

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

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

**HFA:**

ALABAMA HOUSING FINANCE  
AUTHORITY

By: /s/ Robert Strickland  
Name: Robert Strickland  
Title: Executive Director

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

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

**ELIGIBLE ENTITY:**

ALABAMA HOUSING FINANCE  
AUTHORITY

By: /s/ Robert Strickland  
Name: Robert Strickland  
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 June 30, 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:	Alabama Housing Finance Authority <sup>1</sup>
Corporate or other organizational form:	a public corporation and instrumentality of the State of Alabama, established and existing under the Code of Alabama 1975 §24-1A-1 pursuant to Act No. 80-585 of the Alabama Legislature
Jurisdiction of organization:	Alabama
Notice Information:	

**HFA Information:**

Name of HFA:	Alabama Housing Finance Authority
Organizational form:	a public corporation and instrumentality of the State of Alabama, established and existing under the Code of Alabama 1975 § 24-1A-1 pursuant to Act No. 80-585 of the Alabama Legislature
Date of Application:	August 31, 2010
Date of Action Plan:	September 1, 2010
Notice Information:	

<b><u>Program Participation Cap:</u></b>	\$162,521,345.00
--	------------------

Portion of Program Participation Cap <b><u>Representing Original HHF Funds:</u></b>	N/A
--	-----

Portion of Program Participation Cap <b><u>Representing Unemployment HHF Funds:</u></b>	\$60,672,471.00
--	-----------------

---

1 References in the Agreement to the term "HFA" shall mean the Alabama Housing Finance Agency ("AHFA") 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 AHFA, in its capacity as Eligible Entity as such term is used in the Agreement.

<u>Rounds 1-4 Funding Allocation:</u>	\$162,521,345.00
<u>Round 5 Funding Allocation:</u>	\$0
<u>Permitted Expenses:</u>	\$27,229,446.00
<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>	January 26, 2011
<u>Fourth Amendment Date:</u>	March 31, 2011
<u>Fifth Amendment Date:</u>	May 25, 2011
<u>Sixth Amendment Date:</u>	June 28, 2012
<u>Seventh Amendment Date:</u>	March 8, 2013
<u>Eighth Amendment Date:</u>	September 3, 2014
<u>Ninth Amendment Date:</u>	January 30, 2015
<u>Tenth Amendment Date:</u>	October 28, 2015
<u>Eleventh Amendment Date:</u>	June 30, 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

ALABAMA HOUSING FINANCE AUTHORITY



### SUMMARY GUIDELINES

#### HARDEST HIT FOR ALABAMA'S UNEMPLOYED HOMEOWNERS

<b>1. Program Overview</b>	<p>AHFA will administer the program to subsidize 100 percent of an eligible unemployed or underemployed homeowner's current monthly mortgage payments and all other mortgage-related expenses (including subordinate liens, if applicable) during their time of eligibility. AHFA will provide a payment not to exceed \$12,500 to bring the homeowner current on his or her delinquent mortgage(s). If this maximum amount that AHFA will provide is less than the total amount needed to bring the homeowner current on all existing mortgages, the homeowner must cover any shortfall. The payment can cover principal, interest, fees, escrow/impound expenses, past due homeowners association (HOA) fees, delinquent taxes and/or escrow shortage for taxes and insurance.</p> <p>AHFA will also provide a payment not to exceed \$30,000 to bring homeowners, who have encountered an eligible financial hardship and who can afford their current monthly mortgage payment, current on his or her delinquent mortgage(s). Funds must fully reinstate the homeowner's mortgage loan(s).</p> <p>The assistance will not exceed a total of \$30,000 per household.</p> <p>Interested homeowners will apply directly to AHFA via a secure website monitored and maintained by AHFA staff. Applications will be evaluated and approved by AHFA staff members. Approved homeowners will be expected to submit certain information documenting their employment status and inability to pay their mortgage and supporting their mortgage claims.</p> <p><b>Program components include:</b></p> <p><b><u>Mortgage Payment Assistance:</u></b> payments for eligible unemployed or underemployed homeowners will be disbursed to servicers by AHFA on a monthly basis contingent upon homeowner continued eligibility and re-certification. Monthly assistance, when combined with any assistance needed to bring the homeowner current (not to exceed an aggregate total of \$30,000 per household), will continue (i) for up to twelve months or (ii) until the earlier to occur of (A) the property</p>
----------------------------	---

