

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

This Twelfth 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 Twelfth 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 Second 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 a Second 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 Second 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 Second 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 Second 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 Twelfth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

HFA:

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

By: /s/ Kevin Elsenheimer
Name: Kevin Elsenheimer
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

MICHIGAN HOMEOWNER ASSISTANCE
NONPROFIT HOUSING CORPORATION

By: /s/ Mary Townley
Name: Mary Townley
Title: V.P. Hardest Hit

EXHIBITS AND SCHEDULES

Exhibit A	Form of Second 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 SECOND AMENDED AND RESTATED FINANCIAL INSTRUMENT

This Second 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 Second 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 September 23, 2010 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 Second 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 Second 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 Second 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 Second Amended and Restated Financial Instrument by reference.

IN WITNESS WHEREOF, Eligible Entity hereby executes this Second 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:	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:	
With a copy of all correspondence to:	

<u>Program Participation Cap:</u>	\$573,097,554.00
Portion of Program Participation Cap <u>Representing Original HHF Funds:</u>	\$154,500,000.00
Portion of Program Participation Cap <u>Representing Unemployment HHF Funds:</u>	\$128,461,559.00
<u>Rounds 1-4 Funding Allocation:</u>	\$498,605,738.00
<u>Round 5 Funding Allocation:</u>	\$74,491,816.00
<u>Permitted Expenses:</u>	\$40,816,853.00

<u>Closing Date:</u>	June 23, 2010
<u>First Amendment Date:</u>	September 23, 2010
<u>Second Amendment Date:</u>	September 29, 2010
<u>Third Amendment Date:</u>	December 16, 2010
<u>Fourth Amendment Date:</u>	August 3, 2011
<u>Fifth Amendment Date:</u>	June 28, 2012
<u>Sixth Amendment Date:</u>	November 15, 2012
<u>Seventh Amendment Date:</u>	June 6, 2013
<u>Eighth Amendment Date:</u>	December 12, 2013
<u>Ninth Amendment Date:</u>	October 10, 2014
<u>Tenth Amendment Date:</u>	March 6, 2015
<u>Eleventh Amendment Date:</u>	October 28, 2015
<u>Twelfth 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.

SERVICE SCHEDULE B-1
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
PRINCIPAL CURTAILMENT PROGRAM (PC)
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/Servicer must agree to provide matching forgiveness of principal and to modify the reduced loan balance.
2. Program Goals	The Principal Curtailment will prevent avoidable foreclosures by helping homeowners who have a qualifying, involuntary hardship (for example, 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	MHA does not anticipate targeting this assistance on a geographic basis, nor have we anticipated targeting specific income limits.
4. Program Allocation (Excluding Administrative Expenses)	\$2,764,875.77
5. Borrower Eligibility Criteria	MHA determines homeowner eligibility. Homeowners presently having negative equity, greater than 100% Loan to Value (LTV) or greater than 100% Combined Loan to Value (CLTV), and needing principal curtailment in order to reach a sustainable mortgage payment. Homeowners are required to provide a hardship affidavit; it must be the occupying Homeowner who has the qualifying, involuntary hardship. If providing assistance on a 2 nd lien, first lien must be documented as current. MHA considers a sustainable mortgage payment 45% or less (gross household income to validated mortgage payment).
6. Property/Loan Eligibility Criteria	The homeowner must currently occupy the property as his/her primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures

	to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1- 4 unit properties are eligible if one unit is primary residence of homeowner. 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 6 months validated mortgage payments. Lender/Servicer is not required to accept homeowner to the program if a notice of trustee/sheriff sale has been recorded or the trustee/sheriff sale is scheduled less than seven days from date the Lender/Servicer is notified of borrower eligibility.
8. Structure of Assistance	<p>Homeowners receiving assistance will execute a secured Subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a no cash out, limited-term, refinance, the MHA may subordinate lien position in accordance with program guidelines. Mortgage will be recorded through public records and ongoing monitoring, repayments, discharges, and subordinations will be conducted by MHA. Any repayment of program funds will be re-invested back into program allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>The Lender/Servicer will determine terms of modification according to their internal guidelines. The Lender/Servicer will transmit modification terms to the MHA for review and agree to match MHA’s assistance dollar for dollar towards principal curtailment. Awarded funds will be remitted to Lender/Servicer to be applied towards the capitalized balance resulting in a reduction in existing principal on either the 1st or 2nd Mortgage.</p> <p>Lender/Servicer is required to provide timely communication of homeowner’s loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Servicer is required to provide evidence of timely application of Hardest Hit Funds</p>

