

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

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

**Recitals**

WHEREAS, Treasury, HFA and Eligible Entity entered into that certain Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Original HPA”) dated as of the Closing Date set forth on Schedule A attached hereto, as previously amended by those certain Amendments to Commitment to Purchase Financial Instrument and HFA Participation Agreement dated as of their respective dates as set forth on Schedule A attached hereto (each, an “Amendment” and together with the Original HPA as amended thereby, the “Current HPA”), in connection with Treasury's federal housing program entitled the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (the “HHF Program”), which was established pursuant to the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5201 et seq.), as amended, and as the same may be amended from time to time (“EESA”);

WHEREAS, on February 19, 2016 Treasury announced that it would (i) extend the HHF Program through 2020, and (ii) make \$2 billion of additional assistance available under the HHF Program (the “Fifth Round Funding”) to help prevent foreclosure and stabilize housing markets in certain states that had previously received HHF Program funding for such purposes; and

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

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

**Agreement**

**1. Amendments**

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

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

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

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

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

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

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

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

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

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

G. Modifications.

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

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

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

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

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

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

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

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

- L. Schedule F. A new Schedule F is added to the Current HPA in the form attached to this Amendment as Schedule F.
- M. Definitions. All references in the Current HPA to the "Agreement" shall mean the Current HPA, as further amended by this Amendment; all references in the Current HPA to the "Financial Instrument" shall mean the Amended and Restated Financial Instrument in the form attached to this Amendment as Exhibit A; and all references in the Current HPA to Exhibit A or Schedules A, B, C or F shall mean the Exhibit A or Schedules A, B, C or F attached to this Amendment. All references herein to the "HPA" shall mean the Current HPA, as further amended by this Amendment.

**2. Substitution of Financial Instrument.**

Eligible Entity shall deliver to Treasury on the date hereof an Amended and Restated Financial Instrument in the form attached to this Amendment as Exhibit A. By executing this Amendment, Treasury, HFA and Eligible Entity authorize The Bank of New York Mellon to cancel the Financial Instrument previously delivered under the Current HPA against delivery of such Amended and Restated Financial Instrument and direct The Bank of New York Mellon to return the cancelled Financial Instrument to (or at the direction of) the Eligible Entity.

**3. Representations, Warranties and Covenants**

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

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

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

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

**4. Miscellaneous**

A. The recitals set forth at the beginning of this Amendment are true and accurate and are incorporated herein by this reference.

B. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the HPA.

C. Any provision of the HPA that is determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the HPA, and no such prohibition or unenforceability in any jurisdiction shall invalidate such provision in any other jurisdiction.

D. This Amendment may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or electronic copies of this Amendment, the Amended and Restated Financial Instrument, and any other closing documentation delivered in connection therewith, shall be treated as originals for all purposes.

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

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

**HFA:**

SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT  
AUTHORITY

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

By: /s/ Valarie M. Williams  
Name: Valarie M. Williams  
Title: Executive Director

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

**ELIGIBLE ENTITY:**

SC HOUSING CORP.

By: /s/ Valarie M. Williams  
Name: Valarie M. Williams  
Title: Executive Director

## **EXHIBITS AND SCHEDULES**

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

## EXHIBIT A

### FORM OF AMENDED AND RESTATED FINANCIAL INSTRUMENT

This Amended and Restated Financial Instrument is delivered by the undersigned party (“Eligible Entity”) as provided in Section 1 of the Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Commitment”), entered into as of the Effective Date, as modified by those certain Amendments to Commitment to Purchase Financial Instrument and HFA Participation Agreement dated as of the dates set forth on Schedule A to the Commitment (together, the “Agreement”), by and among the United States Department of the Treasury (“Treasury”), the party designated as HFA in the Commitment (“HFA”) and Eligible Entity.