	<p>ceasing to be the homeowner's primary residence or (B) September 30, 2018.</p> <p><b><u>One-Time Reinstatement Assistance:</u></b> payment for eligible homeowners who have a past due balance in excess of \$12,500 and have encountered an eligible financial hardship will be disbursed to servicers by AHFA in a single disbursement up to \$30,000. Payment must fully reinstate the homeowner's mortgage loan(s).</p>
<p><b>2. Program Goals</b></p>	<p>Provide mortgage payment assistance to unemployed or underemployed Alabama homeowners and reinstatement to homeowners who have encountered a financial hardship, both with a chance of sustaining homeownership.</p>
<p><b>3. Target Population / Areas</b></p>	<p>This program will assist low- to moderate-income families in Alabama. AHFA does not anticipate targeting this assistance on a geographic basis.</p>
<p><b>4. Program Allocation (Excluding Administrative Expenses)</b></p>	<p>\$62,521,345</p>
<p><b>5. Borrower Eligibility Criteria</b></p>	<p>Homeowners must have a total annual household income of less than 140 percent of the state median income. AHFA may change this limit annually when new income data becomes available from the U.S. Department of Housing and Urban Development.</p> <p>Homeowners, in connection with a mortgage or real estate transaction, cannot have been convicted, within the last 10 years, of any one of the following: (A) felony larceny, theft, fraud or forgery, (B) money laundering or (C) tax evasion.</p> <p>Homeowners will be required to provide a financial Hardship Affidavit attesting to their inability to pay their mortgage (for Mortgage Payment Assistance) or attesting to the eligible financial hardship (for One-Time Reinstatement Assistance) and must meet other eligibility criteria per the program guidelines. HHF will be available to qualified homeowners on a first-come, first-served basis.</p> <p><b><u>Mortgage Payment Assistance:</u></b></p> <ul style="list-style-type: none"> <li>Alabama homeowners who are currently receiving or previously received state or federal unemployment compensation benefits or TRA on or after January 1, 2013, or who have encountered an eligible financial hardship resulting in a 15% or greater reduction in total household income (underemployment) may be eligible for Mortgage Payment Assistance.</li> </ul> <p><b><u>One-Time Reinstatement Assistance:</u></b></p>

	<ul style="list-style-type: none"> <li>Alabama homeowners who are past due on their mortgage payments and who have encountered an eligible financial hardship resulting in a 15% or greater reduction in total household income in the most recent 24 months may be eligible for one-time reinstatement assistance. Eligible financial hardships include loss or reduction in income through no fault of the homeowner, medical hardships, death, divorce, or disability. The post-assistance housing ratio may not exceed 38%.</li> </ul>
<b>6. Property / Loan Eligibility Criteria</b>	<p>Homeowners must currently occupy the property as their primary residence and the residence must be located within the state of Alabama. Eligible structures include single-family homes, attached or detached, and manufactured housing attached to real property. Existing mortgage loans on the property must have an unpaid principal balance totaling no more than \$258,690. Mortgages must be originated by a financial institution in the business of regularly originating mortgage loans and the mortgage loans must be executed and recorded prior to the homeowner’s financial hardship.</p>
<b>7. Program Exclusions</b>	<p>Mortgage loans on second homes or investment properties will not be eligible for HHF assistance.</p> <p>Homeowners who have ownership interest in a property other than their primary residence.</p> <p>Homeowners who previously received assistance under this program.</p>
<b>8. Structure of Assistance</b>	<p>Homeowners receiving funds will execute a note and a subordinate mortgage lien in favor of AHFA that will be recorded in public records against the property. Loans will be zero percent and non-amortizing.</p> <p>Loans originated between the pilot program commencement and December 31, 2012, will be forgiven at the termination of a five-year term. Loans originated between January 1, 2013, and December 31, 2013, will be forgiven at the termination of a four-year term. Loans originated between January 1, 2014, and December 31, 2014, will be forgiven at the termination of a three-year term. Loans originated between January 1, 2015 and December 31 2015 will be forgiven at the termination of a two year term. Loans originated between January 1, 2016, and December 31, 2016, will be forgiven at the termination of a one-year term. Loans originated between January 1, 2017, and September 30, 2018 will be forgiven at the termination of a two-year term.</p> <p>Loans will be repayable only if the homeowner sells the property before the forgiveness period expires and there is sufficient equity to pay all or part of the unforgiven balance of the loan. Repaid HHF funds will be used to assist additional homeowners in accordance with the Agreement.</p> <p>Ongoing monitoring, repayments and satisfactions will be conducted</p>

