

**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, 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 Second 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 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 or B shall mean the Schedules A or B 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.

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. Administrative Expenses

Notwithstanding anything to the contrary contained in the Current HPA as amended by this Second 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 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
INTENTIONALLY LEFT BLANK]

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:

RHODE ISLAND HOUSING AND
MORTGAGE FINANCE CORPORATION

By: /s/ Richard Godfrey
Name: Richard Godfrey
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

RHODE ISLAND HOUSING AND
MORTGAGE FINANCE CORPORATION

By: /s/ Richard Godfrey
Name: Richard Godfrey
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.

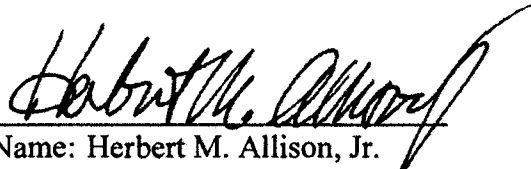
HFA:

RHODE ISLAND HOUSING AND
MORTGAGE FINANCE CORPORATION

By: _____
Name:
Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

RHODE ISLAND HOUSING AND
MORTGAGE FINANCE CORPORATION

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: Rhode Island Housing and Mortgage Finance Corporation¹

Corporate or other organizational form: a public corporation of the state of Rhode Island, established and existing under the Rhode Island Housing and Mortgage Finance Corporation Act, as amended Chapter 42-55, State of Rhode Island General Laws.

Jurisdiction of organization: Rhode Island

Notice Information:

¹ References in the Agreement to the term “HFA” shall mean the Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) 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 Rhode Island Housing, in its capacity as Eligible Entity as such term is used in the Agreement.

HFA Information:

Name of HFA: Rhode Island Housing and Mortgage Finance Corporation¹

Organizational form: a public corporation of the state of Rhode Island, established and existing under the Rhode Island Housing and Mortgage Finance Corporation Act, as amended Chapter 42-55, State of Rhode Island General Laws.

Date of Application: May 27, 2010

Date of Action Plan: September 1, 2010

Notice Information:

Program Participation Cap: \$79,351,573.00

Portion of Program Participation Cap
Representing Original HHF Funds: \$43,000,000.00

Portion of Program Participation Cap
Representing Unemployment HHF Funds: \$13,570,770.00

Permitted Expenses: \$9,198,042.00

Closing Date: August 3, 2010

First Amendment Date: September 23, 2010

Second 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 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

Rhode Island Housing's

Loan Modification Assistance for HAMP Customers (LMA-HAMP)

Summary Guidelines

1. Program Overview	<p>The Loan Modification Assistance for HAMP Customers (LMA-HAMP) will provide up to \$6,000 in assistance to allow homeowners to qualify for a HAMP modification. There is evidence that, in many circumstances, less than \$10,000 can reverse an adverse decision arising out of the HAMP qualification analysis.</p> <p>LMA-HAMP is designed to address items that may be negatively impacting the HAMP net present value (NPV) analysis:</p> <ul style="list-style-type: none">• insufficient income: unemployment or underemployment• insufficient equity• delinquent mortgage payments including escrows• escrow shortage payments• payment of non-escrowed taxes or insurances• satisfaction of delinquent condo or planned unit development (PUD) homeowners association dues and special assessments• satisfaction of subordinate liens, superior real estate tax liens or other liens related to the property <p>This assistance is only available after the lender/servicer has exhausted all steps required under the HAMP waterfall process and has not been able to achieve a modification.</p>
2. Program Goals	<p>To help Rhode Island homeowners who cannot qualify for a HAMP modification because they do not have sufficient resources to achieve HAMP requirements.</p>
3. Target Population/Areas	<p>An analysis of all Rhode Island cities and towns reveals that the twelve communities with the highest rates of mortgage delinquencies and foreclosures are also among the communities with the highest unemployment rates. Using a combination of the number of delinquencies and the number of unemployed, it is estimated that 70% of all Hardest-Hit funds will be spent in these twelve communities. Thirty-one of the thirty-nine communities in Rhode Island experienced an unemployment rate of 12% or higher in January of 2010, representing 85.45% of the state's population. Therefore, we anticipate that 85% of all Hardest-Hit funding will be targeted to communities with unemployment rates of greater than 12%.</p> <p>In addition to targeted populations/areas, up to \$30,000 in total</p>

