

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

This Eighth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Eighth Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the Eighth 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”), as further amended by that certain Fourth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fourth Amendment”), as further amended by that certain Fifth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fifth Amendment”), as further amended by that certain Sixth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Sixth Amendment”), and as further amended by that certain Seventh Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Seventh Amendment”; and together with the Original HPA as amended thereby and by the First Amendment, Second Amendment, Third Amendment, Fourth Amendment, Fifth Amendment and Sixth 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 existing Service Schedules and Treasury has agreed to the same;

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

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 Eighth 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 Eighth Amendment. All references herein to the “HPA” shall mean the Current HPA, as further amended by this Eighth 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 Eighth 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 Eighth 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 Eighth 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 Eighth Amendment and any other closing documentation delivered to Treasury in connection with this Eighth 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 Eighth Amendment and any other closing documentation delivered to Treasury in

connection with this Eighth Amendment, and to perform its obligations hereunder and thereunder.

3. Miscellaneous

A. The recitals set forth at the beginning of this Eighth 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 Eighth 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 Eighth 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 Eighth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

HFA:

STATE OF ARIZONA, ARIZONA
DEPARTMENT OF HOUSING

By:  _____
Name: Michael Trailor
Title: Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

ARIZONA HOME FORECLOSURE
PREVENTION FUNDING CORPORATION

By:  _____
Name: Michael Trailor
Title: Chairman

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


HFA:

STATE OF ARIZONA, ARIZONA
DEPARTMENT OF HOUSING

By: _____
Name: Carol Ditmore
Title: Assistant Deputy
Director/Operations

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

ARIZONA HOME FORECLOSURE
PREVENTION FUNDING CORPORATION

By: _____
Name: Carol Ditmore
Title: Treasurer

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:	Arizona Home Foreclosure Prevention Funding Corporation
Corporate or other organizational form:	Arizona Non-Profit corporation
Jurisdiction of organization:	Arizona domiciliary
Notice Information:	Arizona Home Foreclosure Prevention Funding Corporation c/o Carol Ditmore, Arizona Department of Housing 1110 W. Washington, Ste. 310 Phoenix, Arizona 85007 Phone: (602) 771-1000 Fax: (602) 771-1002 Email: Carol.Ditmore@azhousing.gov

HFA Information:

Name of HFA:	State of Arizona, Arizona Department of Housing
Organizational form:	Constituent Department of the State of Arizona
Date of Application:	April 16, 2010
Date of Action Plan:	September 1, 2010
Notice Information:	Arizona Department of Housing Carol Ditmore, Assistant Deputy Director, Operations 1110 W. Washington, Ste. 310 Phoenix, AZ 85007 Phone: (602) 771-1000 Fax: (602) 771-1002 Email: Carol.Ditmore@azhousing.gov

<u>Program Participation Cap:</u>	\$267,766,006.00
--	------------------

<u>Portion of Program Participation Cap Representing Original HHF Funds:</u>	\$125,100,000.00
---	------------------

<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	N/A
<u>Permitted Expenses:</u>	\$32,155,609.00
<u>Closing Date:</u>	June 23, 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>	January 26, 2011
<u>Fifth Amendment Date:</u>	March 31, 2011
<u>Sixth Amendment Date:</u>	May 25, 2011
<u>Seventh Amendment Date:</u>	August 31, 2011
<u>Eighth Amendment Date:</u>	March 29, 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