	through AHFA.
<b>9. Per Household Assistance</b>	<p>Assistance not to exceed a total of \$30,000 per household.</p> <p>AHFA will cover 100 percent of the household's monthly mortgage payments and all other mortgage-related expenses (including principal, interest, fees, escrow/impound expenses, past due HOA fees, delinquent taxes and/or escrow shortage for taxes and insurance) unless final payment amount exceeds the maximum assistance available.</p> <p>If a homeowner is qualifying for Mortgage Payment Assistance and the maximum amount that AHFA will provide for reinstatement under that component (a total of \$12,500 per household) does not exceed the total amount needed to bring the homeowner current on all existing mortgages, the homeowner must cover any shortfall.</p>
<b>10. Duration of Assistance</b>	<p>Under the Mortgage Payment Assistance component, payments (excluding the amount needed to bring the homeowner current) will be disbursed to servicers by AHFA on a monthly basis contingent upon homeowner continued eligibility and re-certification. Any amount needed to bring the homeowner current will be disbursed to servicers by AHFA as a single disbursement. Monthly assistance, when combined with any assistance needed to bring the homeowner current not to exceed an aggregate total of \$30,000 per household, will continue (i) for up to twelve months or (ii) until the earlier to occur of (A) the property ceasing to be the borrower's primary residence or (B) September 30, 2018.</p> <p>Under the One-Time Reinstatement component, a single disbursement up to \$30,000 will be made to fully reinstate the homeowner.</p>
<b>11. Estimated Number of Participating Households</b>	5,500
<b>12. Program Inception / Duration</b>	The pilot program began on December 15, 2010, and funds became available statewide on February 2, 2011. The program will last as long as the allocation of funds is available or until September 30, 2018, whichever occurs first.
<b>13. Program Interactions with Other HFA Programs</b>	Homeowners may participate in other Alabama HHF programs as long as the homeowners meet all program requirements established for each program. The total combined assistance for all programs may not exceed \$60,000. Homeowners are required to apply separately for each program.
<b>14. Program Interactions with HAMP</b>	This assistance can interact with any and all loan modification programs, including HAMP, provided that the homeowner meets the qualifications established by AHFA and Treasury for HHF. HHF funds can be utilized before or after assistance from HAMP UP.

<b>15. Program Leverage with Other Financial Resources</b>	None.

## SERVICE SCHEDULE B-2

### ALABAMA HOUSING FINANCE AUTHORITY



### SUMMARY GUIDELINES

#### SHORT SALE ASSISTANCE PROGRAM

<b>1. Program Overview</b>	<p>AHFA will administer HHF funds to assist financially distressed homeowners with the sale of their primary residence. The short sale assistance program will assist homeowners who can no longer sustain their monthly mortgage obligation due to a hardship such as unemployment, underemployment, divorce, or disability. The assistance will not exceed a total of \$30,000 per household.</p> <p>HHF Participating Servicers may refer interested sellers for participation in the program. The servicer must provide evidence the seller has been approved for a short sale, contingent upon receipt of HHF funds. The seller will apply via a secure website monitored and maintained by AHFA staff. Applications will be evaluated and approved by AHFA staff members. Sellers will be expected to submit certain information documenting their income, short sale approval (contingent upon receipt of HHF funds), executed sales contract, the value of the property, and payoff statement(s) from a Participating Servicer(s).</p> <p>Participating Servicers must agree to accept a minimum loss of \$1,000 on the first mortgage loan of each short sale assisted.</p> <p>AHFA will provide a single disbursement which can cover closing costs and any remaining principal amount—up to 10% of the sales price, not to exceed \$30,000. The funds will be disbursed at closing and made payable to the servicer and the closing agent (with respect to closing costs).</p>
<b>2. Program Goals</b>	Provide assistance to Alabama homeowners who are unable to sustain their monthly mortgage obligation.
<b>3. Target Population / Areas</b>	This program will assist low- to moderate-income families in Alabama. AHFA does not anticipate targeting this assistance on a geographic basis.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$1,282,674

