

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

This Fifth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fifth Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the Fifth 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, as previously amended by that certain First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “First Amendment”), as further amended by that certain Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Second Amendment”), as further amended by that certain Third Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Third Amendment”), and as further amended by that certain Fourth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fourth Amendment”; and together with the Original HPA as amended thereby and by the First Amendment, Second Amendment and Third Amendment, the “Current HPA”), dated as of their respective dates as 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, HFA and Eligible Entity submitted a request to Treasury to make certain revisions to their Service Schedules and Permitted Expenses and Treasury has agreed to the same;

WHEREAS, HFA, Eligible Entity and Treasury wish to enter into this Fifth Amendment to document all approved modifications to the Service Schedules and Permitted Expenses;

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 Current HPA to the “Agreement” shall mean the Current HPA, as further amended by this Fifth Amendment; and all references in the Current HPA to Schedules A or B shall mean the Schedules A or B attached to this Fifth Amendment. All references herein to the “HPA” shall mean the Current HPA, as further amended by this Fifth Amendment.

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

C. Schedule B. Schedule B attached to the Current HPA is hereby deleted in its entirety and replaced with Schedule B attached to this Fifth 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 Fifth Amendment and any other closing documentation delivered to Treasury in connection with this Fifth 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 Fifth Amendment and any other closing documentation delivered to Treasury in connection with this Fifth Amendment, and to perform its obligations hereunder and thereunder.

### **3. Miscellaneous**

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

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

**HFA:**

NORTH CAROLINA HOUSING FINANCE  
AGENCY

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

By: /s/ A. Robert Kucab  
Name: A. Robert Kucab  
Title: Executive Director

By: \_\_\_\_\_  
Name: Timothy G. Massad  
Title: Assistant Secretary for  
Financial Stability

**ELIGIBLE ENTITY:**

NORTH CAROLINA HOUSING FINANCE  
AGENCY

By: /s/ A. Robert Kucab  
Name: A. Robert Kucab  
Title: Executive Director

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

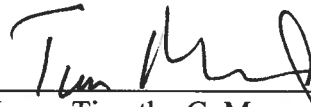
**HFA:**

NORTH CAROLINA HOUSING FINANCE  
AGENCY

By: \_\_\_\_\_  
Name:  
Title:

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

By:  \_\_\_\_\_  
Name: Timothy G. Massad  
Title: Assistant Secretary for  
Financial Stability

**ELIGIBLE ENTITY:**

NORTH CAROLINA HOUSING FINANCE  
AGENCY

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:	North Carolina Housing Finance Agency <sup>1</sup>
Corporate or other organizational form:	a body politic and corporate under the laws of the State of North Carolina pursuant to N. C. G. S. Chapter 122A
Jurisdiction of organization:	North Carolina
Notice Information:	

**HFA Information:**

Name of HFA:	North Carolina Housing Finance Agency <sup>1</sup>
Organizational form:	a body politic and corporate under the laws of the State of North Carolina pursuant to N. C. G. S. Chapter 122A
Date of Application:	June 1, 2010
Date of Action Plan:	September 1, 2010

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<sup>1</sup> References in the Agreement to the term “HFA” shall mean the North Carolina Housing Finance Agency (“NCHFA”) in its capacity as HFA as such term is used in the Agreement; and references in the Agreement to the term “Eligible Entity” shall mean NCHFA, in its capacity as Eligible Entity as such term is used in the Agreement.

Notice Information:	Same as notice information for Eligible Entity.
<u>Program Participation Cap:</u>	\$482,781,786.00
<u>Portion of Program Participation Cap Representing Original HHF Funds:</u>	\$159,000,000.00
<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$120,874,221.00
<u>Permitted Expenses:</u>	\$62,200,000.00
<u>Closing Date:</u>	August 3, 2010
<u>First Amendment Date:</u>	September 23, 2010
<u>Second Amendment Date:</u>	September 29, 2010
<u>Third Amendment Date:</u>	December 16, 2010
<u>Fourth Amendment Date:</u>	May 25, 2011
<u>Fifth Amendment Date:</u>	January 25, 2012
<u>Eligible Entity Depository Account Information:</u>	See account information set forth in the Depository Account Control Agreement between Treasury and Eligible Entity regarding the HHF Program.



