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:

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"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. Reserved.

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 or F shall mean the Exhibit A or Schedules A, B 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 Twelfth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

HFA:

NORTH CAROLINA HOUSING FINANCE AGENCY

By: /s/ A. Robert Kucab
Name: A. Robert Kucab
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE TREASURY

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

ELIGIBLE ENTITY:

NORTH CAROLINA HOUSING FINANCE AGENCY

By: /s/ A. Robert Kucab
Name: A. Robert Kucab
Title: Executive Director

EXHIBITS AND SCHEDULES

Exhibit A	Form of Amended and Restated Financial Instrument
Schedule A	Basic Information
Schedule B	Service Schedules
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:	North Carolina Housing Finance Agency[1]
Corporate or other organizational form:	a body politic and corporate under the laws of the State of North Carolina pursuant to N. C. G. S. Chapter 122A
Jurisdiction of organization:	North Carolina
Notice Information:	
With a copy to:	

HFA Information:

Name of HFA:	North Carolina Housing Finance Agency[1]
Organizational form:	a body politic and corporate under the laws of the State of North Carolina pursuant to N. C. G. S. Chapter 122A
Date of Application:	June 1, 2010
Date of Action Plan:	September 1, 2010
Notice Information:	

Program Participation Cap:	$560,798,231.00
Portion of Program Participation Cap Representing Original HHF Funds:	$159,000,000.00
Portion of Program Participation Cap Representing Unemployment HHF Funds:	$120,874,221.00
Rounds 1-4 Funding Allocation:	$482,781,786.00

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1 References in the Agreement to the term "HFA" shall mean North Carolina Housing Finance Agency ("NCHFA") in its capacity as HFA as such term is used in the Agreement; and references in the Agreement to the term "Eligible Entity" shall mean NCHFA, in its capacity as Eligible Entity as such term is used in the Agreement.

Round 5 Funding Allocation:	$78,016,445.00
Permitted Expenses:	Amount on file with Treasury
Closing Date:	August 3, 2010
First Amendment Date:	September 23, 2010
Second Amendment Date:	September 29, 2010
Third Amendment Date:	December 16, 2010
Fourth Amendment Date:	May 25, 2011
Fifth Amendment Date:	January 25, 2012
Sixth Amendment Date:	August 9, 2013
Seventh Amendment Date:	December 12, 2013
Eighth Amendment Date:	June 25, 2015
Ninth Amendment Date:	July 30, 2015
Tenth Amendment Date:	August 21, 2015
Eleventh Amendment Date:	December 18, 2015
Twelfth Amendment Date:	April 1, 2016
Eligible Entity Depository Account Information:	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

North Carolina Housing Finance Agency's
Mortgage Payment Program (MPP-1)
Summary Guidelines

1. Program Overview	Because unemployed homeowners are not eligible for most loss mitigation programs, NCHFA proposes to use a majority of our HFA Hardest Hit Funds (HHF) to create the **Mortgage Payment Program (MPP-1)**. This program will provide loans to unemployed homeowners and others 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. Loan proceeds will be used to pay mortgage and mortgage-related expenses (i.e. property taxes, homeowner insurance, homeowner dues) for eligible homeowners.
2. Program Goals	To assist 6,448 homeowners. The following types of assistance will be provided: **Job Search or Short-term Assistance** To help homeowners while they look for a new job or have experienced a temporary reduction in income. **Job Training or Long-term Assistance** To help homeowners while they complete a job training/education program to help secure a new job including veterans who are honorably or medically discharged from the military. **Reinstatement Only or One-time Assistance** To help homeowners who can resume future payments but need help to bring their mortgage current.
3. Target Population/ Areas	Homeowners who are unemployed, underemployed, suffered another temporary hardship, and/or are able to resume future payments but need help bringing their mortgage current. This Program will be available in all North Carolina counties.
4. Program Allocation (Excluding Administrative	Program allocation amount on file with Treasury.

