FIRST AMENDMENT TO

COMMITMENT TO PURCHASE FINANCIAL INSTRUMENT
and
HFA PARTICIPATION AGREEMENT

This First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the "First Amendment") is entered into as of the date set forth on Schedule A attached hereto as the First 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 in connection with Treasury's federal housing program entitled the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (the "HHF Program"), which was established pursuant to the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), as amended, as the same may be amended from time to time ("EESA");

WHEREAS, on September 24, 2010 Treasury indicated that it would make $3.5 billion of additional assistance available under the HHF Program for foreclosure prevention programs for homeowners struggling to make their mortgage payments in certain states that had previously received HHF Program funding for such purposes;

WHEREAS, Treasury desires to increase the available HHF Program funds available to Eligible Entity and as such, Treasury, HFA and Eligible Entity wish to enter into this First Amendment to document all modifications and additional provisions necessary to address the additional HHF Program funds;

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

Agreement

1.   Amendments

A.   Definitions. All references in the Original HPA to the "Agreement" shall mean the Original HPA, as amended by this First Amendment; and all references in the Original HPA to Schedules A or B shall mean the Schedules A or B attached to this First Amendment. All references herein to the "HPA" shall mean the Original HPA, as amended by this First Amendment.

B.   Schedule A. Schedule A attached to the Original HPA is hereby deleted in its entirety and replaced with Schedule A attached to this First Amendment.

C.   Schedule B. Schedule B attached to the Original HPA is hereby deleted in its entirety and replaced with Schedule B attached to this First Amendment.

2.   Representations, Warranties and Covenants

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

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

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

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

3.   Administrative Expenses

Notwithstanding anything to the contrary contained in the Original HPA as amended by this First Amendment, HFA and Eligible Entity may from time to time submit adjusted budgets to Treasury requesting approval to re-allocate HHF Funds to pay actual program expenses as set forth on a proposed Schedule C. In the event that Treasury shall approve an adjusted budget, in Treasury's sole discretion, the parties shall enter into an amendment to the HPA to modify Schedules A, B and C as necessary.

4.   Miscellaneous

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

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

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

HFA:

DISTRICT OF COLUMBIA HOUSING
FINANCE AGENCY

By: <u>/s/ Harry D. Sewell</u>
        Name: Harry D. Sewell
        Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

By: _____
        Name: Herbert M. Allison, Jr.
        Title: Assistant Secretary for
                  Financial Stability

ELIGIBLE ENTITY:

DISTRICT OF COLUMBIA HOUSING
FINANCE AGENCY

By: <u>/s/ Harry D. Sewell</u>
        Name: Harry D. Sewell
        Title: Executive Director

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

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DISTRICT OF COLUMBIA HOUSING
FINANCE AGENCY

By: _____
    Name:
    Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

By: _____
    Name: Herbert M. Allison, Jr.
    Title: Assistant Secretary for
           Financial Stability

ELIGIBLE ENTITY:

DISTRICT OF COLUMBIA HOUSING
FINANCE AGENCY

By: _____
    Name:
    Title:

EXHIBITS AND SCHEDULES

Schedule A   Basic Information
Schedule B   Service Schedules

SCHEDULE A

BASIC INFORMATION

<u>Eligible Entity Information</u>:

Name of the Eligible Entity: District of Columbia Housing Finance Agency[1]

Corporate or other organizational form: body corporate and instrumentality of the District of Columbia, organized and existing under and pursuant to the District of Columbia Housing Finance Agency Act, D.C. Law 2-135, as amended (D.C. Code, § 42-2701.01 et. seq.)

Jurisdiction of organization: District of Columbia

Notice Information:

<u>HFA Information</u>:

Name of HFA: District of Columbia Housing Finance Agency

Organizational form: body corporate and instrumentality of the District of Columbia, organized and existing under and pursuant to the District of Columbia Housing Finance Agency Act, D.C. Law 2-135, as amended (D.C. Code, § 42-2701.01 et. seq.)

Date of Application: September 1, 2010

Notice Information: Same as notice information for Eligible Entity.

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[1] References in the Agreement to the term "HFA" shall mean the District of Columbia Housing Finance Agency ("<u>DCHFA</u>") 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 DCHFA, in its capacity as Eligible Entity as such term is used in the Agreement.

Program Participation Cap: $20,697,198.00

Portion of Program Participation Cap
Representing Unemployment HHF Funds: $7,726,678.00

Permitted Expenses: $1,133,237.00

Closing Date: September 23, 2010

First Amendment Date: September 29, 2010

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 Original 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.

District of Columbia Housing Finance Agency
HOMESAVER PROGRAM
Summary Guidelines

1. **Program Overview**	The HomeSaver Program will offer lump sum or ongoing monthly payments to Unemployment Insurance (UI) claimants or those who have received UI payments in the past six (6) months. Approved applicants may receive up to fifteen (15) months of assistance from the HomeSaver Program.
	The HomeSaver Program is made up of three components:
	• The **Lifeline** component will offer a one-time payment of up to three (3) months mortgage delinquency; including 100% of principal, interest, taxes, insurance (PITI), late fees, coop fees, condo fees, etc., in order to bring the mortgage current.
	• The **Mortgage Assistance** component will provide up to fifteen (15) months of payments equal to 100% of the mortgage payment (PITI). Mortgage Assistance may include principal, interest, taxes, insurance (PITI), late fees, coop fees, condo fees, etc., in order to bring the mortgage current. Mortgage Assistance will terminate: (i) at the end of the fifteen (15) months or once the program cap is reached; (ii) the end of UI payments, due to reemployment , plus two (2) months (provided that the participant has not received more than a total of fifteen (15) months of assistance or the program cap amount; or (iii) failure to comply with the requirements of DOES for continuation of UI Payments.
	• The **Reinstatement** component will be available for program participants who need a one-time payment to "catch up" (up to six (6) months of delinquency) but who have sufficient resources to continue making timely mortgage payments. The Reinstatement component is for recently employed participants who have received UI payments within the past six (6) months but have since found employment. The Reinstatement component may only cover arrearages accumulated during the period of unemployment or substantial underemployment. Reinstatement may include principal, interest, taxes, insurance (PITI), late fees, coop fees, condo fees, etc., in order to bring the mortgage current.
	Applicants will be referred to the HomeSaver Program after completion of an intake package to include: (1) proof of identity; (2) current statement or mortgage note; (3) payment coupon; and (4) proof of

