

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

This Tenth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Tenth Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the Tenth Amendment Date (the “Amendment Date”), by and among the United States Department of the Treasury (“Treasury”), the undersigned party designated as HFA whose description is set forth in Schedule A attached hereto (for convenience, a “state housing finance agency” or “HFA”) and the undersigned institution designated by HFA to participate in the program described below (“Eligible Entity”).

Recitals

WHEREAS, Treasury, HFA and Eligible Entity entered into that certain Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Original HPA”) dated as of the Closing Date, as previously amended by that certain First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “First Amendment”), as further amended by that certain Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Second Amendment”), as further amended by that certain Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Third Amendment”), as further amended by that certain Fourth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fourth Amendment”), as further amended by that certain Fifth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fifth Amendment”), as further amended by that certain Sixth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Sixth Amendment”), as further amended by that certain Seventh Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Seventh Amendment”), as further amended by that certain Eighth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Eighth Amendment”), and as further amended by that certain Ninth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Ninth Amendment”; and together with the Original HPA as amended thereby and by the First Amendment, Second Amendment, Third Amendment, Fourth Amendment, Fifth Amendment, Sixth Amendment, Seventh Amendment, and Eighth Amendment, the “Current HPA”), dated as of their respective dates as set forth on Schedule A attached hereto, in connection with Treasury’s federal housing program entitled the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (the “HHF Program”), which was established pursuant to the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), as amended, as the same may be amended from time to time (“EESA”);

WHEREAS, HFA, Eligible Entity and Treasury wish to implement a process for making changes to program allocations and Permitted Expenses relating to the Services described in the Service Schedules, and to amend the Current HPA to provide for such process.

WHEREAS, HFA and Eligible Entity submitted a request to Treasury to make certain revisions to their Service Schedules and Permitted Expenses, as applicable, and Treasury has agreed to the same;

WHEREAS, HFA, Eligible Entity and Treasury wish to enter into this Tenth Amendment to document the process for making changes to program allocations and Permitted Expenses relating to the Services described in the Service Schedules, as well as all approved modifications to the Service Schedules and Permitted Expenses, as applicable;

Accordingly, in consideration of the representations, warranties, and mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Treasury, HFA and Eligible Entity agree as follows.

Agreement

1. Amendments

A. Definitions. All references in the Current HPA to the “Agreement” shall mean the Current HPA, as further amended by this Tenth Amendment; and all references in the Current HPA to Schedules A or B shall mean the Schedules A or B attached to this Tenth Amendment. All references herein to the “HPA” shall mean the Current HPA, as further amended by this Tenth Amendment.

B. Section 9 of the Current HPA.

(1) Section 9.C. of the Current HPA is hereby amended to insert the following after the last sentence therein:

“Notwithstanding the foregoing, the Eligible Entity shall not be required to execute and deliver a replacement service schedule in the event that the Eligible Entity desires solely to make, and Treasury approves, changes to the program allocations and Permitted Expenses relating to the Services described in the Service Schedules (such changes, “Program Allocations/Permitted Expenses Changes”), as provided in Section 9.D.

(2) A new Section 9.D. to the Current HPA is hereby inserted as follows:

“Program Allocations/Permitted Expenses Changes shall not be deemed modifications to this Agreement. In order to make Program Allocations/Permitted Expenses Changes, Eligible Entity shall complete and submit to Treasury and its designee a Program Allocations/Permitted Expenses Change Request form (a “Program Allocations/Permitted Expenses Change Request”) using the form attached hereto as Exhibit E, without modification other than completing requested information fields, and shall provide any additional certifications or information as may be requested by Treasury or its designee. Treasury shall have ten (10) business days to notify the Eligible Entity of its approval or denial of such Program Allocations/Permitted Expenses Change Request, in Treasury’s

sole discretion, which time frame may be extended in Treasury's sole discretion. The conditions precedent to Treasury's approval of a Program Allocations/Permitted Expenses Change Request are, among other things, (i) delivery to Treasury and its designee of an executed and completed Program Allocations/Permitted Expenses Change Request; (ii) the performance by Eligible Entity of the Services described in the Service Schedules, in accordance with the terms and conditions of this Agreement; and (iii) the satisfaction by HFA and Eligible Entity of such other obligations as are set forth in this Agreement."

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

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

E. Schedule C. Schedule C attached to the Current HPA is hereby deleted in its entirety. All references in the Current HPA to "Schedule C" shall mean Exhibit 2 Permitted Administrative Expenses to the most current Program Allocations/Permitted Expenses Change Request on file with Treasury.

F. Exhibit E. The form of Program Allocations/Permitted Expenses Change Request attached as Exhibit E to this Amendment is hereby attached as Exhibit E to the Agreement.