Expenses)	
5. Borrower Eligibility Criteria	Homeowners who are unemployed, underemployed, or have suffered another eligible temporary hardship, who, through no fault of their own, are unable to make their mortgage payments and are at risk of a foreclosure. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation on the cause of their hardship, per program guidelines. Homeowners who are delinquent because of a prior job loss or other program eligible hardship but who can resume future payments without additional assistance. Satisfactory mortgage payment history. All principal, interest, taxes, homeowner insurance, mortgage insurance, homeowner association dues, and the cost of utilities > 25% of household income after job loss/loss of income. Borrowers must meet program underwriting criteria. Eligibility for program assistance will be determined primarily by participating foreclosure prevention partners. Funds will be allocated on a first come/first ready, first served basis.
6. Property/Loan Eligibility Criteria	Existing single-family homes, duplexes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower. North Carolina owner-occupied, primary residences only.
7. Program Exclusions	Total Unpaid Principal Balances > $300,000. Manufactured homes not considered real property. Non-legal U.S. resident.
8. Structure of Assistance	10 year, 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 after five years. At the end of the 10 years, the note will be considered satisfied, and NCHFA will release the lien

	securing the note. All or a portion of the unforgiven loan funds are due and payable to NCHFA if home is sold, refinanced or no longer owner occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven. NCHFA will agree to subordinate the MPP-1 Loan for borrowers who refinance their mortgage(s) to receive more favorable loan terms. If a borrower refinances their loan to consolidate debt or receives cash out, the borrower would be required to repay the MPP-1 Loan according to the loan terms. All deferred, subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement.
9. Per Household Assistance	The average loan amount will be $20,000 per borrower. Effective for all loans closed after January 31, 2012: Maximum assistance up to $36,000 and not to exceed 36 months per household.
10. Duration of Assistance	Effective for all loans closed after January 31, 2012: Up to 36 months for those in job training/education program. Up to 18 months for those in a job search.
11. Estimated Number of Participating Households	6,448 homeowners. Estimated number served based on average loan amount of $20,000 per homeowner.
12. Program Inception/ Duration	Program began October 18, 2010. Recaptured funds shall be recycled and used in the program in accordance with the Agreement.
13. Program Interactions with Other Programs	Borrowers can access more than one of our HHF programs, if needed and appropriate. For example, a borrower can receive

(e.g. other HFA programs)	MPP-1 assistance while they look for a new job and then receive Second Mortgage Refinance Program or Modification Enabling Pilot Program assistance once they can resume future payments without additional assistance. Homeowners who continue to struggle with unaffordable mortgage payments may be eligible to participate in the Principal Reduction Recast/Lien Extinguishment for Unaffordable Mortgages Program. Maximum total assistance amount per household is $75,000 if participating in multiple HHF programs.
14. Program Interactions with HAMP	The MPP-1 would help borrowers who need more than the 3-6 months of assistance available through the new Home Affordable Unemployment Program (UP), which began August 1, 2010. Borrowers who are eligible for MPP-1 would not be required to participate in UP prior to receiving assistance with MPP-1. In addition, MPP-1 would also help borrowers who don't qualify for assistance under the new UP because they are more than 3 months behind in mortgage payments and/or they are not currently receiving unemployment (i.e., self-employed homeowners). Finally, borrowers can receive HAMP assistance prior to or after receiving Hardest Hit Fund assistance. For example, a borrower may receive UP assistance for 3-6 months and then receive MPP-1 assistance for several more months, if needed. MPP-1 assistance will not be available to a borrower who is in a trial loan modification. MPP-1 assistance may be available to a borrower who has received a permanent loan modification if the borrower has a need. Once MPP-1 assistance has ended, a borrower may be eligible to receive a loan modification from HAMP, if needed and eligible.
15. Program Leverage with Other Financial Resources	None

SERVICE SCHEDULE B-2

North Carolina Housing Finance Agency's
Mortgage Payment Program (MPP-2)
Summary Guidelines

1. Program Overview	The North Carolina Housing Finance Agency (NCHFA) Mortgage Payment Program (MPP-2) will provide loans to unemployed or substantially underemployed homeowners 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. Loan proceeds will be used to pay all mortgage and mortgage-related expenses (i.e. property taxes, homeowner insurance, mortgage insurance and homeowner association dues), including subordinate mortgage loans, until the homeowner secures employment or completes training for a new career.
2. Program Goals	To assist 13,869 homeowners. The following types of assistance will be provided: **Job Search or Short-term Assistance** To help homeowners while they look for a new job. **Job Training or Long-term Assistance** To help homeowners while they complete a job training/education program to help secure a new job. **Reinstatement Only or One-time Assistance** To help homeowners who have found a new job but need help to bring their mortgage current due to arrearages accumulated during a period of unemployment.
3. Target Population/Areas	Homeowners who are unemployed, or substantially underemployed, and/or reemployed but need help bringing their mortgage current. This Program will be available in all North Carolina counties.
4. Program Allocation (Excluding Administrative Expenses)	Program allocation amount on file with Treasury.
5. Borrower Eligibility Criteria	Unemployed or substantially underemployed homeowners who, through no fault of their own, are unable to make their mortgage

