

**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:

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: /s/ Phil Culpepper
Name: Phil Culpepper
Title: Deputy Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: /s/ Phil Culpepper
Name: Phil Culpepper
Title: Deputy 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.

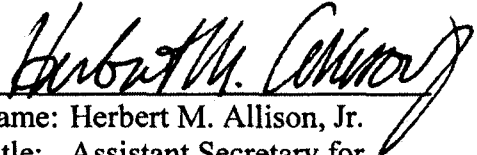
HFA:

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: _____
Name:
Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

By: _____
Name:
Title:

EXHIBITS AND SCHEDULES

Schedule A Basic Information
Schedule B Service Schedules

SCHEDULE A
BASIC INFORMATION

Eligible Entity Information:

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

HFA Information:

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

¹ References in the Agreement to the term “HFA” shall mean the Illinois Housing Development Authority (“IHDA”) in its capacity as an HFA as such term is used in the Agreement; references in the Agreement to the term “Eligible Entity” shall mean IHDA, in its capacity as Eligible Entity as such term is used in the Agreement.

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

Date of Application: September 1, 2010

Notice Information:

Program Participation Cap: \$445,603,557.00

Portion of Program Participation Cap
Representing Unemployment HHF Funds: \$166,352,726.00

Permitted Expenses: \$26,771,960.00

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.

SERVICE SCHEDULE B-1

Illinois Housing Development Authority

Hardest Hit Fund Homeowner Emergency Loan Program (HHF HELP)

Summary Guidelines

<p>1. Program Overview</p>	<p>Illinois' Homeowner Emergency Loan Program (HELP) will assist unemployed or substantially underemployed homeowners by paying their mortgage for up to 18 months while they search for gainful reemployment and/or participate in job training.</p> <p>IHDA will make full mortgage payments to the servicer on behalf of the borrower while the household remains eligible for assistance. While full mortgage payments are made on their behalf, the borrower must contribute partial mortgage payments to IHDA on a monthly basis totaling 31% of current household income. A rolling 30-day average of all household wages, compensation, and/or public benefits over the previous 2 months is considered the current income amount. Timely partial payments to IHDA are required for continued program assistance.</p> <p>After 18 months of full mortgage payments, borrowers will resume making their mortgage payments independently. If borrowers regain employment and earn sufficient income to adequately afford their mortgage during the 18 months, one final month of full mortgage payment will be made by IHDA and the borrower will be exited from the program. If the household maximum assistance level available is reached, IHDA will end assistance.</p> <p>Borrowers will be referred to the program through the HHF HELP website and/or call center, a housing counselor, or other entities. All client intakes of borrowers will be performed by housing counselors or other experienced personnel selected by IHDA. Counselors will provide a full application package to IHDA for underwriting, processing, and final approval.</p>
<p>2. Program Goal</p>	<p>The goal of the Program is to assist unemployed or substantially underemployed homeowners with interim mortgage payment assistance that will allow them to pursue sustainable income and homeownership through new employment or job training efforts without the immediate threat of default or foreclosure.</p>
<p>3. Target Population /</p>	<p>The Program aims to serve all areas of the State and all employment sectors as the foreclosure crisis and unemployment</p>

