

**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 (i) extend the HHF Program through 2020, and (ii) 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 memorialize the extension of the HHF Program, increase the amount of HHF Program funds available to Eligible Entity hereunder, and make certain other changes to the terms of the Current HPA and the Exhibits and Schedules attached thereto.

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. End of Term. The definition of End of Term in Section 2(A)(14) of the Current HPA is hereby deleted and replaced with the following:

“End of Term” shall mean the last day of the calendar month in which the Eligible Entity makes the last disbursement of HHF Program funds in furtherance of the Services, which shall occur no later than December 31, 2021 (or such later date as Treasury may determine in its sole discretion with written notice to Eligible Entity and HFA). For the sake of clarity, Capital Draws shall not be permitted after the End of Term other than for payment of Permitted Expenses.

B. Bring Down Certificate. Section 2(A)(15) of the Current HPA is hereby amended by (i) striking “on each anniversary of the Effective Date during the Term (as defined below)” and replacing it with “on each anniversary of the Effective Date through September 30, 2016, and from and after October 1, 2016, no later than one hundred twenty (120) days after the end of each of their respective fiscal years”, and (ii) by adding to the end “A final certification shall be delivered by each of HFA and Eligible Entity on the Final Repayment Date (as defined in the Financial Instrument).”

C. Program Participation Cap. Section 3(D) of the Current HPA is hereby deleted in its entirety and replaced with the following:

D. The value of this Agreement is limited to the amount set forth in Schedule A as the Program Participation Cap, as may be adjusted from time to time as set forth on Schedule F attached hereto (the “Program Participation Cap”). Notwithstanding anything to the contrary contained herein, the aggregate Purchase Price payable to Eligible Entity under this Agreement with respect to all Services described on the Service Schedules may not exceed the amount of the Program Participation Cap.

D. Performance Reports. Section 4(A) is hereby amended by (i) striking the third sentence and replacing it with “HFA shall submit the Performance Report to Treasury or its designee no later than forty-five (45) days after the end of each calendar quarter and otherwise as requested by Treasury. After Treasury has communicated in writing that the Performance Report is in a form acceptable to Treasury, HFA shall promptly post the Performance Report to its website”; and (ii) adding to the end “A final Performance Report shall be delivered no later than forty-five (45) days after the end of the calendar quarter in which the End of Term occurs.”

E. Financial Reporting. Section 4(G) of the Current HPA is hereby deleted in its entirety and replaced with the following:

G. Each of HFA and Eligible Entity shall provide annual audited financial statements to Treasury no later than one hundred twenty (120) days after the end of its respective fiscal year, commencing with the first fiscal year ending after the Effective Date, and concluding with the fiscal year in which the End of Term occurs. Eligible Entity shall provide quarterly unaudited financial statements to Treasury no later than forty-five (45) days after the end of each quarter, commencing with the first full quarter ending after the Effective Date and concluding with the quarter in which the End of Term occurs.

F. Term. Section 5(A) of the Current HPA is hereby deleted in its entirety and replaced with the following:

(A) The term of this Agreement (“Term”) shall begin on the Effective Date and extend to the End of Term, or earlier termination of this Agreement by Treasury pursuant to the provisions hereof, or earlier suspension or termination of the Services by Treasury. Subject to the foregoing, new Services may be undertaken (e.g., approval of assistance actions with respect to unique homeowners or properties, including, where applicable, final underwriting decisions and payment schedules), through and including December 31, 2020 (or such later date as may be determined by Treasury in its sole discretion upon prior written notice to Eligible Entity). It is understood and agreed that certain administrative, monitoring, reporting, compliance and oversight obligations and requirements set forth in this Agreement and the Financial Instrument survive the expiration or termination of this Agreement or the End of Term, and that funds are to be reserved as set forth in Schedule C to pay for the cost of the same, through and including the Final Repayment Date.