	payments and are at risk of a foreclosure. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation of unemployment, per program guidelines. Homeowners who are delinquent due to arrearages accumulated during a period of unemployment but who can resume future payments without additional assistance. Satisfactory mortgage payment history. All principal, interest, taxes, homeowner insurance, mortgage insurance, homeowner association dues, and the cost of utilities > 25% of household income after job loss/loss of income. Borrowers must meet program underwriting criteria. Eligibility for program assistance will be determined primarily by participating foreclosure prevention partners. Funds will be allocated on a first come/first ready, first served basis.
6. Property/Loan Eligibility Criteria	Existing single-family homes, duplexes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower. North Carolina owner-occupied, primary residences only.
7. Program Exclusions	Total Unpaid Principal Balances > $300,000. Manufactured homes not considered real property. Non-legal U.S. resident.
8. Structure of Assistance	10 year, 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 after five years. At the end of the 10 years, the note will be considered satisfied, and NCHFA will release the lien securing the note. All or a portion of the unforgiven loan funds are due and payable to NCHFA if home is sold, refinanced or no longer owner-occupied (unless otherwise prohibited under applicable

	federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to fully repay the loan , all or the excess portion of the loan remaining after the proceeds are applied will be forgiven. NCHFA will agree to subordinate the MPP-2 Loan for borrowers who refinance their mortgage(s) to receive more favorable loan terms. If a borrower refinances their loan to consolidate debt or receives cash out, the borrower would be required to repay the MPP-2 Loan according to the loan terms. All deferred, subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement.
9. Per Household Assistance	The average loan amount is expected to be $20,000 per borrower. Effective for all loans closed after January 31, 2012: Maximum assistance up to $36,000 and not to exceed 36 months per household.
10. Duration of Assistance	Effective for all loans closed after January 31, 2012: Up to 36 months for those in job training/education program. Up to 18 months for those in a job search.
11. Estimated Number of Participating Households	13,869 homeowners. Estimated number served based on average loan amount of $20,000 per homeowner.
12. Program Inception/ Duration	Program began November 7, 2011. Recaptured funds shall be recycled and used in the program in accordance with the Agreement.
13. Program Interaction with Other HFA Programs	Borrowers can access more than one of our HHF programs, if needed and appropriate. For example, a borrower can receive MPP-2 assistance while they look for a new job and then receive Second Mortgage Refinance Program or Modification Enabling Pilot Program assistance once they secure a new job. Homeowners who continue to struggle with unaffordable mortgage payments may be eligible to participate in the Principal Reduction Recast/Lien Extinguishment for

	Unaffordable Mortgages Program. Maximum total assistance amount per household is $75,000 if participating in multiple HHF programs.
14. Program Interaction with HAMP	The MPP-2 would help borrowers who need more than the 3-6 months of assistance available through the new Home Affordable Unemployment Program (UP), which began in August, 2010. Borrowers who are eligible for MPP-2 would not be required to participate in UP prior to receiving assistance with MPP-2. In addition, MPP-2 would also help borrowers who don't qualify for assistance under the new UP because they are more than 3 months behind in mortgage payments and/or they are not currently receiving unemployment (i.e. self-employed homeowners). Finally, borrowers can receive HAMP assistance prior to or after receiving Hardest Hit Fund assistance. For example, a borrower may receive UP assistance for 3-6 months and then receive MPP-2 assistance for several more months, if needed. MPP-2 assistance will not be available to a borrower who is in a trial loan modification. MPP-2 assistance may be available to a borrower who has received a permanent loan modification if the borrower has a need. Once MPP-2 assistance has ended, a borrower may be eligible to receive a loan modification from HAMP, if needed and eligible.
15. Program Leverage with Other Financial Resources	None

SERVICE SCHEDULE B-3

North Carolina Housing Finance Agency's
Second Mortgage Refinance Program (SMRP)
Summary Guidelines