This Amended and Restated Financial Instrument is effective as of May 3, 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: SC Housing Corp. ("SCHC")

Corporate or other organizational form: Nonprofit corporation

Jurisdiction of organization: South Carolina

Notice Information:

HFA Information:

Name of HFA: South Carolina State Housing Finance and Development Authority

Organizational form: a public body, corporate and politic under the laws of the State of South Carolina

Date of Application: June 1, 2010

Date of Action Plan: September 1, 2010

Notice Information:

Program Participation Cap: \$317,461,821.00

Portion of Program Participation Cap Representing Original HHF Funds: \$138,000,000.00

Portion of Program Participation Cap Representing Unemployment HHF Funds: \$58,772,347.00

Rounds 1-4 Funding Allocation: \$295,431,547.00

Round 5 Funding Allocation: \$22,030,274.00

Permitted Expenses: \$57,310,525.00

Closing Date: August 3, 2010

First Amendment Date: September 23, 2010

Second Amendment Date: September 29, 2010

<u>Third Amendment Date:</u>	December 16, 2010
<u>Fourth Amendment Date:</u>	August 31, 2011
<u>Fifth Amendment Date:</u>	November 15, 2012
<u>Sixth Amendment Date:</u>	October 30, 2013
<u>Seventh Amendment Date:</u>	July 31, 2014
<u>Eighth Amendment Date:</u>	September 29, 2015
<u>Ninth Amendment Date:</u>	November 24, 2015
<u>Tenth Amendment Date:</u>	May 3, 2016
<u>Eligible Entity Depository Account Information:</u>	See account information set forth in the Depository Account Control Agreement between Treasury and Eligible Entity regarding the HHF Program.

**SCHEDULE B**

**SERVICE SCHEDULES**

The Service Schedules attached as Schedule B to the Current HPA are hereby deleted in their entirety and replaced with the attached Service Schedules (numbered sequentially as Service Schedule B-1, Service Schedule B-2, et. Seq.), which collectively comprise Schedule B to the HPA.

## SERVICE SCHEDULE B-1

### SC State Housing Finance and Development Authority Monthly Payment Assistance Program Summary Guidelines

<p><b>1. Program Overview</b></p>	<p>The Monthly Payment Assistance Program will assist eligible households that are experiencing a temporary reduction in income or financial hardship by making the full monthly first mortgage payment for a specified period of time or until the Assistance cap is reached. This Program will give eligible households the time and opportunity to replace lost income and/or make other household financial adjustments and decisions while remaining current on first mortgage payments. Eligibility will be reevaluated periodically during the assistance period.</p>
<p><b>2. Program Goals</b></p>	<p>To bridge eligible borrowers across a gap in employment, other temporary reduction in income, or catastrophic financial expenses, allowing them to stay current on their mortgage and avoid foreclosure.</p>
<p><b>3. Target Population/ Areas</b></p>	<p>This Program will be available in all 46 counties in South Carolina, and is intended to assist borrowers with a short-term affordability problem.</p>
<p><b>4. Program Allocation (Excluding Administrative Expenses)</b></p>	<p>\$109,788,443</p>
<p><b>5. Borrower Eligibility Criteria</b></p>	<ul style="list-style-type: none"> <li>• Payment to Income ratio must exceed an affordable level as outlined in program and underwriting guidelines.</li> <li>• Borrower must provide documentation to evidence qualifying hardship per program guidelines.</li> <li>• All final eligibility determinations will be made by SCHC.</li> <li>• Funds will be available on a first-come first served basis.</li> <li>• Borrowers must not exceed the following liquid asset requirement for each eligible hardship:             <ul style="list-style-type: none"> <li>○ For employment-related, death of a spouse or co-borrower or divorce related hardships, assets cannot exceed 12 times the monthly payment.</li> <li>○ For catastrophic financial expenses, assets cannot exceed 6 times the monthly payment.</li> </ul> </li> </ul> <p>An eligible borrower must have at least one of the following qualifying financial hardships:</p> <ul style="list-style-type: none"> <li>• Unemployment</li> <li>• Underemployment</li> </ul>