<p>Areas</p>	<p>crisis in Illinois is diverse. Funds will only be available to households at or below the moderate income level for the State (120% of area median, as defined by HUD).</p> <p>The maximum levels of assistance will be higher in the hardest hit Illinois counties. A “hardest hit county” exceeds the state average in any of the following areas: foreclosure rate, 90-day default rate, unemployment rate, or home price reduction. The maximum assistance level per household in a “hardest hit county” is \$25,000.</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>\$418,831,597.00</p>
<p>5. Borrower Eligibility Criteria</p>	<p>Homeowners must meet the following Program criteria:</p> <ul style="list-style-type: none"> • Present income at or below 120% of area median; • Currently unemployed or substantially underemployed showing a minimum of 25% reduction in income; • Proof that the loss of income was involuntary (hardship affidavit required); • Fee simple title ownership on a property not exceeding four units; • Evidence of timely mortgage payments prior to income reduction; • Mortgage delinquency not to exceed 6 months; • Present home mortgage payments (including escrow amounts, if any) above 31% of monthly income; • Maximum of 3 months housing payments in available liquid assets (excluding retirement); • Homeowner must make timely partial mortgage payments; and • Homeowner must actively pursue reemployment or job training during the assistance period.
<p>6. Property / Loan Eligibility Criteria</p>	<p>Properties must be owner-occupied and the household must not have an active mortgage on any other residential property. Eligible property can include single-family homes, detached or attached houses, town homes, condos, mobile homes on permanent foundations recorded as real property, and owner-occupied two, three, and four flats.</p> <p>Loan criteria includes:</p> <ul style="list-style-type: none"> • Homeowners can have a maximum present mortgage amount of \$500,000

	<ul style="list-style-type: none"> Homeowners must carry a fixed rate mortgage or an adjustable rate mortgage with a rate fixed during the program assistance term
7. Program Exclusions	Homeowners with present mortgage payments (including escrow amounts, if any) payments less than 31% of current household income are ineligible. Homeowners with interest-only or negative amortization mortgages are ineligible. No assistance will be provided for second mortgages of any kind. Any applicant unable to substantiate past and current income or failing to provide required program documentation as requested is not eligible.
8. Structure of Assistance	Assistance will be in the form of a non-recourse, non-amortizing, zero-percent interest, ten-year loan secured by the property. The loan will be recorded as a subordinate lien and will only be repaid if net equity proceeds exist in the event of sale or refinance. Following the first five years, the loan will be forgiven on a monthly basis for the remaining five-year term. Any loan repayments will be funneled back into the program and used to provide additional assistance to eligible homeowners until the conclusion of the program on December 31, 2017. After December 31, 2017, any remaining or returned funds will be returned to Treasury.
9. Per Household Assistance	The maximum amount of assistance per homeowner is \$25,000 in Illinois' hardest hit counties as defined in Section 3 above. The maximum assistance level in all other counties is \$20,000.
10. Duration of Assistance	Homeowners can receive assistance for a maximum of 18 months. Upon expending the maximum amount per household, assistance will terminate. If the homeowner is gainfully re-employed during the program, the following month's mortgage payment will conclude the assistance term for the homeowner. Gainfully re-employed will be defined as earning 75% or more of income prior to unemployment or substantial underemployment. Failure to make the partial monthly mortgage payment or any violation of program terms will terminate the homeowner's assistance.
11. Estimated Number of Participating Households	IHDA anticipates that 7,500 to 10,000 households will be assisted through the HHF HELP Program.
12. Program Inception / Duration	<p>It is estimated that the Pilot/Readiness Test Program will begin approximately 120 -150 days after approval by Treasury.</p> <p>The Statewide Program launch will begin approximately 90 – 120 days post-Pilot/Readiness Test Program launch.</p>

	Funds will likely be utilized within a 3-year period due to massive statewide demand, but returns to the fund may extend availability of funds in the program.
13. Program Interactions with Other HFA Programs	Households served under the National Foreclosure Mitigation Counseling (NFMC) Program may also be reviewed for HHF HELP eligibility.
14. Program Interactions with HAMP	Clients denied for a HAMP modification may be eligible for assistance through this program. Counselors evaluating eligibility for clients will also review for possible HAMP eligibility. Clients eligible for forbearance under the HAMP Unemployment Program may be eligible for assistance through HHF HELP. HHF HELP may precede, follow, or run concurrently with the HAMP UP forbearance.
15. Program Leverage with Other Financial Resources	The Program requires no financial contribution from servicers or lenders, but they will be encouraged to waive fees as the HHF HELP Program provides direct benefit to their loan portfolio. IHDA will work to collaborate with servicers and lenders to effectively manage payments and information of the borrowers.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No