**SCHEDULE B**

**SERVICE SCHEDULES**

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

**SERVICE SCHEDULE B-1**

**North Carolina Housing Finance Agency's  
Mortgage Payment Program (MPP-1)  
Summary Guidelines**

<p><b>1. Program Overview</b></p>	<p>North Carolina has one of the highest unemployment rates in the country with more than 490,000 people out of work as of April 2010. Because unemployed homeowners are not eligible for most loss mitigation programs, NCHFA proposes to use a majority of our HFA Hardest Hit Funds (HHF) to create the <b>Mortgage Payment Program (MPP-1)</b>.</p> <p>This program will provide loans to unemployed homeowners and others who, through no fault of their own, are financially unable to make their mortgage payments and are in danger of losing their homes to foreclosure.</p> <p>Loan proceeds will be used to pay mortgage and mortgage-related expenses (i.e. property taxes, homeowner insurance, homeowner dues) until the homeowner secures employment or completes training for a new career.</p>
<p><b>2. Program Goals</b></p>	<p>To assist 5,750 homeowners over the next 3 years. The following types of assistance will be provided:</p> <p><b><u>Job Search or Short-term Assistance</u></b> To help homeowners while they look for a new job.</p> <p><b><u>Job Training or Long-term Assistance</u></b> To help homeowners while they complete a job training/education program to help secure a new job.</p> <p><b><u>Reinstatement Only or One-time Assistance</u></b> To help homeowners who have found a new job but need help to bring their mortgage current.</p>
<p><b>3. Target Population/ Areas</b></p>	<p>Homeowners who are unemployed, substantially underemployed, suffered another temporary hardship, and/or reemployed but need help bringing their mortgage current.</p> <p>This Program will be available in all North Carolina counties.</p>
<p><b>4. Program Allocation (Excluding Administrative Expenses)</b></p>	<p>\$99,400,000.00</p>
<p><b>5. Borrower Eligibility Criteria</b></p>	<p>Homeowners who are unemployed, substantially underemployed, or have suffered another eligible temporary hardship, who,</p>

	<p>through no fault of their own, are unable to make their mortgage payments and are at risk of a foreclosure. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation on the cause of their hardship. For most homeowners, this will be documentation from the Employment Security Commission (ESC) confirming a job loss and receipt of unemployment benefits. If information from ESC is unavailable, a notarized letter from the former employer indicating job loss was not the fault of the borrower will serve as a substitute. Self-employed borrowers will be required to submit prior tax returns to show a loss of income.</p> <p>Employed homeowners who are delinquent because of a prior job loss or other program eligible hardship but who can resume future payments without additional assistance.</p> <p>Satisfactory mortgage payment history.</p> <p>All principal, interest, taxes, homeowner insurance, mortgage insurance, homeowner association dues, and the cost of utilities &gt;25% of household income after job loss/loss of income.</p> <p>Borrowers must meet program underwriting criteria.</p> <p>Eligibility for program assistance will be determined primarily by participating foreclosure prevention partners.</p> <p>Funds will be allocated on a first come/first ready, first served basis.</p>
<p><b>6. Property/Loan Eligibility Criteria</b></p>	<p>Existing single-family homes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.</p> <p>North Carolina owner-occupied, primary residences only.</p>
<p><b>7. Program Exclusions</b></p>	<p>Total Unpaid Principal Balances &gt; \$300,000.</p> <p>Manufactured homes not considered real property.</p> <p>Non-legal U.S. resident.</p>
<p><b>8. Structure of Assistance</b></p>	<p>10 year, 0% interest, non-recourse, deferred-payment forgivable subordinate loan. A forgiveness clause will reduce the loan amount by 20% a year for every year the borrower stays in the home after five years. At the end of the 10 years, the note will be considered satisfied, and NCHFA will release the lien securing the note.</p>