	<ul style="list-style-type: none"> <li>• Significant reduction in self-employment income</li> <li>• Death of a Spouse or co-borrower</li> <li>• Divorce</li> <li>• Catastrophic financial expenses</li> </ul> <p>Additional eligibility criteria:</p> <ul style="list-style-type: none"> <li>• To qualify as unemployed, a borrower must be unemployed and receiving unemployment insurance (“UI”) payments as administered by the State of South Carolina, or unemployed with available UI benefits exhausted within the previous 12 months.</li> <li>• To qualify as underemployed, a borrower must show a minimum 20% reduction in available household income.</li> <li>• To qualify as self-employed with a significant reduction in income, a borrower must show that gross receipts for a primary borrower’s business have been reduced a minimum of 20%.</li> <li>• To qualify for death of a spouse or co-borrower, a borrower must show a minimum 20% reduction in the available household income.</li> <li>• To qualify for divorce, a borrower must demonstrate a minimum 20% reduction in the available household income.</li> <li>• To qualify for catastrophic financial expense, a borrower must show that the catastrophic financial expense occurred through no fault of their own. Borrowers with an affordable payment to income ratio may be evaluated on a case by case basis as set forth in the program guidelines. <ul style="list-style-type: none"> <li>○ Catastrophic financial expense must be at least 3 times the monthly mortgage payment.</li> <li>○ No portion of the assistance received as a result of a catastrophic financial expense hardship shall be reimbursed from other funding sources, including any subsidy or insurance reimbursement.</li> </ul> </li> </ul>
<p><b>6. Property/Loan Eligibility Criteria</b></p>	<ul style="list-style-type: none"> <li>• Eligible loans must be fixed term, amortizing loans, and the original loan amount cannot exceed \$729,750.</li> <li>• Eligible properties must be owner-occupied 1-4 family primary residences located in South Carolina.</li> </ul>
<p><b>7. Program Exclusions</b></p>	<p>Borrowers without a documented eligible hardship as described above in Section 5.</p>

<p><b>8. Structure of Assistance</b></p>	<p>Assistance under this Program will be provided in the form of a nonrecourse zero-percent interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan will be forgiven over a five (5) year period at a rate of 20% per year. If property is sold or refinanced prior to the loan termination date, funds will be recovered should sufficient equity be available from the transaction.</p> <p>Any loan payoff proceeds will be recycled for use within the Program and used to provide assistance to additional homeowners in accordance with the Agreement.</p>
<p><b>9. Per Household Assistance</b></p>	<p>Assistance under this Program will be capped at \$36,000 per household. The sum of assistance provided through all Programs when a household is participating in multiple Programs is capped at \$36,000 per household.</p> <p>Expected Median: \$17,000.</p>
<p><b>10. Duration of Assistance</b></p>	<p>Assistance under this Program for employment related, death of a spouse or co-borrower and divorce hardships will be capped at 24 months.</p> <p>Assistance received for catastrophic related financial expenses will be capped at 6 months.</p>
<p><b>11. Estimated Number of Participating Households</b></p>	<p>It is expected that that 6,000 – 7,000 families will be assisted under this Program.</p>
<p><b>12. Program Inception/ Duration</b></p>	<p>This Program was originally rolled out statewide on January 20, 2011 and is expected to be available for 96 to 108 months.</p>
<p><b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b></p>	<p>This Program will interact with:</p> <ul style="list-style-type: none"> <li>• Direct Loan Assistance Program - Households that are delinquent at the time monthly assistance begins may be eligible for Direct Loan Assistance to help with any arrearage that exists.</li> <li>• Property Disposition Assistance Program - Households that are not self-supporting after exhausting allowable funding under this Program may be eligible for the Property Disposition Assistance Program.</li> <li>• Total Assistance for households participating in multiple Programs is capped at \$36,000 per household.</li> </ul>

<p><b>14. Program Interactions with HAMP</b></p>	<p>The Program could effectively “hand off” the borrower to HAMP once the borrower is reemployed, if required. Households successfully coming out of the Program may be eligible for HAMP to obtain a permanent modification.</p> <p>The funds from this Program would be utilized prior to UP. Implementing the Program in this order is most beneficial to the borrower and the investor since payments would continue to be made instead of capitalized and no late charges or adverse credit report would occur. Should the borrower still be unemployed after the assistance from this Program ends, they may be eligible to roll into UP.</p> <p>Beneficiaries who participated in UP prior to making application to SC HELP would be eligible to participate in this Program.</p> <p>It is also expected that this Program may act as a front-end extension of existing forbearance with deed-in-lieu wrap programs.</p>
<p><b>15. Program Leverage with Other Financial Resources</b></p>	<p>None.</p>

