducing monthly payments and increasing sustainability.
3. Target Population/Areas	The Authority does not anticipate targeting this assistance on a geographic basis, nor have we anticipated targeting specific income limits. However, in practical terms this program will most likely assist working and middle-income families although there are no hard income limits.
4. Program Allocation (Excluding Administrative Expenses)	\$30,400,000.00
5. Borrower Eligibility Criteria	Homeowners presently having severe negative equity, greater or equal to 115% of Combined Loan to Value (CLTV), and need principal curtailment in order to reach a sustainable mortgage payment. Homeowners will be required to provide a financial hardship affidavit. First mortgage LTV may not be reduced below 100%. The Lender will determine homeowners' qualifying ratios for eligibility according to their own standardized modification guidelines; housing ratios should not exceed 31%. The Lender will transmit eligible homeowner data to the Authority for review, and agree to match MSHDA's assistance dollar for dollar towards principal curtailment. Awarded funds will be remitted to Lender to be applied towards only the outstanding principal, on either 1 st or 2 nd mortgage. Lender to supply evidence to the Authority that funds were applied as approved. Hardest-Hit funds will be available on a first come, first serve basis.
6. Property/Loan Eligibility Criteria	The homeowner must currently occupy the property as his/her primary residence, and must be located within the state of Michigan. Eligible structures to include single-family, attached

	or detached, or manufactured homes on a permanent foundation attached to real property. Existing mortgage loan balance must be equal to or less than \$729,250.
7. Program Exclusions	Second homes or investment properties. Homeowners with liquid cash reserves exceeding 3 months PITI.
8. Structure of Assistance	Homeowners receiving MSHDA award will execute a secured subordinate lien mortgage and note in favor of the Eligible Entity. Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, which will be due on sale or transfer of the property, or when the property ceases to be the principal residence of the homeowner, or if the mortgagor repays in full any mortgage loan encumbering the property, no other principal payments on the loans are due. Repayment of funds will be re-invested back into new homeowner awards. Mortgage will be recorded through public records and ongoing monitoring, repayments and discharges will be conducted by the Authority.
9. Per Household Assistance	Maximum of \$10,000 per household with a minimum 1:1 match from the Lender.
10. Duration of Assistance	One time assistance to homeowner paid directly to Lender/Service for application towards principal curtailment.
11. Estimated Number of Participating Households	3,044 households could be served under this program if they all receive the maximum funding amount of \$10,000.
12. Program Inception/ Duration	This Program will be available to homeowners within two months after approval by Treasury and will last up to three years. However, based on the overwhelming need, funds allocated to this Program will likely be exhausted second quarter 2012.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MSHDA HHF Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Lender/Service will analyze homeowners' request for loan workout and offer the best possible solution to provide for long term sustainability. Some homeowners are given HAMP modifications, yet many will not qualify due to inability to reach a sustainable mortgage payment or 31% ratio without making a principal curtailment. This program, with the Lender's 1:1 match, may make it possible. This assistance is available for non-HAMP loans as well.
15. Program Leverage with Other Financial Resources	Existing Lender/Service will be required to match HHF Program funds 1:1. The matching funds will be paid at closing.

