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

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

Recitals

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

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

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

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

Agreement

1. Amendments

A. End of Term. The definition of End of Term in Section 2(A)(14) of the Current HPA is hereby deleted and replaced with the following:
“End of Term” shall mean the last day of the calendar month in which the Eligible Entity makes the last disbursement of HHF Program funds in furtherance of the Services, which shall occur no later than December 31, 2021 (or such later date as Treasury may determine in its sole discretion with written notice to Eligible Entity and HFA). For the sake of clarity, Capital Draws shall not be permitted after the End of Term other than for payment of Permitted Expenses.

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

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

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

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

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

G. Each of HFA and Eligible Entity shall provide annual audited financial statements to Treasury no later than one hundred twenty (120) days after the end of its respective fiscal year, commencing with the first fiscal year ending after the Effective Date, and concluding with the fiscal year in which the End of Term occurs. Eligible Entity shall provide quarterly unaudited financial statements to Treasury no later than forty-five (45) days after the end of each quarter, commencing with the first full quarter ending after the Effective Date and concluding with the quarter in which the End of Term occurs.
F. **Term.** Section 5(A) of the Current HPA is hereby deleted in its entirety and replaced with the following:

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

G. **Modifications.**

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

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

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

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

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

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

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

K. **Schedule C.** Schedule C attached to the Current HPA is hereby deleted in its entirety and replaced with **Schedule C** attached to this Amendment.
L. **Schedule F.** A new Schedule F is added to the Current HPA in the form attached to this Amendment as Schedule F.

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

2. **Substitution of Financial Instrument.**

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

3. **Representations, Warranties and Covenants**

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

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

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

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

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

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

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

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

[SIGNATURE PAGE FOLLOWS; REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
In Witness Whereof, HFA, Eligible Entity and Treasury by their duly authorized officials hereby execute and deliver this Seventeenth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

**HFA:**

STATE OF ARIZONA, ARIZONA DEPARTMENT OF HOUSING

By: /s/ Michael Trailor
    Name: Michael Trailor
    Title: Director

**TREASURY:**

UNITED STATES DEPARTMENT OF THE TREASURY

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

**ELIGIBLE ENTITY:**

ARIZONA HOME FORECLOSURE PREVENTION FUNDING CORPORATION

By: /s/ Michael Trailor
    Name: Michael Trailor
    Title: Chairman
<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
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<tr>
<td>Exhibit A</td>
<td>Form of Second Amended and Restated Financial Instrument</td>
</tr>
<tr>
<td>Schedule A</td>
<td>Basic Information</td>
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<tr>
<td>Schedule B</td>
<td>Service Schedules</td>
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<tr>
<td>Schedule C</td>
<td>Permitted Expenses</td>
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<tr>
<td>Schedule F</td>
<td>HHF Fifth Round Funding Reallocation Model</td>
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EXHIBIT A

FORM OF SECOND AMENDED AND RESTATED FINANCIAL INSTRUMENT

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

This Second Amended and Restated Financial Instrument is effective as of 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 Amended and Restated Financial Instrument dated as of September 23, 2010 to Treasury (“Original Financial Instrument”); and

WHEREAS, Treasury and Eligible Entity desire to amend certain terms of the Original Financial Instrument regarding repayment of the Purchase Price in connection with the extension of the HHF Program through 2020 and availability of additional assistance under the HHF Program Fifth Round Funding; and

WHEREAS, Treasury and the Eligible Entity desire to restate and replace the Original Financial Instrument in its entirety.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Eligible Entity agrees as follows:

1. Eligible Entity Obligation; Purchase Price Consideration.

   (a) Eligible Entity shall perform all Services described in the Service Schedules in consideration for the Purchase Price described in subsection (b) below, in accordance with the terms and conditions of the Agreement, to the satisfaction of Treasury. The conditions precedent to the payment by Treasury of the Purchase Price with respect to the Services are set forth in Section 3(B) of the Agreement.

   (b) This Second Amended and Restated Financial Instrument is being purchased by Treasury pursuant to Section 3 of the Agreement through the payment by Treasury of various payments referred to collectively in the Agreement as the “Purchase Price”. This Second Amended and Restated Financial Instrument is being purchased by Treasury in connection with Eligible Entity’s participation in the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets program (the “HHF Program”) created under the Emergency Economic
Stabilization Act of 2008 (12 U.S.C. 5201 et seq.) as amended, as the same may be amended from time to time ("EESA").

2. Repayment of Purchase Price.

If a recipient of HHF Program funds repays any or all of the funds received from Eligible Entity in connection with the Services ("Repaid Funds"), and such repayment occurs on or before the Final Repayment Date (hereinafter defined), Eligible Entity shall deposit such Repaid Funds in the Depository Account and use such Repaid Funds to provide Services or to fund the Permitted Expenses to the extent the full amount as indicated on Schedule C to the Agreement has not been drawn from Treasury pursuant to Section 3(A) of the Agreement. Any Repaid Funds retained by Eligible Entity to fund Permitted Expenses shall correspondingly reduce the amount that Eligible Entity may draw from Treasury pursuant to Section 3(A) of the Agreement to fund Permitted Expenses.

For the sake of clarity, if a recipient of HHF Program funds repays any or all of the funds received from Eligible Entity in connection with the Services, and such repayment occurs after the Final Repayment Date, such repaid funds shall not be considered HHF Program funds.

3. Final Repayment. In the event Eligible Entity is holding any HHF Program funds, including, but not limited to, amounts reserved for payment of Permitted Expenses and Repaid Funds, as of the date that is ninety (90) days after the End of Term (the “Final Repayment Date”), all such funds shall be returned to Treasury or its designee prior to 1:00pm Eastern Time on the Final Repayment Date. For the sake of clarity, no Capital Draws will be permitted after the Final Repayment Date.

4. Security Interest. As security for the performance of the Services and the other obligations of Eligible Entity under the Agreement, as such obligations are evidenced in this Second Amended and Restated Financial Instrument, Eligible Entity has granted to Treasury a first lien priority security interest in the Depository Account and in any moneys, or investments, if any, held therein.