1. Program Overview	Government officials have estimated about 50% of troubled borrowers have a second mortgage. Homeowners are frequently unable to make their second mortgage payment and are in danger of losing their homes to foreclosure. **The Second Mortgage Refinance Program (SMRP)** will benefit homeowners with second mortgages who, through no fault of their own, are financially unable to make their mortgage payment because of a prior job loss, reduced income, or other program-eligible hardship. This program will provide a more affordable housing expense by refinancing the second mortgage to a 0%-interest, non-recourse, deferred-payment subordinate loan.
2. Program Goals	To assist 267 homeowners facing foreclosure in all 100 North Carolina counties. The goal of this program is to extinguish the existing second mortgage and replace it with a 0%-interest, non-recourse, deferred-payment subordinate loan. This will reduce the borrower's monthly mortgage payment and in some instances may expedite movement of a qualified applicant into a HAMP first mortgage modification process.
3. Target Population/ Areas	Our target population will be homeowners facing foreclosure in all 100 North Carolina counties who have a 1st and 2nd mortgage whereby the total mortgage payment is causing the home to be unaffordable under program guidelines.
4. Program Allocation (Excluding Administrative Expenses)	Program allocation amount on file with Treasury.
5. Borrower Eligibility Criteria	Eligible homeowners must be those facing foreclosure due to recent unemployment, loss of income, reduction in income, or other demonstrated financial hardships. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation on the cause of the hardship.

	Satisfactory mortgage payment history. All principal, interest, taxes, homeowner insurance, mortgage insurance, homeowner association dues, and the cost of utilities > 25% of household income after job loss/loss of income. Extinguishment of second loan with SMRP will only occur if the first mortgage loan is current. Borrowers must meet program underwriting criteria. Funds will be allocated on a first come/first ready, first served basis.
6. Property/Loan Eligibility Criteria	Existing single-family homes, duplexes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower. North Carolina owner-occupied, primary residences only.
7. Program Exclusions	Total Unpaid Principal Balances > $300,000. Manufactured homes not considered real property. Second Mortgage Refinance will not be available to a homeowner that is eligible or participating in 2MP. Non-legal U.S. resident.
8. Structure of Assistance	30 year, 0%-interest, non-recourse, deferred-payment subordinate loan. All loan funds are due and payable to NCHFA if home is sold, refinanced or no longer owner-occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven. NCHFA will agree to subordinate the SMRP Loan for borrowers who refinance their mortgage(s) to receive more favorable loan terms. If a borrower receives cash out with a

	refinance, the borrower would be required to repay the SMRP Loan according to the loan terms. All deferred subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement.
9. Per Household Assistance	Under this program, eligible borrowers may receive up to $50,000 plus all related fees as a subordinate loan. If $50,000 is insufficient to extinguish the second mortgage, the Agency will only offer these funds if the second lien holder is willing to take the amount supplied to extinguish the debt without a deficiency judgment. The average loan amount is expected to be $25,000 per borrower.
10. Duration of Assistance	Assistance under SMRP is a one-time payment.
11. Estimated Number of Participating Households	267 homeowners.
12. Program Inception/ Duration	The program began June 6, 2011. Recaptured funds shall be recycled and used in the program in accordance with the Agreement.
13. Program Interactions with Other Programs (e.g. other HFA programs)	Homeowners who participate in the Mortgage Payment Program (MPP) may be eligible to participate in SMRP if the borrower has the ability to resume first mortgage payment yet second mortgage payment remains unaffordable. Eligible delinquent borrowers will be brought current with MPP One-Time Reinstatement if necessary and then are eligible for SMRP. Homeowners struggling with unaffordable mortgage payments may be eligible to participate in the Principal Reduction Recast/Lien Extinguishment for Unaffordable Mortgages Program and SMRP program to achieve an affordable mortgage payment. Maximum total assistance amount per household is $75,000 if participating in multiple HHF programs.
14. Program Interactions with HAMP	Extinguishing the second mortgage may expedite movement of qualified applicants into a HAMP first modification process.

15. Program Leverage with Other Financial Resources	If $50,000 is insufficient to extinguish the second mortgage, the Agency will only offer these funds if the second lien holder is willing to take the amount supplied to extinguish the debt without a deficiency judgment.

SERVICE SCHEDULE B-4

North Carolina Housing Finance Agency's Modification Enabling Pilot Program (MEP) Summary Guidelines