G. Modifications.

(a) Section 9(A) of the Current HPA is hereby amended by inserting “and except as expressly set forth herein,” after “Subject to Section 9.B.,”

(b) Section 9(B) of the Current HPA is hereby amended by adding the following at the end:

Notwithstanding anything to the contrary contained herein, Treasury may approve revisions proposed by Eligible Entity and HFA to any Schedule or Exhibit attached hereto, by written notice to Eligible Entity and HFA, pursuant to a procedure established by Treasury in its sole discretion and provided to Eligible Entity and HFA. The applicable Schedule or Exhibit shall be deemed modified for all purposes hereunder as of the date such written notice is received pursuant to Section 8 hereof.

(c) Section 9(C) of the Current HPA is hereby amended by deleting the last sentence in its entirety.

H. Exhibit A. Exhibit A attached to the Current HPA is hereby deleted in its entirety and replaced with Exhibit A attached to this Amendment.

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

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

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

- L. Schedule F. A new Schedule F is added to the Current HPA in the form attached to this Amendment as Schedule F.
- M. Definitions. All references in the Current HPA to the "Agreement" shall mean the Current HPA, as further amended by this Amendment; all references in the Current HPA to the "Financial Instrument" shall mean the Amended and Restated Financial Instrument in the form attached to this Amendment as Exhibit A; and all references in the Current HPA to Exhibit A or Schedules A, B, C or F shall mean the Exhibit A or Schedules A, B, C or F attached to this Amendment. All references herein to the "HPA" shall mean the Current HPA, as further amended by this 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 Amendment as Exhibit A. By executing this Amendment, Treasury, HFA and Eligible Entity authorize The Bank of New York Mellon to cancel the Financial Instrument previously delivered under the Current HPA against delivery of such Amended and Restated Financial Instrument and direct The Bank of New York Mellon to return the cancelled 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 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, the Amended and Restated Financial Instrument, and any other closing documentation delivered to Treasury in connection therewith, 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 therewith, and to perform its obligations hereunder and thereunder.

4. 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, the Amended and Restated Financial Instrument, and any other closing documentation delivered in connection therewith, 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 Tenth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

HFA:

TENNESSEE HOUSING DEVELOPMENT
AGENCY

By: /s/ Ralph M. Perrey
Name: Ralph M. Perrey
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

TENNESSEE HOUSING DEVELOPMENT
AGENCY

By: /s/ Ralph M. Perrey
Name: Ralph M. Perrey
Title: Executive Director

EXHIBITS AND SCHEDULES

Exhibit A	Form of Amended and Restated Financial Instrument
Schedule A	Basic Information
Schedule B	Service Schedules
Schedule C	Permitted Expenses
Schedule F	HHF Fifth Round Funding Reallocation Model

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 (the “Commitment”), entered into as of the Effective Date, as modified by those certain Amendments to Commitment to Purchase Financial Instrument and HFA Participation Agreement dated as of the dates set forth on Schedule A to the Commitment (together, the “Agreement”), by and among the United States Department of the Treasury (“Treasury”), the party designated as HFA in the Commitment (“HFA”) and Eligible Entity.

This Amended and Restated Financial Instrument is effective as of April 1, 2016. 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”); and

WHEREAS, Treasury and Eligible Entity desire to amend certain terms of the Original Financial Instrument regarding repayment of the Purchase Price in connection with the extension of the HHF Program through 2020 and availability of additional assistance under the HHF Program Fifth Round Funding; and

WHEREAS, Treasury and the Eligible Entity desire to restate and replace the Original Financial Instrument in its entirety.

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”. 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 (12 U.S.C. 5201 et seq.) as amended, as the same may be amended from time to time (“EESA”).

2. Repayment of Purchase Price.

If a recipient of HHF Program funds repays any or all of the funds received from Eligible Entity in connection with the Services (“Repaid Funds”), and such repayment occurs on or before the Final Repayment Date (hereinafter defined), Eligible Entity shall deposit such Repaid Funds in the Depository Account and use such Repaid Funds to provide Services or 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.

For the sake of clarity, if a recipient of HHF Program funds repays any or all of the funds received from Eligible Entity in connection with the Services, and such repayment occurs after the Final Repayment Date, such repaid funds shall not be considered HHF Program funds.