SAVEMYHOMEAZ Permanent Modifications Component Summary Guidelines

1. Program Overview	<p>The Permanent Modification Component is being administered by the Arizona Department of Housing (“ADOH”). Efforts may include principal reduction, interest rate reduction, and/or term extension to achieve a monthly payment that does not exceed 31.99% of the borrower’s monthly income, depending on the agreement with the servicer. Borrowers that are suffering an approved hardship, demonstrate personal responsibility, and whose principal outstanding mortgage balance exceeds 120% of the present market value of the borrower’s residence may be eligible for principal reduction assistance.</p> <p>Depending on the agreement with the servicer, one of two methods will be used to reduce the principal balance of a borrower’s primary mortgage:</p> <ul style="list-style-type: none">• A forgivable loan may be made to eligible borrowers for up to \$50,000; or• Up to \$50,000 in assistance may be provided over a three-year period. <p>A borrower’s primary mortgage lender may agree to make a matching reduction to the principal balance of the primary loan.</p> <p>The structure of these two types of assistance is further discussed in section 8.</p>
2. Program Goals	<p>The central goal of the Permanent Modification Component is to help homeowners avoid foreclosure by permanently modifying a borrower’s primary mortgage to achieve a monthly payment that does not exceed 31.99% of the borrower’s monthly income, depending on the agreement with the servicer. Loan modifications may include principal reduction (the amount of any principal reduction provided by HHF Program funds may be matched by a borrower’s lender/servicer), interest rate reduction, and/or term extension. The Permanent Modification Component aspires to achieve a ninety percent (90%) success rate in modifying loans with the borrowers’ lenders/servicers.</p>
3. Target Population/Areas	<p>The targeted populations are households whose income does not exceed 150% Area Median Income (“AMI”) and that exhibit a commitment to retaining their home and can demonstrate an ability to maintain a financial obligation for the home. These</p>

	<p>households will be analyzed based on two primary factors which are affordability and profitability. Each household will be evaluated to determine an affordable and sustainable monthly mortgage payment according to its gross monthly income.</p> <p>It is projected that program assistance will be provided to targeted areas according to the following breakdown of counties. These projections are based on population, delinquent loans and pending foreclosures in these areas.</p> <p style="text-align: center;">Maricopa County, 79% of program funds Pima County, 9% of program funds Pinal County, 9% of program funds All other areas, 3% of program funds</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>\$160,191,630.00</p>
<p>5. Borrower Eligibility Criteria</p>	<ul style="list-style-type: none"> • Eligible financial hardship. Eligible financial hardships include: reduced income due to under employment, medical condition divorce or death. Borrower will be required to provide a financial hardship affidavit. • Property must be borrower’s primary residence. • 150% of AMI maximum household income. • Present dollar value of 31.99% of monthly gross income must be equal to or greater than NPV of REO, depending on the agreement with the servicer. • Depending on the agreement with the servicer, the eligibility will either be determined through application process and application evaluation by ADOH and HUD approved counselors or may be determined through application evaluation by the servicer and ADOH.
<p>6. Property/Loan Eligibility Criteria</p>	<ul style="list-style-type: none"> • Property must be owner occupied. • Mortgage amount must be equal to or less than GSE conforming limits. • Mortgage must be delinquent by at least 2 payments or the borrower that is current or has only one payment due and unpaid by the end of the month in which it is due and makes application for program assistance will be evaluated to determine if he or she is at risk of imminent default. • Depending on the agreement with the servicer, mortgage may be required to be a minimum of 7 days prior to the scheduled date of a trustee’s sale with respect to borrower’s residence. • Single family dwelling (1 to 4 units).

<p>7. Program Exclusions</p>	<ul style="list-style-type: none"> • Current mortgage payment is equal to or less than 31.99% of borrower’s monthly gross income. • Properties that have an outstanding mortgage(s) in excess of 150% of the purchase price.
<p>8. Structure of Assistance</p>	<p>Depending on the agreement with the servicer, the structure of assistance may be provided in one of two ways:</p> <ul style="list-style-type: none"> • The Permanent Modifications Component may provide up-front, forgivable loan to eligible borrowers for up to \$50,000 depending upon individual circumstances. Notes evidencing these loans will be for a term of five (5) years in favor of the Eligible Entity. A forgiveness clause will extinguish the loan amount at the end of five years provided the consumer has satisfied all terms of the loan. The terms of these loans would be zero interest, zero payment for the duration of the loan. The assistance loan would be considered satisfied upon expiration of 5 year term and AHFPFC would release the lien connected with the note. These loans would be utilized to reduce a portion of the principal on the first mortgage loan, the amount of which may be matched by the primary lender/servicer. During the term of the assistance loan it would be “due on sale” if the home has increased in equity. If the home has not increased in equity to the degree necessary to repay the note, all or a portion of the note may be forgiven as not to create additional hardships on the borrower/seller at the time of closing. Any loan proceeds that are returned to the Program would be reutilized to assist additional homeowners. All funds recycled into the program will be returned to Treasury after 12/31/2017. • Assistance of up to \$50,000 may be provided in equal installments over a three year period, at months 13, 25 and 37, provided the homeowner continues to make current mortgage payments. In these cases, assistance will be matched dollar for dollar and therefore a loan is not required in favor of the Eligible Entity.