<p><b>5. Borrower Eligibility Criteria</b></p>	<p>Applicants must have a total annual household income of less than 140 percent of the state median income. AHFA may change this income limit annually when new income data becomes available from the U.S. Department of Housing and Urban Development.</p> <p>The homeowner, in connection with a mortgage or real estate transaction, cannot have been convicted, within the last 10 years, of any one of the following: (A) felony larceny, theft, fraud or forgery, (B) money laundering or (C) tax evasion.</p> <p>Homeowners will be required to provide a financial Hardship Affidavit attesting to their inability to pay their mortgage. HHF will be available to qualified homeowners on a first-come, first-served basis.</p> <p>Homeowner’s eligibility will also depend on the servicer’s evaluation of homeowner for a short sale program.</p>
<p><b>6. Property / Loan Eligibility Criteria</b></p>	<p>The homeowner must occupy the property as their primary residence at the time of sale and the residence must be located within the state of Alabama. Eligible structures include single-family homes, attached or detached, and manufactured housing attached to real property. Existing mortgage loans on the property must have an unpaid principal balance totaling no more than \$258,690.</p>
<p><b>7. Program Exclusions</b></p>	<p>Mortgage loans on second homes or investment properties will not be eligible for HHF assistance.</p>
<p><b>8. Structure of Assistance</b></p>	<p>A single payment made payable to the servicer and the closing agent (with respect to closing costs) will be disbursed at closing. Loan forgiveness will be immediate. No additional monitoring will be required.</p>
<p><b>9. Per Household Assistance</b></p>	<p>HHF assistance per household not to exceed \$30,000.</p>
<p><b>10. Duration of Assistance</b></p>	<p>A single HHF payment made payable to the seller and closing agent will be disbursed at closing.</p>
<p><b>11. Estimated Number of Participating Households</b></p>	<p>60</p>
<p><b>12. Program Inception / Duration</b></p>	<p>The short sale program will be available to homeowners after the Seventh Amendment Date and will last as long as the allocated amount of funds is available. After successful completion of a 60-day pilot program, AHFA will make the funds available for a statewide release.</p>
<p><b>13. Program Interactions with Other HFA Programs</b></p>	<p>Homeowners may participate in other Alabama HHF programs as long as the homeowners meet all program requirements established for each program. The total combined assistance for all programs may not exceed \$60,000. Homeowners are required to apply separately for each program.</p>

<b>14. Program Interactions with HAMP</b>	N/A
<b>15. Program Leverage with Other Financial Resources</b>	None.

**SERVICE SCHEDULE B-3**

**ALABAMA HOUSING FINANCE AUTHORITY**



**SUMMARY GUIDELINES**

**LOAN MODIFICATION ASSISTANCE PROGRAM**

<b>1. Program Overview</b>	<p>To aid in the prevention of foreclosures in Alabama, the Loan Modification Assistance Program will provide funds, not to exceed \$30,000 per household, to assist financially distressed and/or underemployed borrowers in achieving modification of their home loans.</p> <p>Under the program, a one-time contribution of funds will be made to the mortgage servicer to recast the loan or be used to fill a financial gap that limits a homeowner's eligibility for a loan modification or to extinguish the lien.</p> <p>Funds may be used to reduce the outstanding principal balance, pay delinquent escrow or arrearages.</p> <p>Recast or modification must result in a mortgage payment (including principal, interest, taxes, and insurance) of no more than 31 percent of a homeowner's income. Homeowner must have demonstrated ability to maintain the mortgage under the new terms.</p> <p>The program is designed to work with loan recast, HAMP and non-HAMP modifications.</p> <p>HHF Participating Servicers may refer interested homeowners for participation in the program. The homeowner will apply via a secure website monitored and maintained by AHFA staff. Applications will be evaluated and approved by AHFA staff members. Approved homeowners will be expected to submit certain information documenting their inability to pay their mortgage and supporting their mortgage claims.</p>
<b>2. Program Goals</b>	<p>Provide assistance to underemployed Alabama homeowners who are unable to sustain their monthly mortgage obligation under the current loan terms. Providing funds will allow for a successful loan recast, loan modification or lien extinguishment for eligible borrowers.</p>
<b>3. Target Population /</b>	<p>This program will assist low- to moderate-income families in Alabama. AHFA</p>