	inclusive of their required minimum 1:1 match. Lender/Servicer is required to waive all accumulated late charges and non- sufficient funds (NSF) fees.
9. Per Household Assistance	Maximum of \$10,000 per household with a minimum 1:1 match from the Lender/Servicer; total of \$20,000 per household.
10. Duration of Assistance	One time assistance to homeowner paid directly to Lender/Servicer for application towards capitalized balance.
11. Estimated Number of Participating Households	300 households could be served under this program if they all receive the maximum funding amount of \$10,000.
12. Program Inception/ Duration	Program rolled out July 12, 2010. Based on the overwhelming need, funds allocated to this Program will likely be exhausted 3 rd quarter 2014.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Homeowners can receive HAMP assistance (including UP program assistance) prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Servicers to follow current guidance issued by their investor and/or U.S. Treasury.
15. Program Leverage with Other Financial Resources	Existing Lender/Servicer will be required to match Hardest Hit Funds at a minimum of 1:1 towards capitalized debt. Lender/Servicer agrees to waive all accumulated late fees and NSF fees upon receipt of Hardest Hit Funds.

SERVICE SCHEDULE B-2

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

LOAN RESCUE PROGRAM (LR)

Summary Guidelines

1. Program Overview	Whether it was a divorce, a serious illness, or a recent period unemployment, many Michigan families have encountered some significant obstacle in their lives that resulted in delinquent mortgage, property tax, or condominium association fees that could result in property foreclosure. This program will provide up to \$30,000 in assistance to households who had a qualifying, involuntary hardship and can sustain homeownership, but need assistance to catch up on delinquent payments, escrow shortage, delinquent property taxes, and/or delinquent condominium association fees to avoid foreclosure. (Condominium assessed fees as described in Act 59, MCL 559.101, <i>et seq.</i> , as amended).
2. Program Goals	This program will prevent avoidable foreclosures by helping homeowners get back on solid footing. 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	Michigan homeowners currently delinquent on mortgage payments including property taxes and/or condominium association fees.
4. Program Allocation (Excluding Administrative Expenses)	\$175,244,267.73
5. Borrower Eligibility Criteria	MHA determines homeowner eligibility. Homeowners who had a qualifying, involuntary hardship (for example, job loss, decreased income or a catastrophic event). Homeowners are required to provide a hardship affidavit; it must be the occupying Homeowner who has the qualifying, involuntary hardship. If providing assistance on a 2 nd lien, first lien must be documented as current. MHA considers a sustainable mortgage payment 45% or less (gross household income to validated mortgage payment). If the property is free and clear of mortgage liens, sustainable housing ratio will be calculated on monthly payment of annual tax and condominium association fees; must be 45% or less.

<p>6. Property/Loan Eligibility Criteria</p>	<p>The homeowner must currently occupy the property as their primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.</p>
<p>7. Program Exclusions</p>	<p>Second homes or investment properties. Properties already foreclosed; after the sheriff sale date or after the foreclosure judgment becomes final (property taxes or condominium association fees.) Homeowners with liquid cash reserves exceeding \$10,000.</p>
<p>8. Structure of Assistance</p>	<p>Homeowners receiving assistance must be able to 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, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a refinance transaction, the MHA may subordinate lien position in accordance with program guidelines. Mortgage will be recorded through public records; repayments, discharges, and subordinations will be conducted by MHA. Any lien recoveries will be recycled into Michigan's Hardest Hit Funds for future allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>If assistance is paid directly to tax authority or condominium association, homeowner will execute an additional, simultaneous Demand Note in the amount of delinquent taxes and/or delinquent condominium association fees.</p> <p>Lender/Servicer and/or eligible third party (property tax authority or condominium association) is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Servicer and/or eligible third party (property tax authority or condominium association) is required to provide evidence of timely application of Hardest Hit Funds. Lender/Servicer is required</p>