2. Representations, Warranties and Covenants

A. HFA and Eligible Entity. HFA and Eligible Entity, each for itself, make the following representations, warranties and covenants to Treasury and the truth and accuracy of such representations and warranties and compliance with and performance of such covenants are continuing obligations of HFA and Eligible Entity, each as to itself. In the event that any of the representations or warranties made herein cease to be true and correct or HFA or Eligible Entity breaches any of its covenants made herein, HFA or Eligible Entity, as the case may be, agrees to notify Treasury immediately and the same shall constitute an Event of Default under the HPA.

(1) HFA and Eligible Entity each hereby certifies, represents and warrants as of the date hereof that each of the representations and warranties of HFA or Eligible Entity, as applicable, contained in the HPA are true, correct, accurate and complete in all material respects as of the date hereof. All covenants of HFA or Eligible Entity, as applicable, contained in the HPA shall remain in full force and effect and neither HFA, nor Eligible Entity is in breach of any such covenant.

(2) Eligible Entity has the full corporate power and authority to enter into, execute, and deliver this Tenth Amendment and any other closing documentation delivered to Treasury in connection with this Tenth Amendment, and to perform its obligations hereunder and thereunder.

(3) HFA has the full legal power and authority to enter into, execute, and deliver this Tenth Amendment and any other closing documentation delivered to Treasury in connection with this Tenth Amendment, and to perform its obligations hereunder and thereunder.

3. Miscellaneous

A. The recitals set forth at the beginning of this Tenth 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 Tenth 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 Tenth Amendment shall be treated as originals for all purposes.

[SIGNATURE PAGE FOLLOWS; REMAINDER OF PAGE
INTENTIONALLY LEFT BLANK]

In Witness Whereof, HFA, Eligible Entity and Treasury by their duly authorized officials hereby execute and deliver this Tenth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

HFA:

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: /s/ Mary R. Kenney
Name: Mary R. Kenney
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

By: _____
Name: Timothy J. Bowler
Title: Acting Assistant Secretary for
Financial Stability

ELIGIBLE ENTITY:

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: /s/ Mary R. Kenney
Name: Mary R. Kenney
Title: Executive Director

EXHIBITS AND SCHEDULES

Schedule A	Basic Information
Schedule B	Service Schedules
Exhibit E	Form of Program Allocations/Permitted Expenses Change Request

SCHEDULE A

BASIC INFORMATION

Eligible Entity Information:

Name of the Eligible Entity: Illinois Housing Development Authority¹

Corporate or other organizational form: a body politic and corporate under the laws of the State of Illinois, pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended

Jurisdiction of organization: Illinois

Notice Information:

HFA Information:

Name of HFA: Illinois Housing Development Authority¹

Organizational form: a body politic and corporate under the laws of the State of Illinois, pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended

Date of Application: September 1, 2010

Date of Action Plan: September 1, 2010

Notice Information:

Program Participation Cap: \$445,603,557.00

Portion of Program Participation Cap

¹ References in the Agreement to the term “HFA” shall mean the Illinois Housing Development Authority (“IHDA”) in its capacity as an HFA as such term is used in the Agreement; references in the Agreement to the term “Eligible Entity” shall mean IHDA, in its capacity as Eligible Entity as such term is used in the Agreement. Notwithstanding anything to the contrary in the Agreement, (A) for purposes of Section 4(G) thereof, (i) annual audited financial statements shall be due no later than one hundred eighty (180) days after the end of IHDA’s fiscal year, and (ii) quarterly financial statements shall be due no later than forty-five (45) days after the end of each quarter commencing with the first full quarter ending after the Effective Date; provided that for any quarter IHDA does not prepare unaudited financial statements for its internal use, or to be sent to a third party, such quarterly unaudited financial statement shall not be required and instead IHDA shall provide 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, summary expenses by category [*e.g.*, in-take partners, IHDA specific expenses (*e.g.* salaries), and last business day of the quarter’s Depository Account bank statement, which information will allow Treasury to review and confirm the funds used for the Services and Permitted Expenses; (B) for purposes of Section 7 thereof, the powers and authority of IHDA shall be governed by and construed in accordance with the laws of the State of Illinois.