3. Final Repayment. In the event Eligible Entity is holding any HHF Program funds, including, but not limited to, amounts reserved for payment of Permitted Expenses and Repaid Funds, as of the date that is ninety (90) days after the End of Term (the “Final Repayment Date”), all such funds shall be returned to Treasury or its designee prior to 1:00pm Eastern Time on the Final Repayment Date. For the sake of clarity, no Capital Draws will be permitted after the Final Repayment Date.

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: _____, 2016

SCHEDULE A

BASIC INFORMATION

Eligible Entity Information:

Name of the Eligible Entity:	Tennessee Housing Development Agency ¹
Corporate or other organizational form:	body, politic and corporate; political subdivision and instrumentality of the State of Tennessee, established and existing under the Tennessee Housing Development Agency Act, Tenn. Code Ann. § 13-23-101 et seq.
Jurisdiction of organization:	Tennessee
Notice Information:	

HFA Information:

Name of HFA:	Tennessee Housing Development Agency ¹
Organizational form:	body, politic and corporate; political subdivision and instrumentality of the State of Tennessee, established and existing under the Tennessee Housing Development Agency Act, Tenn. Code Ann. § 13-23-101 et seq.
Date of Application:	September 1, 2010
Date of Action Plan:	September 1, 2010
Notice Information:	

<u>Program Participation Cap:</u>	\$269,260,804.00
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¹ References in the Agreement to the term “HFA” shall mean Tennessee Housing Development Agency (“THDA”) in its capacity as an HFA as such term is used in the Agreement; references in the Agreement to the term “Eligible Entity” shall mean THDA, in its capacity as Eligible Entity as such term is used in the Agreement.

Notwithstanding anything to the contrary in the Agreement, (A) for purposes of Section 4(G) thereof (as amended by the Tenth Amendment), annual audited financial statements shall be due no later than one hundred eighty (180) days after the end of THDA’s fiscal year, and (B) for purposes of Section 7 thereof, the powers and authority of THDA shall be governed and construed in accordance with the laws of the State of Tennessee.

For the avoidance of doubt, THDA has no obligation to ensure that the funds in the Depository Account are collateralized should the amount of money in the account be in excess of the FDIC insurance limits.

<u>Portion of Program Participation Cap Representing Original HHF Funds:</u>	N/A
<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$81,128,260.00
<u>Rounds 1-4 Funding Allocation:</u>	\$217,315,593.00
<u>Round 5 Funding Allocation:</u>	\$51,945,211.00
<u>Permitted Expenses:</u>	\$30,028,719.41
<u>Closing Date:</u>	September 23, 2010
<u>First Amendment Date:</u>	September 29, 2010
<u>Second Amendment Date:</u>	December 16, 2010
<u>Third Amendment Date:</u>	May 25, 2011
<u>Fourth Amendment Date:</u>	September 28, 2011
<u>Fifth Amendment Date:</u>	December 8, 2011
<u>Sixth Amendment Date:</u>	May 3, 2012
<u>Seventh Amendment Date:</u>	November 15, 2012
<u>Eighth Amendment Date:</u>	June 11, 2014
<u>Ninth Amendment Date:</u>	September 29, 2015
<u>Tenth Amendment Date:</u>	April 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.

SCHEDULE B-1

Tennessee Housing Development Agency

Hardest Hit Fund Program (HHFP)

Summary Guidelines

1. Program Overview	<p>The Tennessee Housing Development Agency (THDA) Hardest Hit Fund Program (HHFP) will provide loans to unemployed or substantially underemployed homeowners, or those homeowners impacted by a recent divorce or death of a spouse, who, through no fault of their own, are financially unable to make their mortgage payments and are in danger of losing their homes to foreclosure.</p> <p>Loan proceeds will be used to pay all mortgage and mortgage-related expenses (e.g., property taxes, homeowner insurance, homeowner dues) (i) until, for those unemployed or substantially underemployed homeowners, the homeowner secures employment or completes training for a new career and (ii) for all eligible homeowners, subject to maximum assistance criteria described in Section 9.</p> <p>For homeowners who were unemployed or substantially underemployed and accumulated payment arrearages, but have since found a new job, reinstatement assistance will be available.</p>
2. Program Goals	<p>To assist unemployed or substantially underemployed homeowners, or those homeowners impacted by a recent divorce or death of a spouse, to remain in their homes and make monthly payments on their mortgages and mortgage related expenses such as property taxes, homeowner insurance, homeowner dues, and/or past-due mortgage payments (arrearages) so that they may avoid delinquency and foreclosure.</p>
3. Target Population / Areas	<p>This program will be available in all Tennessee counties.</p> <p>THDA previously provided additional assistance over a longer period of time to eligible homeowners living in targeted or “hardest hit” counties, defined as those counties showing greater than average distress based on a combination of unemployment rate, the percent of the state’s foreclosures in that county, and delinquency rates. Twenty-nine counties were chosen as targeted based on the fact that they scored high on two of three factors, as follows: having an unemployment rate at or above the state average rate, having a high percentage of the state’s foreclosure</p>