	to waive all accumulated late charges and non-sufficient funds (NSF) fees.
9. Per Household Assistance	One time award up to \$30,000 per household.
10. Duration of Assistance	One-time assistance to homeowner, paid directly to Lender/Servicer and/or eligible third party, for application towards homeowner's total, accrued delinquent mortgage payments, escrow shortages, corporate advances, excluding late charges and NSF fees, delinquent property taxes and/or delinquent condominium association fees on homeowners' account.
11. Estimated Number of Participating Households	Based upon maximum program funding of \$30,000 per household, 5,841 households may be assisted.
12. Program Inception / Duration	Based on the overwhelming need, funds allocated to this Program will likely be exhausted prior to December 31, 2020.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program. Homeowners are eligible for simultaneous disbursements to multiple, eligible entities/participating partners in this Program.
14. Program Interactions with HAMP	Homeowners can receive HAMP assistance prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Servicers to follow current guidance issued by their investor and/or U.S. Treasury.
15. Program Leverage with Other Financial Resources	Lender/Servicer agrees to waive all accumulated late fees and NSF fees. No further matching is required.

SERVICE SCHEDULE B-3

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
UNEMPLOYMENT MORTGAGE SUBSIDY PROGRAM (UMS)**

Summary Guidelines

1. Program Overview	<p>Michigan, through its Unemployment Mortgage Subsidy Program, may directly provide funds to the Lender/Servicer to subsidize an eligible homeowner's current or modified monthly mortgage payment and/or reinstate an existing mortgage, property tax or condominium association fees delinquency.</p> <p>This Program assists the homeowner who has had a qualifying, unemployment or underemployment-related hardship in retaining homeownership by subsidizing up to 50% or \$1,000 (whichever is less) of the monthly mortgage payment. The monthly subsidy will not exceed a total of 12 consecutive months or \$12,000. Homeowners will be responsible for the unsubsidized portion of their first mortgage lien's monthly payment, which will be collected by MHA's special sub-servicer and sent to MHA; MHA will always remit the full mortgage payment directly to the Lender/Servicer.</p> <p>Homeowners will also be eligible for upfront assistance to contribute towards a mortgage delinquency; inclusive of current mortgage payment due, delinquent mortgage payments, escrow shortages, corporate advances, excluding accrued late charges and non-sufficient funds (NSF) fees, on homeowners' mortgage account. Unemployed or underemployed homeowners that do not have a first mortgage lien or the first mortgage lien is documented as current and is not with a participating lender/servicer may be eligible for one-time reinstatement of delinquent property taxes and/or condominium association dues only. Maximum reinstatement amount cannot exceed the maximum program reservation of \$30,000 less the total amount initially reserved for 12 monthly subsidy amounts.</p>
2. Program Goals	<p>Provide monthly mortgage payment assistance and delinquent mortgage, property tax, or condominium association fees reinstatement to unemployed or underemployed residents helping them remain successful in homeownership by preventing avoidable foreclosures. In so doing, the program will stem the oversupply of foreclosed homes that dominate many markets and help stabilize the broader housing market in Michigan.</p>

3. Target Population / Areas	Unemployed and underemployed Michigan homeowners who need help paying their monthly mortgage payment and/or are currently delinquent on mortgage payments, property taxes and /or condominium fees.
4. Program Allocation (Excluding Administrative Expenses)	\$81,861,559
5. Borrower Eligibility Criteria	MHA determines homeowner eligibility. Homeowners who have lost their job and have received Michigan unemployment benefits (UIA) within the last 12 months of application date (not registration date) or homeowners who are underemployed and are able to document a 20% reduction in gross income. Homeowners are required to provide a hardship affidavit; it must be the occupying Homeowner who has the qualifying, involuntary hardship. Qualifying ratio of 45% or less (gross household income, including unemployment compensation, to borrower's required portion of the validated mortgage payment). If the property is free and clear of mortgage liens, sustainable housing ratio will be calculated on monthly payments of annual tax and/or condominium association fees; must be 45% or less.
6. Property / Loan Eligibility Criteria	The homeowner must currently occupy the property as their primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.
7. Program Exclusions	Homeowners unable to document an eligible unemployment or underemployment hardship. Second homes or investment properties. Properties already foreclosed; after the sheriff sale or after the foreclosure judgment becomes final (property taxes or condominium association fees.) Homeowners with liquid cash reserves exceeding \$10,000. Assistance may not be provided on a loan in a 2 nd lien position.
8. Structure of Assistance	Homeowners receiving assistance must be able to execute a secured subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a