**16. Qualify as an
Unemployment
Program**

Yes No

SERVICE SCHEDULE B-2

Michigan State Housing Development Authority

LOAN RESCUE PROGRAM Summary Guidelines

1. Program Overview	Whether it was a divorce, a serious illness, or a recent period of unemployment, many Michigan families have encountered some significant obstacle in their lives that resulted in mortgage delinquency. This program will provide up to \$5,000 in assistance to households who can now sustain homeownership, catch up on delinquent payments and avoid foreclosure.
2. Program Goals	This program will prevent avoidable foreclosures by putting homeowners, who otherwise are on the brink of foreclosure, but can now afford to sustain homeownership, back on solid footing without increasing their indebtedness. In so doing, the program will stem the oversupply of foreclosed homes and short sales that dominate many markets and help stabilize the broader housing market in Michigan.
3. Target Population/Areas	The Authority does not anticipate targeting this assistance on a geographic basis, nor have we anticipated targeting specific income limits. However, in practical terms this program will most likely assist working and middle-income families although there are no hard income limits.
4. Program Allocation (Excluding Administrative Expenses)	\$15,500,000.00
5. Borrower Eligibility Criteria	Homeowners must be able to document a “recovery” from a one-time crisis and have the future ability to sustain their current mortgage. Homeowners will be required to provide a financial hardship affidavit. The Lender/Servicer will determine homeowners qualifying ratios for eligibility according to their own standardized modification guidelines, i.e. HAMP, FDIC, etc. The Lender will transmit eligible homeowner data to the Authority for review, confirmation that homeowner has overcome the one-time crisis and is back on track with successful payments. Housing ratio should not exceed 31% after approved modification. Award funds will be remitted to Lender for application to arrearage on homeowner’s loan. Proof to be supplied to the Authority that funds were applied and account brought current. Hardest-Hit funds will be available on a first come, first serve basis.
6. Property/Loan	The homeowner must currently occupy the property as his/her

Eligibility Criteria	primary residence, and must be located within the state of Michigan. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property. Existing mortgage loan balance must be equal to or less than \$729,250.
7. Program Exclusions	Second homes or investment properties. Homeowners with liquid cash reserves exceeding 3 months PITI.
8. Structure of Assistance	Homeowners receiving award will execute a secured subordinate lien mortgage and note in favor of the Eligible Entity. Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, which will be due on sale or transfer of the property, or when the property ceases to be the principal residence of the homeowner, or if the mortgagor repays in full any mortgage loan encumbering the property, no other principal payments on the loan are due. Repayment of funds will be re-invested back into new homeowner awards. Mortgage will be recorded through public records and ongoing monitoring, repayments and discharges will be conducted by the Authority.
9. Per Household Assistance	One time award up to \$5,000 per household.
10. Duration of Assistance	One time assistance to homeowner, paid directly to Lender/Servicer for application towards arrearage on homeowners' account.
11. Estimated Number of Participating Households	Based upon maximum program funding of \$5,000 per household, 3,090 households may be assisted.
12. Program Inception/Duration	This Program will be available to homeowners within two months after approval by Treasury and will last up to three years. However, based on the overwhelming need, funds allocated to this Program will likely be exhausted second quarter 2012.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MSHDA HHF Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Lender/Servicer will analyze homeowners' request for loan workout and offer the best possible solution to provide long term sustainability. Some homeowners are given HAMP modifications, yet some may not qualify due to adding the delinquency to the balance and not being able to reach a 31% ratio; this program may help. This assistance is also available for non-HAMP loans.
15. Program Leverage with Other Financial	None.

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

SERVICE SCHEDULE B-3

Michigan State Housing Development Authority

UNEMPLOYMENT MORTGAGE SUBSIDY PROGRAM Summary Guidelines

1. Program Overview	<p>The Michigan State Housing Development Authority (MSHDA), through its Unemployment Mortgage Subsidy Program, is partnering with financial institutions to directly provide funds to subsidize an eligible borrower's current or modified mortgage payment.</p> <p>This Program will assist the borrower in retaining homeownership by subsidizing 100% or \$1,500 (whichever is less) of the first mortgage payment due after the borrower is approved for the program, and 50% or \$750 (whichever is less) of the subsequent 11 mortgage payments, provided the borrower remains eligible. The assistance will not exceed a total of 12 consecutive months or \$9,750. Borrowers will be responsible for the unsubsidized portion of their monthly payment, which borrower shall remit to MSHDA. MSHDA will combine the borrower portion with the subsidy and remit the full mortgage payment directly to the lender or servicer. Borrowers will also be eligible for up to \$3,000 in assistance to correct a mortgage delinquency that accumulated during a period of unemployment prior to receiving monthly mortgage assistance.</p>
2. Program Goals	Provide mortgage payment assistance to Michigan unemployed residents, helping them remain successful with homeownership.
3. Target Population / Areas	The Authority does not anticipate targeting this assistance on a geographic basis, nor have we anticipated specific hard income limits. However, in practical terms this program will most likely assist working and middle-income families.
4. Program Allocation (Excluding Administrative Expenses)	\$435,995,252.00
5. Borrower Eligibility Criteria	Homeowners who have lost their job and are receiving Michigan unemployment benefits will apply for assistance to their Servicer. Homeowners will be required to provide a financial hardship affidavit. The Servicer will first determine borrower's qualifying ratios for eligibility according to their own standardized modification guidelines, i.e. HAMP, FDIC, etc. Servicer will submit the eligible homeowner's application to