		receipt of UI payment(s). Intake packages will be forwarded from a housing counseling agency to the HomeSaver Program Coordinator for review and approval after initiating assistance from either: (a) a U.S. Department of Housing and Urban Development (HUD) approved housing counseling agency; (b) Counselor Direct (www.counselordirect.com) or DCHFA website; or (c) a call-in number.
2.	**Program Goals**	**Foreclosure prevention** – The primary goal of the HomeSaver Program is to prevent foreclosures that will erode the base of homeowners in the city, which already lags behind the national average in the rate of homeownership. **Synergistic interaction** - The DCHFA will partner with other organizations (i.e. DOES and the Urban Institute) to define the universe of potential candidates for the HomeSaver Program, perform outreach and intake, and ultimately deliver timely assistance to prevent foreclosure. DOES is the District agency that administers the city's UI and job training programs. The Urban Institute (the Institute) has conducted extensive research into housing issues in DC including mortgage delinquencies and foreclosures. The Urban Institute gathers data, conducts research, evaluates programs, offers technical assistance overseas, and educates Americans on social and economic issues — to foster sound public policy and effective government. **Simplicity** – The DCHFA will employ a HomeSaver Program design that seeks to minimize administrative costs thereby maximizing the amount of dollars available for assistance.
3.	**Target Population / Areas**	The HomeSaver Program will be city-wide although the DCHFA intends to "pilot test" the HomeSaver Program design in Wards 5, 7 and 8; those hardest hit by both unemployment and foreclosure.
4.	**Program Allocation (Excluding Administrative Expenses)**	$19,563,961.00
5.	**Borrower Eligibility Criteria**	Candidates for HomeSaver Program assistance will be those in the DOES database receiving UI payments or those who have received UI payments in the past six months. Eligible program participants will be: • homeowners residing in their primary residences; • the heads of household or other persons named on the mortgage note as borrower or co-borrower; • borrowers who were current on their mortgages until the date of

		unemployment or substantial underemployment; and
		• borrowers who are receiving or have received UI payments in the past six (6) months.
		All program participants will be required to sign a notarized Hardship Affidavit attesting to their inability to make mortgage payments due to unemployment or substantial underemployment that occurred through no fault of their own.
6.	**Property / Loan Eligibility Criteria**	Single family home, condominium or cooperative.
7.	**Program Exclusions**	• Homeowners with an outstanding mortgage balance greater than $729,750.
		• Homeowners not receiving, or who have not received UI payments in the past six months.
8.	**Structure of Assistance**	All loans will be recorded as non-recourse junior liens against the property and will be non-amortizing. Loans will be forgiven at a rate of 20% per year such that in year six the loan will be forgiven and the lien removed.
		The loan will only be repayable if the program participant sells or refinances the property prior to expiration of the lien period, and then only to the extent there is sufficient equity to pay that portion of the loan that has not been forgiven.
		Loan funds repaid by program participants will be recycled until December 31, 2017. After December 31, 2017, any remaining, returned or recaptured funds will be returned to Treasury.
9.	**Per Household Assistance**	Maximum program assistance is $32,385 per household.
10.	**Duration of Assistance**	The maximum duration of assistance will be fifteen (15) months. The duration of assistance with respect to each program will be as follows:
		• **Lifeline** - One time payment equal to up to three (3) months of monthly payments.
		• **Mortgage Assistance** - Payments of PITI for up to fifteen (15) months.
		• **Reinstatement** - One time payment equal to up to six (6) months of monthly payments.
		If eligible, participants may participate in one or more programs. If, for example a program participant receives Lifeline assistance to bring

		his/her mortgage current after a three (3) month delinquency payment, the participant may still be eligible for twelve (12) months of Mortgage Assistance payments.
11.	**Estimated Number of Participating Households**	215-315
12.	**Program Inception / Duration**	The HomeSaver Program is expected to begin on January 3, 2011 and continue for approximately three (3) years or until all funds are exhausted but not later than December 31, 2017.
13.	**Program Interactions with Other HFA Programs**	Homeowners may access other District programs. The DCHFA will explore partnerships with other District agencies that have programs assisting District residents with foreclosure issues including the Department of Housing and Community Development (DHCD) and the Department of Insurance Securities and Banking (DISB). DISB provides foreclosure mitigation assistance and DHCD funds foreclosure prevention counseling and other Federal programs including the Neighborhood Stabilization Program (NSP).
14.	**Program Interactions with HAMP**	Eligible homeowners may also access Federal programs including HAMP and HAMP UP. Homeowners may utilize HAMP UP before or after the HomeSaver Program.
15.	**Program Leverage with Other Financial Resources**	The DCHFA will provide $1,084,463 of in-kind administrative expenses to the HomeSaver Program. The HomeSaver Program requires no financial contribution from servicers or lenders, however loan modifications or contributions/fee waivers are allowed but not required.
16.	**Qualify as an Unemployment Program**	☑ Yes ☐ No