	filings (in the 75th percentile of counties), having a high delinquency rate (again, in the 75th percentile of counties).
4. Program Allocation (Excluding Administrative Expenses)	<p>\$233,732,084.59</p> <p>\$81,128,260 of this program allocation is reserved to provide assistance to borrowers whose hardship is employment-related.</p>
5. Borrower Eligibility Criteria	<p>Unemployed or substantially underemployed homeowners, or those homeowners impacted by a recent divorce or death of a spouse, who, through no fault of their own, are unable to make their mortgage payments and are at risk of foreclosure. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation as to the cause of their hardship, as specified in the program guidelines. Homeowners will be required to provide continual documentation certifying to their ongoing hardship.</p> <p>Employed homeowners who have previously been unemployed or substantially underemployed and who are delinquent, but who can resume future payments without additional assistance.</p> <p>Substantially underemployed homeowners are those homeowners whose income has been reduced by 30% or more.</p> <p>The event or incident which results in unemployment or substantially underemployment, or the applicable divorce or death of a spouse impacting a homeowner, must have occurred after January 1, 2008.</p> <p>Principal, Interest, Taxes and Insurance > 31% of household income after job loss/reduction of income.</p> <p>Asset test: Borrower must not have > 6 months reserves.</p> <p>Borrower must be a low- or moderate-income homeowner (maximum \$92,680 household income).</p> <p>Eligibility for program assistance will be determined primarily by participating foreclosure prevention partners using THDA underwriting criteria stated above.</p> <p>Funds will be allocated on a first-come/approved, first-served basis.</p>

6. Property / Loan Eligibility Criteria	<p>Existing single-family homes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.</p> <p>Tennessee owner-occupied, primary residences only.</p>
7. Program Exclusions	<p>Total unpaid principal balances > \$275,000.</p> <p>Manufactured homes not considered real property.</p> <p>Non-legal U.S. resident.</p>
8. Structure of Assistance	<p>0% interest, non-recourse, deferred-payment, forgivable, subordinate loan. A forgiveness clause will reduce the loan amount by 20% a year for every year the borrower stays in the home up until five years. At the end of five years, the note will be considered satisfied and THDA will release the lien securing the note.</p> <p>Loan funds are due and payable if property is sold, refinanced or no longer owner occupied and there are sufficient equity proceeds available (unless otherwise prohibited under applicable federal law).</p> <p>All deferred, subordinate mortgages will be evidenced by a Home Equity Line of Credit promissory note and secured by a deed of trust on the property. Borrowers will be required to sign and acknowledge via written agreement indicating the program guidelines.</p> <p>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement.</p>
9. Per Household Assistance	<p>Maximum amount available per homeowner:</p> <ul style="list-style-type: none"> • Assistance for up to 36 months, subject to a maximum assistance cap of \$40,000. • There is no maximum monthly payment amount; however, total loan amount cannot exceed applicable benefit.
10. Duration of Assistance	<p>Homeowners may receive assistance up to a maximum of 36 months. Should a homeowner become reemployed within the applicable period, the homeowner may continue receiving assistance for up to an additional two months after</p>

