

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

This Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Second Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the Second 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”; and together with the Original HPA as amended thereby, the “Current HPA”), dated as of the First Amendment Date, all 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 Second 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 Second Amendment; and all references in the Current HPA to Schedules A, B or C shall mean the Schedules A, B or C attached to this Second Amendment. All references herein to the “HPA” shall mean the Current HPA, as further amended by this Second 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 Second 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 Second Amendment.

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

3. Miscellaneous

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

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

HFA:

GEORGIA HOUSING AND FINANCE
AUTHORITY

By: /s/ Michael A. Beatty
Name: Michael A. Beatty
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

By: _____
Name: Timothy G. Massad
Title: Acting Assistant Secretary for
Financial Stability

ELIGIBLE ENTITY:

GHFA AFFORDABLE HOUSING, INC.

By: /s/ Michael A. Beatty
Name: Michael A. Beatty
Title: Executive Director

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

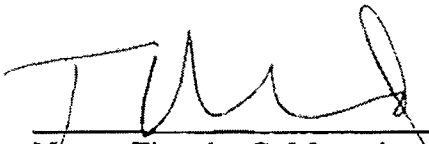
HFA:

GEORGIA HOUSING AND FINANCE
AUTHORITY

By: _____
Name:
Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

GHFA AFFORDABLE HOUSING, INC.

By: _____
Name:
Title:

EXHIBITS AND SCHEDULES

Schedule A	Basic Information
Schedule B	Service Schedules
Schedule C	Permitted Expenses

SCHEDULE A
BASIC INFORMATION

Eligible Entity Information:

Name of the Eligible Entity:	GHFA Affordable Housing, Inc.
Corporate or other organizational form:	Non-profit corporation
Jurisdiction of organization:	State of Georgia
Notice Information:	

HFA Information:

Name of HFA:	Georgia Housing and Finance Authority
Organizational form:	A body corporate and politic, instrumentality of the state and a public corporation performing an essential governmental function (and not a state agency)
Date of Application:	September 1, 2010
Date of Action Plan:	September 1, 2010
Notice Information:	

<u>Program Participation Cap:</u>	\$339,255,819.00
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<u>Portion of Program Participation Cap Representing Original HHF Funds:</u>	\$126,650,987.00
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<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$126,650,987.00
<u>Permitted Expenses:</u>	\$27,283,006.00
<u>Closing Date:</u>	September 23, 2010
<u>First Amendment Date:</u>	September 29, 2010
<u>Second Amendment Date:</u>	December 16, 2010
<u>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

Georgia Housing Finance Authority

Mortgage Payment Assistance (MPA)

Summary Guidelines

1. Program Overview	The Georgia Housing Finance Authority (GHFA) Mortgage Payment Assistance (MPA) program will provide loans to unemployed and substantially under-employed homeowners to help them remain in their homes and prevent avoidable foreclosures despite loss of income due to involuntary job loss. Loan proceeds will be used to pay mortgage payments (including escrowed items) while the homeowner seeks employment or completes training for a new career. Full payments will be remitted to the homeowners' servicer each month. Homeowners will pay an affordable portion of the mortgage payment directly to GHFA.
2. Program Goals	The goal is to provide assistance over the next 5 years to 18,300 homeowners to prevent foreclosures. Mortgage Payment Assistance (MPA) will be provided as follows: <u>Short-Term Assistance</u> Monthly mortgage payments to assist unemployed or substantially under-employed homeowners while they look for a new job. <u>Reinstatement Assistance</u> One-time payment for homeowners who have found a new job and can make ongoing payments, but need help to bring their mortgage current and avoid foreclosure due to arrearages accumulated during a period of unemployment or substantial underemployment.
3. Target Population/Areas	Homeowners who are unemployed or substantially underemployed, and/or re-employed but need help bringing their mortgage current due to arrearages accumulated during a period of unemployment or substantial underemployment. GHFA has determined that 65% of the counties throughout the state are "hard hit" due to the county's unemployment rate exceeding the state average for the past 12 months. As a result, this Program will be available statewide.
4. Program Allocation (Excluding Administrative Expenses)	\$311,972,813.00

<p>5. Borrower Eligibility Criteria</p>	<p>Homeowners who, through no fault of their own, are unemployed or substantially under-employed and are at risk of foreclosure, but with temporary assistance are likely to be successful in retaining their homes. 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 Georgia Department of Labor confirming a job loss and receipt of unemployment benefits.</p> <p>Homeowners with a history of timely mortgage payments prior to the job loss/income loss.</p> <p>Homeowners must be legal U.S. Residents.</p> <p>Underwriting Criteria</p> <ul style="list-style-type: none"> ✓ Homeowner became unemployed through no fault of his/her own. ✓ Satisfactory mortgage payment history prior to the job loss/income loss. ✓ Monthly mortgage payments (including escrowed items) are greater than 31% of household income after job loss. ✓ Combined Loan- to-Value ratio equal to or less than 125 % (sum of all mortgage debt divided by the value of the property.) ✓ Total Unpaid Principal Balance less than or equal to \$417,000. ✓ Property must be owner occupied as homeowner's principal residence. ✓ Homeowner must be a legal resident of the United States. ✓ Applicant must be the owner of subject property. ✓ Homeowner has obtained a new job with sufficient income to support their current mortgage payment. (Reinstatement Only)
<p>6. Property / Loan Eligibility Criteria</p>	<p>Existing single-family homes or condominiums (attached or detached) including manufactured homes (permanently affixed to a foundation on real estate owned by the borrower.)</p> <p>Owner-occupied, primary residences located in Georgia.</p> <p>Mortgages with:</p> <ul style="list-style-type: none"> ✓ Combined Loan- to-Value ratio equal to or less than 125% (sum of all mortgage debt divided by the value of the property.) <p>Total Unpaid Principal Balance less than or equal to \$417,000.</p>