<u>Representing Original HHF Funds:</u>	N/A
Portion of Program Participation Cap <u>Representing Unemployment HHF Funds:</u>	\$166,352,726.00
<u>Permitted Expenses:</u>	\$64,207,357.00
<u>Closing Date:</u>	September 23, 2010
<u>First Amendment Date:</u>	September 29, 2010
<u>Second Amendment Date:</u>	December 16, 2010
<u>Third Amendment Date:</u>	May 11, 2011
<u>Fourth Amendment Date:</u>	August 3, 2011
<u>Fifth Amendment Date:</u>	January 25, 2012
<u>Sixth Amendment Date:</u>	August 24, 2012
<u>Seventh Amendment Date:</u>	September 28, 2012
<u>Eighth Amendment Date:</u>	March 8, 2013
<u>Ninth Amendment Date:</u>	August 9, 2013
<u>Tenth Amendment Date:</u>	April 11, 2014
<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

Illinois Housing Development Authority

Hardest Hit Fund Homeowner Emergency Loan Program (HHF HELP)

Summary Guidelines

<p>1. Program Overview</p>	<p>Illinois' Homeowner Emergency Loan Program (HHF HELP or the Program) will assist homeowners who have experienced an income reduction due to unemployment or underemployment in two ways: Monthly Mortgage Payment Assistance and Reinstatement Assistance. Monthly Mortgage Payment Assistance will be provided for up to 18 months. Reinstatement Assistance will pay a homeowner's delinquent balance and other associated fees and costs. Borrowers may be eligible for Reinstatement Assistance combined with Monthly Mortgage Payment Assistance or Reinstatement Assistance as determined by first mortgage DTI program parameters.</p> <p>For Monthly Mortgage Payment Assistance, IHDA will make full mortgage payments to the servicer on behalf of the borrower while the household remains eligible for assistance. While full mortgage payments are made on their behalf, the borrower must contribute partial mortgage payments to IHDA on a monthly basis. Timely partial payments to IHDA are required for continued program assistance.</p> <p>After a maximum of 18 months of full mortgage payments, borrowers will resume making their mortgage payments independently. If borrowers regain employment and earn sufficient income to adequately afford their mortgage during the 18 months, borrowers will be transitioned from the Program. If the household maximum assistance level available is reached, IHDA will end assistance.</p> <p>Borrowers will be referred to the Program through the HHF HELP website and/or hotline, a housing counselor, or other entities. All client intakes of borrowers will be performed by IHDA approved intake agencies or IHDA staff. Intake agencies will screen applications and provide a full application package to IHDA for final approval.</p>
<p>2. Program Goal</p>	<p>The goal of the Program is to assist homeowners who have experienced an income reduction due to unemployment or underemployment with Monthly Mortgage Payment Assistance and Reinstatement Assistance that will allow them to pursue sustainable income and homeownership without the immediate</p>

	threat of default or foreclosure.
3. Target Population / Areas	The Program aims to serve all areas of the State and all employment sectors as the foreclosure crisis and unemployment crisis in Illinois is diverse. Funds will only be available to households at or below the moderate income level for the State (120% of area median, as defined by HUD).
4. Program Allocation (Excluding Administrative Expenses)	Program allocation amount on file with Treasury.
5. Borrower Eligibility Criteria	<p>Homeowners must meet the following program criteria:</p> <ul style="list-style-type: none"> • Present income at or below 120% of area median; • Experienced a substantial reduction in income due to unemployment or underemployment event; • Certification that the loss of income was involuntary (hardship affidavit required); • Fee simple title ownership on a property not exceeding four units; • Liquid assets cannot exceed program guidelines; and • Reinstatement Assistance and Monthly Mortgage Payment Assistance will be made available to eligible borrowers based on first mortgage DTI program parameters.
6. Property / Loan Eligibility Criteria	<p>Property criteria includes:</p> <ul style="list-style-type: none"> • Property must be owner-occupied; • Property can be one, two, three, and four units; • Property must be the primary residence of the borrowers; and • Property types can include single-family homes, detached or attached houses, town homes, condos, mobile homes on permanent foundations recorded as real property. <p>Loan criteria includes:</p> <ul style="list-style-type: none"> • Loan must be secured by a first position lien; • Homeowners can have a maximum present mortgage amount of \$500,000; and • Homeowners must carry a fixed rate mortgage or an adjustable rate mortgage.