	<p>reemployment. Additionally, if a homeowner becomes reemployed within the applicable period and the homeowner's mortgage payment exceeds 31% of their current income, they are eligible for continued assistance.</p> <p>Any reinstatement assistance shall be made in one payment.</p>
11. Estimated Number of Participating Households	<p>Based on the current average amount of assistance of \$25,000, we would expect to assist approximately 7,355 homeowners. With the increase in available assistance amounts and terms, we do expect the average amount of assistance to increase and the number of homeowners assisted to decrease. Recaptured funds will be returned to the program and used for additional homeowners, which could extend the program until as late as December 31, 2020.</p>
12. Program Inception / Duration	<p>The program began serving the targeted, hardest hit counties January 1, 2011. On March 1, 2011, the program was expanded and all counties became eligible for the program. All funds are expected to be committed by December 31, 2014. Recaptured funds will be returned to the program and used for additional homeowners, which could extend the program until as late as December 31, 2020.</p>
13. Program Interactions with Other HFA Programs	<p>None.</p>
14. Program Interactions with HAMP	<p>Borrowers can receive HAMP assistance (including UP program assistance) prior to or after receiving Hardest Hit Fund assistance.</p>
15. Program Leverage with Other Financial Resources	<p>None.</p>

SCHEDULE B-2

Tennessee Housing Development Agency

HHF Blight Elimination Program (BEP)

Summary Guidelines

1. Program Overview	<p>The Tennessee Housing Development Agency (THDA) will administer the Hardest Hit Fund Blight Elimination Program (BEP) to assist in the removal of blighted properties in targeted areas within the State of Tennessee.</p> <p>THDA will work in partnership with approved non-profit partners (Program Partners) to strategically target blighted residential single-family properties for demolition, site improvement, and acceptable reuse.</p>
2. Program Goals	<p>The BEP will reduce foreclosures, promote neighborhood stabilization, and maintain or improve property values through the demolition of vacant, abandoned, blighted residential structures, and subsequent greening/improvement of the remaining parcels.</p> <p>THDA has identified meaningful indicators that will enable THDA to track and quantify the program's impact in the targeted areas.</p>
3. Target Population / Areas	<p>This program will focus on targeted counties in Tennessee with the highest number of vacancies and foreclosures. This program will be made available to the following counties: Shelby, Montgomery, Davidson, Rutherford, Hamilton, and Knox.</p> <p>THDA program guidelines will ensure that demolition and greening/improvement is designed to increase values of neighboring properties and will promote a positive effect on preserving existing neighborhoods.</p>
4. Program Allocation (Excluding Administrative Expenses)	\$5,500,000.

<p>5. Property Eligibility Criteria</p>	<ul style="list-style-type: none"> • Existing single-family (one to four unit) home. • The property must be located in the State of Tennessee. • The property must be located in a targeted area as defined in the program guidelines. • The property must be vacant at the time of acquisition. For any requests submitted on or after January 15, 2016, the property must not be legally occupied at the time of any review or approval by the HFA or eligible entity (as applicable) for blight elimination activity. • The property is a nuisance due to abandonment and/or other adverse conditions as identified in the program guide. • The cost to acquire (if necessary), demolish, green, and maintain the property for up to three years does not exceed \$25,000. • THDA will determine property eligibility including the following requirements: <ul style="list-style-type: none"> (1) Pass a Uniform Physical Condition Standard test; (2) Meet the State of Tennessee’s definition of “Blight” according to Title 13, Public Planning and Housing; and (3) Qualify for lawful demolition.
<p>6. Ownership / Loan Eligibility Criteria</p>	<p>Program Partner must hold title to the property (may acquire title in conjunction with the program transaction).</p> <p>The property must be subject to a loan that can be modified or extinguished.</p>
<p>7. Program Exclusions</p>	<ul style="list-style-type: none"> • Commercial properties, multifamily properties. • Properties listed on a state, national, or local historic register. • Properties not meeting THDA’s eligibility requirements as specified in the program guidelines.

8. Structure of Assistance

THDA will determine acceptability of project sites in direct consultation with Program Partners.

Program Partners will be responsible for acquisition of the property (if applicable), demolition work, greening/site improvement and on-going property maintenance.

The Program Partner will submit an application to THDA containing the location of the property, neighborhood conditions, estimated cost of structure removal, estimated cost of greening (if applicable), and the end use of the vacant lot.

Required documentation must be submitted by the Program Partner to THDA for review and approval in THDA's sole discretion pursuant to the program guidelines.