	<p>Loan funds are due and payable if property is sold, refinanced or no longer owner occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to repay the note, all or a portion of the note will be forgiven.</p> <p>NCHFAs will agree to subordinate the MPP-1 Loan for borrowers who refinance their mortgage(s) to receive more favorable loan terms. If a borrower refinances their loan to consolidate debt or receives cash out, the borrower would be required to repay the MPP-1 Loan according to the loan terms.</p> <p>All deferred, subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Borrowers will be required to sign and acknowledge via Written Agreement indicating the program guidelines.</p> <p>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners through December 31, 2017. After December 31, 2017, the funds will be returned to Treasury.</p>
<b>9. Per Household Assistance</b>	<p>The average loan amount will be \$20,000 per borrower.</p> <p>Effective for all loans closed after January 31, 2012: Maximum assistance up to \$36,000 and not to exceed 36 months per household.</p>
<b>10. Duration of Assistance</b>	<p>Effective for all loans closed after January 31, 2012: Up to 36 months for those in job training/education program. Up to 18 months for those in a job search.</p>
<b>11. Estimated Number of Participating Households</b>	<p>5,750 homeowners over the next 3 years.</p> <p>Estimated number served based on average loan amount of \$20,000 per homeowner.</p>
<b>12. Program Inception/Duration</b>	<p>Program began October 18, 2010 and will last up to 3 years.</p>
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	<p>Borrowers can access more than one of our HHF programs, if needed and appropriate. For example, a borrower can receive MPP-1 assistance while they look for a new job and then receive Second Mortgage Refinance Program or Permanent Loan Modification Program assistance once they secure a new job.</p>
<b>14. Program Interactions with HAMP</b>	<p>The MPP-1 would help borrowers who need more than the 3-6 months of assistance available through the new Home Affordable Unemployment Program (UP), which began August 1, 2010.</p>

	<p>Borrowers who are eligible for MPP-1 would not be required to participate in UP prior to receiving assistance with MPP-1.</p> <p>In addition, MPP-1 would also help borrowers who don't qualify for assistance under the new UP because they are more than 3 months behind in mortgage payments and/or they are not currently receiving unemployment (i.e. self employed homeowners).</p> <p>Finally, borrowers can receive HAMP assistance prior to or after receiving Hardest Hit Fund assistance. For example, a borrower may receive UP assistance for 3-6 months and then receive MPP-1 assistance for several more months, if needed.</p> <p>MPP-1 assistance will not be available to a borrower who is in a trial loan modification. MPP-1 assistance may be available to a borrower who has received a permanent loan modification if the borrower has a need.</p> <p>Once MPP-1 assistance has ended, a borrower may be eligible to receive a loan modification from HAMP, if needed and eligible.</p>
<p><b>15. Program Leverage with Other Financial Resources</b></p>	<p>None</p>
<p><b>16. Qualify as an Unemployment Program</b></p>	<p><input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>

## SERVICE SCHEDULE B-2

### North Carolina Housing Finance Agency's Mortgage Payment Program (MPP-2) Summary Guidelines

<b>1. Program Overview</b>	<p>The North Carolina Housing Finance Agency (NCHFA) Mortgage Payment Program (MPP-2) will provide loans to unemployed or substantially underemployed homeowners who, through no fault of their own, are financially unable to make their mortgage payments and are in danger of losing their homes to foreclosure.</p> <p>Loan proceeds will be used to pay all mortgage and mortgage-related expenses (i.e. property taxes, homeowner insurance, mortgage insurance and homeowner association dues), including subordinate mortgage loans, until the homeowner secures employment or completes training for a new career.</p>
<b>2. Program Goals</b>	<p>To assist 14,100 homeowners over the next 5 years. The following types of assistance will be provided:</p> <p><b><u>Job Search or Short-term Assistance</u></b> To help homeowners while they look for a new job.</p> <p><b><u>Job Training or Long-term Assistance</u></b> To help homeowners while they complete a job training/education program to help secure a new job.</p> <p><b><u>Reinstatement Only or One-time Assistance</u></b> To help homeowners who have found a new job but need help to bring their mortgage current due to arrearages accumulated during a period of unemployment.</p>
<b>3. Target Population/Areas</b>	<p>Homeowners who are unemployed, or substantially underemployed, and/or reemployed but need help bringing their mortgage current.</p> <p>This Program will be available in all North Carolina counties.</p>
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$282,381,786.00
<b>5. Borrower Eligibility Criteria</b>	<p>Unemployed or substantially underemployed homeowners who, through no fault of their own, are unable to make their mortgage payments and are at risk of a foreclosure. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation of unemployment. For most homeowners, this</p>