## SERVICE SCHEDULE B-2

### SC State Housing Finance and Development Authority Direct Loan Assistance Program Summary Guidelines

<b>1. Program Overview</b>	In some cases borrowers may have fallen behind on their mortgage payments, and have since regained the ability to make the full payment, or are eligible for funding under the Monthly Payment Assistance (“MPA”) program and have an accrued arrearage owed to the lender. Under the Direct Loan Assistance Program, funding in the form of a one-time payment will be provided to bring such loans current. Funds may also be made available for principal reductions ancillary to a reinstatement and to reduce or eliminate any forbearance in order ensure long-term affordability.
<b>2. Program Goals</b>	To help borrowers become current on their mortgage during or following a brief interruption or reduction in income and to ensure long-term affordability.
<b>3. Target Population/ Areas</b>	This Program will be available in all 46 counties in South Carolina.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$101,612,853
<b>5. Borrower Eligibility Criteria</b>	<p>An eligible borrower must have at least one of the following qualifying hardships:</p> <ul style="list-style-type: none"><li>• Unemployment</li><li>• Underemployment</li><li>• Significant reduction in self-employment income</li><li>• Death of a spouse or co-borrower</li><li>• Divorce</li><li>• Catastrophic health-related expenses or income interruption</li></ul> <p>Additional Eligibility criteria:</p> <ul style="list-style-type: none"><li>• Payment to Income ratio must not exceed an affordable level as outlined in program and underwriting guidelines unless borrower is approved for funding under the MPA program.</li><li>• Borrower must provide documentation to evidence qualifying hardship per program guidelines.</li><li>• Borrower must demonstrate that circumstances that led to</li></ul>

	<p>the delinquency have been resolved unless borrower is approved for funding under the MPA program.</p> <ul style="list-style-type: none"> <li>• All final eligibility determinations will be made by SCHC.</li> <li>• Funds will be available on a first-come first served basis.</li> </ul>
<b>6. Property/Loan Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Eligible loans must be fixed term, amortizing loans and the original loan amount cannot exceed \$729,750.</li> <li>• Eligible properties must be owner-occupied 1-4 family primary residences located in South Carolina.</li> </ul>
<b>7. Program Exclusions</b>	Borrowers without a documented eligible hardship as described above in Section 5.
<b>8. Structure of Assistance</b>	<p>Assistance under this Program will be provided in the form of a nonrecourse zero-percent interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan will be forgiven over a five (5) year period at a rate of 20% per year. If property is sold or refinanced prior to the loan termination date, funds will be recovered should sufficient equity be available from the transaction.</p> <p>Any loan payoff proceeds will be recycled for use within the Program and used to provide assistance to additional homeowners in accordance with the Agreement.</p>
<b>9. Per Household Assistance</b>	<p>Assistance under this Program will be capped at \$36,000 per household for eligible borrowers deemed INELIGIBLE for the MPA program.</p> <p>Assistance under this Program will be capped at \$25,000 per household for eligible borrowers also deemed ELIGIBLE for the MPA program.</p> <p>The sum of assistance provided through all Programs when a household is participating in multiple Programs is capped at \$36,000 per household.</p> <p>Expected Median: \$8,000.</p>
<b>10. Duration of Assistance</b>	Program is a one-time payment per household.
<b>11. Estimated Number of Participating Households</b>	It is expected that that 11,500 – 12,500 families will be assisted under this Program.

<b>12. Program Inception/ Duration</b>	This Program was originally rolled out statewide on January 20, 2011 and is expected to be available for 96 to 108 months.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	<p>This Program will interact with the following South Carolina HFA Hardest-Hit Fund Programs:</p> <ul style="list-style-type: none"> <li>• Monthly Payment Assistance Program – Households with an arrearage and a temporarily reduced level of income may be eligible for the Program and the MPA program to cure the immediate delinquency and to insure that further delinquencies are not incurred.</li> <li>• Property Disposition Assistance Program - Households that are not self-supporting after exhausting allowable funding under this Program may be eligible for the Property Disposition Assistance Program.</li> <li>• Total Assistance for households participating in multiple Programs is capped at \$36,000 per household.</li> </ul>
<b>14. Program Interactions with HAMP</b>	Households successfully coming out of the Program may be eligible for HAMP to obtain a permanent modification.
<b>15. Program Leverage with Other Financial Resources</b>	Servicer/Investor will be required to waive all non-expense fees (i.e. late fees).