	<p>5 year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a refinance transaction, the MHA may subordinate lien position in accordance with in program guidelines. Mortgage will be recorded through public records; repayments, discharges, and subordinations will be conducted by MHA. Any lien recoveries will be recycled into Michigan's Hardest Hit Funds for future allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit funds will be available on a first come, first serve basis.</p> <p>Lender/Service is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Service is required to provide evidence of timely application of Hardest Hit Funds. Lender/Service is required to waive all accumulated late charges and NSF fees.</p>
9. Per Household Assistance	\$ 30,000 maximum per household.
10. Duration of Assistance	After one-time reinstatement assistance to mortgage lender/service, tax authority and/or condominium association, the monthly subsidy ceases after 12 months consecutive monthly payments OR if homeowner fails to pay their portion of the payment in accordance with terms of the Note.
11. Estimated Number of Participating Households	Based upon maximum program funding of \$30,000 per household, a minimum of 2,728 households may be assisted.
12. Program Inception / Duration	Based on the overwhelming need, funds allocated to this program will likely be exhausted prior to December 31, 2017.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Homeowners can receive HAMP assistance prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Service to follow current guidance issued by their investor and/or U.S. Treasury.
15. Program Leverage	Lender/Service agrees to waive all accumulated late fees and

with Other Financial Resources	NSF fees. No further matching is required.
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SERVICE SCHEDULE B-4

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY MODIFICATION PLAN PROGRAM (MP) Summary Guidelines

1. Program Overview	Michigan's Modification Plan Program provides a permanent solution to many homeowners who have a qualifying, involuntary hardship and an unsustainable monthly mortgage payment and/or to borrowers with severe negative equity. Up to \$30,000 in assistance may be provided to the Lender/Servicer to pay the capitalized balance or negative equity in order to contribute towards reaching a lower monthly payment. Re-amortization only or Recast Modifications are eligible.
2. Program Goals	This program will prevent avoidable foreclosures by putting homeowners who may be at a higher risk of foreclosure into a permanent, affordable loan modification allowing them to maintain homeownership, curb vacancies and stabilize local communities.
3. Target Population/Areas	Homeowners with negative equity greater than 115% Loan to Value (LTV) and homeowners who do not have a sustainable mortgage payment.
4. Program Allocation (Excluding Administrative Expenses)	\$8,841,136.50
5. Borrower Eligibility Criteria	MHA determines homeowner eligibility. Homeowners who have a qualifying, involuntary hardship and a present housing payment greater than 45% and/or have severe negative equity greater than 115% LTV. MHA considers a sustainable mortgage payment as 45% or less (gross household income to validated mortgage payment.) Homeowners are required to provide a hardship affidavit; it must be the occupying Homeowner who has the qualifying, involuntary hardship.
6. Property/Loan Eligibility Criteria	The homeowner must currently occupy the property as their primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.
7. Program Exclusions	Homeowners whose Lender/Servicer is unable to permanently modify or recast their existing lien. Assistance may not be