	assistance may be available through the TIHA program for targeted homeowners who are at risk of foreclosure.
4. Program Allocation (Excluding Administrative Expenses)	\$6,900,000.00
5. Borrower Eligibility Criteria	<p>Eligible borrowers must have monthly mortgage payments that are greater than 31 percent of their gross monthly income and must be able to document hardship circumstances that have occurred subsequent to the making of the loan and places the borrower at risk of foreclosure. Borrower will be required to complete a Hardship Affidavit. A hardship is defined as an uncontrollable increase in housing expense or an uncontrollable decrease in income that places the homeowner at risk of foreclosure. Examples of a hardship include: underemployment, reduction of income, unemployment, death or disability in family, unforeseen medical expense, and costly home repairs necessary for habitability. A loss of home value does not, unto itself, constitute a financial hardship, but may be considered to be a contributing factor in the evaluation of the request for assistance. Final HHF assistance must result in debt-to-income ratios not greater than 31% housing debt-to-income ratio and 60% total debt-to-income ratio.</p> <p>Assistance is available to homeowners who have a documented hardship. Unemployment will be verified in one of two ways: by obtaining a copy of the homeowner's unemployment benefit rate decision letter and copies of 3 months bank statements to verify the unemployment direct deposit, or by online, automated verification through the Rhode Island Department of Employment and Training.</p> <p>Rhode Island's Mortgage Revenue Bond income limits apply to all assistance programs. These eligibility limits are based on current income and family size. They are generally up to 140% of area median income. Currently, one or two person households can earn up to \$87,800. Households of three or more can earn up to \$102,400.</p> <p>Borrower is able to satisfy program guidelines.</p>
6. Property/Loan Eligibility Criteria	<p>Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums provided the original mortgage was not greater than \$729,750.</p> <p>Borrower's lender must agree in writing to mediation with a HUD-approved counseling agency if after receipt of HHF assistance the</p>

	borrower subsequently becomes more than 60 days delinquent and is at risk of foreclosure within the five-year modification period.
7. Program Exclusions	<p>Homeowner owns other real property.</p> <p>Homeowners may not have cash reserves, non-retirement liquid assets, exceeding 3 months of principal, interest, taxes and insurance.</p>
8. Structure of Assistance	Funds will be provided in the form of a zero-percent interest, non-recourse, non-amortizing loan secured by the property and forgivable at 20% per year over 5 years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement. Borrowers who refinance, transfer title or sell the property within the five-year period must repay the loan on a pro-rata basis provided there is sufficient equity from such refinance, title transfer or sale. Recycled funds will be returned to the HHF Program for additional use through December 31, 2017. After December 31, 2017 all repayments will be returned to Treasury.
9. Per Household Assistance	LMA-HAMP program will provide up to \$6,000 in assistance. Additional aid may be available to targeted homeowners under Temporary and Immediate Homeowner Assistance (TIHA).
10. Duration of Assistance	The duration of the assistance is determined by the individual need of each eligible borrower. Assistance will be paid directly to the existing servicer and may be distributed in a lump sum or on a monthly basis until the maximum program amount is reached.
11. Estimated Number of Participating Households	Up to 1,150 households will be served.
12. Program Inception/ Duration	30 - 45 days from Treasury approval to December 31, 2012.
13. Program Interactions with Other HFA Programs	<p>In addition to the \$6,000 permitted under this program, an additional \$2,500 may be available under the Temporary and Immediate Homeowner Assistance (TIHA) program for special circumstances, such as where the borrower has insufficient funds to provide the match.</p> <p>Also, in special circumstances, TIHA may provide up to \$30,000 aid to targeted homeowners who are at risk of foreclosure.</p>
14. Program Interactions with HAMP	Funds will only be provided under this program to allow the homeowner to qualify for a HAMP modification provided that: (i) the Lender can document that it has made contributions having a value of at least an equal amount (one-for-one match), (ii) the borrower contributes at least 20% of the advanced amount, (if borrowers' cash reserves, excluding retirement assets, are

	<p>insufficient to contribute to the 20% match, borrower can access these funds through our Temporary and Immediate Homeowner Assistance program) and (iii) a HAMP modification agreement is signed by the borrower and lender. The lender contribution may be in the form of an interest rate reduction, extension of the mortgage term or principal forbearance or forgiveness. The timing of the lender contribution will be at closing of the modification. Forgiveness or forbearance of late fees or costs of collection will not be counted toward the match.</p>
<p>15. Program Leverage with Other Financial Resources</p>	<p>This program is designed to act as a gateway to HAMP.</p>
<p>16. Qualify as an Unemployment Program</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

SERVICE SCHEDULE B-2

Rhode Island Housing's

Loan Modification Assistance for Non-HAMP Customers (LMA-Non-HAMP)