## SERVICE SCHEDULE B-3

### SC State Housing Finance and Development Authority Modification Assistance Program Summary Guidelines

<b>1. Program Overview</b>	<p>The majority of lenders in South Carolina are offering troubled borrowers the opportunity to modify their loans under certain circumstances, with the most notable of these programs being the Home Affordable Modification Program (“HAMP”). Under the Modification Assistance Program, funding in the form of a one-time payment will be provided to help borrowers qualify for a modification, a recast (re-amortization) of their outstanding first mortgage principal balance, or a full lien extinguishment to improve a borrower’s likelihood of long term mortgage sustainability.</p> <p>Funds provided under this Program can be used to reinstate delinquent amounts, reduce or eliminate any forbearance amounts, provide limited reductions in outstanding first mortgage principal or fully extinguish liens.</p>
<b>2. Program Goals</b>	To improve a borrower’s likelihood of receiving a modification or lower payment, and to help ensure long term affordability for eligible borrowers.
<b>3. Target Population/ Areas</b>	This Program will be available in all 46 counties in South Carolina.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$12,000,000.00
<b>5. Borrower Eligibility Criteria</b>	<p>Eligible borrowers must have a program eligible financial hardship due to unemployment, loss of income, reduction of income, or other demonstrated financial hardships through no fault of their own. Borrowers will be required to provide documentation to support the hardship.</p> <p>Additional eligibility criteria:</p> <ul style="list-style-type: none"><li>• Borrower must be employed or receiving income from a fixed income source.</li><li>• Current housing debt-to-income ratio must be greater than 25%.</li><li>• Post-assistance housing debt-to-income ratio must be less than or equal to 45%.</li><li>• Borrower must meet all additional requirements</li></ul>

	<p>established by the servicer.</p> <p>Borrowers primary source of income - fixed - may be eligible for a full lien extinguishment, recast or modification:</p> <ul style="list-style-type: none"> <li>• Gross household income is equal to or less than 125% of the state median income limit for South Carolina.</li> </ul> <p>Borrowers primary source of income – all other sources - may be eligible for a recast or modification:</p> <ul style="list-style-type: none"> <li>• Pre-assistance LTV must be greater than 80%.</li> <li>• Post-assistance LTV must be equal to or greater than 80%.</li> <li>• Post-assistance LTV may go below 80% if no more than \$20,000 in assistance is provided for principal reduction in order to achieve a post assistance housing debt-to-income ratio between 25% and 45%.</li> </ul> <p>Funds will be allocated on a first-come/approved, first-served basis. Borrowers must meet program underwriting criteria.</p>
<p><b>6.</b> Property/Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> <li>• Eligible loans must be fixed term, fully amortizing, and the original loan amount cannot exceed \$729,750.</li> <li>• Eligible properties must be owner-occupied 1– 4 family primary residences located in South Carolina.</li> </ul>
<p><b>7.</b> Program Exclusions</p>	<ul style="list-style-type: none"> <li>• Borrowers without a documented eligible hardship as described above in Section 5.</li> <li>• Borrowers have previously received funding through the Direct Loan Assistance and/or the Monthly Payment Assistance programs in an amount that exceeds limits as defined in underwriting guidelines for each program.</li> </ul>
<p><b>8.</b> Structure of Assistance</p>	<p>Assistance under this Program will be provided in the form of a nonrecourse zero-percent interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan will be forgiven over a ten (10) year period at a rate of 20% per year starting after the end of the sixth (6<sup>th</sup>) year. If property is sold or refinanced prior to the loan termination date, funds will be recovered should sufficient equity be available from the transaction.</p> <p>Any loan payoff proceeds will be recycled for use within the Program and used to provide assistance to additional homeowners in accordance with the Agreement.</p>