5. Representations, Warranties and Covenants. Eligible Entity represents and warrants that the representations and warranties set forth in the Agreement, on the date hereof, are, and on the date of each Capital Draw hereunder, shall be, true, correct, accurate and complete in all material respects. The truth and accuracy of such representations and warranties are continuing obligations of Eligible Entity. Additionally, all covenants of Eligible Entity set forth in Section 2 of the Agreement are incorporated herein by reference and Eligible Entity, on the date hereof, is not, and on the date of each Capital Draw hereunder, shall not be in breach of any such covenants. In the event that any of the representations or warranties made herein or in the Agreement cease to be true and correct, or the Eligible Entity breaches any of the covenants made herein or in the Agreement, Eligible Entity agrees to notify Treasury immediately and the same shall constitute an Event of Default hereunder.
6. **Limitation of Liability**

IN NO EVENT SHALL TREASURY, OR ITS OFFICERS, EMPLOYEES, AGENTS OR AFFILIATES BE LIABLE TO ELIGIBLE ENTITY WITH RESPECT TO THE SERVICES OR THE AGREEMENT, OR FOR ANY ACT OR OMISSION OCCURRING IN CONNECTION WITH THE FOREGOING, FOR ANY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO DIRECT DAMAGES, INDIRECT DAMAGES, LOST PROFITS, LOSS OF BUSINESS, OR OTHER INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OF ANY NATURE OR UNDER ANY LEGAL THEORY WHATSOEVER, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF WHETHER OR NOT THE DAMAGES WERE REASONABLY FORESEEABLE; PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT LIMIT TREASURY’S OBLIGATION TO REMIT PURCHASE PRICE PAYMENTS TO ELIGIBLE ENTITY IN ACCORDANCE WITH THE AGREEMENT.

7. **Indemnification**

Eligible Entity agrees as set forth on Schedule E to the Agreement, which Schedule E is hereby incorporated into this Second Amended and Restated Financial Instrument by reference.

IN WITNESS WHEREOF, Eligible Entity hereby executes this Second Amended and Restated Financial Instrument on the date set forth below.

[INSERT FULL LEGAL NAME OF ELIGIBLE ENTITY]

By:

Name: ________________
Title: ________________

Date: ____________ __, 2016
## SCHEDULE A

### BASIC INFORMATION

**Eligible Entity Information:**
- **Name of the Eligible Entity:** Arizona Home Foreclosure Prevention Funding Corporation
- **Corporate or other organizational form:** Arizona Non-Profit corporation
- **Jurisdiction of organization:** Arizona domiciliary

**Notice Information:**

**HFA Information:**
- **Name of HFA:** State of Arizona, Arizona Department of Housing
- **Organizational form:** Constituent Department of the State of Arizona
- **Date of Application:** April 16, 2010
- **Date of Action Plan:** September 1, 2010

**Notice Information:**

**Program Participation Cap:** $296,048,525.00

**Portion of Program Participation Cap Representing Original HHF Funds:** $125,100,000.00

**Portion of Program Participation Cap Representing Unemployment HHF Funds:** N/A

**Rounds 1-4 Funding Allocation:** $267,766,006.00

**Round 5 Funding Allocation:** $28,282,519.00

**Permitted Expenses:** $39,779,745.00

**Closing Date:** June 23, 2010

**First Amendment Date:** September 23, 2010

**Second Amendment Date:** September 29, 2010
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**Eligible Entity Depository Account Information:** See account information set forth in the Depository Account Control Agreement between Treasury and Eligible Entity regarding the HHF Program.
SCHEDULE B

SERVICE SCHEDULES

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

Principal Reduction Assistance is being administered by the Arizona Department of Housing (“ADOH”) on behalf of the Arizona Home Foreclosure Prevention Funding Corporation (“AHFPFC”). Assistance under this component is provided to homeowners who have suffered an eligible hardship to reduce the outstanding principal balances of qualifying properties.

Efforts under this component include monetary assistance for: (a) principal reduction of a borrower’s primary mortgage accomplished exclusively through either an interest rate reduction and/or term extension to achieve a permanent modification, or a reamortization of the remaining unpaid principal balance (“recast”) to achieve a lower monthly payment (“Modification or Reamortization PRA”); (b) principal reduction of a borrower’s primary mortgage contingent upon eligibility for a Home Affordable Refinance Program (“HARP”) mortgage refinance or other substantively similar mortgage refinance (“HARP PRA”); (c) reduction or elimination of an amount up to or equal to the existing non-interest-bearing forbearance that was the outcome of a prior loan modification (“Forbearance Elimination”); or (d) principal reduction of primary mortgages in significant negative equity positions for “non-delinquent” borrowers to an amount as close to 100% loan-to-value (“LTV”) ratio as the amount of per-household assistance will permit to reduce the risk of potential default by such borrowers (“Negative Equity Reduction”).

A borrower’s primary mortgage lender may agree to make a matching reduction to the principal balance of the primary loan.

2. Program Goals

The goal of the Principal Reduction Assistance component is to help homeowners avoid foreclosure by reducing the principal balance of their primary mortgage to either (a) facilitate a permanent loan modification or recast that achieves an affordable monthly mortgage payment or (b) reduces a borrower’s negative equity position to an amount as close to 100% LTV ratio as the amount of per-household assistance will permit.
### 3. Target Population/Areas

The targeted populations are households whose income does not exceed 150% of Area Median Income (“AMI”).

It is projected that component assistance will be provided to targeted areas according to the following breakdown of counties. These projections are based on population, delinquent loans and pending foreclosures in these areas.

- Maricopa County: 79% of component funds
- Pima County: 9% of component funds
- Pinal County: 9% of component funds
- All other areas: 3% of component funds

### 4. Program Allocation (Excluding Administrative Expenses)

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### 5. Borrower Eligibility Criteria

General Eligibility Criteria Applicable to All Types of Principal Reduction Assistance:

- Property must be borrower’s primary residence.
- Income less than 150% of AMI.
- Depending on the agreement with the servicer, eligibility will be determined through an application process and application evaluation by ADOH along with either approved counselors or the servicer.
- Requests for Mortgage Assistance with hardship and Dodd Frank Certification.