Upon completion of blight elimination activity on the property and verification by THDA, THDA will provide HHF funds to the holder of the note for the loan on the property after the execution of a promissory note in favor of THDA. Total assistance will provide for acquisition costs (if applicable), demolition work, greening/site improvement costs, on-going property maintenance, and a one-time administrative fee of \$1,000 per property for the Program Partner.

- Funds will be provided as a secured loan up to a maximum of \$25,000 with a deferred payment, forgivable over a 3 year term at 33.3% per year with a 0% interest rate so long as THDA's requirements are met.

Eligible costs include removal of debris, contractor's fees, permit fees, final inspections, environmental assessments, greening and maintenance fees in the amount of \$1,800 for a three-year period, and any other fees or charges required to complete the property removal and site improvement, not to exceed \$25,000. If the cost to demolish the property exceeds the \$25,000 maximum, the non-profit partner must pay the excess amount upfront.

	<p>The outstanding loan balance will become due and payable if the property is sold, its title transferred, or it is used for an unauthorized purpose prior to the end of the loan term. Special considerations may be made by THDA to release or subordinate its lien prior to the end of the loan term based upon the merit of the request and the proposed positive impact to the community. The method for calculating the portion of the outstanding balance to be forgiven or released will be determined based upon the closing date of the HHF funding.</p> <p>Any funds returned according to established program guidelines will be recaptured and used in the program in accordance with the Agreement.</p>
9. Per Property Assistance	Maximum amount of assistance may not exceed \$25,000 per property. Maximum assistance amount includes acquisition costs (if applicable); demolition and greening/improvement costs; and a one-time project management and maintenance fee to cover management and maintenance expenses for a period of three (3) years.
10. Duration of Assistance	Funds will be disbursed on a first-come-first-served basis.
11. Estimated Number of Properties Demolished	Based on the maximum amount of assistance of \$25,000, approximately 220 blighted properties are anticipated to be demolished and greened. Program will be expanded if funds are available.
12. Program Inception / Duration	The program will begin on November 1, 2015 and will last as long as the allocation of funds is available or until December 31, 2020.
13. Program Interactions with Other HFA Programs	None.
14. Program Interactions with HAMP	None.
15. Program Leverage with Other Financial Resources	If the cost to demolish and green the property are in excess of the \$25,000 program cap, the Program Partner must pay the excess amount up front.

SCHEDULE C

PERMITTED EXPENSES

	Tennessee
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$50,264.40
Building, Equipment, Technology	\$230,209.59
Professional Services	\$19,668.00
Supplies / Miscellaneous	\$3,265.33
Marketing /Communications	\$741.73
Travel	\$1,786.15
Website development /Translation	\$15,000.00
Contingency	\$0.00
Subtotal	\$320,935.20
<i>Operating / Administrative Expenses:</i>	
Salaries	\$14,751,149.66
Professional Services (Legal, Compliance, Audit, Monitoring)	\$377,653.83
Travel	\$309,173.18
Buildings, Leases & Equipment	\$0.00
Information Technology & Communications	\$819,452.10
Office Supplies/Postage and Delivery/Subscriptions	\$418,346.00
Risk Management/ Insurance	\$0.00
Training	\$172,729.73
Marketing/PR	\$1,271,454.55
Miscellaneous	\$243,517.88
Subtotal	\$18,363,476.93
<i>Transaction Related Expenses:</i>	
Recording Fees	\$2,976,158.20
Wire Transfer Fees	\$557,149.08
Counseling Expenses	
File Intake	\$0.00
Decision Costs	\$0.00
Successful File	\$7,811,000.00
Key Business Partners On-Going	\$0.00
Subtotal	\$11,344,307.28
Grand Total	\$30,028,719.41

% of Total Award	11.15%
Award Amount	\$269,260,804.00

SCHEDULE F

HHF FIFTH ROUND FUNDING REALLOCATION MODEL

This Schedule F describes a uniform model (the “Reallocation Model”) designed to maximize the utilization of the \$2 billion made available under the HHF Program Fifth Round Funding. In general, the Reallocation Model reallocates unused Fifth Round funding to states participating in the HHF Program that meet certain defined criteria for utilization of HHF Program funds. The aggregate amount obligated under the Fifth Round Funding will not increase at any time.