1. Program Overview	The Modification Enabling Pilot Program ("MEP") is being administered by the North Carolina Housing Finance Agency ("NCHFA") in partnership with National Community Capital II LLC ("NCC"). Funding under this Pilot Program is designed to provide directed assistance to eligible borrowers under the NCC ReStart Program with the intent to permanently modify and reduce the borrower's loan amount to an affordable level to achieve a monthly total housing payment that does not exceed 35% of the borrower's monthly income. Borrowers meeting the eligibility requirements described in Section 5 below may be eligible for MEP assistance through the NCC ReStart Program. Eligible loan pools under this MEP Pilot Program include loans in North Carolina sold under the Department of Housing and Urban Development's ("HUD") Distressed Asset Stabilization Program ("DASP") and other loan sales that are purchased by NCC. The NCHFA agreement with the NCC ReStart Program will be used to enable and facilitate permanent modifications by advancing a forgivable loan to eligible borrowers in an amount not to exceed $36,000 to enable a loan modification to occur immediately. MEP funding may not be used to reduce the principal balance of an eligible borrower's mortgage loan below 100% of the current market value of the property. However, the NCC ReStart Program may reduce the principal amount of an eligible borrower's mortgage loan below 100% of the property's current market value to achieve a permanently modified mortgage loan as long as it uses its own capital and not MEP funding. As the funding formula for the maximum amount MEP assistance expressly states a floor of 100% of the property's current market value the MEP assures that its assistance is limited to funding principal reduction for eligible borrowers only down to 100% of the property's current market value. Consistent with the terms of MEP, the NCC ReStart Program may permanently modify and reduce the existing first mortgage loan to an amount whose net present value does not exceed the

	lesser of: • A loan amount equal to 100% of the current market value of the property; or • A loan amount with a net present value (using a 30 year amortization at an interest rate equal to 300 basis points above the 30 year FHA rate as quoted by Wells Fargo Mortgage) that results in a monthly total housing payment that does not exceed 35% of the borrowers adjusted gross monthly income. In order to make the mortgage payments affordable to the borrower, the MEP forgivable second mortgage loan will be made to eligible borrowers for up to $36,000 to fund a modification of the mortgage loan amount to an amount equal to 100% of the current market value (or as close to 100% of the current market value as the $36,000 in MEP assistance will permit and as long as the reduced mortgage loan amount results in a total housing payment not greater than 35% of the borrower's adjusted gross monthly income). There is a required dollar-for-dollar private capital match under the NCC Restart Program. As a result of this private capital match, the final amount of MEP assistance will be determined by subtracting the Current Market Value of the property from borrower's Unpaid Principal Balance (UPB) times 50% or $36,000, whichever is less. The structure of the MEP assistance is described in Section 8.
2. Program Goals	The central goal of MEP is to help homeowners avoid foreclosure by permanently modifying a borrower's primary mortgage to achieve a monthly total housing payment that does not exceed 35% of the borrower's adjusted gross monthly income.
3. Target Population/Areas	The targeted populations are households whose loans NCC is able to acquire under the HUD DASP.
4. Program Allocation (Excluding Administrative Expenses)	Program allocation amount on file with Treasury.
5. Borrower Eligibility Criteria	Eligible Borrowers under MEP must meet the following criteria: • Must be a legal U.S. Citizen or lawful permanent

	resident • Demonstrate an ability to maintain a financial obligation for the home based upon an affordable mortgage with a total monthly housing payment equal to or less than 35% of their gross monthly income. • Must meet the LTV requirements described in this Section. Borrowers with current UPBs equal to or greater than 105% of the property's current market value are eligible for MEP assistance if they meet one of the following financial hardships and provide a financial hardship affidavit. Eligible financial hardships include reduced income due to: • Changes in employment • Medical condition(s) • Divorce • Death Borrowers who are unable to document any of these financial hardships may be eligible for MEP assistance if their current UPB is equal to or greater than 125% of the property's current market value.
6. Property/Loan Eligibility Criteria	• Property must be the borrowers principal residence, located in North Carolina and may not be abandoned, vacant or condemned. • The property must be a single family home, duplex, a condominium, a townhome, a manufactured or mobile home on foundation permanently affixed to real estate owned by the mortgagor, or a 2-4 family dwelling unit of which one unit is occupied by the mortgagor as their principal residence that is owner-occupied with a UPB equal to or less than $300,000. • Mortgage must be a distressed loan with a UPB that equals or exceeds the required percentages described in Section 5 above. Market value will be established by a FIRREA-compliant appraisal completed by an appraiser licensed and in good standing under the North Carolina statutes for NCC at the time the appraisal is performed.
7. Program Exclusions	Borrowers whose current loan-to-value is less than 105% of the property's current market value.