Additional Eligibility Criteria Applicable to Each Structure of Principal Reduction:

(a) **In the case of Modification or Reamortization PRA**

(i.e. principal reduction of a borrower’s primary mortgage accomplished exclusively through either an interest rate reduction and/or term extension to achieve a permanent modification, or a reamortization of the remaining unpaid principal balance (“recast”) to achieve a lower monthly payment:

- **Eligible financial hardships**: includes reduced income due to such hardships as underemployment, medical condition, divorce or death, as set forth in the program guidelines.
- **Post-assistance affordability**: a monthly mortgage payment that does not exceed either (1) 31% of the borrower’s gross monthly income; or (2) 40% of the borrower’s gross monthly income for borrowers who
have demonstrated an ability to make the modified mortgage payment for a 3-month period (“Expanded Affordability”).

(b) **In the case of HARP PRA** (i.e. principal reduction of a borrower’s primary mortgage contingent upon eligibility for a HARP mortgage refinance or other substantively similar mortgage refinance):

- *Post-assistance affordability:* determined by the lender’s approval of the HARP or other substantively similar mortgage refinance

(c) **In the case of Forbearance Elimination PRA** (i.e. reduction or elimination of an amount up to the existing non-interest-bearing forbearance that was the outcome of a prior loan modification):

- *Eligible financial hardship:* Borrower has an eligible forbearance. Eligible forbearances include a non-interest bearing forbearance that is the outcome of a prior loan modification, such as any forbearance structured through the Home Affordable Modification Program ("HAMP") or other substantially similar loan modification.

- *Pre-assistance affordability:*
  - borrower must be in good standing with the modification
  - monthly mortgage payment must not exceed either (1) 31% of the borrower’s gross monthly income; or (2) 40% of the borrower’s gross monthly income for Expanded Affordability

(d) **In the case of Negative Equity Reduction PRA** (i.e. principal reduction of primary mortgages in significant negative equity positions for “non-delinquent” borrowers to an amount as close to 100% LTV ratio as the amount of per-household assistance will permit to reduce the risk of potential default by such borrowers):

- *Eligible financial hardship:*
  - “Severe Negative Equity” defined as: (1) a negative equity position in which LTV is 120% or more or (2) a negative equity position in which 10% or more of unpaid principal balance (“UPB”) constitutes negative equity so long as such negative equity amount is at least $20,000
  - borrower must not have liquid assets in excess of the total amount of assistance provided under this component (as defined in
6. Property/Loan Eligibility Criteria

- Property must be owner-occupied.
- UPB of the mortgage(s) must be no greater than $500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)).
- Depending on the agreement with the servicer, servicer may not be required to approve a homeowner’s participation in the component if a trustee’s sale is scheduled to take place within seven days or less from date the servicer is notified of borrower eligibility.
- Severe Negative Equity.
- Property must be a single-family dwelling (1 to 4 units).

7. Program Exclusions

- Current unpaid principal balance(s) exceeds 150% of the homeowner’s purchase price.
- Total assistance of $10,000 or less.
- The principal reduction contribution exceeds $100,000 (the maximum household assistance).
- The principal reduction contribution exceeds the amount necessary to bring the outstanding mortgage balance to 100% of the property’s fair market value: except as applied to 5(a).
- Properties with an outstanding UPB of the mortgage(s) that is greater than $500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)).

8. Structure of Assistance

Depending on the agreement with the servicer, the structure of assistance may be provided in one of the following ways:

- In the case of Modification or Reamortization PRA, principal reduction assistance may be structured as a one-time up-front, forgivable loan in the amount of the assistance provided to eligible borrowers. Promissory notes evidencing these loans in favor of AHFPFC will be placed on the property as a junior lien. A forgiveness clause will extinguish the loan in the following manner: (a) the loan amount representing the amount necessary to bring the homeowner’s

the program guidelines)

- **Pre-assistance affordability:**
  - borrower must be “non-delinquent” or made “non-delinquent” at the time of assistance
  - monthly mortgage payment must not exceed either (1) 31% of the borrower’s gross monthly income; or (2) 40% of the borrower’s gross monthly income for Expanded Affordability
LTV down to 100% will be forgiven at the end of five (5) years, and (b) the remainder of the loan amount representing the amount of the loan that brought the homeowner’s LTV below 100% will be forgiven at the end of thirty (30) years, provided the borrower has satisfied all terms of the loan. The terms of these loans will be zero-interest, zero-payment for the duration of the loan. The loan will be considered satisfied upon expiration of the respective term and AHFPFC will release the lien connected with the note. These loans will be utilized to reduce a portion of the principal on the first mortgage loan, the amount of which may be matched by the primary lender/servicer. All or part of the loan funds will be repaid to AHFPFC in the event that the home increases in equity and a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds.

- **In the case of HARP PRA**, principal reduction assistance is structured as a one-time up-front installment evidenced by a promissory note with a five-year term. Assistance is contingent upon eligibility for a HARP or other substantively similar mortgage refinance.

- **In the case of Forbearance Elimination PRA and Negative Equity PRA**, principal reduction assistance may be structured as a one-time up-front, forgivable loan in the amount of the assistance provided to eligible borrowers. Promissory notes evidencing these loans will be for a term of five (5) years in favor of AHFPFC and placed on the property as a junior lien. A forgiveness clause will extinguish the loan amount at the end of five (5) years, provided the borrower has satisfied all terms of the loan. The terms of these loans will be zero-interest, zero-payment for the duration of the loan. The loan will be considered satisfied upon expiration of a five-year term and AHFPFC will release the lien connected with the note. These loans will be utilized to reduce a portion of the principal on the first mortgage loan, the amount of which may be matched by the primary lender/servicer. All or part of the loan funds will be repaid to AHFPFC in the event that the home increases in equity and a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds.