	<p>will be documentation from the Employment Security Commission (ESC) confirming a job loss and receipt of unemployment benefits. If information from ESC is unavailable, a notarized letter from the former employer indicating job loss was not the fault of the borrower will serve as a substitute. Self-employed borrowers will be required to submit prior tax returns to show a loss of income.</p> <p>Employed homeowners who are delinquent due to arrearages accumulated during a period of unemployment but who can resume future payments without additional assistance.</p> <p>Satisfactory mortgage payment history.</p> <p>All principal, interest, taxes, homeowner insurance, mortgage insurance, homeowner association dues, and the cost of utilities &gt;25% of household income after job loss/loss of income.</p> <p>Borrowers must meet program underwriting criteria. Eligibility for program assistance will be determined primarily by participating foreclosure prevention partners.</p> <p>Funds will be allocated on a first come/first ready, first served basis.</p>
<p><b>6. Property/Loan Eligibility Criteria</b></p>	<p>Existing single-family homes, duplexes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.</p> <p>North Carolina owner-occupied, primary residences only.</p>
<p><b>7. Program Exclusions</b></p>	<p>Total Unpaid Principal Balances &gt; \$300,000.</p> <p>Manufactured homes not considered real property.</p> <p>Non-legal U.S. resident.</p>
<p><b>8. Structure of Assistance</b></p>	<p>10 year, 0% interest, non-recourse, deferred-payment, forgivable, subordinate loan. A forgiveness clause will reduce the loan amount by 20% a year for every year the borrower stays in the home after five years. At the end of the 10 years, the note will be considered satisfied, and NCHFA will release the lien securing the note.</p> <p>Loan funds are due and payable if property is sold, refinanced or no longer owner-occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or</p>

	<p>refinanced and has not increased in equity to the degree necessary to fully repay the note, all or the excess portion of the note will be forgiven, as applicable.</p> <p>NCHFA will agree to subordinate the MPP-2 Loan for borrowers who refinance their mortgage(s) to receive more favorable loan terms. If a borrower refinances their loan to consolidate debt or receives cash out, the borrower would be required to repay the MPP-2 Loan according to the loan terms.</p> <p>All deferred, subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Borrowers will be required to sign and acknowledge the program guidelines with a written agreement.</p> <p>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners through December 31, 2017. After December 31, 2017, all remaining and recaptured funds will be returned to Treasury.</p>
<b>9. Per Household Assistance</b>	<p>The average loan amount is expected to be \$20,000 per borrower.</p> <p>Effective for all loans closed after January 31, 2012: Maximum assistance up to \$36,000 and not to exceed 36 months per household.</p>
<b>10. Duration of Assistance</b>	<p>Effective for all loans closed after January 31, 2012: Up to 36 months for those in job training/education program. Up to 18 months for those in a job search.</p>
<b>11. Estimated Number of Participating Households</b>	<p>14,100 homeowners. Estimated number served based on average loan amount of \$20,000 per homeowner.</p>
<b>12. Program Inception/ Duration</b>	<p>Program began November 7, 2011. Recaptured funds may be recycled and used in the program up until December 31, 2017.</p>
<b>13. Program Interaction with Other HFA Programs</b>	<p>Borrowers can access more than one of our HFA programs, if needed and appropriate. For example, a borrower can receive MPP-2 assistance while they look for a new job and then receive Second Mortgage Refinance Program or Permanent Loan Modification Program assistance once they secure a new job.</p>
<b>14. Program Interaction with HAMP</b>	<p>The MPP-2 would help borrowers who need more than the 3-6 months of assistance available through the new Home Affordable Unemployment Program (UP), which began in August, 2010.</p> <p>Borrowers who are eligible for MPP-2 would not be required to participate in UP prior to receiving assistance with MPP-2.</p>



	<p>In addition, MPP-2 would also help borrowers who don't qualify for assistance under the new UP because they are more than 3 months behind in mortgage payments and/or they are not currently receiving unemployment (i.e. self-employed homeowners).</p> <p>Finally, borrowers can receive HAMP assistance prior to or after receiving Hardest Hit Fund assistance. For example, a borrower may receive UP assistance for 3-6 months and then receive MPP-2 assistance for several more months, if needed.</p> <p>MPP-2 assistance will not be available to a borrower who is in a trial loan modification. MPP-2 assistance may be available to a borrower who has received a permanent loan modification if the borrower has a need.</p> <p>Once MPP-2 assistance has ended, a borrower may be eligible to receive a loan modification from HAMP, if needed and eligible.</p>
<b>15. Program Leverage with Other Financial Resources</b>	None
<b>16. Qualify as an Unemployment Program</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## SERVICE SCHEDULE B-3