Summary Guidelines

<p>1. Program Overview</p>	<p>The Loan Modification Assistance for Non-HAMP Customers (LMA-Non-HAMP) will provide up to \$6,000 in assistance to allow homeowners to qualify for a modification.</p> <p>Many local and regional lenders do not participate in the HAMP program. Many of their customers are also struggling to meet mortgage payments.</p> <p>LMA-Non-HAMP will provide up to \$6,000 to assist the borrower and lender to achieve a loan modification.</p> <p>Funding can be used to address:</p> <ul style="list-style-type: none"> • insufficient income: unemployment or underemployment • insufficient equity • delinquent mortgage payments including escrows • escrow shortage payments • payment of non-escrowed taxes or insurances • satisfaction of delinquent condo or planned unit development (PUD) homeowners association dues and special assessments • satisfaction of subordinate liens, superior real estate tax liens or other liens related to the property
<p>2. Program Goals</p>	<p>This program is designed to help stabilize Rhode Island homeowners who have mortgages with lender/servicers not participating in the HAMP program. This assistance will temporarily adjust a homeowner's payment to an affordable level for a minimum 12 month period.</p>
<p>3. Target Population/Areas</p>	<p>An analysis of all Rhode Island cities and towns reveals that the twelve communities with the highest rates of mortgage delinquencies and foreclosures are also among the communities with the highest unemployment rates. Using a combination of the number of delinquencies and the number of unemployed, it is estimated that 70% of all Hardest-Hit funds will be spent in these twelve communities. Thirty one of the thirty nine communities in Rhode Island experienced an unemployment rate of 12% or higher in January of 2010, representing 85.45% of the state's population. Therefore, we anticipate that 85% of all Hardest-Hit funding will be targeted to communities with unemployment rates of greater than 12%.</p> <p>In addition to targeted populations/areas, up to \$30,000 in total</p>

	assistance may be available through the TIHA program for targeted homeowners who are at risk of foreclosure.
4. Program Allocation (Excluding Administrative Expenses)	\$9,000,000.00
5. Borrower Eligibility Criteria	<p>Eligible borrower with current gross annual income over \$35,000 must have a monthly mortgage payment that is greater than 35% of their gross monthly income and must be able to document hardship circumstances that have occurred subsequent to the making of the loan and places the borrower at risk of foreclosure. Final HHF assistance must result in debt-to-income ratios not greater than 35% housing debt-to-income ratio and 60% total debt-to-income ratio.</p> <p>If borrower current gross annual income is \$35,000 or less, they must have a monthly mortgage payment that is greater than 31% of their gross monthly income and must be able to document a hardship that has subsequently placed them at risk of foreclosure. Final HHF assistance must result in debt-to-income ratios not greater than 31% housing debt-to-income ratio and 60% total debt-to-income ratio.</p> <p>Unemployment will be verified in one of two ways: by obtaining a copy of the homeowner's unemployment benefit rate decision letter and copies of 3 months bank statements to verify the unemployment direct deposit, or by online, automated verification through the Rhode Island Department of Employment and Training.</p> <p>Borrower will be required to complete a Hardship Affidavit. A hardship is defined as an uncontrollable increase in housing expense or an uncontrollable decrease in income that places the homeowner at risk of foreclosure. Examples of a hardship include: underemployment, reduction of income, unemployment, death or disability in family, unforeseen medical expense, and costly home repairs necessary for habitability. A loss of home value does not, in itself, constitute a financial hardship, but may be considered to be a contributing factor in the evaluation of the request for assistance.</p> <p>Assistance is available to homeowners who have exhausted all options in meeting their mortgage obligation.</p> <p>Rhode Island's Mortgage Revenue Bond income limits apply to all assistance programs. These eligibility limits are based on current income and family size. They are generally up to 140% of area median income. Currently, one or two person households can earn up to \$87,800. Households of three or more can earn up to \$102,400.</p>

	Borrower is able to satisfy program guidelines.
6. Property/Loan Eligibility Criteria	<p>Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums provided the original mortgage was not greater than \$729,750.</p> <p>Borrower's lender must agree in writing to mediation with a HUD-approved counseling agency if after receipt of HHF assistance the borrower subsequently becomes more than 60 days delinquent and is at risk of foreclosure within the stabilization period.</p>
7. Program Exclusions	<p>Homeowner owns other real property</p> <p>Homeowners may not have cash reserves or non-retirement liquid assets exceeding 3 months of principal, interest, taxes and insurance.</p> <p>Not available to HAMP lender/servicers</p>
8. Structure of Assistance	Funds will be provided in the form of a zero-percent interest, non-recourse, non-amortizing loan secured by the property and forgivable at 20% per year over 5 years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement. Borrowers who refinance, transfer title or sell the property within the five-year period must repay the loan on a pro-rata basis provided there is sufficient equity from such refinance, title transfer or sale. Recycled funds will be returned to the HHF Program for additional use through December 31, 2017. After December 31, 2017 all repayments will be returned to Treasury.
9. Per Household Assistance	LMA-Non-HAMP will provide up to \$6,000 to assist the borrower and lender to achieve a loan modification. Additional aid may be available to targeted homeowners under Temporary and Immediate Homeowner Assistance (TIHA).
10. Duration of Assistance	The duration of the assistance is determined by the individual need of each eligible borrower. Assistance will be paid directly to the existing servicer and may be distributed in a lump sum or on a monthly basis until the maximum program amount is reached.
11. Estimated Number of Participating Households	Up to 1,500 households will be served
12. Program Inception/Duration	30 – 45 days from Treasury approval to 24 months
13. Program Interactions with Other HFA	In addition to the \$6,000 permitted under this program, an additional \$2,500 may be available under the Temporary and Immediate Homeowner Assistance (TIHA) program for special circumstances, such as where the borrower has insufficient funds to provide the