9. Per Household Assistance	<ul style="list-style-type: none"> • \$50,000 is the Maximum Amount of Assistance. • \$30,000 is the Estimated Median Amount of Assistance.
10. Duration of Assistance	Permanent modification assistance will be disbursed in full at the initial completion of the modification agreement.
11. Estimated Number of Participating Households	It is anticipated that the Permanent Modification Component will assist a minimum of 3,207 households in avoiding imminent foreclosures.
12. Program Inception/Duration	This program component began in September 2010 and it is projected that assistance will be expended over a three year period of time. However, repayment of assistance may extend this time frame one or two additional years.
13. Program Interactions with Other Programs (e.g. other HFA programs)	N/A
14. Program Interactions with HAMP	AHFPFC's program may interact with aspects of the Making Home Affordable Program (MHA) as AHFPFC tries to leverage the resources provided by the MHA programs to expand the pool of borrowers that are eligible for HAMP or other MHA options. In some cases, the assistance the AHFPFC provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs.
15. Program Leverage with Other Financial Resources	In order to leverage the funds, ADOH will attempt to have the lender/servicer match any principal reduction provided through the Permanent Modification Component. It is expected that this match will be no less than one to one. In the event the match is less than one to one then the structure of assistance will be in the form of a loan as described in the first bullet under section 8 above. In some instances the lender/servicer will need to contribute a larger amount based upon the affordability/profitability assessment of the transaction and the Permanent Modification Component maximum assistance per household. Lender match amounts up to and equal to the amount of program funds for any homeowner shall be credited at the time of closing of the modification. Lender match amounts greater than the amount of program funds may be credited after closing according to a schedule satisfactory to ADOH.

16. Qualify as an Unemployment Program	N/A
---	-----

SERVICE SCHEDULE B-2

**SAVEMYHOMEAZ
Second Mortgage Assistance Component
Summary Guidelines**

1. Program Overview	Under the Second Mortgage Assistance Component, assistance of up to \$16,500 will be provided to remove second mortgages if necessary to modify the terms of primary loans. This amount may also be available to borrowers where the second mortgage itself is burdensome.
2. Program Goals	The goals of the Second Mortgage Assistance Component is to help homeowners avoid foreclosure by eliminating a second mortgage if necessary to modify the terms of the primary loan, and to reduce the likelihood that a borrower will re-default under its primary loan as a result of the burden of a second mortgage.
3. Target Population/Areas	<p>The targeted populations are households whose income does not exceed 150% AMI and that exhibit a commitment to retaining their home and can demonstrate an ability to maintain a financial obligation for the home.</p> <p>It is projected that program assistance will be provided to targeted areas according to the following breakdown of counties. These projections are based on population, delinquent loans and pending foreclosures in these areas.</p> <p style="text-align: center;">Maricopa County, 75% of program funds Pima County, 8% of program funds Pinal County, 9% of program funds All other areas, 8% of program funds</p>
4. Program Allocation (Excluding Administrative Expenses)	\$4,516,317.00
5. Borrower Eligibility Criteria	<ul style="list-style-type: none">• Eligible financial hardship. Eligible financial hardships include: reduced income due to under employment, medical condition divorce or death. Borrower will be required to provide a financial hardship affidavit.• Property must be borrower's primary residence (single family dwelling (1 to 4 units).• 150% of AMI maximum household income.• Present dollar value of 31.99% of monthly gross income must be equal to or greater than NPV of REO.
6. Property/Loan	<ul style="list-style-type: none">• Property must be owner occupied.