I. Definitions

- (a) “2016 Utilization Threshold” shall mean having Drawn at least 70% of the Rounds 1-4 Funding Allocation.
- (b) “2017 Utilization Threshold” shall mean having Drawn at least 95% of the Rounds 1-4 Funding Allocation.
- (c) “2018 Utilization Threshold” shall mean having Drawn at least 80% of the Program Participation Cap.
- (d) “Annual Reallocation Amount” shall mean the aggregate amount, if any, by which the Program Participation Caps set forth in all HFA Participation Agreements are reduced pursuant to the Reallocation Model, as applied with respect to each Utilization Threshold.
- (e) “Drawn” shall mean having made Capital Draws pursuant to Section 3(A) of the Agreement.
- (f) “HFA Participation Agreements” shall mean, collectively, the Commitments to Purchase Financial Instrument and HFA Participation Agreements entered into by the States, as amended from time to time.
- (g) “Population” shall mean the most recent *Annual Estimate of the Resident Population for a State* as determined by the United States Census Bureau from time to time.
- (h) “Recipient State” shall mean each State that has achieved the Utilization Threshold for the applicable year, provided that such State is not then in default under its HFA Participation Agreement. Notwithstanding the foregoing, in the event a State declines an increase to its Program Participation Cap and Round 5 Funding Allocation for which it is eligible pursuant to this Schedule F, such State shall not be considered a Recipient State.
- (i) “Rounds 1-4 Funding Allocation” is the amount set forth on Schedule A as “Rounds 1-4 Funding Allocation.”
- (j) “Round 5 Funding Allocation” is the amount set forth on Schedule A as “Round 5 Funding Allocation”, as adjusted from time to time in accordance with this Schedule F.

- (k) “Share of Annual Reallocation Amount” shall mean a Recipient State’s share of the applicable Annual Reallocation Amount, as determined using the methodology described in Section IV below. If the Annual Reallocation Amount is zero, then the Share of Annual Reallocation Amount will be zero for the applicable year.
- (l) “State” shall mean any or each of Alabama, Arizona, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Mississippi, New Jersey, Nevada, North Carolina, Ohio, Oregon, Rhode Island, South Carolina, Tennessee, and Washington, D.C.
- (m) “Utilization Threshold” means each of the 2016 Utilization Threshold, the 2017 Utilization Threshold and the 2018 Utilization Threshold.

II. Reduction of Program Participation Cap and Round 5 Funding Allocation:

- (a) If Eligible Entity does not achieve the 2016 Utilization Threshold on or before December 31, 2016, each of the Program Participation Cap and Round 5 Funding Allocation shall be reduced by an amount equal to 50% of the Round 5 Funding Allocation as of such date.
- (b) If Eligible Entity does not achieve the 2017 Utilization Threshold on or before December 31, 2017, each of the Program Participation Cap and the Round 5 Funding Allocation shall be reduced by up to 100% of the Round 5 Funding Allocation as of such date.
- (c) If Eligible Entity does not achieve the 2018 Utilization Threshold on or before December 31, 2018, each of the Program Participation Cap and Round 5 Funding Allocation shall be reduced by an amount equal to that portion of the Round 5 Funding Allocation which has not yet been Drawn nor obligated with respect to a unique homeowner or property as of such date.

III. Increase of Program Participation Cap and Round 5 Funding Allocation:

- (a) If Eligible Entity achieves the 2016 Utilization Threshold on or before December 31, 2016, each of the Program Participation Cap and Round 5 Funding Allocation shall be increased by the State’s Share of the Annual Reallocation Amount with respect to such date.
- (b) If Eligible Entity achieves the 2017 Utilization Threshold on or before December 31, 2017, each of the Program Participation Cap and the Round 5 Funding Allocation shall be increased by the State’s Share of the Annual Reallocation Amount with respect to such date.
- (c) If Eligible Entity achieves the 2018 Utilization Threshold on or before December 31, 2018, each of the Program Participation Cap and Round 5 Funding Allocation shall be increased by the State’s Share of the Annual Reallocation Amount with respect to such date.