- Any proceeds that are returned to the component will be reutilized to assist additional homeowners in accordance with the Agreement.
9. **Per Household Assistance**

- $100,000 is the maximum amount of assistance.
- $60,000 is the estimated median amount of assistance.
- The principal reduction contribution must be no greater than $100,000 (the maximum household assistance).
- The principal reduction contribution must be no greater than the amount necessary to bring the outstanding mortgage balance to an amount as close to a 100% LTV ratio as the amount of per-household assistance will permit, except as applied to 5(a).
- Borrowers will not always receive the maximum amount of assistance.

10. **Duration of Assistance**

Assistance will be available to households on a one-time-only basis.

11. **Estimated Number of Participating Households**

It is anticipated that the Principal Reduction Assistance component will assist a minimum of 1,808 households in avoiding foreclosures.

12. **Program Inception/Duration**

- This component began in September 2010 and it is projected that assistance will be expended by December 31, 2021.
- All funds still available on December 31, 2021 will be returned to Treasury in accordance with the Agreement.

13. **Program Interactions with Other Programs (e.g. other HFA programs)**

Borrowers may participate in other components, as long as the borrower meets the eligibility criteria of each component and combined total assistance received from all of the components does not exceed the lesser of: (a) the maximum household assistance of $100,000 or (b) the amount necessary to bring the outstanding mortgage balance to an amount as close to a 100% LTV ratio as the amount of per-household assistance will permit except as applied to 5(a).

14. **Program Interactions with HAMP**

ADOH’s program may interact with aspects of the Making Home Affordable Program (“MHA”) as ADOH tries to leverage the resources provided by the MHA programs to expand the pool of borrowers who are eligible for HAMP or other MHA options. In some cases, the assistance the ADOH provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that Troubled Asset Relief Program funds are used efficiently and that HHF programs complement MHA programs.

15. **Program Leverage with Other**

In order to leverage the funds, ADOH will attempt to have the lender/servicer match any principal reduction provided through
| Financial Resources | the Principal Reduction Assistance component. |
1. **Program Overview**
   Under the Second Mortgage Assistance Component, assistance will be provided to eliminate second mortgages on eligible transactions.

2. **Program Goals**
   The goals of the Second Mortgage Assistance Component are to help homeowners avoid foreclosure by eliminating a second mortgage if necessary to modify the terms of the primary loan, achieve affordability and to reduce the likelihood that a borrower will re-default under its primary loan as a result of the burden of a second mortgage.

3. **Target Population/Areas**
   The targeted populations are households whose income does not exceed 150% of Area Median Income (“AMI”).

   It is projected that component assistance will be provided to targeted areas according to the following breakdown of counties. These projections are based on population, delinquent loans and pending foreclosures in these areas.
   
   - Maricopa County: 75% of component funds
   - Pima County: 8% of component funds
   - Pinal County: 9% of component funds
   - All other areas: 8% of component funds

4. **Program Allocation (Excluding Administrative Expenses)**
   $12,053,697

5. **Borrower Eligibility Criteria**
   - Eligible financial hardships include (a) reduced income due to under employment, medical condition, divorce or death; or (b) “Severe Negative Equity” defined as: (1) a negative equity position in which LTV is 120% or more or (2) a negative equity position in which 10% or more of unpaid principal balance (“UPB”) constitutes negative equity so long as such negative equity amount is at least $20,000.
   - Property must be borrower’s primary residence.
   - Income less than 150% of AMI.
   - Requests for Mortgage Assistance with hardship and Dodd Frank Certification.
   - Affordability for Home Affordable Refinance Program (“HARP”) structured assistance is determined by the lender’s
approval of the HARP or other substantively similar mortgage refinance, otherwise it is 31% of the household’s gross monthly income or up to 40% of the borrower’s gross monthly income for borrowers who have demonstrated an ability to make the modified mortgage payment for a 3-month period (“Expanded Affordability”).

| 6. Property/Loan Eligibility Criteria | • Property must be owner-occupied.  
• Unpaid principal balance (“UPB”) of the mortgage(s) must be no greater than $500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)).  
• Property must be a Single-family dwelling (1 to 4 units). |
| 7. Program Exclusions | • Current UPB of the mortgage(s) exceeds 150% of the homeowner’s purchase price.  
• Assistance exceeds $60,000.  
• Assistance exceeds the amount necessary to bring the outstanding mortgage balance to 100% of the property’s fair market value.  
• Properties with an outstanding UPB of the mortgage(s) that is greater than $500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)). |
| 8. Structure of Assistance | • The Second Mortgage Assistance Component will provide up-front, forgivable, loans to eligible borrowers. Promissory notes on the forgivable loans will be for a term of five (5) years in favor of the Eligible Entity and placed on the property as a junior lien. A forgiveness clause will extinguish the loan amount at the end of five (5) years, provided the consumer has satisfied all terms of the loan. The terms of the loan are zero-interest, zero-payment for the duration of the loan. The assistance loan will be considered satisfied upon expiration of five-year term and the Arizona Department of Housing (“ADOH”) will release the second lien connected with the note. These loans will be utilized to reduce a portion of the principal on the existing second mortgage and the remaining balance will be extinguished by the lender/servicer, if the assistance is less than the outstanding principal balance due. All or part of the loan funds will be repaid to ADOH in the event that the home increases in equity and a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds. |
- Second Mortgage Assistance provided as a part of a HARP or other approved refinance will be provided in a one-time installment evidenced by a promissory note with a five-year term. If coupled with Principal Reduction Assistance component on a first mortgage the amount of the promissory note will be for the combined total of all assistance under both components.