Programs	<p>match, where there may be a third-party creditor, or when an escrow shortfall needs addressing.</p> <p>Also, in special circumstances, TIHA may provide up to \$30,000 aid to targeted homeowners who are at risk of foreclosure.</p>
14. Program Interactions with HAMP	None
15. Program Leverage with Other Financial Resources	<p>This program is designed for homeowners that have mortgages with local and regional lender/servicers who do not participate in HAMP. As a condition of participating in this program, lenders must agree to assume the full cost of modifying the loan, for a minimum of 12 months, to a payment amount that is 38% of the borrower’s income (“debt-to-income ratio” or “DTI”) based on the borrower’s income at the time when the loan was originally made. Assistance under this program will be made to the lenders to further modify the loan to reduce the payment to a level that is 35% or 31% housing debt to income ratio based on the borrower’s current income. The lender will match HHF funds on a one-for-one basis to fund these additional reductions, subject to a \$6,000 cap of HHF assistance. The lender contribution may be in the form of an interest rate reduction, extension of the mortgage term or principal forbearance or forgiveness. Forgiveness or forbearance of late fees or costs of collection will not count toward the match. The timing of the lender contribution will be at closing of the modification. The lender must agree in writing to mediation with a HUD-approved counseling agency if the borrower becomes more than 60 days delinquent and is at risk of foreclosure during the subsequent 24 month period before it can proceed to foreclosure.</p> <p>Lenders participating in this program who demonstrate local servicing capability may access the program directly.</p>
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SERVICE SCHEDULE B-3

Rhode Island Housing's

Temporary and Immediate Homeowner Assistance (TIHA)

Summary Guidelines

1. Program Overview

The Temporary and Immediate Homeowner Assistance (TIHA) will provide up to \$6,000 in homeowner retention assistance. Up to \$2,500 of TIHA program funds may be used if a homeowner is receiving assistance through LMA-HAMP or LMA-Non-HAMP.

Also, in special circumstances, up to \$30,000 aid may be available to targeted homeowners who are at risk of foreclosure.

Targeted homeowners include:

- HHF-eligible homeowners age 62 and over who are unable to refinance an unaffordable mortgage and need assistance to meet the lender's minimum refinancing requirements
- HHF-eligible homeowners who have a deed restricted property and have received federal or state subsidies and are at risk of foreclosure.
- HHF-eligible multi-family property homeowners who have experienced a loss of rental income that has compromised their ability to afford their mortgage payment
- HHF-eligible homeowners who have received FEMA or other federal flood assistance and still need assistance due to extensive property damage

There are many situations where payments made by or on behalf of the borrower toward the first mortgage are not sufficient to prevent an avoidable foreclosure. These include, but are not limited to, situations where a borrower has had a temporary loss of income or increase in expenses that have created a first mortgage delinquency or another delinquency that has or may result in a default under the first mortgage, which, if not cured, may result in foreclosure. This situation could arise even when the borrower's current income may be sufficient to pay the first mortgage going forward. There are also situations where a borrower cannot provide the matching funds needed under LMA-HAMP or LMA-Non-HAMP, or where the borrower needs temporary supplemental mortgage payment assistance for the borrower and lender to agree on a mortgage modification. This is frequently the result of a temporary interruption in or reduction of employment.