<b>9. Per Household Assistance</b>	<p>Assistance under this Program will be capped at \$36,000 per household.</p> <p>Expected Median: \$25,000.</p>
<b>10. Duration of Assistance</b>	<p>Program is a one-time payment per household.</p>
<b>11. Estimated Number of Participating Households</b>	<p>It is expected that 450 – 550 families will be assisted under this Program.</p>
<b>12. Program Inception/ Duration</b>	<p>This Program was rolled out in January 2014, and is expected to run for 72 months.</p>
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	<p>This Program will interact with the following South Carolina HFA Hardest-Hit Fund Programs:</p> <ul style="list-style-type: none"> <li>• Monthly Payment Assistance Program - Households that are not self-supporting after exhausting allowable funding under the Monthly Payment Assistance Program may be eligible for this Program, subject to any previous assistance caps defined in underwriting guidelines.</li> <li>• Direct Loan Assistance Households that are not self-supporting after exhausting allowable funding under the Direct Loan Assistance Program may be eligible for this Program, subject to any previous assistance caps defined in underwriting guidelines.</li> </ul>
<b>14. Program Interactions with HAMP</b>	<p>This Program can be used in conjunction with HAMP to improve a borrower’s likelihood of success and to help ensure long term affordability for borrowers.</p>
<b>15. Program Leverage with Other Financial Resources</b>	<p>Servicer/Investor will be required to waive all non-expense fees (i.e., late fees).</p>

## SERVICE SCHEDULE B-4

### SC State Housing Finance and Development Authority Property Disposition Assistance Program Summary Guidelines

1. Program Overview	There may be a segment of borrowers whose position is unrecoverable, and who need assistance in gracefully exiting homeownership. The Property Disposition Assistance Program will be used to assist households who are able to complete a short sale or deed-in-lieu of foreclosure. The funds are provided as a one-time payment and are intended to provide deposits and other funds needed to transition from homeownership to renting.
2. Program Goals	To assist households who are able to complete a short sale or deed-in-lieu of foreclosure by providing deposits and other funds needed to transition from homeownership to renting.
3. Target Population/ Areas	This Program will be available in all 46 counties in South Carolina, and is intended to assist borrowers with a long-term or permanent affordability problem with little expectation for financial recovery.
4. Program Allocation (Excluding Administrative Expenses)	\$1,750,000.00
5. Borrower Eligibility Criteria	<ul style="list-style-type: none"><li>• Borrower must provide documentation to evidence qualifying hardship per program guidelines.</li><li>• Delinquency event must be ongoing with little or no expectation for financial recovery (i.e. prolonged under-employment, divorce, death of a spouse, etc.).</li><li>• Application for assistance must be completed prior to completion of short sale or deed-in-lieu of foreclosure.</li><li>• Short sale or deed-in-lieu of foreclosure must be complete prior to final approval and funding.</li><li>• All final eligibility determinations will be made by SCHC.</li><li>• Funds will be available on a first-come first served basis.</li></ul>
6. Property/Loan Eligibility Criteria	Eligible properties must be owner-occupied 1– 4 family primary residences located in South Carolina.
7. Program Exclusions	Borrower receiving assistance under the Home Affordable Foreclosure Alternative (HAFA) Program.

<b>8. Structure of Assistance</b>	Assistance under this Program will be provided directly to the homeowner, and will not be structured as a loan, nor will it be secured by the subject property. No payments may be made directly to homeowners until a short sale or deed-in-lieu is completed.
<b>9. Per Household Assistance</b>	Assistance under this Program will be capped at \$5,000 per household.  Expected Median: \$5,000.
<b>10. Duration of Assistance</b>	Program is a one-time payment.
<b>11. Estimated Number of Participating Households</b>	It is expected that that 250 – 300 families will be assisted under this Program.
<b>12. Program Inception/ Duration</b>	This Program will be available statewide during the third quarter of 2011. It is expected that it will run for 96 to 108 months.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	This Program will interact with the following South Carolina HFA Hardest Hit Fund Programs: <ul style="list-style-type: none"> <li>• Monthly Payment Assistance Program - Households that are not self-supporting after exhausting allowable funding under the Monthly Payment Assistance Program may be eligible for this Program.</li> <li>• Direct Loan Assistance - Households that are not self-supporting after exhausting allowable funding under the Direct Loan Assistance Program may be eligible for this Program.</li> </ul>
<b>14. Program Interactions with HAMP</b>	None.
<b>15. Program Leverage with Other Financial Resources</b>	None.