Eligibility Criteria	<ul style="list-style-type: none"> • Mortgage amount must be equal to or less than GSE conforming limits. • Mortgage must be delinquent by at least 2 payments or the borrower that is current or has only one payment due and unpaid by the end of the month in which it is due and makes application for program assistance will be evaluated to determine if he or she is at risk of imminent default. • Depending on the agreement with the servicer, mortgage may be required to be a minimum of 7 days prior to the scheduled date of a trustee’s sale. • Single family dwelling (1 to 4 units)
7. Program Exclusions	<ul style="list-style-type: none"> • Properties that have an outstanding mortgage(s) in excess of 150% of the purchase price. • Current mortgage payment is equal to or less than 31.99% of borrower’s monthly gross income.
8. Structure of Assistance	<p>The Second Mortgage Assistance Component will provide up-front, forgivable, second position loans to eligible borrowers depending upon individual circumstances. Notes on the forgivable second loans will be for a term of five (5) years in favor of the Eligible Entity. A forgiveness clause will extinguish the loan amount at the end of five years provided the consumer has satisfied all terms of the loan. The terms of the loan are zero interest, zero payment for the duration of the loan. The assistance loan will be considered satisfied upon expiration of 5 year term and ADOH will release the second lien connected with the note. These loans will be utilized to reduce a portion of the principal on the existing second mortgage and the remaining balance will be extinguished by the lender/servicer. During the term of the assistance loan it will be “due on sale” if the home has increased in equity. If the home has not increased in equity to the degree necessary to repay the note, all or a portion of the note may be forgiven as not to create additional hardships on the borrower/seller at the time of closing. Any loan proceeds that are returned to the Program would be reutilized to assist additional homeowners. All funds recycled into the program will be returned to Treasury after 12/31/2017.</p>
9. Per Household Assistance	<ul style="list-style-type: none"> • 40% of UPB or \$16,500 Maximum of Second Mortgage Settlement Assistance. • \$14,000 is the Estimated Median Amount of Assistance.
10. Duration of Assistance	<p>Second mortgage settlement will be disbursed in full at the initial completion of the modification agreement.</p>

11. Estimated Number of Participating Households	It is anticipated that the Second Mortgage Assistance Component will assist a minimum of 274 households.
12. Program Inception/Duration	This program component began in September 2010 and it is projected that assistance will be expended over a three year period of time. However, repayment of assistance may extend this time frame one or two additional years.
13. Program Interactions with Other Programs (e.g. other HFA programs)	AHFPFC will, on behalf of an approved seller, attempt to extinguish the 2 nd mortgage as part of a short sale that is part of the short sale assistance component. Assistance is capped at \$8,500.00 when combined with this component.
14. Program Interactions with HAMP	AHFPFC's program may interact with aspects of the Making Home Affordable Program (MHA) as AHFPFC tries to leverage the resources provided by the MHA programs to expand the pool of borrowers that are eligible for HAMP or other MHA options. In some cases, the assistance the AHFPFC provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs.
15. Program Leverage with Other Financial Resources	In order to leverage the funds, ADOH requires the lender/servicer to match any principal reduction provided through the Second Mortgage Assistance Component. It is expected that this match will be no less than seven to one. Lender match amounts up to and equal to the amount of program funds for any homeowner shall be credited at the time of closing of the modification. Lender match amounts greater than the amount of program funds may be credited after closing according to a schedule satisfactory to ADOH.
16. Qualify as an Unemployment Program	N/A

SERVICE SCHEDULE B-3

**SAVEMYHOMEAZ
Unemployment/Underemployment Mortgage Assistance Component
Summary Guidelines**

<p>1. Program Overview</p>	<p>The unemployment/underemployment mortgage assistance component will provide mortgage relief for qualified unemployed and underemployed borrowers.</p> <p>AHFPC is responsible for screening borrowers to determine program eligibility and notifying servicers that it intends to provide assistance to a borrower.</p> <p>Servicers may refer potentially eligible borrowers to AHFPC with prior written approval.</p> <p>If determined by AHFPC that an eligible borrower has or had a hardship of unemployment or underemployment that has caused delinquency in the mortgage AHFPC may, on behalf of that eligible borrower, bring the first mortgage current by curing all past due payments, accrued interest and legal fees. AHFPC will also request that late fees and NSF fees be waived, but that will not be a requirement. Additional benefits may consist of making a full monthly 1st mortgage payment to the servicer until the applicable program cap is reached or the borrower becomes sufficiently employed and is able to sustain the payment at 31.99% of gross monthly income. The borrower will be required to pay a portion of the mortgage payment to AFHPFC in the amount of 31.99% of household monthly gross income, excluding unemployment benefits.</p> <p>AHFPC may, on behalf of an eligible borrower, attempt to extinguish the 2nd mortgage through our Second Mortgage Settlement component.</p> <p>AHFPC will be responsible for ongoing monitoring of borrowers to ensure continued eligibility if receiving monthly assistance.</p>
<p>2. Program Goals</p>	<p>This program will provide assistance for a set period of time and/or maximum dollar amount so a qualified borrower can search for adequate work or obtain job training without fear of losing their home. The purpose of the program is to assist borrowers until they can obtain sufficient income to resume scheduled mortgage payments, or qualify for a modified mortgage payment.</p>

