

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

This Tenth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (this "Amendment") is entered into as of the date set forth on Schedule A attached hereto as the Tenth 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, as previously amended by those certain Amendments to Commitment to Purchase Financial Instrument and HFA Participation Agreement dated as of their respective dates as set forth on Schedule A attached hereto (each, an "Amendment" and together with the Original HPA as amended thereby, the "Current HPA"), 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 (12 U.S.C. 5201 et seq.), as amended, and as the same may be amended from time to time ("EESA");

WHEREAS, on February 19, 2016 Treasury announced that it would make \$2 billion of additional assistance available under the HHF Program (the "Fifth Round Funding") to help prevent foreclosure and stabilize housing markets in certain states that had previously received HHF Program funding for such purposes; and

WHEREAS, Treasury, HFA, and Eligible Entity wish to enter into this Amendment to increase the amount of HHF Program funds available to Eligible Entity hereunder, and make certain other changes to the Schedules attached to the Current HPA.

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 Amendment; and all references in the Current HPA to Schedules A, B or C shall mean the Schedules A, B or C attached to this Amendment.

All references herein to the "HPA" shall mean the Current HPA, as further amended by this 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 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 Amendment.

D. Schedule C. Schedule C attached to the Current HPA is hereby deleted in its entirety and replaced with Schedule C attached to this 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 Amendment and any other closing documentation delivered to Treasury in connection with this 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 Amendment and any other closing documentation delivered to Treasury in connection with this Amendment, and to perform its obligations hereunder and thereunder.

3. Miscellaneous

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

HFA:

KENTUCKY HOUSING CORPORATION

By: /s/ Brenda Walker
Name: Brenda Walker
Title: Managing Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

By: _____
Name: Mark McArdle
Title: Deputy Assistant Secretary for
Financial Stability

ELIGIBLE ENTITY:

KENTUCKY HOUSING CORPORATION

By: /s/ Brenda Walker
Name: Brenda Walker
Title: Managing Director

EXHIBITS AND SCHEDULES

Schedule A	Basic Information
Schedule B	Service Schedules
Schedule C	Permitted Expenses

SCHEDULE A
BASIC INFORMATION

Eligible Entity Information:

Name of the Eligible Entity: Kentucky Housing Corporation¹
Corporate or other organizational form: independent, *de jure* Municipal Corporation
Jurisdiction of organization: Kentucky
Notice Information:

HFA Information:

Name of HFA: Kentucky Housing Corporation¹
Organizational form: independent, *de jure* Municipal Corporation
Date of Application: September 1, 2010
Date of Action Plan: September 1, 2010
Notice Information:

Program Participation Cap: \$207,005,833.00

Portion of Program Participation Cap
Representing Original HHF Funds: N/A

Portion of Program Participation Cap
Representing Unemployment HHF Funds: \$55,588,050.00

Rounds 1-4 Funding Allocation: \$148,901,875.00

Round 5 Funding Allocation: \$58,103,958.00

Permitted Expenses: \$19,975,385.00

Closing Date: September 23, 2010

First Amendment Date: September 29, 2010

¹ References in the Agreement to the term "HFA" shall mean the Kentucky Housing Corporation ("KHC") in its capacity as HFA as such term is used in the Agreement; and references in the Agreement to the term "Eligible Entity" shall mean KHC, in its capacity as Eligible Entity as such term is used in the Agreement.

<u>Second Amendment Date:</u>	December 16, 2010
<u>Third Amendment Date:</u>	March 31, 2011
<u>Fourth Amendment Date:</u>	September 28, 2011
<u>Fifth Amendment Date:</u>	May 3, 2012
<u>Sixth Amendment Date:</u>	December 14, 2012
<u>Seventh Amendment Date:</u>	October 10, 2014
<u>Eighth Amendment Date:</u>	October 28, 2015
<u>Ninth Amendment Date:</u>	April 1, 2016
<u>Tenth Amendment Date:</u>	June 1, 2016
<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