<b>Areas</b>	does not anticipate targeting this assistance on a geographic basis.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$36,487,880
<b>5. Borrower Eligibility Criteria</b>	<p>The homeowner, in connection with a mortgage or real estate transaction, cannot have been convicted, within the last 10 years, of any one of the following: (A) felony larceny, theft, fraud or forgery, (B) money laundering or (C) tax evasion.</p> <p>Homeowners will be required to provide a financial Hardship Affidavit attesting to their inability to pay their mortgage. HHF will be available to qualified homeowners on a first-come, first-served basis.</p> <p><b><u>Loan Modification and Loan Recast</u></b></p> <ul style="list-style-type: none"> <li>• Homeowners applying for a loan modification or recast must have a total annual household income not to exceed 140 percent of the state median income (SMI). AHFA may change this income limit annually when new income data becomes available from the U.S. Department of Housing and Urban Development. Homeowner’s total housing ratio after assistance may not exceed 31% of the homeowner’s total household income.</li> <li>• A homeowner’s eligibility for a loan modification or recast will also depend on the servicer’s evaluation of the homeowner for a loss mitigation option.</li> </ul> <p><b><u>Lien Extinguishment</u></b></p> <ul style="list-style-type: none"> <li>• Homeowners applying for a lien extinguishment must have a total annual household income not to exceed 100 percent of the SMI. AHFA may change this income limit annually when new income data becomes available from the U.S. Department of Housing and Urban Development.</li> </ul> <p>Homeowners eligible for lien extinguishment must be on a fixed income. The homeowner post assistance housing ratio including all remaining junior liens and mortgage related expenses (homeowners insurance, flood insurance, property taxes, HOA fees) may not exceed 31% of the total household income.</p>
<b>6. Property / Loan Eligibility Criteria</b>	The homeowner must currently occupy the property as their primary residence, and the residence must be located within the state of Alabama. Eligible structures include single-family homes, attached or detached, and manufactured housing attached to real property. The homeowner’s current

	<p>first-lien mortgage must have an unpaid principal balance totaling no more than \$258,690. Assistance for a loan modification or recast may not be used to reduce the property's combined loan-to-value below 80%.</p>
<b>7. Program Exclusions</b>	<p>Mortgage loans on second homes or investment properties.</p> <p>Home Equity Line of Credit (HELOC).</p>
<b>8. Structure of Assistance</b>	<p>A single payment made payable to the servicer will be disbursed.</p> <p>Homeowners receiving funds will execute a note and a subordinate mortgage lien in favor of AHFA that will be recorded in public records against the property. Loans will be zero percent and non-amortizing.</p> <p>Loans originated between the pilot program commencement and December 31, 2013, will be forgiven at the termination of a four-year term. Loans originated between January 1, 2014, and December 31, 2014, will be forgiven at the termination of a three-year term. Loans originated between January 1, 2015 and December 31, 2015 will be forgiven at the termination of a two-year term. Loans originated between January 1, 2016 and September 30, 2016 will be forgiven at the termination of a one-year term the day of the final disbursement. Loans originated between January 1, 2017, and September 30, 2018 will be forgiven at the termination of a two-year term.</p> <p>Loans will be repayable only if the homeowner sells the property before the forgiveness period expires and there is sufficient equity to pay all or part of the unforgiven balance of the loan. Repaid HHF funds will be used to assist additional homeowners in accordance with the Agreement.</p> <p>Ongoing monitoring, repayments and satisfactions will be conducted through AHFA.</p>
<b>9. Per Household Assistance</b>	<p>Not to exceed a total of \$30,000 per household.</p>
<b>10. Duration of Assistance</b>	<p>A single payment made payable to the servicer will be disbursed.</p>
<b>11. Estimated Number of Participating Households</b>	<p>1,200</p>
<b>12. Program Inception / Duration</b>	<p>The program will be available to homeowners after Treasury approval and will last as long as the allocated amount of funds is available. After successful completion of a 60-day pilot program, AHFA will make the funds available for a statewide release.</p>
<b>13. Program</b>	<p>Homeowners may participate in other Alabama HHF programs as long as the</p>