	<ul style="list-style-type: none"> • Sustain the unemployed/underemployed borrower's monthly mortgage payment until they can or the maximum assistance has been provided • Maintain the borrower's contribution towards their monthly mortgage payment at 31.99% of their current gross monthly income for the duration of the assistance excluding unemployment benefits.
3. Target Population/Area	The target population includes eligible homeowners whose hardship is caused by unemployment or underemployment.
4. Program Allocation (Excluding Administrative Expenses)	\$70,427,450.00
5. Borrower Eligibility Criteria	<ul style="list-style-type: none"> • If the eligible borrower is unemployed, the borrower must provide proof they applied for unemployment benefits and was approved or denied (UB107, UB100, Claim status report) for reasons identified as acceptable within the program's guidelines. • If the eligible borrower is underemployed, the borrower must provide documentation of a significant reduction of income due to circumstances outside of their control resulting in a housing payment greater than 31.99% of their monthly gross income • One or more of the responsible borrowers must be unemployed/underemployed. • Borrowers must participate in quarterly (face-to-face when possible) continued eligibility validation. • Eligibility requirements for stand alone reinstatement assistance, without continuing monthly assistance, is as follows: <ol style="list-style-type: none"> 1. Borrower must demonstrate the hardship caused by unemployment or underemployment has passed. For example, one of the borrowers was unemployed and now the same borrower is employed eliminating the hardship. 2. There must be a correlation between the qualified hardship and the delinquency in the mortgage payments.

	<p>3. Borrowers must demonstrate that they now have the ability to afford the contractual payments. Affordability is defined as the payment being at or under 31.99% of documented gross income.</p> <ul style="list-style-type: none"> • Borrower must occupy the subject property as their primary residence during the assistance disbursement period. • All borrowers must sign a hardship affidavit and felony certification. • 150% of AMI maximum household income.
6. Property/Loan Eligibility Criteria	<ul style="list-style-type: none"> • Unpaid principal balance equal to or less than GSE loan limits • Property must be owner-occupied • Mortgage(s) must be delinquent 2 payments or the borrower that is current or has only one payment due and unpaid by the end of the month in which it is due and makes application for program assistance will be evaluated to determine if he or she is at risk of imminent default. • Program payments must go toward a first mortgage • Single family dwelling (1 to 4 units)
7. Program Exclusions	<ul style="list-style-type: none"> • The Servicer is not required to accept mortgage assistance payment if a notice of trustee/sheriff sale has been recorded depending on the agreement with the servicer. • Mortgages that are in foreclosure depending on the agreement with the servicer • Eligible Unemployed/Underemployed Borrower(s) whose current 1st mortgage PITI payment is greater than the program maximum of \$2,000 or the program maximum plus the Borrower(s) 31.99% contribution of monthly gross income excluding unemployment benefits • Properties with a filed Notice of Trustee's Sale depending on the agreement with the servicer • Properties that have an outstanding mortgage(s) in excess of 150% of the purchase price
8. Structure of Assistance	<p>AHFPFC will execute and record a non-recourse, non-interest bearing forgivable note of no more than 5 years in duration, secured by a junior lien on the property. The note amount will be forgiven at the completion of the loan term. If the borrower refinances or sells the property within the forgivable period, payment will be required if there is sufficient equity to repay.</p>