KENTUCKY HOUSING CORPORATION

KENTUCKY UNEMPLOYMENT BRIDGE PROGRAM

Summary Guidelines

1. Program Overview	<p>The Kentucky Housing Corporation’s (KHC) Kentucky Unemployment Bridge Program (UBP) will provide funds to lenders and servicers on behalf of qualified homeowners who are delinquent on their mortgage payments or anticipate default due to a loss of income due to unemployment or a reduction in income due to substantial underemployment or a qualifying disability. Maximum assistance per household is set at \$15,000.</p> <p>There is a time limit of twelve (12) months for households to utilize the assistance – assistance ends at the earlier to occur of twelve (12) months from the loan closing or receipt of \$15,000 in assistance, so long as other conditions of eligibility are met and continue. Funds will be available on a first-come first-served basis.</p> <p>Borrowers will enter the UBP through the statewide Homeownership Protection Center operated by KHC. Applications will be processed by housing counseling agencies who will return the application to KHC for final underwriting, loan closing, disbursements and loan servicing. Borrowers will not be required to make any portion of the monthly payment. If a household qualifies for the UBP, program funds will be used for 100 percent of the monthly payment and reinstatement fees to include homeowner’s delinquent balance late fees, penalty interest, taxes, insurance, and protective advances.</p>
2. Program Goals	<p>To prevent avoidable foreclosure for homeowners who have experienced loss of income due to unemployment or a reduction in income due to substantial underemployment or a qualifying disability by providing funds to reinstate, pay the household’s mortgage payments during the period of unemployment/underemployment/disability and for two (2) months after re-employment or substantially increased income, if needed, up to the maximum dollar threshold for assistance of \$15,000.</p>
3. Target Population / Areas	<p>The UBP will be available statewide. No specific population is targeted. During the first twelve (12) months of the UBP,</p>

	\$10,000,000 will be set aside to serve rural counties.
4. Total Allocation (Excluding Administrative Expenses)	\$162,780,448
5. Borrower Eligibility Criteria	<p>All borrowers must submit a hardship affidavit documenting inability to pay their mortgage.</p> <p>Housing counselors and KHC will determine eligibility for the UBP. Eligible households must meet <u>ALL</u> of the following requirements:</p> <ul style="list-style-type: none"> • The homeowners must be legal U.S. residents. • The financial hardship must be loss of employment income due to unemployment or a 15% reduction in income for the underemployed or qualified disabled homeowners. • The homeowner’s cash reserves cannot exceed six (6) months, excluding retirement reserves. For purposes of the UBP, “cash reserves” is defined as non-retirement liquid assets sufficient to pay the household’s monthly payment of principal, interest, taxes and insurance (PITI) including both first and second lien home mortgage(s). • The homeowner must be experiencing a financial hardship due to involuntary loss or reduction in homeowner’s income documented by an executed hardship affidavit. • The homeowner must contact KHC or their counselor if there is a change in income or employment during the twelve (12) months of UBP participation.
6. Property / Loan Eligibility Criteria	<p>Property/Loan Eligibility Requirements:</p> <ul style="list-style-type: none"> • Owner-occupied primary residence located in Kentucky. • Existing single-family homes or condominiums (attached or detached) and manufactured or mobile homes on foundations permanently affixed to real estate owned by the borrower.
7. Program Exclusions	<p>A household is not eligible for the UBP if:</p> <ul style="list-style-type: none"> • Borrower’s total unpaid principal balances exceed

	<p>\$275,000, including first and second mortgages combined.</p> <ul style="list-style-type: none"> • Borrower owns other residential or rental property • Borrower’s hardship is a result of voluntary resignation of employment or voluntary reduction in hours or income. • Borrower’s application is for a second home or investment properties. • Borrower does not occupy the property as his/her primary residence. <p>The UBP will not fund job training costs.</p>
8. Structure of Assistance	<p>All assistance will be structured as a 0% interest, non-amortizing, forgivable, nonrecourse loan, secured by a junior lien on the property, which will be forgiven 20 percent each year over five (5) years.</p> <p>The loan will only be repayable if the borrower sells the property before the period expires and there is sufficient equity to pay the loan.</p>
9. Per Household Assistance	<p>Estimated Average - \$15,000 Maximum Assistance - \$15,000</p>
10. Duration of Assistance	<p>Payment of assistance will end on the first to occur of: (1) twelve (12) months from assistance loan closing date, (2) two (2) months after re-employment or substantially increased employment, (3) the expenditure of the maximum amount of assistance (\$15,000) or (4) the household no longer complies with other required program provisions.</p> <p>In the case of a new qualifying event of unemployment or underemployment or qualifying disability, the household may re-apply for assistance. Provided, however that new assistance will be made available only to the extent assistance is available, up to the maximum total assistance for the household and the maximum time period for assistance has not been exhausted.</p>
11. Estimated Number of Participating Households	<p>KHC is estimating that approximately 10,912 households will be served over the term of the UBP.</p>