7. Program Exclusions	<ul style="list-style-type: none"> • Homeowners with interest-only or negative amortization mortgages; • Assistance for subordinate mortgages; • Homeowners that own and/or are a party to mortgages on multiple residential properties; and • Applicants unable to substantiate past and current income or failing to provide required program documentation as requested.
8. Structure of Assistance	<p>Assistance will be in the form of a non-recourse, non-amortizing, zero-percent interest, ten-year forgivable loan. The forgivable loan will be recorded as a subordinate lien and will only be repaid if net equity proceeds exist in the event of sale or refinance. Following the first five years, the forgivable loan will be forgiven on a monthly pro rata basis for the remaining five-year term. On or before December 31, 2017, any remaining funds will be returned to Treasury.</p>
9. Per Household Assistance	<p>The maximum amount of assistance per homeowner is \$35,000.00.</p>
10. Duration of Assistance	<p>Homeowners can receive assistance for a maximum of 18 months. Upon expending the maximum amount per household, assistance will terminate. If borrowers regain employment and earn sufficient income to adequately afford their mortgage during the 18 months, borrowers will be transitioned from the Program. Failure to make the partial monthly mortgage payment or any violation of program terms may terminate the homeowner's assistance.</p>
11. Estimated Number of Participating Households	<p>IHDA anticipates that 10,000 - 12,000 households will be assisted through the HHF HELP Program.</p>
12. Program Inception / Duration	<p>The statewide Program launch is currently operational. Implementation of \$35,000.00 per borrower allocation will begin approximately 30 - 90 days after the Eighth Amendment Date.</p>
13. Program Interactions with Other HFA Programs	<p>Households served under the National Foreclosure Mitigation Counseling (NFMC) Program may also be reviewed for HHF HELP eligibility.</p>
14. Program Interactions with HAMP	<p>Clients denied for a HAMP modification may be eligible for assistance through this Program. Intake agencies evaluating eligibility for clients may also review for possible HAMP eligibility. Clients eligible for forbearance under the HAMP Unemployment Program may be eligible for assistance through</p>

	HHF HELP. HHF HELP may precede, follow, or run concurrently with the HAMP UP forbearance.
15. Program Leverage with Other Financial Resources	The Program requires no financial contribution from servicers or lenders, but they will be encouraged to waive fees as the HHF HELP Program provides direct benefit to their loan portfolio. IHDA will work to collaborate with servicers and lenders to effectively manage payments and information of the borrowers.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SERVICE SCHEDULE B-2
Illinois Housing Development Authority

Mercy Housing, Inc. Mortgage Resolution Fund Program (MRF)

Summary Guidelines

1. Program Overview	<p>The Illinois Housing Development Authority (IHDA) will partner with MRF, LLC, a non-profit partnership formed by Mercy Portfolio Services; Mercy Housing, Inc.; Enterprise Community Partners, Inc.; the Housing Partnership Network; and the National Community Stabilization Trust, to use HHF funds to purchase delinquent loans in hardest-hit markets from lending institutions and capital markets trading desks at deeply discounted prices, modify such loans to an affordable level for the homeowner and then, assuming a successful trial modification period, rewrite the loan and if the market is amenable, sell the loan. Alternatively, MRF (or the Program) will provide households not eligible for modification with support through property disposition and transition to new housing and in certain limited circumstances the loan will have to be foreclosed.</p> <p>More specifically, the Mortgage Resolution Fund Program is designed to:</p> <ol style="list-style-type: none">1) identify, source and perform loan level due diligence in order to purchase delinquent residential first mortgage loans from servicers/owners at a price consistent with the underlying property value and the mortgage's net present value;2) upon purchase of the loan, offer qualifying homeowners an opportunity to enter a trial modification period where the loan will be restructured to achieve a front end debt ratio of not greater than 31 percent of the gross household income;3) work with the qualifying household during the trial period to reduce their debt to achieve a total debt ratio no greater than 50% of the gross household income to strengthen the loan asset;4) upon successful completion of the trial period, permanently modify the first mortgage by writing down the principal to an amount no less 75 percent and no greater than 95 percent of the current appraised value, with a monthly payment no greater than 31 percent of gross monthly income and a 30-year term and amortization;5) structure a portion of the first mortgage amount equal to the
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	<p>difference between the market value of the property and the permanently modified loan amount, on a 0 percent, 10-year forgivable basis;</p> <p>6) offer an alternative disposition to households with loans unable to be permanently modified;</p> <p>7) secure title when owners, who are otherwise qualified to participate in the Program, walk away from the property or are uninterested in an alternative disposition;</p> <p>8) secure title when owners/loans are not qualified to participate in the Program, in which event MRF, LLC will reimburse IHDA for any HHF monies expended with respect to that loan;</p> <p>9) provide asset management of all homes owned until a final disposition is reached; and</p> <p>10) provide compliance and reporting functions from both a loan and fund level.</p>
2. Program Goal	The Program aims to keep families in their homes or provide families with support for an orderly property disposition and transition to new housing, which will help to stabilize neighborhoods and housing markets.
3. Target Population / Areas	The Program will be available in the six County Chicago-Metro areas, which includes Cook, DuPage, Kane, Kendall, Lake, and Will Counties, to low-to-moderate income households.
4. Program Allocation (Excluding Administrative Expenses)	Program allocation amount on file with Treasury.
5. Borrower Eligibility Criteria	Borrower circumstances will determine whether they are placed into one of three options: trial modification leading to permanent modification, alternative disposition or foreclosure. Specific eligibility criteria for each of the foregoing options are set forth in the MRF Program Guidelines. All borrowers will be required to sign a financial hardship affidavit.
6. Property / Loan Eligibility Criteria	<p>The following waterfall process will be used to determine those loans eligible for purchase:</p> <p>Filter One: Geography</p> <ul style="list-style-type: none"> The census tracts within each eligible county will be analyzed and those that score between 12 and 19, as defined