<p>7. Program Exclusions</p>	<p>Mortgages with:</p> <ul style="list-style-type: none"> ✓ Total Unpaid Principal Balances (all mortgages on property) greater than \$417,000. ✓ Total monthly payments (including escrowed items) less than 31% of current income are not eligible. <p>Manufactured homes that are not considered real property.</p> <p>Homeowners who are non-legal U.S. residents.</p>
<p>8. Structure of Assistance</p>	<p>5 year, 0% interest, non-recourse, deferred-payment, forgivable, subordinate loan. A forgiveness clause will reduce the loan amount by 20% per year for 5 years. The 5-year term begins the month following the final assistance payment to the borrower. The loan will only be repaid if the borrower sells or refinances the property before the period expires and there are equity proceeds from the sale available to pay towards the portion of the loan that has not yet been forgiven. At the end of the 5 years, the note will be considered satisfied and the lien will be released.</p> <p>If the property is sold and does not generate proceeds sufficient to repay the entire note, the portion of the note remaining unpaid after the proceeds are applied will be forgiven.</p> <p>The loan will be in the form of a subordinate mortgage evidenced by a promissory note and secured by a deed on the property. Borrowers will be required to sign and acknowledge the program guidelines via 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>
<p>9. Per Household Assistance</p>	<p>The maximum household assistance amount is the total of 18 times the monthly mortgage payment (including escrowed items.)</p> <p>GHFA expects the average loan amount will be \$16,750.</p> <p>The Reinstatement Assistance is not separately capped, but the assistance may only cover prior periods of unemployment or substantial underemployment.</p>

10. Duration of Assistance	<p>Up to 18 months or until the homeowner secures adequate employment (sufficient to pay the mortgage payment with 31% of total income) plus two months, whichever is less.</p> <p>The homeowner may continue to receive assistance for up to 2 months after reemployment (not to exceed 18 months in total.)</p>
11. Estimated Number of Participating Households	<p>18,300 homeowners over the next 5 years, with recycled funds, if any, to be used for additional homeowners until December 31, 2017.</p> <p>Estimated number served based on an average loan amount of \$16,750.</p>
12. Program Inception / Duration	<p>Program will start-up within 45-90 days of Treasury approval and is expected to last up to 7 years from inception, with the vast majority of assistance provided in years 1 and 2. Years 3 through 5 will be primarily funded with payments received from homeowners assisted in years 1 and 2. Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners and may extend the program.</p>
13. Program Interactions with Other HFA Programs	<p>N/A</p>
14. Program Interactions with HAMP	<p>The MPA will help borrowers who need more than the 3-6 months of assistance available to them through the Home Affordable Unemployment Program (UP). Borrowers may receive UP assistance prior to, or after, receiving assistance under the MPA program.</p> <p>The MPA program will provide assistance to eligible unemployed or substantially underemployed homeowners first, and then the servicer would follow with any eligible programs offered by the investor, servicer, or GSE.</p> <p>In addition, MPA will help borrowers who don't qualify for assistance under the new UP because they are more than 3 months behind in mortgage payments.</p> <p>To the maximum extent possible, GHFA will coordinate with eligible homeowners' servicers to assist them in obtaining a loan modification from HAMP, if needed.</p>
15. Program Leverage with Other Financial Resources	<p>The program will strongly encourage servicers to waive late fees and any other non-3rd party expenses.</p>

16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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SCHEDULE C

PERMITTED EXPENSES

	Georgia
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$200,000.00
Professional Services	\$0.00
Supplies / Miscellaneous	\$10,000.00
Marketing /Communications	\$0.00
Travel	\$2,000.00
Website development /Translation	\$260,000.00
Contingency	\$0.00
Subtotal	\$472,000.00
<i>Operating / Administrative Expenses:</i>	
Salaries	\$10,024,214.00
Professional Services (Legal, Compliance, Audit, Monitoring)	\$11,263,160.00
Travel	\$38,000.00
Buildings, Leases & Equipment	\$554,000.00
Information Technology & Communications	\$1,285,117.00
Office Supplies/Postage and Delivery/Subscriptions	\$272,500.00
Risk Management/ Insurance	\$0.00
Training	\$0.00
Marketing/PR	\$0.00
Miscellaneous	\$0.00
Subtotal	\$23,436,991.00
<i>Transaction Related Expenses:</i>	
Recording Fees	\$3,155,835.00
Wire Transfer Fees	\$218,180.00
<i>Counseling Expenses</i>	
File Intake	\$0.00
Decision Costs	\$0.00
Successful File	\$0.00
Key Business Partners On-Going	\$0.00
Subtotal	\$3,374,015.00
Grand Total	\$27,283,006.00
% of Total Award	8.04%
Award Amount	\$339,255,819.00