	<p>provided on a loan in a 2nd lien position. Second homes or investment properties. Properties already foreclosed; after the sheriff sale date or after the foreclosure judgment becomes final (property taxes or condominium association fees.) Homeowners with liquid cash reserves exceeding \$10,000.</p>
<p>8. Structure of Assistance</p>	<p>Homeowners receiving assistance will execute a secured subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a refinance transaction the MHA may be willing to subordinate lien position. Mortgage will be recorded through public records; repayments, discharges, and subordinations will be conducted by MHA. Any lien recoveries will be recycled into Michigan's Hardest Hit Funds for future allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>MHA will determine amount of assistance up to program maximum based on delinquency amount and/or if the loan is current, based on amount required to improve negative equity position. MHA equity calculation will not reduce principal loan balance below 100% LTV. Awarded funds will be remitted to Lender/Servicer to be applied towards the capitalized balance. The Lender/Servicer will determine term of the modification according to their internal guidelines and transmit modification terms to the MHA. MHA will confirm final LTV is not less than 100% and reduced modified mortgage payment is sustainable i.e. 45% or less (gross household income to validated mortgage payment).</p> <p>Lender/Servicer is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Servicer is required to provide evidence of timely application of Hardest Hit Funds. Lender/Servicer is required to waive all accumulated late charges and non-sufficient funds (NSF) fees.</p>
<p>9. Per Household Assistance</p>	<p>One-time award up to \$30,000 per household.</p>
<p>10. Duration of Assistance</p>	<p>One-time assistance to homeowner, paid directly to Lender/Servicer, for application towards capitalized balance</p>

	and/or negative equity, excluding late fees and NSF fees, on homeowners' mortgage account.
11. Estimated Number of Participating Households	Based upon maximum program funding of \$30,000 per household, a minimum of 294 households may be assisted.
12. Program Inception/ Duration	Program rolled out July 2012. Based on the overwhelming need, funds allocated to this Program will likely be exhausted prior to December 31, 2017.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Homeowners can receive HAMP assistance prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Service providers to follow current guidance issued by their investor and/or U.S. Treasury.
15. Program Leverage with Other Financial Resources	Lender/Service provider agrees to waive all accumulated late fees and NSF fees. No further matching is required.

SERVICE SCHEDULE B-5

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

BLIGHT ELIMINATION PROGRAM (BE)

Summary Guidelines

1. Program Overview	Strategically target residential and multifamily demolition in designated areas within the state of Michigan, by partnering with land banks, non-profit and/or for-profit organizations (together, “Partners”).
2. Program Goals	The Blight Elimination Program (BE) primary purpose and goal is to focus efforts on decreasing foreclosures and stabilizing neighborhoods through the demolition and greening of vacant and abandoned single family and multi family structures in designated areas across Michigan. MHA will work with program Partners to identify meaningful indicators that will enable them to track and quantify the Blight Elimination Program’s impact in the designated communities.
3. Target Population/Areas	Demolition funds will be focused in the cities of Detroit, Flint, Grand Rapids, Pontiac, Saginaw, Ecorse, Highland Park, River Rouge, Ironwood, Muskegon Heights, Inkster, Jackson, Hamtramck, Port Huron, Adrian and Lansing. MHA may authorize demolition to immediately adjacent neighborhoods to the designated cities if there is consensus among the applicable Partners that activity will promote increased values of remaining property and promote a positive economic impact.
4. Program Allocation (Excluding Administrative Expenses)	\$263,568,862
5. Property Eligibility Criteria	<p>MHA determines property eligibility. Property will be considered blighted if it meets any of the following criteria as determined by the local governing body in their strategic plan and pursuant to program guidelines.</p> <ul style="list-style-type: none">• Considered a public nuisance according to local code or ordinance.• Is a nuisance due to age, physical condition or use.• Has had utilities, plumbing, heating or sewage disconnected, destroyed, removed or rendered ineffective so that property is unfit for the intended use. <p>For any requests submitted on or after January 15, 2016, properties must not be legally occupied at the time of any review</p>