	<p>by HUD NSP2-CIS, will be eligible.</p> <ul style="list-style-type: none"> • The selected census tracts will be evaluated and those with a USPS vacancy rate of 10 percent or less will be eligible. • The selected census tracts will be evaluated to determine market viability by analyzing sales data to determine (1) if the market has stabilized; (2) velocity and absorption rates; and, (3) purchase price ranges for the area. <p>Filter Two: Loan Terms and Status</p> <ul style="list-style-type: none"> • Owner-occupied, single family loans • Secured with an FHA/VA/USDA/Conventional/Sub-prime product (<i>no exclusions will be made because of interest rate, amortization period, credit, documentation, mortgage insurance, origination date, LTV</i>) • First lien position • Payment delinquency of 30 days or greater but prior to judgment • Property value equal to or less than \$500,000 • Principal balance at or below what a borrower earning 120 percent of area median income can afford (assuming 30 year term, 5 percent rate)
7. Program Exclusions	Any loans to homeowners that do not meet above criteria.
8. Structure of Assistance	<p>Structure a portion of the first mortgage amount equal to the difference between the market value of the property and the permanently modified loan amount, on a zero-percent, ten-year forgivable basis.</p> <p>Borrower payments made through the trial and permanent modification periods as well as any funds generated through the sale of the permanently modified loans, or sale or rental of properties, will be used to pay program costs, program fees and repay HHF. HHF monies returned to IHDA will undergo a close out review and, subject to IHDA's approval, will be returned to IHDA. On or before December 31, 2017, any remaining funds will be returned to Treasury.</p>
9. Per Household Assistance	The maximum refinance amount will be equal to or less than \$500,000. The median refinance amount is expected to be approximately \$130,000.
10. Duration of Assistance	Duration of assistance will vary from borrower to borrower based on circumstances surrounding each and market conditions. However, all borrowers will be refinanced or transitioned to another managed option prior to the expiration of

	the Program in 2017 with exceptions permitted upon approval by MRF, LLC.
11. Estimated Number of Participating Households	Estimated number of households – 250 to 1,000
12. Program Inception / Duration	It is expected that the Program will begin approximately 120 days from the date of Treasury approval and the first loans will be purchased within approximately 60 days thereafter.
13. Program Interactions with Other HFA Programs	It is expected that certain MRF Trial Modification Program (TMP) ineligible loans (those with inadequate income to support the required minimum mortgage loan amount) will be eligible for IHDA’s standard HHF program and will be referred to IHDA to submit an application and have eligibility determined.
14. Program Interactions with HAMP	It is expected that some of the delinquent mortgages purchased under this Program may have been unsuccessful under HAMP. No currently performing loans under the HAMP program will be eligible.
15. Program Leverage with Other Financial Resources	Loans will be purchased at a discount.
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SERVICE SCHEDULE B-3
Illinois Housing Development Authority

Hardest Hit Fund Home Preservation Program (HPP)

Summary Guidelines

<p>1. Program Overview</p>	<p>Illinois' Home Preservation Program (HPP or the Program) will leverage HHF dollars to facilitate a refinance, recast (for recast initial LTV must be 95% or higher), or permanent modification of the first mortgage through an escrow arrearage (including related fees and costs), principal reduction, and/or reinstatement payment to bring the household monthly payment to an affordable level (maximum housing DTI of 38%). A second lien payoff payment may also be provided to facilitate a first mortgage modification/recast/refinance. HPP will assist homeowners who are financially unable to make their mortgage payments due to a program-eligible hardship causing a decrease in income or an increase in expenses.</p>
<p>2. Program Goal</p>	<p>The goal of this Program is to facilitate long-term mortgage sustainability by leveraging HPP funds with a servicer-specific loan reinstatement, modification, recast, and/or refinance. This will reduce the likelihood of continued mortgage delinquency, re-default, or long-term unaffordability due to negative equity.</p>
<p>3. Target Population / Areas</p>	<p>The Program aims to serve all areas of Illinois. Funds will only be available to households at or below the moderate income level for the State (120% of area median, as defined by HUD).</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>Program allocation amount on file with Treasury.</p>
<p>5. Borrower Eligibility Criteria</p>	<p>Homeowners must meet the following program criteria:</p> <ul style="list-style-type: none"> • Present income at or below 120% of area median; • Current housing debt-to-income ratio of 25% or higher; • Loan is delinquent or in imminent default; • At least one person in the household must have consistent employment and/or income sources; • Hardship reason must be affirmed through a signed affidavit and conform to program guidelines; and • Liquid assets cannot exceed program guidelines.
<p>6. Property / Loan</p>	<ul style="list-style-type: none"> • Owner-occupied and primary residence; • Properties can be up to four units;