- Any proceeds that are returned to the program will be reutilized to assist additional homeowners in accordance with the Agreement.

| 9. Per Household Assistance | • $60,000 is the maximum amount of assistance.  
|                           | • $50,000 is the estimated median amount of assistance. |

| 10. Duration of Assistance | Second mortgage assistance will be disbursed in full in a one-time payment contingent upon the closing of the transaction. |

| 11. Estimated Number of Participating Households | It is anticipated that the Second Mortgage Assistance Component will assist a minimum of 407 households. |

| 12. Program Inception/Duration | • This program component began in September 2010 and it is projected that assistance will be expended by December 31, 2021.  
|                                | • All funds still available on December 31, 2021 will be returned to Treasury in accordance with the Agreement. |

| 13. Program Interactions with Other Programs (e.g. other HFA programs) | ADOH will, on behalf of an approved seller, attempt to extinguish the second mortgage as part of a short sale that is part of the Short Sale Assistance Component. Assistance is capped at $8,500 when combined with the Short Sale Assistance Component. Borrowers may participate in other components, as long as borrower meets the eligibility criteria of each component and the combined total assistance received from all of the components is the lesser of the individual component caps or the total Program cap of $100,000. |
| 14. Program Interactions with HAMP | ADOH’s program may interact with aspects of the Making Home Affordable Program (“MHA”) as ADOH tries to leverage the resources provided by the MHA programs to expand the pool of borrowers that are eligible for the Home Affordable Modification Program (“HAMP”) or other MHA options. In some cases, the assistance the ADOH provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs. |
| 15. Program Leverage with Other Financial Resources | N/A |
## 1. Program Overview

The Unemployment/Underemployment/Reinstatement Mortgage Assistance Component ("UMA") will provide mortgage relief for qualified unemployed and underemployed borrowers.

Arizona Department of Housing ("ADOH") may, on behalf of the eligible borrower, bring the first mortgage and any junior mortgage (as applicable) current by curing all past due payments, accrued interest and legal fees. Additional benefits may consist of a full monthly mortgage payment to the servicer until the applicable program cap is reached or the borrower becomes sufficiently employed and is able to sustain the payment at 31% of gross monthly income.

The borrower will be required to pay a portion of their monthly mortgage payment to ADOH in the amount of 31% of the household gross monthly income, excluding unemployment benefits.

ADOH will be responsible for ongoing monitoring of borrowers to ensure continued eligibility if receiving monthly assistance.

## 2. Program Goals

This Component will provide assistance for a set period of time and/or maximum dollar amount. The purpose of the Component is to assist borrowers until they can obtain sufficient income to resume scheduled mortgage payments or qualify for a modified mortgage payment.

- Sustain the unemployed/underemployed borrower’s monthly mortgage payment until the borrower can or the maximum assistance has been provided.
- Maintain the borrower’s contribution towards its monthly mortgage payment at 31% of his or her current gross monthly income for the duration of the assistance, excluding unemployment benefits.

## 3. Target

The target population includes eligible homeowners whose...
<table>
<thead>
<tr>
<th>Population/Area</th>
<th>hardship is caused by unemployment or underemployment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Program Allocation (Excluding Administrative Expenses)</td>
<td>$74,251,694</td>
</tr>
</tbody>
</table>
| 5. Borrower Eligibility Criteria | General Requirements:  
  - One or more of the responsible borrowers must be unemployed/underemployed.  
  - Borrowers must participate in quarterly (face-to-face when possible) continued eligibility validation.  
  - Borrower must occupy the subject property as his or her primary residence during the assistance disbursement period.  
  - Income less than 150% of Area Median Income (“AMI”).  
  - Requests for Mortgage Assistance with hardship and Dodd Frank Certification.  

Additional Unemployment Requirements:  
  - If the eligible borrower is unemployed, the borrower must provide proof he or she applied for unemployment benefits and was approved or denied (UB107, UB100, Claim status report) for reasons identified as acceptable within the Component’s guidelines.  

Additional Underemployment Requirements  
  - If the eligible borrower is underemployed, the borrower must provide documentation of a significant reduction of income, as specified in the program guidelines, resulting in a housing payment greater than 31% of his or her gross monthly income.  

Additional Reinstatement Assistance Requirements:  
  - Borrower must demonstrate that the hardship caused by unemployment or underemployment has passed. For example, one of the borrowers was unemployed and now the same borrower is employed, eliminating
• There must be a correlation between the qualified hardship and the delinquency in the mortgage payments.
• Borrowers must demonstrate that they now have the ability to afford the monthly mortgage payment. Affordability is defined as the payment being at or under 31% of the borrower’s documented gross monthly income.
• A monthly mortgage payment that does not exceed 40% of the borrower’s gross monthly income for borrowers who have demonstrated an ability to make the modified mortgage payment for a 3-month period (“Expanded Affordability”).
• The reinstatement assistance may be inclusive of junior mortgages (as applicable) and subject to Component eligibility criteria.

### 6. Property/Loan Eligibility Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid principal balance (UPB) of the mortgage(s)</td>
<td>must be no greater than $500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)).</td>
</tr>
<tr>
<td>Property must be owner-occupied.</td>
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</tr>
<tr>
<td>Mortgage(s) must be delinquent by at least two (2) payments; provided,</td>
<td>in the case of a borrower that is current or has only one payment due and unpaid by the end of the month in which it is due, and makes application for Component assistance, such borrower will be evaluated to determine if it is at risk of imminent default.</td>
</tr>
<tr>
<td>however, in the case of a borrower that is current or has only one</td>
<td></td>
</tr>
<tr>
<td>payment due and unpaid by the end of the month in which it is due, and</td>
<td></td>
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<tr>
<td>makes application for Component assistance, such borrower will be</td>
<td></td>
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<tr>
<td>evaluated to determine if it is at risk of imminent default.</td>
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<tr>
<td>Component payments must go toward a first mortgage except when</td>
<td></td>
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<tr>
<td>reinstating a junior mortgage.</td>
<td></td>
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<tr>
<td>Property must be a single-family dwelling (1 to 4 units).</td>
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</tr>
</tbody>
</table>

### 7. Program Exclusions

<table>
<thead>
<tr>
<th>Exclusions</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties that have an outstanding mortgage(s) in excess of 150% of</td>
<td>the purchase price.</td>
</tr>
<tr>
<td>the purchase price.</td>
<td></td>
</tr>
<tr>
<td>Properties that have an outstanding mortgage(s) in an amount greater</td>
<td>than $500,000.</td>
</tr>
<tr>
<td>than $500,000.</td>
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</tbody>
</table>

### 8. Structure of Assistance

<table>
<thead>
<tr>
<th>Assistance</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADOH will execute and record a non-recourse, non-interest bearing</td>
<td>forgivable note of no more than five (5) years in duration, secured by</td>
</tr>
<tr>
<td>forgivable note of no more than five (5) years in duration, secured</td>
<td>a junior lien on the property. The note amount will be forgiven at the</td>
</tr>
<tr>
<td>by a junior lien on the property. The note amount will be forgiven at</td>
<td>completion of the loan term. All or part of the loan funds will be</td>
</tr>
<tr>
<td>the completion of the loan term. All or part of the loan funds will be</td>
<td>repaid to ADOH in the event that the home increases in equity and a</td>
</tr>
<tr>
<td>repaid to ADOH in the event that the home increases in equity and a</td>
<td></td>
</tr>
</tbody>
</table>
sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds.