	Borrowers who are in an active Chapter 7 bankruptcy.
8. Structure of Assistance	10 year, 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 after five years. At the end of the 10 years the note will be considered satisfied and NCHFA will release the lien securing the note. All or a portion of the unforgiven loan funds are due and payable to NCHFA if home is sold, refinanced or no longer owner occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven. All deferred subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement.
9. Per Household Assistance	Under this program, eligible borrowers may receive up to $36,000. The estimated Median Amount of Assistance is $18,500.
10. Duration of Assistance	Assistance under MEP is a one-time payment on behalf of qualified applicants of NCC ReStart Program.
11. Estimated Number of Participating Households	It is anticipated that the MEP will assist 50 households in avoiding imminent foreclosures.
12. Program Inception/Duration	The program will be available approximately in January 2014 and is anticipated to run for a two-year period of time. Recaptured funds shall be recycled and used in the program in accordance with the Agreement.
13. Program Interactions with Other Programs (e.g. other HFA programs)	MEP will interact with NCHFA's MPP-1, MPP-2, and SMRP in the following manner. At the time NCC assesses the borrower for eligibility under MEP, if it finds that the borrower is not eligible for MEP it will then assess whether the borrower

	is eligible for MPP-1, MPP-2 and/or SMRP assistance. If the borrower is eligible for MPP-1, MPP-2 and/or SMRP, the application and approval process will be completed in the manner prescribed by NCHFA. Homeowners who have participated in the Mortgage Payment Programs may be eligible to participate in MEP if the borrower has become reemployed or secured other source(s) of fixed income and has demonstrated a qualifying hardship. Maximum total assistance amount per household is $75,000 if participating in multiple HHF programs.
14. Program Interactions with HAMP	None.
15. Program Leverage with Other Financial Resources	As the NCC ReStart Program will reduce the existing first mortgage loan in accordance with the MEP there will be a minimum 1:1 private capital leveraged match. However, as the NCC ReStart Program will likely fund with private capital additional principal reductions for eligible borrowers below 100% of the property's current market value in order to achieve a principal reduction it is expected that the leveraged match of private funds to MEP will be closer to 3 to 1. Lender match amounts shall be documented at the time of closing of the modification.

SERVICE SCHEDULE B-5

North Carolina Housing Finance Agency's
Principal Reduction Recast/Lien Extinguishment for Unaffordable Mortgages (PRRLE) Program
Summary Guidelines

1. Program Overview	The Principal Reduction Recast/Lien Extinguishment for Unaffordable Mortgages (PRRLE) will provide eligible homeowners a principal reduction and reamortization (recast) of the remaining principal balance or a full lien extinguishment. As applicable, PRRLE will also be used to pay all delinquent first mortgage and mortgage-related expenses (i.e. property taxes, homeowner insurance, homeowner dues) in conjunction with the principal reduction and recast or full lien extinguishment. The program will provide the homeowner an affordable and long term sustainable monthly mortgage expense payment. The PRRLE program is available to North Carolina homeowners who are financially unable to make their mortgage payments due to a qualifying hardship event.
2. Program Goals	To assist 848 homeowners facing foreclosure. The goal of the program is to decrease the number of home owners losing their homes to foreclosure by providing long-term housing payment sustainability. Secondary goals include stabilization of neighborhoods and protecting home values of surrounding properties. This program will provide immediate mortgage payment relief and stable long term mortgage or mortgage expense payments for the homeowner.
3. Target Population/ Areas	Homeowners suffering a program eligible financial hardship, as defined in the program guidelines, related to reduction of income or other demonstrated financial hardship. This Program will be available in all North Carolina counties.
4. Program Allocation (Excluding Administrative Expenses)	Program allocation amount on file with Treasury.
5. Borrower Eligibility Criteria	Eligible homeowners must be those with program eligible financial hardship due to unemployment, loss of income, reduction of income, or other demonstrated financial hardships through no fault of their own. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation on the cause of the hardship.

All eligible homeowners must meet the following criteria:

- Satisfactory mortgage payments prior to job loss, loss of income, reduction in income or other program eligible hardship.
- Homeowner has become re-employed or secured a fixed income source.
- Current housing debt-to income ratio > 25%.
- Post assistance monthly housing related expenses including principal and interest on all liens attached to the property, property taxes, homeowners insurance and homeowners association dues ≤ 36% of gross monthly household income.

Homeowners eligible to receive a full lien extinguishment must meet these additional following criteria:

- Primary income source for household is from a fixed income source as defined in the program guidelines.
- Gross household income is equal to or lesser than 125% of the state median income limit in North Carolina.
- Post assistance monthly housing related expenses including principal and interest on all liens attached to the property, property taxes, homeowners insurance and homeowners association dues ≤ 36% of gross monthly household income.