### North Carolina Housing Finance Agency's Second Mortgage Refinance Program (SMRP) Guidelines Summary

<b>1. Program Overview</b>	<p>Government officials have estimated about 50% of troubled borrowers have a second mortgage. Homeowners are frequently unable to make their second mortgage payment and are in danger of losing their homes to foreclosure.</p> <p><b>The Second Mortgage Refinance Program (SMRP)</b> will benefit homeowners with second mortgages who, through no fault of their own, are financially unable to make their mortgage payment because of a prior job loss, reduced income, or other program-eligible hardship.</p> <p>This program will provide a more affordable housing expense by refinancing the second mortgage to a 0%-interest, non-recourse deferred-payment subordinate loan.</p>
<b>2. Program Goals</b>	<p>To assist 2,000 homeowners facing foreclosure in all 100 North Carolina counties.</p> <p>The goal of this program is to extinguish the existing second mortgage and replace it with a 0%-interest, non-recourse, deferred-payment subordinate loan. This will reduce the borrower's monthly mortgage payment and in some instances may expedite movement of a qualified applicant into a HAMP first mortgage modification process.</p>
<b>3. Target Population/ Areas</b>	<p>Our target population will be homeowners facing foreclosure in all 100 North Carolina counties who have a 1<sup>st</sup> and 2<sup>nd</sup> mortgage whereby the total mortgage payment is causing the home to be unaffordable under program guidelines.</p>
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	<p>\$30,000,000.00</p>
<b>5. Borrower Eligibility Criteria</b>	<p>Eligible homeowners must be those facing foreclosure due to recent unemployment, loss of income, reduction in income, or other demonstrated financial hardships. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation on the cause of the hardship.</p> <p>Satisfactory mortgage payment history.</p> <p>All principal, interest, taxes, homeowner insurance, mortgage insurance, homeowner association dues, and the cost of utilities &gt;</p>

	<p>25% of household income after job loss/loss of income.</p> <p>Extinguishment of second loan with SMRP will only occur if the first mortgage loan is current.</p> <p>Borrowers must meet program underwriting criteria.</p> <p>Funds will be allocated on a first come/first ready, first served basis.</p>
<b>6. Property/Loan Eligibility Criteria</b>	<p>Existing single-family homes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.</p> <p>Owner-occupied, primary residences only.</p>
<b>7. Program Exclusions</b>	<p>Total Unpaid Principal Balances &gt; \$300,000.</p> <p>Manufactured homes not considered real property.</p> <p>If the homeowner is currently in a HAMP modification and the second mortgage is held by a 2MP servicer.</p> <p>Non-legal U.S. resident.</p>
<b>8. Structure of Assistance</b>	<p>30 year, 0%-interest, non-recourse, deferred-payment subordinate loan.</p> <p>Loan funds are due and payable if property is sold, refinanced or no longer owner-occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to repay the note, all or a portion of the note will be forgiven.</p> <p>NCHFA will agree to subordinate the SMRP Loan for borrowers who refinance their mortgage(s) to receive more favorable loan terms. If a borrower receives cash out with a refinance, the borrower would be required to repay the SMRP Loan according to the loan terms.</p> <p>All deferred subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Borrowers will be required to sign and acknowledge via Written Agreement indicating the program guidelines and terms prior to refinancing the second mortgage and obtaining a subordinate loan under this program.</p>

	Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners through December 31, 2017. After December 31, 2017, the funds will be returned to Treasury.
<b>9. Per Household Assistance</b>	Under this program, eligible borrowers may receive up to \$30,000 plus all related fees as a subordinate loan.  If \$30,000 is insufficient to extinguish the second mortgage, the Agency will only offer these funds if the second lien holder is willing to take the amount supplied to extinguish the debt without a deficiency judgment.
<b>10. Duration of Assistance</b>	Assistance under SMRP is a one-time payment.
<b>11. Estimated Number of Participating Households</b>	2,000 homeowners.
<b>12. Program Inception/Duration</b>	The program began June 6, 2011 and will last up to 3 years.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	Homeowners who participate in the Mortgage Payment Program (MPP) may be eligible to participate in SMRP if the borrower is employed and has a need.  Eligible delinquent borrowers will be brought current with MPP One-Time Reinstatement if necessary and then are eligible for SMRP.
<b>14. Program Interactions with HAMP</b>	Extinguishing the second mortgage may expedite movement of qualified applicants into a HAMP first modification process.
<b>15. Program Leverage with Other Financial Resources</b>	If \$30,000 is insufficient to extinguish the second mortgage, the Agency will only offer these funds if the second lien holder is willing to take the amount supplied to extinguish the debt without a deficiency judgment.
<b>16. Qualify as an Unemployment Program</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## SERVICE SCHEDULE B-4