- Any proceeds that are returned to the program will be reutilized to assist additional homeowners in accordance with the Agreement.

<table>
<thead>
<tr>
<th>9. Per Household Assistance</th>
<th>Servicers have no responsibility for monitoring individual program participation and are not required to refund payments received that exceed individual program caps.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Original approved monthly mortgage assistance of $2,000. Later adjustments to the monthly mortgage assistance may exceed the $2,000 a month maximum. Assistance is available for a maximum of twenty-four (24) months.</td>
</tr>
<tr>
<td></td>
<td>• Upfront reinstatement assistance required by servicers in order for the homeowner to participate in UMA will be limited to twelve (12) months of monthly mortgage payment assistance in order for the homeowner to have available at least twelve (12) months of monthly mortgage payment assistance.</td>
</tr>
<tr>
<td></td>
<td>• Maximum amount of assistance will be limited to a cap of $60,000.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. Duration of Assistance</th>
<th>Servicers have no responsibility for monitoring payment duration.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Up to twenty-four (24) months’ of mortgage payment assistance.</td>
</tr>
<tr>
<td></td>
<td>• Benefits may be provided for up to two (2) months post re-employment, provided the twenty-four (24) months’ maximum of mortgage payment assistance has not been met.</td>
</tr>
<tr>
<td></td>
<td>• Borrowers whose payments remain unaffordable to them at the end of the twenty-four (24) month UMA term, may be provided an extended term of mortgage assistance for six (6) additional months. During the extended term the homeowner will make no contribution toward the mortgage payment and will be required to meet with their housing counselor to adopt a transition plan.</td>
</tr>
</tbody>
</table>

<p>| 11. Estimated Number of Participating | It is anticipated that the Unemployment/Underemployment Mortgage Assistance Component will assist a minimum of 4,211 households. |</p>
<table>
<thead>
<tr>
<th>Households</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12. Program Inception/Duration</strong></td>
</tr>
</tbody>
</table>
| • This component began in March 2011 and assistance is expected to be expended by December 31, 2021.  
• All funds still available on December 31, 2021 will be returned to Treasury in accordance with the Agreement. |
| **13. Program Interactions with Other Programs (e.g. other HFA Programs)** |
| Borrowers may participate in other components, as long as the borrower meets the eligibility criteria of such component and combined total assistance received from all of the components is the lesser of the individual component caps or total program cap of $100,000. |
| **14. Program Interactions with HAMP** |
| ADOH’s program may interact with aspects of the Making Home Affordable Program (“MHA”) as ADOH tries to leverage the resources provided by the MHA programs to expand the pool of borrowers that are eligible for Home Affordable Modification Program (“HAMP”) or other MHA options. In some cases, the assistance the ADOH provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs. |
| **15. Program Leverage with Other Financial Resources** |
| Servicers will not charge administrative fees (e.g., NSF, late charges) in any month where a full contract payment is made. If the loan is reinstated or modified following ADOH mortgage assistance, servicers will waive all administrative fees accrued since the beginning of the delinquency. |
1. Program Overview

Short Sale Assistance Component will provide the eligible seller the funds needed to relocate or secure a lease option purchase agreement on the property when a short sale has been approved by the homeowner’s servicer. It will provide much needed enhancements to the short sale process for qualified sellers.

The Arizona Department of Housing (“ADOH”) is responsible for screening sellers to determine program eligibility and providing confirmation to the seller and servicer/lender that it intends to provide assistance to the seller.

Servicers may refer potentially eligible sellers to ADOH.

Depending on the agreement with the servicer and or purchasers of the subject property, one of two methods will be used to provide short sale assistance:

- Assistance may be provided in order to facilitate the short sale.
- Assistance may be provided in order to facilitate a short sale lease option transaction.

The structure of these two types of assistance is further discussed in Section 8.

ADOH may provide funds directly to the homeowner as a part of the short sale closing/funding process but not prior to closing.

2. Program Goals

Short Sale Assistance Component was designed to help stabilize communities by providing assistance to consumers in unrecoverable situations to transition from homeownership to renting as well as enhance the marketability of short sale properties and accelerate the stabilization of property value.

3. Target

The targeted populations are households whose income does
<table>
<thead>
<tr>
<th><strong>Population/Area</strong></th>
<th>not exceed 150% of Area Median Income (“AMI”).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4. Program Allocation (Excluding Administrative Expenses)</strong></td>
<td>$1,261,490</td>
</tr>
</tbody>
</table>
| **5. Borrower Eligibility Criteria** | • Lender-approved short sale.  
• Purchase and Sale Agreement.  
• Income less than 150% of AMI.  
• Requests for Mortgage Assistance with hardship and Dodd Frank Certification. |
| **6. Property/Loan Eligibility Criteria** | • Property must have been owner-occupied within the last 12 months.  
• Unpaid principal balance (“UPB”) of the mortgage(s) must be no greater than $500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)).  
• Property must be a Single-family dwelling (1 to 4 units) |
| **7. Program Exclusions** | • Property located outside of Arizona.  
• Properties with an outstanding UPB of the mortgage(s) that is greater than $500,000.  
• Sellers who apply for assistance after the short sale has been completed.  
• Sellers who are executing a “strategic default” (determination made through program underwriting guidelines).  
• Properties that have an outstanding mortgage(s) in an amount greater than $500,000 (including interest-bearing unpaid principal balance(s) and any existing non-interest-bearing forbearance balance(s)). |
| **8. Structure of Assistance** | Assistance under this component will be structured as a one-time installment to the appropriate party.  
When provided to facilitate a short sale, assistance may be structured in the following manner:  
• Transition assistance may be available to the seller.  
• Seller-paid closing cost assistance on behalf of the buyer when applicable.  
• Assistance to extinguish junior liens when applicable. |
When provided to facilitate a short sale with a lease purchase option, assistance may be structured in the following manner:

- Lease Purchase Option (“LPO”) for the subject property between the seller and the buyer.
- Transaction fee paid to the buyer on behalf of the seller.
- Property maintenance cash reserve payment paid to the buyer on behalf of the seller.
- Financial assistance when the sales price exceeds 80% of the Broker Price Opinion (“BPO”) used to determine the sales price. These funds will be paid directly to the current lender to satisfy the short sale pay-off balance as part of the short sale closing process.

9. **Per Household Assistance**

- Maximum assistance for short sale assistance shall be $25,000, in accordance with program guidelines.
- Maximum assistance for Short Sale Assistance Component with a lease purchase option shall be $66,000, in accordance with program guidelines, including when combined with other programs.

10. **Duration of Assistance**

Program is a one-time payment per seller household, made upon close of escrow on the short sale.

11. **Estimated Number of Participating Households**

Based on ADOH eligibility criteria and available funding, it is anticipated that the Short Sale Assistance Component will assist a minimum of 163 households.

12. **Program Inception/Duration**

This component began in June 2011 and it is projected that assistance will be expended by December 31, 2021. All funds still available on December 31, 2021 will be returned to Treasury in accordance with the Agreement.

13. **Program Interactions with Other Programs (e.g. other HFA Programs)**

Borrowers may participate in other components, as long as the borrower meets the eligibility criteria of each component and combined total assistance received from all of the components is the lesser of the individual component caps or the total Program cap of $100,000. Sellers participating in Home Affordable Foreclosure Alternative (“HAFA”) Assistance may receive up to $1,500 for relocation assistance.
| 14. **Program Interactions with HAMP** | ADOH’s program may interact with aspects of the Making Home Affordable Program (“MHA”) as ADOH tries to leverage the resources provided by the MHA programs to expand the pool of borrowers that are eligible for Home Affordable Modification Program (“HAMP”) or other MHA options. In some cases, the assistance the ADOH provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs. |
| 15. **Program Leverage with Other Financial Resources** | Short sale assistance may be combined with lease purchase options funded by a third party. |
## SERVICE SCHEDULE B-5

**SAVEOURHOMEAZ (SOHAZ)**
**Down Payment Assistance (DPA)**
**Summary Guidelines**

<table>
<thead>
<tr>
<th>1. Program Overview</th>
<th>The Down Payment Assistance (DPA) Program will provide an incentive to qualified homebuyers to purchase a primary residence in targeted areas in Arizona. Providing incentives to qualified homebuyers in housing markets that have been hardest hit by serious delinquency, negative equity, distressed sales, and foreclosures will strengthen demand in those areas, stabilize housing prices and prevent future foreclosures. This Program will be offered within 17 municipalities in Arizona.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Program Goals</td>
<td>The goal of the DPA Program is to prevent future foreclosures by assisting with the stabilization of housing prices in targeted areas. The Arizona Home Foreclosure Prevention Funding Corporation (AHFPFC) will identify meaningful indicators that will enable them to track and quantify the DPA Program’s impact in the targeted areas.</td>
</tr>
<tr>
<td>3. Target Population/Areas</td>
<td>Targeted areas (“Targeted Area”) are as follows: This component will be offered within 17 municipalities in Arizona, to include: Arizona City, Avondale, Buckeye, Casa Grande, Coolidge, Douglas, El Mirage, Fort Mohave, Goodyear, Huachuca City, Laveen, Maricopa, Red Rock, Sierra Vista, Snowflake, Tucson, and Yuma. For these specific areas, AHFPFC evaluated five (5) housing market distress indicators across the entirety of Arizona. Each Targeted Area exceeded the statewide rate in at least four (4) out of the five (5) distressed housing market indicators which include: change in sale price from one year ago; REO sales rate; Short sales rate; Negative Equity; and the Foreclosure Rate.</td>
</tr>
<tr>
<td>4. Program Allocation (Excluding Administrative Expenses)</td>
<td>$71,367,728</td>
</tr>
<tr>
<td>5. <strong>Borrower Eligibility Criteria</strong></td>
<td>Eligible borrowers must qualify for and meet all requirements of the Arizona Housing Finance Authority’s (AzHFA) or Arizona Industrial Development Authority’s Pathway to Purchase Home Loan Program. Allowable first mortgage loans will be &quot;Qualified Mortgages&quot; (QM) that are 30-year, fixed-rate loans from the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture – Rural Development (RD), Fannie Mae HFA Preferred, and Freddie Mac HFA Advantage. Eligible borrowers must also meet the following criteria:</td>
</tr>
<tr>
<td></td>
<td>• Borrower(s) must be a first-time homebuyer. For purposes of the DPA Program, a first-time homebuyer is defined as someone who has not had an ownership interest in their primary residence in the past three years or qualifies under either a Veteran’s Exception (as defined in the DPA Program Guide) or is purchasing a home in a Federally Designated Targeted Area (as defined in the DPA Program Guide).</td>
</tr>
<tr>
<td></td>
<td>• Borrower(s) income not to exceed 150% of the State Median Income as determined by HUD.</td>
</tr>
<tr>
<td></td>
<td>• Purchase Price limit is four (4) times the annual income limit.</td>
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<tr>
<td></td>
<td>• Each borrower must complete a homebuyer education course before closing. The homebuyer education requirement may be met by taking a pre purchase course through an internet-based program developed by mortgage insurance companies, such MGIC or Genworth Financial or through another HUD-approved homebuyer education provider.</td>
</tr>
<tr>
<td></td>
<td>• The homebuyer will work through one of the approved and participating mortgage lenders or a mortgage lender participating in one of the IDA’s comparable homebuyer programs. The lender will be the borrower’s point of contact throughout the process, working with the homebuyer to obtain a qualifying mortgage and registration for the DPA loan.</td>
</tr>
<tr>
<td></td>
<td>• Each borrower will be required to provide a satisfactory Dodd-Frank certificate.</td>
</tr>
</tbody>
</table>
### 6. Property/Loan Eligibility Criteria
- The property must be a single-family home, a condominium unit, a townhome, or a two-four family dwelling unit of which one unit is to be occupied by the mortgagor as his or her principal residence.
- Must be the borrower’s primary residence.
- Property must be located in a Targeted Area.
- Meet all applicable DPA, Ginnie Mae (FHA, VA, USDA-RD) or GSE (Fannie Mae & Freddie Mac) underwriting guidelines.
- Must be a resale of an existing property.
- Property must be within the purchase price limit of no more than four (4) times the annual income limit established for the program.