<p>Eligibility Criteria</p>	<ul style="list-style-type: none"> • Property types can include single-family homes, detached or attached houses, town homes, condos, mobile homes on permanent foundations recorded as real property; • Homeowners must carry a fixed rate mortgage or an adjustable rate mortgage; • Homeowners with interest-only or negative amortization mortgages can qualify if the modification/refinance places them in a fully amortizing product; and • Unpaid principal balance at application cannot exceed \$500,000.
<p>7. Program Exclusions</p>	<p>Applicants unable to substantiate current income or failing to provide required program documentation as requested.</p>
<p>8. Structure of Assistance</p>	<p>Assistance will be in the form of a non-amortizing, zero-percent interest, five-year forgivable loan. The forgivable loan will be recorded as a subordinate lien and will only be repaid if net equity proceeds exist in the event of sale or refinance. The loan will be forgiven on a monthly pro rata basis for the five-year term. On or before December 31, 2017, any remaining funds will be returned to Treasury.</p>
<p>9. Per Household Assistance</p>	<p>Eligible borrowers may receive up to \$50,000.00, not including leveraged servicer dollars. If an applicant also receives or received assistance through Illinois' Hardest Hit Fund Program Homeowner Emergency Loan Program (HHF HELP), their maximum total assistance amount from HHF HELP and HPP cannot exceed \$50,000.00.</p>
<p>10. Duration of Assistance</p>	<p>Assistance under HPP is intended to be a one-time payment to the servicer.</p>
<p>11. Estimated Number of Participating Households</p>	<p>Approximately 500 households. Program will be piloted with IHDA and expanded to other lenders if successful and funds are available.</p>
<p>12. Program Inception / Duration</p>	<p>It is estimated that HPP will begin approximately 120 days after approval.</p>
<p>13. Program Interactions with Other HFA Programs</p>	<p>Households served under the National Foreclosure Mitigation Counseling (NFMC) program may also be reviewed for HPP. Notes purchased through the Mortgage Resolution Fund Program (MRF) program are ineligible for HPP assistance.</p>
<p>14. Program Interactions with HAMP</p>	<p>Clients denied for HHF HELP or Making Home Affordable (MHA) programs may be eligible for assistance through this Program. Clients approved for any HAMP or HARP with or without investor match may be eligible. Intake agencies evaluating eligibility for clients may also review for possible eligibility in</p>

	other programs.
15. Program Leverage with Other Financial Resources	The Program will disburse funds up to \$50,000.00 if the lien holder agrees to a loan modification, refinance, recast, or principal reduction that shows direct benefit to the borrower.
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SERVICE SCHEDULE B-4
Illinois Housing Development Authority

Hardest Hit Fund Blight Reduction Program (BRP)

Summary Guidelines

1. Program Overview	The purpose of the Hardest Hit Fund Blight Reduction Program (“BRP”) is to decrease preventable foreclosures and stabilize neighborhoods by strategically targeting those residential areas with vacant and abandoned blighted residential properties in need of demolition and greening. The Illinois Housing Development Authority (“IHDA”) will work with units of government and their not-for-profit partner(s) within the state of Illinois to implement the program.
2. Program Goal	<p>The goal of BRP is to decrease preventable foreclosures through neighborhood stabilization achieved through the demolition and greening of vacant, abandoned and blighted residential properties throughout Illinois. Such vacant, abandoned and blighted residential properties will be returned to use through a process overseen by approved units of government and their not-for-profit partner(s).</p> <p>IHDA will work with units of government and their not-for-profit partner(s) to identify and track meaningful indicators of program effectiveness throughout the life of the program.</p>
3. Target Population / Areas	BRP activity will be limited to targeted areas approved by IHDA that are part of a comprehensive local strategy to stabilize home values and prevent foreclosures. IHDA guidelines will ensure that demolition and greening will have a positive effect on preserving existing neighborhoods.
4. Program Allocation (Excluding Administrative Expenses)	Program allocation amount on file with Treasury
5. Property Eligibility Criteria	<p>IHDA will determine property eligibility per program guidelines.</p> <p>1-4 unit residential properties, that are located in Illinois:</p> <ul style="list-style-type: none"> • determined to be vacant and abandoned, and • qualify for lawful demolition.
6. Ownership/Loan	Title to the property must be held by the applicable not-for-profit partner such that: (i) the loan can be modified or