Homeowners eligible to receive a principal reduction and recast and receiving a fixed income source as primary income must meet these additional following criteria:

- Primary income source for household is from a fixed income source as defined in the program guidelines.
- Gross household income is equal to or lesser than 125% of the state median income limit in North Carolina.
- Post assistance monthly housing related expenses including principal and interest on all liens attached to the property, property taxes, homeowners insurance and homeowners association dues ≤ 36% of gross monthly household income.

Homeowners eligible to receive a principal reduction and recast and not receiving a fixed income source as primary income must meet these additional following criteria:

- Pre-assistance LTV >80%.
- Post assistance LTV >80%.

	• Post assistance LTV may go below 80% only if exactly $10,000 in assistance is provided in order to achieve a post assistance housing debt-to-income ratio between 25% and 36%. • Post assistance monthly housing ratio target is 25% but may not exceed 36%. • Post assistance monthly housing related expenses including principal and interest on all liens attached to the property, property taxes, homeowners insurance and homeowners association dues > 25% of gross monthly household income. Homeowners must meet program underwriting criteria. Funds will be allocated on a first come/approved, first served basis.
6. Property/Loan Eligibility Criteria	• Existing single-family homes duplexes, or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower. • North Carolina owner-occupied, primary residences only. • Homeowners with a fixed rate or adjustable rate mortgage. • Homeowners with interest-only or negative amortization mortgage can qualify if the recast results in a fully amortizing loan.
7. Program Exclusions	Total Unpaid Principal Balances > $300,000. Manufactured homes not considered real property. Non-legal U.S. resident.
8. Structure of Assistance	10 year, 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 after five years. At the end of the 10 years the note will be considered satisfied and NCHFA will release the lien securing the note. All or a portion of the unforgiven loan funds are due and payable to NCHFA if home is sold, refinanced or no longer owner occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven.

	All deferred subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement.
9. Per Household Assistance	Under this program, each eligible borrower may receive no less than $10,000 and no more than $75,000 structured as a subordinate loan. Eligible homeowners may receive no more than $50,000 to be applied toward a principal reduction and recast or to a lien extinguishment. Eligible homeowners with a delinquent first mortgage may be brought current with up to $36,000 in PRRLE funds. The average loan amount is expected to be $50,000 per borrower.
10. Duration of Assistance	Assistance under PRRLE is a one-time payment to the servicer.
11. Estimated Number of Participating Households	We anticipate approximately 848 homeowners will be helped. Program will be piloted with select servicers, NCHFA portfolio and existing HHF portfolio. Program may be expanded to other servicers if pilot is successful and funds are available.
12. Program Inception/ Duration	The program will be available in July 2015. Recaptured funds shall be recycled and used in the program in accordance with the Agreement.
13. Program Interactions with Other Programs (e.g. other HFA programs)	Homeowners who have participated in the Mortgage Payment Program (MPP) or the Second Mortgage Refinance Program (SMRP) may be eligible to participate in PRRLE if the borrower has become reemployed or secured other source(s) of fixed income and has demonstrated a qualifying hardship. Maximum total assistance amount per household is $75,000 if participating in multiple HHF programs.
14. Program Interactions with HAMP	Lien Extinguishment: • No HAMP interaction Principal Reduction and Recast: • Borrowers suffering a program eligible financial hardship after the HAMP modification effective date are

	eligible for PRRLE.
15. Program Leverage with Other Financial Resources	We will not require investors to match the contributions that are made with the Hardest Hit Funds for the Principal Reduction Recast/Lien Extinguishment Program.

SERVICE SCHEDULE B-6

North Carolina Housing Finance Agency's
Down Payment Assistance (DPA)
Program Summary Guidelines

1. Program Overview	The Down Payment Assistance (DPA) Program will provide an incentive to qualified homebuyers to purchase a primary residence in targeted areas in North Carolina. Providing incentives to qualified homebuyers in housing markets that have been hardest hit by serious delinquency, negative equity, distressed sales, and foreclosures will strengthen demand in those areas, stabilize housing prices and prevent future foreclosures. This program will initially be offered as a pilot that includes five North Carolina counties.
2. Program Goals	The goal of the DPA Program is to prevent future foreclosures by assisting with the stabilization of housing prices in targeted areas. NCHFA will identify meaningful indicators that will enable them to track and quantify the DPA Program's impact in the targeted areas.
3. Target Population/Areas	Targeted areas are the following counties: Johnston, Mecklenburg, Guilford, Cumberland, Cabarrus ("Targeted Area"). For these five counties, NCHFA evaluated five housing market distress indicators across all 100 North Carolina counties—seriously delinquent mortgage loans, negative equity, short sales, REO sales, and foreclosures—as well as loan origination volume for the NCHFA's N.C. Home Advantage Mortgage program. Each Targeted Area county contains at least four zip codes that exceeded the statewide rate in at least four out of the five distressed housing market indicators, and a minimum threshold origination volume was achieved in these counties from January 1, 2014 through March 31, 2015.
4. Program Allocation (Excluding Administrative Expenses)	Program allocation amount on file with Treasury.