<p><b>Interactions with Other HFA Programs</b></p>	<p>homeowners meet all program requirements established for each program. The total combined assistance for all programs may not exceed \$60,000. Homeowners are required to apply separately for each program.</p>
<p><b>14. Program Interactions with HAMP</b></p>	<p>This assistance can interact with any and all loan modification programs, including HAMP, provided that the homeowner meets the qualifications established by AHFA and Treasury for HHF. HHF funds can be utilized before or after assistance from HAMP UP.</p>
<p><b>15. Program Leverage with Other Financial Resources</b></p>	<p>None.</p>

**SERVICE SCHEDULE B-4**

**ALABAMA HOUSING FINANCE AUTHORITY**



**SUMMARY GUIDELINES**

**BLIGHT ELIMINATION PROGRAM**

<b>1. Program Overview</b>	AHFA will administer HHF to assist in the removal of blighted properties within the State of Alabama. AHFA will work in partnership with members of the Alabama Association of Habitat for Humanity Affiliates and local municipalities/counties as defined by the Code of Alabama 1975 Title 11 (Participants) to ensure blighted properties located in healthy neighborhoods are removed and the site greened.
<b>2. Program Goals</b>	<p>The Blight Elimination Program will reduce foreclosures, promote neighborhood stabilization and maintain property values through the removal of unsafe vacant blighted single-family structures and subsequent greening in areas across the State of Alabama.</p> <p>AHFA will work with Participants to identify meaningful indicators that will enable them to track and quantify the program's impact in the designated communities.</p>
<b>3. Target Population / Areas</b>	This program will focus on targeted neighborhoods with vacant blighted properties. The program will target sustainable neighborhoods within the state. Participants will submit an application which will include a comprehensive plan identifying targeted neighborhoods for proposed demolition. AHFA will evaluate each application and select Participants based on but not limited to the following criteria: the number of blighted properties in the targeted area, the age of the housing stock, the number of vacant properties in the targeted area, and the proposed end use of the lots.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$35,000,000

<p><b>5. Property Eligibility Criteria</b></p>	<p>Property will be considered eligible if it meets the following criteria:</p> <ul style="list-style-type: none"> <li>• The property must be located in the State of Alabama.</li> <li>• The property must be owned by a Participant.</li> <li>• The property must be vacant at the time of application.</li> <li>• The property is a nuisance due to age and/or condition as determined by local ordinance.</li> <li>• The cost to remove the structure is reasonable as determined by the Participant.</li> <li>• AHFA will determine property eligibility per program guidelines.</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><b>6. Ownership/Loan Eligibility Criteria</b></p>	<p>Properties must be owned by the Participant. Properties must have a loan that can be modified or extinguished.</p>
<p><b>7. Program Exclusions</b></p>	<p>Commercial properties, multifamily properties, and properties listed on a state or national historic register will not be eligible for inclusion in this program.</p>
<p><b>8. Structure of Assistance</b></p>	<p>Eligible Participants will submit an application for review by AHFA containing a comprehensive plan which outlines the neighborhood locations, neighborhood conditions, estimated cost of property removal and greening/maintenance strategies. Eligible sites must be owned by the Participant prior to demolition, located in a targeted neighborhood, vacant at the time of application, and be a nuisance to the community based on local ordinances. After the review of applications by AHFA, program funds will be set aside to eligible Participants based on the submitted plan. Program funds will reimburse Participants for eligible expenses. Each Participant will be responsible for securing clear and marketable title for blighted properties.</p> <p>The Participant must collaborate with an approved financial institution to finance the cost of removal of the blighted property. HHF assistance will not exceed \$25,000 per property. Any cost exceeding \$25,000 must be absorbed by the Participant.</p> <p>AHFA will reserve funds via the Hardest Hit Alabama online reservation system. Prior to disbursement, required documentation must be submitted by the Participant to AHFA for review. Required documentation will include a Request for Funding Form, post-demolition photos, and a Certification of</p>