	MSHDA for review and approval; packages must include evidence homeowner is currently receiving unemployment benefits. MSHDA will communicate approval to the Servicer. Housing ratios should not exceed a sustainable ratio, generally 43%; this assistance will not be permitted to reduce housing ratio below 25%. Funds will be available on a first come, first serve basis. Ratios are calculated considering current household income which includes unemployment compensation.
6. Property / Loan Eligibility Criteria	Owner-occupied, primary residence, located in the state of Michigan. Include single family, one-unit properties, attached or detached condominiums, single or double-wide manufactured homes on a permanent foundation that are taxed as real estate. Unemployed homeowner must be obligated on original Note. Existing mortgage loan balance must be equal to or less than \$729,750.
7. Program Exclusions	Second homes, investment property, multi-unit properties. Homeowners with liquid assets exceeding 3 months PITI. Homeowners not receiving Michigan unemployment benefits.
8. Structure of Assistance	Homeowners receiving award will execute a subordinate mortgage secured by a lien against the property, and a note in favor of the Eligible Entity. Loan will be 0%, non-recourse, non-amortizing, forgivable over a 5 year term at 20% per year, which will be due on sale or transfer of the property (if sufficient equity proceeds are available from the sale). In the event the property ceases to be the principal residence of the homeowner for other reasons, or if the mortgagor repays in full any mortgage loan encumbering the property, the loan will be forgiven. Repayment of funds will be re-invested back into new homeowner awards until December 31, 2017; thereafter all remaining and repaid funds will be returned to Treasury. Mortgage will be recorded through public records and ongoing monitoring, repayments and discharges will be conducted by MSHDA.
9. Per Household Assistance	\$12,750 maximum per household. The lesser of 100% of the mortgage payment or \$1,500 for the first months' mortgage payment following borrower approval, and the lesser of 50% of the mortgage payment or \$750 per month for the subsequent 11 months (so long as the borrower remains eligible), not to exceed a total of 12 consecutive months; which calculates to a maximum of \$9,750 per household. The borrower shall remain responsible for the unsubsidized portion of the mortgage payment. MSHDA will collect the borrower's portion and submit the full mortgage payment directly to the lender or servicer. Homeowners will submit their required portion to MSHDA prior to the next due

	<p>date. MSHDA will continue to make the total monthly payment using the homeowners' contribution combined with MSHDA's subsidy amount. If homeowner is late on their portion, MSHDA will notify Servicer and homeowner that subsidy has ceased.</p> <p>If loan is delinquent and homeowner has documented both need and recovery, MSHDA may provide an additional \$3,000 in rescue assistance to bring loan current or pay escrow shortages, provided such delinquency accumulated during a period of unemployment.</p>
10. Duration of Assistance	Subsidy ceases two months after borrower returns to work; maximum subsidy is never to exceed 12 months. Or, subsidy ceases immediately if homeowner is over 30 days late submitting their required portion of payment.
11. Estimated Number of Participating Households	Based upon maximum program funding of \$12,750 per household, 17,286 households may be assisted.
12. Program Inception / Duration	Program was rolled out July 12, 2010; 48% of Michigan's HHF loans funded are the Unemployment Subsidy program. Modified program will be available to homeowners within two months after approval by Treasury and is projected to last up to three years. However, based on the overwhelming need, funds allocated to this Program will likely be exhausted fourth quarter, 2012.
13. Program Interactions with Other HFA Programs	Servicer will analyze homeowners request for loan workout and offer the best possible solution to provide for long term sustainability. Servicers must follow their requirements and internal policies for modification. MSHDA owned and serviced loans are eligible for this program. Homeowner will be eligible for only one HHF program.
14. Program Interactions with HAMP	Borrowers will be pre-screened for HAMP, HAFA and HAMP-UP and programs offered by lenders. Eligible households will receive assistance from these programs before receiving assistance through the HHF program except where not eligible for HAMP.
15. Program Leverage with Other Financial Resources	None.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No