	All funds recycled into the program will be returned to the Treasury after 12/31/2017.
9. Per Household Assistance	<p>Servicers have no responsibility for monitoring individual program participation and are not required to refund payments received that exceed individual program caps.</p> <ul style="list-style-type: none"> • Maximum monthly assistance of \$2,000.00 • Maximum number of past due mortgage payments to be rescued is 12 which allows for a minimum of 12 months of monthly mortgage payment assistance • \$50,000.00 per household when combined with other program components
10. Duration of Assistance	<p>Servicers have no responsibility for monitoring payment duration.</p> <ul style="list-style-type: none"> • Up to 24 months of mortgage payment assistance • Benefits may be provided up to two months posts re-employment provided the 24 months maximum of mortgage payment assistance has not been met
11. Estimated Number of Participating Households	It is anticipated that the unemployment/underemployment mortgage assistance component will assist a minimum of 3,674 households.
12. Program Inception/Duration	This program component began in March 2011 and it is expected to last approximately one to three years or until AHFPFC funds are fully utilized. All funds still available after 12/31/2017 will be returned to Treasury.
13. Program Interactions with Other Programs (e.g. other HFA Programs)	N/A
14. Program Interactions with HAMP	AHFPFC's program may interact with aspects of the Making Home Affordable Program (MHA) as AHFPFC tries to leverage the resources provided by the MHA programs to expand the pool of borrowers that are eligible for HAMP or other MHA options. In some cases, the assistance the AHFPFC provides under HFA can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are

	used efficiently and that HHF programs complement MHA programs.
15. Program Leverage with Other Financial Resources	Servicers will not charge administrative fees (e.g., NSF, late charges) in any month where a full contract payment is made. If the loan is reinstated or modified following AHFPFC mortgage assistance servicers will waive all administrative fees accrued since the beginning of the delinquency.
16. Qualify as an Unemployment Program	N/A

SERVICE SCHEDULE B-4

**SAVEMYHOMEAZ
Short Sale Assistance Component
Summary Guidelines**

1. Program Overview	<p>Short sale assistance will provide the eligible seller the funds needed to relocate when a short sale has been approved by the homeowner's servicer. Assistance is for sellers who can no longer afford their home due to hardship such as unemployment, underemployment, death, disability or divorce of a homeowner or co-homeowner. Additionally, it will provide much needed enhancements to the short sale process for qualified sellers that are approved for a short sale by their lender.</p> <p>AHFPPC is responsible for screening sellers to determine program eligibility and providing notification for the seller and servicer/lender that it intends to provide assistance to the seller.</p> <p>Servicers may refer potentially eligible sellers to AHFPFC with prior written approval.</p> <p>AHFPPC will, on behalf of an approved seller, provide \$4,500.00 per household receiving no other short sale assistance plus 3% of the subject property purchase price in the form of a seller paid closing cost on a short sale transaction.</p> <p>Borrowers will be required to maintain the property until the home is sold.</p> <p>AHFPPC will, on behalf of an approved seller, attempt to extinguish the 2nd mortgage through our Second Mortgage Settlement Component, which is capped at \$8,500.00 when combined with this component.</p> <p>AHFPPC will, provide funds directly to the homeowner as a part of the short sale closing/funding process but not prior to closing.</p>
2. Program Goals	<p>Short sale assistance was designed to help stabilize communities by providing assistance to consumers in unrecoverable situations to transition from homeownership to renting as well as enhance the marketability of short sale properties and accelerate the stabilization of property value.</p>

3. Target Population/Area	The targeted populations are households whose income does not exceed 150% Area Median Income (“AMI”) and that exhibit an inability to retaining their home.
4. Program Allocation (Excluding Administrative Expenses)	\$475,000.00
5. Borrower Eligibility Criteria	<ul style="list-style-type: none"> • The household must have gross income of no more than 150 percent of the area median income for the County in which the property is located. • Eligible financial hardship. Eligible financial hardships include: reduced income due to unemployment, underemployment, death, disability or divorce of a homeowner or co-homeowner. Borrower will be required to provide a financial hardship affidavit. • Borrower (s) must provide proof of short sale approval from Servicer and Final HUD-1 as a part of the closing process. • All sellers must sign a hardship affidavit and felony certification. • The seller must provide a copy of the fully executed purchase and sale agreement.
6. Property/Loan Eligibility Criteria	The property must be the borrower’s principal residence; additional property criteria must be met as well which include: <ul style="list-style-type: none"> • Unpaid principal balance equal to or less than GSE loan limits • Property must be owner-occupied • Mortgage(s) must be a minimum of 2 monthly payments delinquent or the borrower that is current or has only one payment due and unpaid by the end of the month in which it is due and makes application for program assistance will be evaluated to determine if he or she is at risk of imminent default. • Single family dwelling (1 to 4 units)
7. Program Exclusions	<ul style="list-style-type: none"> • Property located outside of Arizona • Properties that have an outstanding mortgage(s) in excess of 150% of the purchase price • Sellers who apply for assistance after the short sale has been completed are ineligible to participate • Sellers who are executing a “strategic default” are ineligible (determination made through program underwriting guidelines)