## SERVICE SCHEDULE B-5

### SC State Housing Finance and Development Authority Neighborhood Initiative Program (NIP) Summary Guidelines

<b>1.</b> Program Overview	Under the Neighborhood Initiative Program (“NIP”), the South Carolina State Housing Finance and Development Authority (“SCSHFDA”) will work with units of local government and qualified non-profit organizations (together, “Partners”) to strategically target residential (single and multifamily) properties for demolition, site improvement, and acceptable reuse within the state of South Carolina.
<b>2.</b> Program Goals	The primary purpose and goal of NIP is to decrease foreclosures and stabilize homeowner property values in communities across South Carolina through the demolition of vacant, abandoned, and blighted residential structures, and subsequent greening/improvement. SCSHFDA will work with program Partners to identify meaningful indicators that will enable them to track and quantify the NIP’s impact in the designated communities.
<b>3.</b> Target Population/ Areas	NIP will be available in all 46 counties in South Carolina, but will only be authorized in areas with a demonstrated need and comprehensive implementation plan in place. SCSHFDA program guidelines will ensure that demolition and greening/improvement will promote increased values of neighboring properties and will have a positive effect on preserving existing neighborhoods.
<b>4.</b> Program Allocation (Excluding Administrative Expenses)	\$35,000,000.00

<p><b>5. Property Eligibility Criteria</b></p>	<ul style="list-style-type: none"> <li>• Vacant, abandoned, and blighted standard residential (1-4 units) and multifamily residential (4+ units) properties located in South Carolina.</li> <li>• Properties that qualify for demolition under state and federal law.</li> </ul> <p>For any requests submitted on or after January 15, 2016, properties must not be legally occupied at the time of any review or approval by the HFA or eligible entity (as applicable) for blight elimination activity.</p> <p>Subject to the foregoing, SCSHFDA will determine property eligibility using information provided by the participating Partners. SCSHFDA’s determination will be based on factors including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Habitability</li> <li>• Structural condition</li> <li>• Impact on community preservation and public safety</li> </ul>
<p><b>6. Ownership/Loan Eligibility Criteria</b></p>	<ul style="list-style-type: none"> <li>• Participating Partner must hold title to the property (may acquire title as part of the NIP transaction).</li> <li>• Property must be subject to a loan that can be modified or extinguished.</li> </ul>
<p><b>7. Program Exclusions</b></p>	<ul style="list-style-type: none"> <li>• Commercial (non-residential) structures.</li> <li>• Properties listed on a national, state, or local historic register.</li> </ul>
<p><b>8. Structure of Assistance</b></p>	<p>SCSHFDA will determine acceptability of project sites (targeted neighborhoods, communities, etc.) in direct consultation with participating Partners.</p> <p>Participating Partners will be responsible for property acquisition (if applicable), demolition work, final site improvements/site greening, and on-going property maintenance.</p> <p>Partners will submit to SCSHFDA the following for each proposed demolition site:</p> <ul style="list-style-type: none"> <li>• Property ownership and/or acquisition information including full address and deed.</li> <li>• Pre-demolition inspection with photos.</li> <li>• Cost estimates and/or evidence of the expenditures necessary to carry out any environmental remediation required by law.</li> <li>• Any other miscellaneous information identified regarding the property (e.g., hazards, adverse findings, easements...etc.).</li> <li>• Invoice for demolition costs.</li> </ul>