As such, these funds can be used by homeowners who may or may

	<p>not qualify for permanent modifications. Funding can be used to address:</p> <ul style="list-style-type: none"> • insufficient income: unemployment or underemployment • insufficient equity • delinquent mortgage payments including escrows • escrow shortage payments • payment of non-escrowed taxes or insurances • satisfaction of delinquent condo or planned unit development (PUD) homeowners association dues and special assessments • satisfaction of subordinate liens, superior real estate tax liens or other liens related to the property
2. Program Goals	To help a homeowner avoid foreclosure when faced with temporary or immediate crisis.
3. Target Population/Areas	<p>An analysis of all Rhode Island cities and towns reveals that the twelve communities with the highest rates of mortgage delinquencies and foreclosures are also among the communities with the highest unemployment rates. Using a combination of the number of delinquencies and the number of unemployed, it is estimated that 70% of all Hardest-Hit funds will be spent in these twelve communities. Thirty-one of the thirty-nine communities in Rhode Island experienced an unemployment rate of 12% or higher in January of 2010, representing 85.45% of the state’s population. Therefore, we anticipate that 85% of all Hardest-Hit funding will be targeted to communities with unemployment rates of greater than 12%.</p> <p>In addition to targeted populations/areas, up to \$30,000 in total assistance may be available for targeted homeowners who are at risk of foreclosure.</p>
4. Program Allocation (Excluding Administrative Expenses)	\$37,182,761.00
5. Borrower Eligibility Criteria	<p>Eligible borrowers must have monthly mortgage payments that are greater than 31% of their gross monthly income or 35% if participating in LMA-Non-HAMP and their income is greater than \$35,000, and must be able to document a hardship that has subsequently placed them at risk of foreclosure.</p> <p>Borrower must contribute, at a minimum, at least 31% of their gross monthly income or 35% if participating in LMA-Non-HAMP and their income is greater than \$35,000.</p> <p>With this assistance, the borrowers overall debt-to-income ratio</p>

	<p>cannot exceed 60%.</p> <p>Unemployment will be verified in one of two ways: by obtaining a copy of the homeowner’s unemployment benefit rate decision letter and copies of 3 months bank statements to verify the unemployment direct deposit, or by online, automated verification through the Rhode Island Department of Employment and Training.</p> <p>Borrower must be able to document the reason for the hardship and will be required to complete a Hardship Affidavit. A hardship is defined as an uncontrollable increase in housing expense or an uncontrollable decrease in income that has placed the homeowner at risk of foreclosure. Additionally, the homeowners combined income loss or expense increase under the TIHA program must be greater than the indicated percentage of income at the time the loan was made according to the following schedule:</p> <table border="0"> <thead> <tr> <th>Income Level</th> <th>Combined minimum income loss or cost increase</th> </tr> </thead> <tbody> <tr> <td>less than \$35,000</td> <td>up to 5%</td> </tr> <tr> <td>\$35,001 to \$50,000</td> <td>5%</td> </tr> <tr> <td>\$50,001 to \$65,000</td> <td>10%</td> </tr> <tr> <td>\$65,001 to \$80,000</td> <td>15%</td> </tr> <tr> <td>above \$80,000</td> <td>20%</td> </tr> </tbody> </table> <p>Examples of a hardship include: Underemployment, reduction of income, unemployment, death or disability in family, unforeseen medical expense, and costly home repairs necessary for habitability. A loss of home value does not, unto itself, constitute a financial hardship, but may be considered to be a contributing factor in the evaluation of the request for assistance.</p> <p>Assistance is available to homeowners who have exhausted all options in meeting their mortgage obligation.</p> <p>Rhode Island’s Mortgage Revenue Bond income limits apply to all assistance programs. These eligibility limits are based on current income and family size. They are generally up to 140% of area median income. Currently, one or two person households can earn up to \$87,800. Households of three or more can earn up to \$102,400.</p> <p>Borrower is able to satisfy program guidelines.</p>	Income Level	Combined minimum income loss or cost increase	less than \$35,000	up to 5%	\$35,001 to \$50,000	5%	\$50,001 to \$65,000	10%	\$65,001 to \$80,000	15%	above \$80,000	20%
Income Level	Combined minimum income loss or cost increase												
less than \$35,000	up to 5%												
\$35,001 to \$50,000	5%												
\$50,001 to \$65,000	10%												
\$65,001 to \$80,000	15%												
above \$80,000	20%												
<p>6. Property/Loan Eligibility Criteria</p>	<p>Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums provided the original mortgage was not greater than \$729,750.</p>												