### 7. Program Exclusions
- Borrowers, properties and loans not assisted through the Pathway to Purchase Home Loan Program or comparable IDA homebuyer program.
- Dodd-Frank exclusion for having been convicted of a mortgage-related felony in the past ten years.

### 8. Structure of Assistance
Down payment assistance, including reasonable and customary closing costs, will be made available to homeowners as follows: Assistance will be structured as a one-time up-front, forgivable loan in the amount of the assistance provided to eligible borrowers. A promissory note evidencing the loan will be for a term of five (5) years in favor of AHFPFC and placed on the property as a junior lien. A forgiveness clause will extinguish the loan amount at the end of five (5) years, provided the borrower has satisfied all terms of the loan. The terms of these loans will be zero-interest, zero-payment for the duration of the loan. The loan will be considered satisfied upon expiration of a five-year term and AHFPFC will release the lien connected with the note. All or part of the loan funds will be repaid to AHFPFC in the event that a sale or a refinance yields excess equity proceeds (net of transaction expenses) to the borrower sufficient to repay all or a portion of the loan funds.

Any proceeds that are returned to the component will be reutilized to assist additional homeowners in accordance with the Agreement.

### 9. Per Household Assistance
The lesser of 10 percent of the purchase price amount or $20,000.
<table>
<thead>
<tr>
<th></th>
<th><strong>10. Duration of Assistance</strong></th>
<th>DPA Program funds will be used to reimburse the Arizona Housing Finance Authority, Arizona Industrial Development Authority, or a local Industrial Development Authority who prefunds the DPA at closing once it is determined that all DPA component requirements have been met. Funds may also be used to reimburse towards a homebuyer assisted through a local IDA homebuyer program that meets all program requirements.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>11. Estimated Number of Participating Households</strong></td>
<td>It is anticipated that the DPA Program will assist approximately 4,261 households.</td>
</tr>
<tr>
<td></td>
<td><strong>12. Program Inception/Duration</strong></td>
<td>The DPA Program will begin in March 2016 and it is projected that assistance will be expended through 2021.</td>
</tr>
</tbody>
</table>
|   | **13. Program Interactions with Other Programs (e.g. other HFA programs)** | The DPA Program will take advantage of an existing infrastructure of participating lenders who are already actively originating Pathway to Purchase Home Loans or lenders participating in a local IDA homebuyer program. If the borrower has received HHF assistance under any other Program Component, they will be excluded from receiving assistance under this component. 

Any borrower receiving funds from the DPA Program will not be eligible for other down payment assistance programs offered by the Arizona Housing Finance Authority or Arizona Industrial Development Authority. |
|   | **14. Program Interactions with HAMP** | None. |
|   | **15. Program Leverage with Other Financial Resources** | None. |
### SCHEDULE C

#### PERMITTED EXPENSES

<table>
<thead>
<tr>
<th>Program Duration (years)</th>
<th>Arizona</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One-time / Start-Up Expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Initial Personnel</td>
<td>$59,470.00</td>
</tr>
<tr>
<td>Building, Equipment, Technology</td>
<td>$6,379.00</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$57,650.00</td>
</tr>
<tr>
<td>Supplies / Miscellaneous</td>
<td>$0.00</td>
</tr>
<tr>
<td>Marketing / Communications</td>
<td>$126.00</td>
</tr>
<tr>
<td>Travel</td>
<td>$1,877.00</td>
</tr>
<tr>
<td>Website development / Translation</td>
<td>$67,147.00</td>
</tr>
<tr>
<td>Contingency</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$192,649.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating / Administrative Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$13,199,156</td>
</tr>
<tr>
<td>Professional Services (Legal, Compliance, Audit, Monitoring)</td>
<td>$1,647,728</td>
</tr>
<tr>
<td>Travel</td>
<td>$56,650</td>
</tr>
<tr>
<td>Buildings, Leases &amp; Equipment</td>
<td>$0.00</td>
</tr>
<tr>
<td>Information Technology &amp; Communications</td>
<td>$475,000</td>
</tr>
<tr>
<td>Office Supplies/Postage and Delivery/Subscriptions</td>
<td>$900,000</td>
</tr>
<tr>
<td>Risk Management / Insurance</td>
<td>$0.00</td>
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<tr>
<td>Training</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>Marketing/PR</td>
<td>$1,808,099</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$1,540,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$19,630,633</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transaction Related Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recording Fees</td>
<td>$8,532,736</td>
</tr>
<tr>
<td>Wire Transfer Fees</td>
<td>$0.00</td>
</tr>
<tr>
<td>Counseling Expenses</td>
<td></td>
</tr>
<tr>
<td>File Intake</td>
<td>$0.00</td>
</tr>
<tr>
<td>Decision Costs</td>
<td>$0.00</td>
</tr>
<tr>
<td>Successful File</td>
<td>$0.00</td>
</tr>
<tr>
<td>Key Business Partners On-Going</td>
<td>$11,423,727</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$19,956,463</strong></td>
</tr>
</tbody>
</table>

| Grand Total | **$39,779,745** |
| % of Total Award | 13.44% |
| Award Amount | $296,048,525 |
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.