	<ul style="list-style-type: none"> <li>• Proof of any acquisition cost (if applicable).</li> <li>• Post-demolition inspection with photos.</li> <li>• Summary post-demolition plan/goal for the property.</li> </ul> <p>Upon receipt of the above documentation, SCSHFDA will provide Hardest Hit funding to the participating Partner after said Partner's execution of a mortgage and note in favor of SC Housing Corp., which note shall be in an amount equal to the total assistance requested.</p> <p>Total assistance will provide for acquisition costs (if applicable), demolition, final site improvements/site greening costs, a \$3,000 one-time property maintenance fee to cover maintenance expenses for a period of three (3) years, and \$1,750 for administrative expenses. The participating Partner may request up to two disbursements per property after meeting project milestones as described in NIP guidelines. The mortgage in favor of SC Housing Corp. must be executed prior to any disbursement.</p> <p>The note will be 0%, non-amortizing loan, forgivable over a three (3) year term at 33.33% per year as long as covenants are met; outstanding balance of loan will be due on sale, transfer, or unauthorized use of the property. The mortgage will be recorded through public records and ongoing loan servicing (i.e., repayments and lien releases) and monitoring will be handled by SCSHFDA. Any repayment of NIP funds will be re-invested back into the NIP allocation in accordance with the Agreement.</p> <p>Special considerations may be made by SCSHFDA to release or subordinate its lien prior to the end of the term based on the merit of the request and to promote positive economic impact on the local community, as set forth in the NIP guidelines.</p>
<p><b>9.</b> Per Property Assistance</p>	<p>Maximum of \$35,000 per residential property. Maximum assistance amount includes acquisition costs (if applicable); demolition and greening/improvement costs; \$1,750 for administrative expenses; and a one-time \$3,000 maintenance fee to cover maintenance expenses for a period of three (3) years.</p>
<p><b>10.</b> Duration of Assistance</p>	<p>One-time assistance per property payable in multiple disbursements.</p>
<p><b>11.</b> Estimated Number of Properties Assisted</p>	<p>It is expected that 1,000 – 1,300 properties will be served.</p>
<p><b>12.</b> Program Inception/Duration</p>	<p>NIP will be available statewide during the third quarter of 2014. It is expected that it will run for 72 months.</p>

<b>13.</b> Program Interactions with Other Programs (e.g. other HFA programs)	NIP will not interact with other SCSHFDA Hardest-Hit Fund Programs. SCSHFA-owned or mortgaged properties may be eligible under NIP.
<b>14.</b> Program Interactions with HAMP	NIP will not interact with HAMP.
<b>15.</b> Program Leverage with Other Financial Resources	None

**SCHEDULE C**

**Permitted Administrative Expenses**

<b>South Carolina</b>	
	<b>Total</b>
<b><i>One-time / Start-Up Expenses:</i></b>	
Initial Personnel	\$126,004
Building, Equipment, Technology	\$280,977
Professional Services	\$148,912
Supplies / Miscellaneous	\$9,524
Marketing /Communications	\$1,935
Travel	\$2,723
Website development /Translation	\$0
Contingency	\$0
<b>Subtotal</b>	<b>\$570,075</b>
<b><i>Operating / Administrative Expenses:</i></b>	
Salaries	\$11,022,645
Professional Services (Legal, Compliance, Audit, Monitoring)	\$895,296
Travel	\$173,208
Buildings, Leases & Equipment	\$641,505
Information Technology & Communications	\$4,886,093
Office Supplies/Postage and Delivery/Subscriptions	\$487,964
Risk Management/ Insurance	\$200,000
Training	\$100,000
Marketing/PR	\$3,544,580
Miscellaneous	\$573,810
<b>Subtotal</b>	<b>\$22,525,101</b>
	<b>7.10%</b>
<b><i>Transaction Related Expenses:</i></b>	
Recording Fees	\$20,000
Wire Transfer Fees	\$750,000
<b><i>Counseling Expenses</i></b>	
File Intake	\$0
Decision Costs	\$0
Successful File	\$0
Key Business Partners On-Going	\$33,445,349
<b>Subtotal</b>	<b>\$34,215,349</b>
<b>Grand Total</b>	<b>\$57,310,525</b>
<b>% of Total Award</b>	<b>18.05%</b>
<b>Award Amount</b>	<b>\$317,461,821</b>

## 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.