7. Program Exclusions	<p>Homeowner owns other real property.</p> <p>Homeowners may not have cash reserves, non-retirement liquid assets, exceeding 3 months of principal, interest, taxes and insurance.</p>
8. Structure of Assistance	<p>Funds will be provided in the form of a zero-percent interest, non-recourse, non-amortizing loan secured by the property and forgivable at 20% per year over 5 years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement. Borrowers who refinance, transfer title or sell the property within the five-year period must repay the loan on a pro-rata basis provided there is sufficient equity from such refinance, title transfer or sale. Recycled funds will be returned to the HHF Program for additional use through December 31, 2017. After December 31, 2017 all repayments will be returned to Treasury.</p>
9. Per Household Assistance	<p>The amount of assistance under TIHA is \$6,000 per household, but is limited to \$2,500 when the maximum assistance has been provided under LMA-HAMP or LMA Non-HAMP. Up to \$30,000 in assistance may be available for targeted homeowners who are at risk of foreclosure.</p>
10. Duration of Assistance	<p>The duration of the assistance is determined by the individual need of each eligible borrower. Assistance will be paid directly to the existing servicer and may be distributed in a lump sum or on a monthly basis until the maximum program amount is reached.</p>
11. Estimated Number of Participating Households	<p>Up to 1,800 households will be served</p>
12. Program Inception/Duration	<p>30 – 45 days from Treasury approval to 24 months</p>
13. Program Interactions with Other HFA Programs	<p>Up to \$2,500 of TIHA program funds may be used if a homeowner is receiving assistance through LMA-HAMP or LMA-Non-HAMP. The combined assistance permitted under these programs is \$8,500 per household and may be made on a lump sum or monthly basis.</p>
14. Program Interactions with HAMP	<p>This program complements HAMP by providing additional resources to reverse a negative HAMP decision. It also complements the Unemployment Program by providing payment assistance to unemployed homeowners.</p>
15. Program Leverage with Other Financial Resources	<p>Leverage with LMA-HAMP and LMA-Non-HAMP</p>
16. Qualify as an Unemployment	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

Program	
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SERVICE SCHEDULE B-4

Rhode Island Housing's

Moving Forward Assistance

Summary Guidelines

1. Program Overview	<p>The Moving Forward Assistance Program (MFA) will provide eligible homeowners with up to \$4,000 of assistance when it is determined that they can no longer afford to stay in their home.</p> <p>Additionally in special circumstances, up to \$30,000 aid may be available through the TIHA program to facilitate a short sale or deed in lieu of foreclosure for homeowners of targeted affordable properties that are at risk of foreclosure.</p> <p>Targeted homeowners are: HHF eligible homeowners who have a deed restricted property and have received federal or state subsidies and are at risk of foreclosure.</p> <p>In some circumstances the best outcome for borrower, lender and community may be for the borrower to relinquish the property in an orderly process. MFA assistance can take the form of a contribution to the primary or secondary lender to help facilitate a short sale or deed in lieu of foreclosure. It could also be used to provide the borrower relocation assistance including a security deposit/first and last months rent, moving expenses, or utility deposit MFA assistance could be used to satisfy subordinate or superior real estate tax liens against the real estate that prevent the homeowner from transferring clear title. These liens may include judgments, mechanics liens, defects, inheritance taxes, water fees, fire district or sewer fees, condo fees, PUD lien sale or other legal encumbrances on the property or to satisfy judgments or loan deficiency balances resulting from a short sale.</p> <p>Funds will be provided directly to the ultimate recipient (i.e. lender, apartment owner), not through the borrower.</p>
2. Program Goals	<p>Rhode Island Housing envisions that these monies would be used to complement other federal or lender programs designed specifically to stabilize communities by providing assistance to borrowers who have suffered a financial hardship and as a result are no longer financially able to stay in their home.</p>

<p>3. Target Population/Areas</p>	<p>An analysis of all Rhode Island cities and towns reveals that the twelve communities with the highest rates of mortgage delinquencies and foreclosures are also among the communities with the highest unemployment rates. Using a combination of the number of delinquencies and the number of unemployed, it is estimated that 70% of all Hardest-Hit funds will be spent in these twelve communities. Thirty one of the thirty nine communities in Rhode Island experienced an unemployment rate of 12% or higher in January of 2010, representing 85.45% of the state's population. Therefore, we anticipate that 85% of all Hardest-Hit funding will be targeted to communities with unemployment rates of greater than 12%.</p> <p>Additionally in special circumstances, up to \$30,000 aid may be available through the TIHA program to homeowners of targeted properties that are at risk of foreclosure.</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>\$3,500,000.00</p>
<p>5. Borrower Eligibility Criteria</p>	<p>Borrower must be able to document the reason for the hardship and will be required to complete a Hardship Affidavit. A hardship is defined as an uncontrollable increase in housing expense or an uncontrollable decrease in income that has placed the homeowner at risk of foreclosure. Examples of a hardship include: Underemployment, reduction of income, unemployment, death or disability in family, unforeseen medical expense, and costly home repairs necessary for habitability. A loss of home value does not, unto itself, constitute a financial hardship, but may be considered to be a contributing factor in the evaluation of the request for assistance.</p> <p>Unemployment will be verified in one of two ways: by obtaining a copy of the homeowner's unemployment benefit rate decision letter and copies of 3 months bank statements to verify the unemployment direct deposit, or by online, automated verification through the Rhode Island Department of Employment and Training.</p> <p>Assistance is available to homeowners who have a documented hardship.</p> <p>Rhode Island's Mortgage Revenue Bond income limits apply to all assistance programs. These eligibility limits are based on</p>