5. Borrower Eligibility Criteria	Eligible borrowers must qualify for and meet all requirements of a N.C. Home Advantage Mortgage, with an additional requirement of meeting the Mortgage Credit Certificate income and sales price limits. Allowable first mortgage loans are 30-year, fixed-rate loans from the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture – Rural Development (RD), Fannie Mae and Freddie Mac. Eligible borrowers must also meet the following criteria: • Must meet income and sales price limits in the Mortgage Credit Certificate program, which reflect income limits under IRC Section 143(f)(1). The area median income (AMI) for borrowers varies depending on county and family size, but in no instance do the limits exceed 140% of AMI. • Must be First-Time Homebuyers. For purposes of the DPA Program, a First-Time Homebuyer is someone who has not had an ownership interest in their primary residence in the past three years, unless qualifying under a Veteran's Exception or purchasing a home in a Federally Designated Targeted Area as specified in the DPA Program Guide. • Must complete a pre-purchase homebuyer education course. • Must be legal U.S. citizens or lawful permanent residents or otherwise meet the applicable Agency (FHA, VA, USDA-RD) or GSE (Fannie Mae or Freddie Mac) requirements. • Borrowers must be able to provide a Dodd-Frank affidavit as specified in the DPA Program Guide. • Borrowers must be credit-worthy and meet minimum FICO scores, and have a maximum debt-to-income (DTI) ratio no greater than 45%, as specified in the DPA Program Guide.

6. Property/Loan Eligibility Criteria	• The property must be a single-family home, a condominium unit, a townhome, or a two-four family dwelling unit of which one unit is to be occupied by the mortgagor as his or her principal residence. • Must be the borrower's primary residence. • Property must be located in a Targeted Area. • Meet all applicable DPA Program, Ginnie Mae (FHA, VA, USDA-RD) or GSE (Fannie Mae & Freddie Mac) underwriting guidelines. • Property must be existing construction, not new construction. • Property must meet the MCC Program purchase price limits as established in the DPA Program Guide.
7. Program Exclusions	• Borrowers, properties and loans not meeting N.C. Home Advantage Mortgage program eligibility requirements as specified in the DPA Program Guide or GSE underwriting criteria. • Dodd-Frank exclusion for having been convicted of a mortgage-related felony in the past ten years.

8.	**Structure of Assistance**	5 year, 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. At the end of the 5 years, the note will be considered satisfied and NCHFA will release the lien securing the note. All or a portion of the unforgiven loan funds are due and payable to NCHFA if home is sold, refinanced or no longer owner occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to repay the loan, all or a portion of the loan remaining unpaid after the proceeds are applied will be forgiven. All deferred subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners in accordance with the Agreement.
9.	**Per Household Assistance**	$15,000.00
10.	**Duration of Assistance**	DPA Program funds will be used to reimburse participating lenders who table fund the loan at closing once it is determined that all DPA program requirements have been met.
11.	**Estimated Number of Participating Households**	It is anticipated that the DPA Program will assist approximately 2,000 households.
12.	**Program Inception/Duration**	The DPA Program will begin in September 2015 and it is projected that assistance will be expended through as late as 2021.

13. Program Interactions with Other Programs (e.g. other HFA programs)	The DPA Program will take advantage of an existing infrastructure of participating lenders who are already actively originating N.C. Home Advantage Mortgage loans. If the borrower has received HHF assistance under any other HHF program, the maximum amount of all assistance may not exceed $75,000. Any borrower receiving funds from the DPA Program will not be eligible for other down payment assistance programs offered by NCHFA.
14. Program Interactions with HAMP	None.
15. Program Leverage with Other Financial Resources	A borrower who obtains the $15,000 DPA may also be evaluated for the Mortgage Credit Certificate Program (MCC). However, they will not be eligible for any other down payment assistance offered by NCHFA.

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.