<p>12. Program Inception / Duration</p>	<p>KHC implemented the UBP in two stages. This first phase of the UBP began January 3, 2011 to serve as a pilot period. Full implementation to all qualified borrowers statewide began April 1, 2011. The program will expire December 31, 2020.</p>
<p>13. Program Interaction with Other Programs (e.g. other HFA programs)</p>	<p>The UBP will be leveraged with existing programs including the Homeownership Protection Center (HPC), the Homeownership Education and Counseling Program funded through HUD and KHC and the NeighborWorks Foreclosure Mitigation Counseling Program (NFMC). Homeowners who participate in the UBP will work with a KHC-approved counselor and utilize the Homeownership Protection Center website for their initial information.</p>
<p>14. Program Interactions with HAMP</p>	<p>KHC and housing counselors will analyze borrowers for their eligibility for the Hardest Hit Unemployment Bridge Program as well as any other loss mitigation options that may be available to them. Where possible, HHF assistance will precede HAMP UP.</p>
<p>15. Program Leverage with Other Financial Resources</p>	<p>No investor match is required for this program.</p> <p>This program will not be combined with other financial resources.</p>

SERVICE SCHEDULE B-2

KENTUCKY HOUSING CORPORATION

HARDEST HIT FUND DOWN PAYMENT ASSISTANCE PROGRAM

Summary Guidelines

1. Program Overview	The Down Payment Assistance (“DAP”) Program will provide an incentive to qualified homebuyers to purchase a primary residence in targeted areas in Kentucky. Providing incentives to qualified homebuyers in housing markets that have been hardest hit by serious delinquency, negative equity, distressed sales, and foreclosures will strengthen demand in those areas, stabilize housing prices and prevent future foreclosures. This Program will initially be offered as a pilot that includes four Kentucky counties.
2. Program Goals	The goal of the DAP Program is to help homeowners avoid foreclosure by assisting in the stabilization of housing prices in targeted areas. Kentucky will identify meaningful indicators that will enable them to track and quantify the DAP Program’s impact in the targeted areas.
3. Target Population/Areas	Targeted areas are those counties identified in Secondary Market Program Guide including: Jefferson, Kenton, Christian and Hardin (“Targeted Area”). For these four counties, Kentucky Housing evaluated five housing market distress indicators across all one-hundred and twenty Kentucky counties—seriously delinquent mortgage loans, negative equity, short sales, REO sales, and foreclosures—as well as loan origination volume. Targeted counties exceed the statewide rate in at least four out of the five distressed housing market indicators, and a minimum threshold origination volume was achieved in these counties in 2014.
4. Program Allocation (Excluding Administrative Expenses)	\$ 24,250,000
5. Borrower Eligibility Criteria	Eligible borrowers must qualify for and meet all requirements of a Kentucky Housing Corporation’s homebuyer loan program first mortgage loan originated through a participating lender. Allowable first mortgage loans are 30-year, fixed-rate loans from the Federal Housing Administration (FHA), Veterans Administration (VA), U.S. Department of Agriculture – Rural Development (RD) and Fannie Mae. Eligible borrowers must also meet the following criteria:

	<ul style="list-style-type: none"> • Must meet income limits that do not exceed 175% of the Area Median Income (“AMI”), as specified in the Secondary Market Program Guide. • Borrowers must be First-Time Homebuyers. For purposes of this program, a First-Time Homebuyer is someone who has not had an ownership interest in their primary residence in the past three years. • All borrowers must complete pre-purchase home buyer education and counseling in the form of an online, telephone, or face-to-face workshop. • Borrowers must be a legal U.S. citizen or lawful permanent resident or otherwise meet the applicable Agency (FHA, VA, USDA-RD) or GSE (Fannie Mae) requirements. • Borrowers must be able to provide a Dodd-Frank affidavit as specified in the Secondary Market Program Guide. • Borrowers must be credit-worthy and meet minimum FICO scores, and have a maximum debt-to-income (DTI) ratio no greater than 45%, each as specified in the Secondary Market Program Guide.
6. Property/Loan Eligibility Criteria	<ul style="list-style-type: none"> • The property must be a single-family home, a condominium unit, a townhome, a manufactured on foundation permanently affixed to real estate owned by the borrower. • Must be the borrower’s primary residence. • Property must be located in a Targeted Area. • Property must meet Kentucky Housing Corporation’s Secondary Market Program guide. Maximum purchase price limit is \$294,000. • Meet all applicable Agency (FHA, VA, USDA-RD) or GSE (Fannie Mae & Freddie Mac) underwriting guidelines.
7. Program Exclusions	<ul style="list-style-type: none"> • Borrowers, properties and loans not meeting eligibility requirements as specified in the Secondary Program Guide or Agency/GSE underwriting criteria. • Dodd-Frank exclusion for having been convicted of a mortgage-related felony in the past ten years.
8. Structure of Assistance	<p>Down payment assistance, including reasonable and customary closing costs, will be made available to homeowners in the form of a zero-percent (0%) interest, non-recourse, forgivable second mortgage loan with a five-year term. This loan will be evidenced by a note and mortgage in favor of Kentucky Housing Corporation. The second mortgage will be forgivable at the rate of 20% per year over the five</p>

	<p>year term of the loan. Kentucky Housing Corporation reserves the right to resubordinate the second mortgage as further detailed in the Closing and Quality Review- Secondary Market Program Guide.</p> <p>If the borrower sells the home during any part of the loan term, the remaining principal balance will be due to Kentucky Housing Corporation in the event there are sufficient equity proceeds from the sale. If there is not enough equity in the home to repay the entire amount due, Kentucky Housing Corporation will forgive the excess portion or all of the remaining principal balance. Any loans repaid will be recycled back into the Program and used to provide assistance to additional borrowers for the duration of the Program.</p>
9. Per Household Assistance	\$10,000
10. Duration of Assistance	DAP Program funds will be used to reimburse participating lenders who table fund the loan at closing, once it is determined that all DAP Program requirements have been met.
11. Estimated Number of Participating Households	It is anticipated that the DAP Program will assist approximately 2166 households.
12. Program Inception/Duration	The DAP Program will begin in 2016 and it is projected that assistance will be expended through 2020.
13. Program Interactions with Other Programs (e.g. other HFA programs)	The DAP Program will take advantage of an existing infrastructure of participating lenders who are already actively originating both first mortgage and down payment assistance loans as part of Kentucky's current homebuyer loan programs. If the borrower has received HHF assistance under any other HHF program, the maximum amount of all assistance may not exceed \$45,000.
14. Program Interactions with HAMP	None.
15. Program Leverage with Other Financial Resources	Kentucky Housing Corporation programs often use Secondary Market as a source of funding for the accompanying first mortgage loans. In addition, funds may be leveraged by our lenders using additional subsidy programs such as Federal Home Loan Bank down payment assistance, Neighborhood Stabilization Program (NSP) Funds or HOME funds.

SCHEDULE C

PERMITTED EXPENSES

	Kentucky
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$0
Building, Equipment, Technology	\$115,100
Professional Services	\$1,900
Supplies / Miscellaneous	\$1,500
Marketing /Communications	\$100,000
Travel	\$0
Website development /Translation	\$0
Contingency	\$0
Subtotal	\$218,500
<i>Operating / Administrative Expenses:</i>	
Salaries	\$7,653,102
Professional Services (Legal, Compliance, Audit, Monitoring)	\$5,300,398
Travel	\$44,705
Buildings, Leases & Equipment	\$0.00
Information Technology & Communications	\$306,066
Office Supplies/Postage and Delivery/Subscriptions	\$112,067
Risk Management/ Insurance	\$0.00
Training	\$2,072
Marketing/PR	\$751,076
Miscellaneous	\$0.00
Subtotal	\$14,169,486
<i>Transaction Related Expenses:</i>	
Recording Fees	\$168,481
Wire Transfer Fees	\$117,228
<i>Counseling Expenses</i>	
File Intake	\$0.00
Decision Costs	\$0.00
Successful File	\$5,301,690
Key Business Partners On-Going	\$0.00

	Kentucky
Subtotal	\$5,587,399
Grand Total	\$19,975,385
% of Total Award	9.65%
Award Amount	\$207,005,833