	<p>current income and family size. They are generally up to 140% of area median income. Currently, one or two person households can earn up to \$87,800. Households of three or more can earn up to \$102,400.</p> <p>Borrower is able to satisfy program guidelines.</p>
6. Property/Loan Eligibility Criteria	Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums provided the original mortgage was not greater than \$729,750.
7. Program Exclusions	<p>Homeowner owns other real property.</p> <p>Homeowners accessing these funds may not have cash reserves, non-retirement liquid assets, exceeding \$1,500.</p>
8. Structure of Assistance	None
9. Per Household Assistance	Assistance under this program will be limited up to \$4,000 per family; up to \$1,500 to facilitate a short sale or deed in lieu of foreclosure and up to \$2,500 to assist the homeowner with relocation. Up to \$30,000 aid may be available through the TIHA program to homeowners of targeted properties.
10. Duration of Assistance	Participation in this program is a one-time payment made to directly to the ultimate recipient (i.e. lender, apartment owner).
11. Estimated Number of Participating Households	Approximately 550
12. Program Inception/Duration	30 - 45 days from Treasury approval to 24 months
13. Program Leverage /Interactions with Other HFA Programs	<p>MFA can provide assistance, up to the household cap, if a homeowner has used other HHF programs and subsequently can no longer afford to stay in the home.</p> <p>Additionally in special circumstances, up to \$30,000 aid may be available through the TIHA program to homeowners of targeted properties.</p>
14. Program Interactions with HAMP	MFA can provide assistance, up to the household cap, if a homeowner has obtained a HAMP or other HHF program assistance and subsequently can no longer afford to stay in the home.
15. Program Leverage with Other Financial	Rhode Island Housing intends to leverage its current emergency and rental assistance programs which include, www.homelocatorri.net and other relocation services which

Resources	include Homeless Protection and Rapid Placement (HPRP) and RoadHome Emergency Housing Assistance.
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SERVICE SCHEDULE B-5

Rhode Island Housing

Mortgage Payment Assistance - Unemployed Program (MPA-UP)

Summary Guidelines

1. Program Overview	<p>The Mortgage Payment Assistance - Unemployed Program (MPA-UP) will provide up to \$6,000 in assistance to help unemployed homeowners make partial mortgage payments while they search for a new job or participate in a job training program.</p> <p>Unemployed homeowners will be screened for and directed to this program through the Hardest Hit Fund Rhode Island (HHFRI) Intake process. The number of months and terms of assistance will be specified in the HHFRI Action Plan prepared by the lender/servicer or counselor, agreed to by the homeowner and approved by Rhode Island Housing.</p> <p>Homeowner will be required to contribute the greater of 25% of their total mortgage payment (PITI) or 31% of the total gross monthly household income toward their mortgage obligation as agreed to by the HHFRI Action Plan.</p> <p>MPA-UP assistance will be used to pay partial mortgage and mortgage-related expenses until the maximum household assistance amount is reached or the Homeowner returns to work. The homeowner may continue receiving assistance for up to 2 months after reemployment as long as the program household assistance limit has not been reached. Assistance funds will be paid directly to the lender/servicers. Rhode Island Housing or its designee will collect the homeowner's portion of the payment only if the Lender/Servicer will not accept a partial payment.</p> <p>MPA-UP assistance may be used to address the following mortgage related expenses:</p> <ul style="list-style-type: none">• Delinquent payments from periods of unemployment• Escrows• Property taxes and insurance• Condo association fees• Subordinate liens
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	<p>This Program will work as both a stand alone program or as a gateway into other HHFRI programs aimed at achieving a reinstatement or a sustainable loan modification. Homeowners may receive assistance from one or more HHFRI Programs. The HHFRI Action Plan will determine type(s) and amount of assistance for each homeowner, up to the maximum total benefit amount for which the homeowner qualifies.</p>
2. Program Goals	<p>To assist unemployed homeowners to remain in their homes and make on-time, monthly payments on their mortgages during unemployment so that they may avoid delinquency and foreclosure; and to help stabilize homeowners so that they can obtain a sustainable loan modification, if necessary, after they have regained employment.</p>
3. Target Population / Areas	<p>An analysis of all Rhode Island cities and towns reveals that the twelve communities with the highest rates of mortgage delinquencies and foreclosures are also among the communities with the highest unemployment rates. Using a combination of the number of delinquencies and the number of unemployed, it is estimated that 70% of all Hardest-Hit funds will be spent in these twelve communities. Thirty-one of the thirty-nine communities in Rhode Island experienced an unemployment rate of 12% or higher in January of 2010, representing 85.45% of the state's population. Therefore, we anticipate that 85% of all Hardest-Hit funding will be targeted to communities with unemployment rates of greater than 12%.</p>
4. Program Allocation (Excluding Administrative Expenses)	<p>\$13,570,770.00</p>
5. Borrower Eligibility Criteria	<p>Unemployed homeowners, who through no fault of their own, are unable to make their mortgage payments and are at risk of foreclosure. Borrowers will be required to provide a financial hardship affidavit with appropriate documentation on the cause of their hardship. Unemployment will be verified by obtaining a copy of the homeowner's unemployment benefit rate decision letter and copies of 3 months bank statements to verify the unemployment direct deposit, or by automated verification through the Rhode Island Department of Labor and Training (DLT).</p> <p>If information from DLT is unavailable, a notarized letter from the former employer indicating job loss was not the fault of the</p>