Eligibility Criteria	extinguished and (ii) an enforceable lien can be placed on the property.
7. Program Exclusions	BRP funds cannot be used for the rehabilitation of existing residential structures, commercial structures, or properties listed on a national, state or local historic register.
8. Structure of Assistance	<p>IHDA will determine project sites in direct consultation with the applicable not-for-profit partners.</p> <p>The applicable not-for-profit partners will be responsible for acquisition of the property (if necessary), demolition work and on-going property maintenance.</p> <p>Units of government and their not-for-profit partner(s) must submit in their application to IHDA for BRP funds, information including, but not limited to, the following:</p> <ul style="list-style-type: none"> • A full and complete list of all properties the applicant seeks to make eligible; • Property ownership and/or acquisition information; • Pre-demolition inspection information, including, but not limited to any third party environmental inspection reports; • The post-demolition goal for each property; • Cost estimates and/or evidence of the expenditures on a per property basis including, but not limited to: (i) all eligible activities required to bring the property into compliance with program guidelines, (ii) removal of all debris, (iii) backfill of basements or cellars, and (iv) any necessary environmental remediation required by law; and • Any other miscellaneous information identified regarding the property (e.g., hazards, adverse findings, easements...etc.) <p>Upon receipt of appropriate documentation confirming the completion of BRP activities, IHDA will provide Hardest Hit funding to the applicable partner after execution of a secured lien mortgage and note in favor of IHDA. The lien will be recorded in the public records and releases will be conducted by IHDA.</p> <p>The secured lien and notes will be structured as zero percent, non-amortizing loans, secured by a lien on the property. Loans will expire three years after their origination date (“Expiration Date”). Prior to the Expiration Date, loans will be forgiven at</p>

	<p>a rate of 33.3% per annum as long as covenants are met.</p> <p>In most cases, the outstanding loan balance will become due and payable if the property is sold, its title transferred, or it is used for an unauthorized purpose prior to the Expiration Date. However, in certain cases, special considerations may be made by IHDA to release or subordinate its lien prior to the Expiration Date based upon the merit of the request and the proposed positive impact to the community as set forth in the program guidelines. The method for calculating the outstanding balance will be determined based upon the time and method of transfer. The outstanding balance may include any and all net sale proceeds and/ or the full principal balance of the loan.</p> <p>Prior to the Expiration Date, all proceeds will be due and payable to IHDA. All proceeds returned to the IHDA from the BRP may be recycled until December 31, 2017; thereafter, the funds must be returned to Treasury.</p>
9. Per Property Assistance	<p>\$35,000 (per unit maximum) which may include the following on a per unit basis (if applicable):</p> <ul style="list-style-type: none"> • Acquisition (purchase price, lien extinguishment, legal costs) • Closing costs (if applicable, <i>i.e.</i>, title, recording and transfer fees) • Demolition • Lot treatment/greening • Maintenance (\$3,000 flat fee) • Administrative expenses (\$1,750)
10. Duration of Assistance	One time assistance per property.
11. Estimated Number of Properties	Approximately 50. Program will be expanded if successful and funds are available.
12. Program Inception / Duration	The program is expected to launch in the Summer of 2014.
13. Program Interactions with Other HFA Programs	BRP will complement existing efforts of Illinois' Abandoned Properties Residential Property Municipality Relief Fund.
14. Program Interactions with HAMP	None

15. Program Leverage with Other Financial Resources	None
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

EXHIBIT E

**FORM OF PROGRAM ALLOCATIONS/
PERMITTED EXPENSES CHANGE REQUEST**

xx xx, 20xx

The United States Department of the Treasury
Office of Financial Stability
Homeownership Preservation Office
Attention: Erin Quinn

The United States Department of the Treasury
HFAinnovation@do.treas.gov
Attention: HFA Hardest Hit Fund

Ladies/Gentlemen:

Reference is made to the Commitment to Purchase Financial Instrument and HFA Participation Agreement dated as of the date set forth on Schedule A thereto (as amended, supplemented or otherwise modified and in effect from time to time, the (“HPA”) by and among xx xx xx (“HFA”), xx xx xx (“Eligible Entity”), and the United States Department of the Treasury (“Treasury”). Reference is also made to the Financial Instrument dated the date set forth on Schedule A to the HPA delivered by Eligible Entity to Treasury (the “Financial Instrument”). Capitalized terms used but not otherwise defined herein shall have the meaning given them in the HPA.