### North Carolina Housing Finance Agency's Permanent Loan Modification Program (PLMP) Guidelines Summary

<b>1. Program Overview</b>	The goal of this program is to provide a quick and streamlined method for modifying 1st mortgage loans for homeowners whose mortgages have become unsustainable as the result of a program eligible hardship. The Permanent Loan Modification Program (PLMP) will provide a principal reduction with the added option of a rate decrease and/or term extension by the lender to achieve a monthly payment that does not exceed 31% of gross monthly household income.
<b>2. Program Goals</b>	To assist 440 homeowners facing foreclosure.  The goal of the program is to decrease the number of homeowners losing their homes to foreclosure. Secondary goals include stabilization of neighborhoods and protecting home values of surrounding properties.  This program will provide immediate mortgage payment relief and stable long term mortgage payments for the life of the loan.
<b>3. Target Population/ Areas</b>	Homeowners suffering a program eligible financial hardship related to reduction of income or changed employment circumstances.  This Program will be available in all North Carolina counties.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$8,800,000.00
<b>5. Borrower Eligibility Criteria</b>	Eligible homeowners must be those with program eligible financial hardship due to recent unemployment, loss of income, reduction of income, or other demonstrated financial hardships. Homeowners will be required to provide a financial hardship affidavit with appropriate documentation on the cause of the hardship.  Satisfactory mortgage payments prior to job loss, reduction in income or other program eligible hardship.  Borrowers must meet program underwriting criteria.

	Funds will be allocated on a first come/approved, first served basis.
<b>6. Property/Loan Eligibility Criteria</b>	<p>Existing single-family homes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.</p> <p>North Carolina owner-occupied, primary residences only.</p> <p>Combined Loan to Value cannot exceed 125%.</p>
<b>7. Program Exclusions</b>	<p>Total Unpaid Principal Balances &gt; \$275,000</p> <p>Manufactured homes not considered real property</p> <p>Non-legal U.S. resident</p> <p>The term and rate reduction options will not be available to a homeowner that is eligible for HAMP.</p>
<b>8. Structure of Assistance</b>	<p>10 year, 0% interest, non-recourse, deferred-payment forgivable subordinate loan. A forgiveness clause will reduce the loan amount by 20% a year for every year the borrower stays in the home after five years. At the end of the 10 years the note will be considered satisfied and NCHFA will release the lien securing the note.</p> <p>Loan funds are due and payable to NCHFA if home is sold, refinanced or no longer owner occupied (unless otherwise prohibited under applicable federal law). Loans are repayable only from proceeds to the borrower from a sale or refinance. If the property is sold or refinanced and has not increased in equity to the degree necessary to repay the note, all or a portion of the note will be forgiven.</p> <p>All deferred subordinate mortgages will be evidenced by a promissory note and secured by a deed of trust on the property. Borrowers will be required to sign and acknowledge via Written Agreement indicating the program guidelines and terms prior to modifying their loan and obtaining a subordinate loan under this program.</p> <p>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners through December 31, 2017. After December 31, 2017 the funds will be returned to Treasury.</p>

<b>9. Per Household Assistance</b>	Under this program, each eligible borrower may receive up to \$30,000 as a subordinate loan.
<b>10. Duration of Assistance</b>	Assistance under PLMP is a one- time payment.
<b>11. Estimated Number of Participating Households</b>	We anticipate approximately 440 homeowners will be helped.
<b>12. Program Inception/ Duration</b>	The program will be available approximately in September 2011 and will last up to 3 years.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	Homeowners who have participated in the Mortgage Payment Program (MPP) may be eligible to participate in PLMP if the borrower has become reemployed and has a need.
<b>14. Program Interactions with HAMP</b>	None.
<b>15. Program Leverage with Other Financial Resources</b>	We will not require investors to match the contributions that are made with the Hardest Hit Funds for the Permanent Loan Modification Program. However, it is anticipated that certain original first lien providers may consider (where permitted) a reduction in interest income (interest rate reduction) or an extension of loan terms as a result of the loan modification.
<b>16. Qualify as an Unemployment Program</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No