	<ul style="list-style-type: none"> • Sellers whose current mortgage(s) PITI payment is equal to or less than 31.99% of monthly gross income excluding unemployment benefits. • Properties that are under contract that has been approved by the lender/servicer at the time of the assistance application.
8. Structure of Assistance	Assistance under this component will be structured as a onetime grant.
9. Per Household Assistance	<ul style="list-style-type: none"> • \$4,500.00 per household receiving no other short sale assistance plus 3% of the purchase price. • Sellers participating in Home Affordable Foreclosure Alternative (HAFA) Assistance may be compensated up to \$1,500 (which with the \$3,000 HAFA assistance brings total assistance to seller to \$4,500) plus 3% of the purchase price. • Sellers participating in a comparable proprietary program offered by a Servicer may be provided with assistance up to an amount that when coupled with the Servicer’s assistance does not exceed \$4,500 plus 3% of the purchase. • \$25,000.00 per household when combined with other program components.
10. Duration of Assistance	Program is a one-time payment per seller household, made upon close of escrow on the short sale.
11. Estimated Number of Participating Households	Based on AHFPFC eligibility criteria and available funding we expect to provide assistance to a minimum of 148 households.
12. Program Inception/Duration	<p>This program component began in June 2011 and it is projected that assistance will be expended over a three year period of time.</p> <p>All funds still available after 12/31/2017 will be returned to Treasury.</p>
13. Program Interactions with Other Programs (e.g. other HFA Programs)	N/A

<p>14. Program Interactions with HAMP</p>	<p>AHFPPC’s program may interact with aspects of the Making Home Affordable Program (MHA) as AHFPPC tries to leverage the resources provided by the MHA programs to expand the pool of borrowers that are eligible for HAMP or other MHA options. In some cases, the assistance the AHFPPC provides under HHF can supplement and extend assistance provided through MHA. To maximize the effectiveness of our foreclosure mitigation efforts, servicers should use reasonable efforts to ensure that TARP funds are used efficiently and that HHF programs complement MHA programs.</p>
<p>15. Program Leverage with Other Financial Resources</p>	<p>N/A</p>
<p>16. Qualify as an Unemployment Program</p>	<p>N/A</p>

SCHEDULE C

PERMITTED EXPENSES

	Arizona
Program Duration (years)	
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$9,000.00
Professional Services	\$4,192.00
Supplies / Miscellaneous	\$0.00
Marketing /Communications	\$0.00
Travel	\$0.00
Website development /Translation	\$213,851.00
Contingency	\$100,000.00
Subtotal	\$327,043.00
<i>Operating / Administrative Expenses:</i>	
Salaries	\$6,612,913.00
Professional Services (Legal, Compliance, Audit, Monitoring)	\$173,790.00
Travel	\$34,730.00
Buildings, Leases & Equipment	\$678,720.00
Information Technology & Communications	\$50,000.00
Office Supplies/Postage and Delivery/Subscriptions	\$80,736.00
Risk Management/ Insurance	\$18,144.00
Training	\$20,000.00
Marketing/PR	\$300,000.00
Miscellaneous	\$657,078.00
Subtotal	\$8,626,111.00
<i>Transaction Related Expenses:</i>	
Recording Fees	\$8,543,438.00
Wire Transfer Fees	\$1,386,435.00
<i>Counseling Expenses</i>	
File Intake	\$2,348,494.00
Decision Costs	\$92,014.00
Successful File	\$2,990,454.00
Key Business Partners On-Going	\$7,841,620.00
Subtotal	\$23,202,455.00
Grand Total	\$32,155,609.00
% of Total Award	12.01%
Award Amount	\$267,766,006