In accordance with Section 9.D. of the HPA, the undersigned Eligible Entity hereby requests that The Bank of New York Mellon (“BNYM”), on behalf of Treasury, adjust the program allocations or Permitted Expenses, as applicable, as set forth in the attached Exhibit 1 and Exhibit 2.

HFA and Eligible Entity, as applicable, hereby certify to Treasury and BNYM, as of the date hereof, that:

- (a) no default or Event of Default has occurred and is continuing as of the date hereof and on the Funding Date [other than];
- (b) each of the representations and warranties made by HFA and Eligible Entity in the HPA and Financial Instrument are true and correct on and as of such date, as if made on and as of the date hereof and on the Funding Date [other than];
- (c) HFA and Eligible Entity each have full corporate power and authority to enter into, execute, and deliver this Program Allocations/Permitted Expenses Change Request and any other documentation delivered to Treasury in connection with this Program Allocations/Permitted Expenses Change Request;

- (d) HFA and Eligible Entity are in compliance with the covenants and other agreements set forth in the HPA and Financial Instrument, which shall remain in full force and effect [other than _____];
- (e) all data and information set forth in this Program Allocations/Permitted Expenses Change Request, including the attached Exhibits, is true and correct in all respects; and
- (f) to our knowledge, there have been no Acts of Bad Faith by any HHF Recipient [other than _____].

In the event that any part of the certification made herein is discovered not to be true and correct after the date hereof, HFA or Eligible Entity, as applicable, shall notify Treasury immediately.

HFA:

[_____]

By: _____
Name:
Title:

ELIGIBLE ENTITY:

[_____]

By: _____
Name:
Title:

EXHIBIT 1

Program Allocations

Total Program Participation Cap:¹

Portion of Program Participation Cap Representing Original HHF Funds:²

Portion of Program Participation Cap Representing Unemployment HHF Funds:³

Program Allocation/Permitted Expenses Change Request #:⁴

Current Program Allocations/Permitted Expenses		Proposed Program Allocations/Permitted Expenses	
Program Allocation (<i>i.e.</i> , Unemployment Mortgage Assistance Program): ⁵		Program Allocation (<i>i.e.</i> , Unemployment Mortgage Assistance Program):	
Other Program Allocation, if applicable: ⁶		Other Program Allocation, if applicable:	
<i>optional field for additional program</i>		<i>optional field for additional program</i>	
<i>optional field for additional program</i>		<i>optional field for additional program</i>	
<i>optional field for additional program</i>		<i>optional field for additional program</i>	
<i>Permitted Expenses</i> ⁷		<i>Permitted Expenses</i> ⁷	
Total ⁸		Total ⁸	

Footnotes:

1: Represents total award/allocation, including program and administrative expenses.

2. Insert N/A if not applicable.

3. Insert N/A if not applicable.

4. The number of reallocation changes under the streamlined allocation process, including the current request.

5. Insert name of program and current dollar allocation (excluding administrative expenses).

6. Insert name of other program(s) and current dollar allocation, if applicable. Insert N/A if not applicable.

7. Grand total amount of current permitted administrative expenses, including one-time/start-up expenses, operating/administrative expenses, transaction related expenses, and counseling expenses.

8. The sum of program allocation(s) and permitted administrative expenses should equal to the total award amount (total program participation cap).

EXHIBIT 2

Permitted Administrative Expenses

	State		
	Current	Proposed	Difference
<i>One-time / Start-Up Expenses:</i>			
Initial Personnel			
Building, Equipment, Technology			
Professional Services			
Supplies / Miscellaneous			
Marketing /Communications			
Travel			
Website development /Translation			
Contingency			
Subtotal			
<i>Operating / Administrative Expenses:</i>			
Salaries			
Professional Services (Legal, Compliance, Audit, Monitoring)			
Travel			
Buildings, Leases & Equipment			
Information Technology & Communications			
Office Supplies/Postage and Delivery/Subscriptions			
Risk Management/Insurance			
Training			
Marketing/PR			
Miscellaneous			
Subtotal			
<i>Transaction Related Expenses:</i>			
Recording Fees			
Wire Transfer Fees			
<i>Counseling Expenses:</i>			
File Intake			
Decision Costs			
Successful File			
Key Business Partners On-Going			
Subtotal			
Grand Total			
% of Total Award			

Award Amount			
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