	or approval by the HFA or eligible entity (as applicable) for blight elimination activity.
6. Ownership/Loan Eligibility Criteria	<ul style="list-style-type: none"> • Eligibility for residential (1-4 units) and multi-family (4+ units) demolition will be determined by MHA internal committee, ensuring funds will be appropriately spent, providing the greatest good for the city and neighborhood as defined in the program guidelines. • MHA to issue note and mortgage not to exceed \$25,000 per structure for actual costs incurred to acquire (if applicable), demolish, green, manage, and maintain property for a period to run concurrently with the term of the lien.
7. Program Exclusions	<ul style="list-style-type: none"> • Commercial structures • Properties listed on a national, state, or local historic register that do not receive approval from State Historic Preservation office and local Historical Chapters.
8. Structure of Assistance	<p>MHA/MSHDA will determine project sites in direct consultation with Partners.</p> <p>Partners will be responsible for property acquisition (if applicable), demolition work and on-going property maintenance.</p> <p>Partners will submit to MHA/MSHDA the following for each demolition candidate:</p> <ul style="list-style-type: none"> • Property ownership and/or acquisition information including location, deed, title insurance or equivalent. • Pre demolition inspection with photos and post demolition inspection with photos. Third party environmental inspection (including asbestos information, if applicable), report providing proof of completion of demolition. • Any other miscellaneous information identified on property to include hazards, adverse findings, etc. <p>Upon receipt of the above documentation, MHA will provide Hardest Hit funding to Partner after Partner's execution of a mortgage and note for a maximum of \$25,000 in favor of MHA. Total assistance will provide for payoff of any existing lien (if applicable), demolition costs, a \$500 one-time project management fee, and \$750 maintenance fee to cover maintenance of property for a period to run concurrently with the term of the lien.</p> <p>Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, as long as covenants are met; outstanding</p>

	<p>balance of loan will be due on sale, transfer, or unauthorized use of the property, to the extent of net proceeds received. Mortgage will be recorded through public records and ongoing monitoring, repayments, and discharges will be conducted by MHA. Any repayment of program funds will be re-invested back into program allocation. All funds remaining in the program will be returned to Treasury in accordance with the Agreement. Special considerations may be made by MHA to release lien prior to 5 year term based on merit of request and to promote positive economic impact to community as set forth in program guidelines.</p>
9. Per Property Assistance	<p>Maximum of \$25,000 per structure which includes payoff of existing lien (if applicable); demolition costs, a one-time project management fee, and maintenance fee.</p>
10. Frequency of Assistance	<p>One time assistance per property.</p>
11. Estimated Number of Properties demolished	<p>10,542 properties could be served under this program if they all receive the maximum funding amount of \$25,000. Further economies of scale savings will be investigated to drive costs down throughout all communities served for the BE program. This will in essence increase the total number of properties served to be greater than 10,542.</p>
12. Program Inception/ Duration	<p>Expansion of Program to roll out late November, 2014. Based on the overwhelming need, funds allocated to this Program will likely be exhausted prior to December 31, 2020.</p>
13. Program Interactions with Other HFA Programs	<p>Property will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned properties may be eligible for this program.</p>

SCHEDULE C

PERMITTED EXPENSES

	Michigan
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$0.00
Professional Services	\$57,270
Supplies / Miscellaneous	\$0.00
Marketing /Communications	\$262,500.00
Travel	\$0.00
Website development /Translation	\$0.00
Contingency	\$0.00
Subtotal	\$ 319,770
<i>Operating / Administrative Expenses:</i>	
Salaries	\$21,256,910
Professional Services (Legal, Compliance, Audit, Monitoring)	\$ 1,340,000
Travel	\$35,000.00
Buildings, Leases & Equipment	\$ 1,257,730
Information Technology & Communications	\$ 775,000
Office Supplies/Postage and Delivery/Subscriptions	\$478,000.00
Risk Management/ Insurance	
Training	\$ 25,000
Marketing/PR	\$7,860,003.00
Miscellaneous	\$ 950,000
Subtotal	\$ 33,977,643
<i>Transaction Related Expenses:</i>	
Recording Fees	\$1,850,000
Wire Transfer Fees	\$225,000
<i>Counseling Expenses</i>	
File Intake	\$204,440
Decision Costs	\$0.00
Successful File	\$0.00
Key Business Partners On-Going	\$4,240,000

Subtotal	\$ 6,519,440
Grand Total	\$ 40,816,853
% of Total Award	7.12%
Award Amount	\$573,097,554

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.