	<p>borrower will serve as a substitute.</p> <p>The borrower must currently occupy the property as his/her primary residence. The unemployed homeowner must have been obligated on the original note.</p> <p>Eligible borrowers must have monthly mortgage payments that are greater than 31% of their gross monthly household income and must be able to document the unemployment hardship that has placed them at risk of foreclosure.</p> <p>Household income must be fully documented and verifiable, income limits apply based on borrowers household gross annual income and family size. Rhode Island’s Mortgage Revenue Bond income limits apply to all assistance programs. These eligibility limits are based on the current income and family size. Currently, one or two person households can earn up to \$87,800. Households of three or more can earn up to \$102,400.</p> <p>Self-employed borrowers will be required to document loss of business and income and submit appropriate documentation.</p> <p>Homeowner must be able to contribute the greater of 25% of their total mortgage payment (PITI) or 31% of the total gross monthly household income toward their mortgage obligation. They must make their portion of the mortgage payment to Rhode Island Housing or its designee, or the Lender/Service, as applicable, on time; and must actively seek reemployment during the assistance period.</p> <p>Borrower is able to satisfy program guidelines.</p>
<p>6. Property / Loan Eligibility Criteria</p>	<p>Assistance will be provided to owner-occupied one-to four-family Rhode Island properties and condominiums provided the original mortgage was not greater than \$729,750.</p>
<p>7. Program Exclusions</p>	<p>Homeowner owns other real property.</p> <p>Homeowner has cash reserves, non-retirement liquid assets, exceeding 3 months of principal, interest, taxes and insurance.</p> <p>Homeowners with a total PITI payment of less than 31% of current gross monthly income are not eligible.</p>

8. Structure of Assistance	Funds will be provided in the form of a zero-percent interest, non-recourse, non-amortizing loan secured by the property and forgivable at 20% per year over 5 years, if the homeowner fulfills his or her obligations on a timely basis under the assistance agreement. Borrowers who refinance, transfer title or sell the property within the five-year period must repay the loan on a pro-rata basis provided there is sufficient equity from such refinance, title transfer or sale. Recycled funds will be returned to the HHFRI Program for additional use through December 31, 2017. After December 31, 2017, all remaining and recaptured funds will be returned to Treasury.
9. Per Household Assistance	Maximum amount available per household is \$6,000. When MPA-UP interacts with other HHFRI programs (LMA-HAMP or LMA-Non-HAMP and TIHA), maximum household assistance is capped at \$14,500. When MPA-UP interacts with MFA, maximum household assistance is capped at \$10,000.
10. Duration of Assistance	The duration of the assistance is determined by the individual need of each eligible borrower up to the maximum household limit of \$6,000. The homeowner may continue receiving assistance for up to 2 months after reemployment as long as the program household limit has not been reached. Assistance will be distributed to the lender/servicer on a monthly basis.
11. Estimated Number of Participating Households	Based on the allocation of funds it is anticipated that approximately 2,000 households will receive up to \$6,000. It is estimated that 1,000 of these households may receive additional assistance through other HHFRI programs.
12. Program Inception / Duration	The program will begin 30 – 45 days from Treasury approval and the funds are expected to last 24 months. Recapture of funds will be recycled to assist additional homeowners which may extend the program.
13. Program Interactions with Other HFA Programs	When MPA-UP interacts with other HHFRI programs (LMA-HAMP or LMA-Non-HAMP and TIHA), maximum household assistance is capped at \$14,500. When MPA-UP interacts with MFA, maximum household assistance is capped at \$10,000.
14. Program Interactions with HAMP	MPA-UP complements the federal HAMP-UP Program by providing assistance to unemployed homeowners who do not qualify for it. For those that do qualify for HAMP-UP, MPA-UP assistance may precede a HAMP-UP forbearance or be used to

	<p>extend it.</p> <p>Lender/Serviceicers are required to have a written policy detailing when a monthly mortgage payment under HAMP-UP will be required and how it will be determined, and the policy can not change based on the availability of a HHFRI program.</p>
15. Program Leverage with Other Financial Resources	There is no investor match required for this program. However, lender/serviceicers must be willing to participate.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No