IV. Methodology for Determining Recipient State’s Share of Annual Reallocation Amount

If Eligible Entity has achieved the Utilization Threshold and the Annual Reallocation Amount is greater than zero for the applicable year, the Program Participation Cap and Round 5 Funding Allocation will be increased by an amount calculated as follows:

First, calculate the “Per Capita Amount” for each Recipient State. The Per Capita Amount shall be calculated as the Annual Reallocation Amount divided by the sum of the Population of all Recipient States.

Second, calculate the “Utilization Percentage” for each Recipient State.

The Utilization Percentage with respect to the 2016 Utilization Threshold and the 2017 Utilization Threshold shall be calculated as the lesser of (I) the ratio of (x) aggregate Capital Draws made by the Recipient State under its HFA Participation Agreement as of December 31, 2016 and December 31, 2017, respectively, to (y) the Recipient State’s Rounds 1-4 Funding Allocation as of such dates, or (II) 100%.

The Utilization Percentage with respect to the 2018 Utilization Threshold shall be calculated as the ratio of (x) aggregate Capital Draws made by the Recipient State under its HFA Participation Agreement as of December 31, 2018, to (y) such Recipient State’s Program Participation Cap as of such date.

Third, calculate a “Utilization Score” for each Recipient State by standardizing the Utilization Percentages using the z-score methodology, a standard statistical standardization procedure. The Utilization Score for each Recipient State is calculated as (I)(x) the Utilization Percentage for such Recipient State, less (y) the mean Utilization Percentage for all Recipient States (“Average”), divided by (II) the standard deviation of the Utilization Percentages for all Recipient States. If a Recipient State’s Utilization Percentage is greater than the Average, the Utilization Score will be positive. If a Recipient State’s Utilization Percentage is less than Average, the Utilization Score will be negative.

Fourth, calculate a “Need Factor” for each Recipient State. The Need Factor is a fixed dollar amount which will be multiplied by each Utilization Score to determine the dollar amount by which each Recipient State’s Per Capita Amount will be adjusted. The Need Factor is calculated as the dollar amount that would result in the highest adjusted Per Capita Amount for a Recipient State being no more than three (3) times that of the lowest adjusted Per Capita Amount for a Recipient State (*i.e.*, a Min/Max Factor of 3).

Fifth, calculate an “Adjusted Per Capita Amount” for each Recipient State by adding to or subtracting from the Recipient State’s Per Capita Amount the product of (x) the Need Factor and (y) the Recipient State’s Utilization Score. Recipient States with positive Utilization Scores will have dollars added to the Recipient State’s Per Capita Amount, and Recipient States with negative Utilization Scores will have dollars subtracted from the Recipient State’s Per Capita Amount.

Sixth, calculate the “Share of the Annual Reallocation Amount” for each Recipient State by first multiplying the Recipient State’s Adjusted Per Capita Amount by the Recipient State’s

Population to arrive at a “Preliminary Share”. The Preliminary Share for each Recipient State is then normalized to arrive at the Share of the Annual Reallocation Amount by multiplying (x) a ratio, the numerator of which is the Preliminary Share for such Recipient State and the denominator of which is the sum of the Preliminary Shares for all Recipient States, and (y) the Annual Reallocation Amount.

V. Notices; Modifications

- (a) Treasury will notify Eligible Entity in writing of any adjustment to the Program Participation Cap and Round 5 Funding Allocation pursuant to this Schedule F. Related adjustments to program allocations and other amounts set forth in the Service Schedules, and Permitted Expenses set forth on Schedule C, shall be made as set forth in such written notice.
- (b) For the avoidance of doubt, a written amendment to the Agreement shall not be required to effectuate an adjustment of the Program Participation Cap or Round 5 Funding Allocation pursuant to this Schedule F. The Program Participation Cap and Round 5 Funding Allocation set forth on Schedule A to the Agreement shall be deemed to be modified upon receipt of the written notice sent pursuant to Section V (a) above.
- (c) Treasury reserves the right to unilaterally modify or supplement the terms and provisions of this Schedule F, at any time with prior written notice to the Eligible Entity.