	<p>Completion. Additional documentation may be required as determined by AHFA. A single payment made payable to the financial institution will be disbursed after verification of the debris removal and greening (as applicable) has been provided. Eligible costs include removal of debris, contractor's fees, permit fees, final inspections, environmental assessments, title searches, greening and maintenance (not to exceed \$3,000.00) fees for a three-year period, and any other fees or charges required to complete the property removal. HHF will be used to extinguish the outstanding loan payable to the approved financial institution.</p> <p>The Participant will execute a 0% non-amortizing loan in favor of AHFA. Loans will be forgiven at a rate of 33.3% per year on the anniversary of the final disbursement as long as covenants are met. 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 loan's expiration. However, special considerations may be made by AHFA to release or subordinate its lien prior to the expiration of the loan term 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 portion of the outstanding balance to be forgiven or released 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>Any recaptured funds will be recycled into the Program in accordance with the Agreement.</p>
<p><b>9. Per Property Assistance</b></p>	<p>Maximum assistance may not exceed \$25,000 per property.</p>
<p><b>10. Duration of Assistance</b></p>	<p>Funds will be disbursed to the Participants on a first-come-first-served basis. All assistance will be provided in one payment.</p>
<p><b>11. Estimated Number of Properties Demolished</b></p>	<p>1500 properties</p>
<p><b>12. Program Inception / Duration</b></p>	<p>The program will begin on September 1, 2014 and will last as long as the allocation of funds is available or until September 30, 2018, whichever occurs first.</p>
<p><b>13. Program Interactions with Other HFA Programs</b></p>	<p>AHFA's Habitat for Humanity Loan Purchase Program - a partnership in which the Habitat Affiliates solicits the assistance of a local lender to serve as a conduit for the sale of the loan. The affiliate sells the mortgage to the local bank, which then sells the loan to AHFA.</p>

<b>14. Program Interactions with HAMP</b>	None
<b>15. Program Leverage with Other Financial Resources</b>	None.

**SCHEDULE C**

**PERMITTED EXPENSES**

	Alabama
<b><i>One-time / Start-Up Expenses:</i></b>	
Initial Personnel	\$1,146,126.00
Building, Equipment, Technology	\$668,463.00
Professional Services	\$199,914.00
Supplies / Miscellaneous	\$131,193.00
Marketing /Communications	\$346,726.00
Travel	\$12,494.00
Website development /Translation	\$50,000.00
Contingency	\$131,193.00
<b>Subtotal</b>	<b>\$2,686,109.00</b>
<b><i>Operating / Administrative Expenses:</i></b>	
Salaries	\$7,300,000.00
Professional Services (Legal, Compliance, Audit, Monitoring)	\$1,800,000.00
Travel	100,000.00
Buildings, Leases & Equipment	\$900,000.00.
Information Technology & Communications	\$1,408,491.00
Office Supplies/Postage and Delivery/Subscriptions	\$200,000.00
Risk Management/ Insurance	\$200,000.00
Training	\$100,000.00
Marketing/PR	\$1,900,000.00
Miscellaneous	\$134,145.00
<b>Subtotal</b>	<b>\$14,042,636.00</b>
<b><i>Transaction Related Expenses:</i></b>	
Recording Fees	\$3,000,000.
Wire Transfer Fees	\$175,000.00
<b><i>Counseling Expenses</i></b>	
File Intake	\$3,639,707.00
Decision Costs	\$0.00

	Alabama
Successful File	\$693,452.00
Key Business Partners On-Going	\$2,992,542.00
<b>Subtotal</b>	<b>\$10,500,701.00</b>
<b>Grand Total</b>	<b>\$27,229,446.00</b>
<b>% of Total Award</b>	<b>16.75%</b>
<b>Award Amount</b>	<b>\$162,521,345.00</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.