

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

This Sixth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Sixth Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the Sixth 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”) and as further amended by that certain Fifth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fifth Amendment”); and together with the Original HPA as amended thereby and by the First Amendment, Second Amendment and Third Amendment, the “Current HPA”), dated as of their respective dates as set forth on Schedule A attached hereto, in connection with Treasury’s federal housing program entitled the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (the “HHF Program”), which was established pursuant to the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), as amended, as the same may be amended from time to time (“EESA”);

WHEREAS, HFA and Eligible Entity submitted a request to Treasury to make certain revisions to their Service Schedules and Permitted Expenses, as applicable, and Treasury has agreed to the same;

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

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 Sixth Amendment; and all references in the Current HPA to Schedules A or B shall mean the Schedules A or B attached to this Sixth Amendment. All references herein to the “HPA” shall mean the Current HPA, as further amended by this Sixth 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 Sixth 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 Sixth 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 Sixth Amendment and any other closing documentation delivered to Treasury in connection with this Sixth 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 Sixth Amendment and any other closing documentation delivered to Treasury in connection with this Sixth Amendment, and to perform its obligations hereunder and thereunder.

3. Miscellaneous

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

HFA:

ALABAMA HOUSING FINANCE
AUTHORITY

By: /s/ Robert Strickland
Name: Robert Strickland
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

ALABAMA HOUSING FINANCE
AUTHORITY

By: /s/ Robert Strickland
Name: Robert Strickland
Title: Executive Director

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

ELIGIBLE ENTITY:

ALABAMA HOUSING FINANCE
AUTHORITY

By: _____
Name:
Title:

EXHIBITS AND SCHEDULES

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

SCHEDULE A

BASIC INFORMATION

Eligible Entity Information:

Name of the Eligible Entity:	Alabama Housing Finance Authority ¹
Corporate or other organizational form:	a public corporation and instrumentality of the State of Alabama, established and existing under the Code of Alabama 1975 §24-1A-1 pursuant to Act No. 80-585 of the Alabama Legislature
Jurisdiction of organization:	Alabama
Notice Information:	

With copies to:

HFA Information:

Name of HFA:	Alabama Housing Finance Authority
Organizational form:	a public corporation and instrumentality of the State of Alabama, established and existing under the Code of Alabama 1975 § 24-1A-1 pursuant to Act No. 80-585 of the Alabama Legislature
Date of Application:	August 31, 2010
Date of Action Plan:	September 1, 2010
Notice Information:	Same as Notice Information for Eligible Entity.

¹ References in the Agreement to the term "HFA" shall mean the Alabama Housing Finance Agency ("AHFA") in its capacity as an HFA as such term is used in the Agreement; references in the Agreement to the term "Eligible Entity" shall mean AHFA, in its capacity as Eligible Entity as such term is used in the Agreement.

<u>Program Participation Cap:</u>	\$162,521,345.00
<u>Portion of Program Participation Cap Representing Original HHF Funds:</u>	N/A
<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$ 60,672,471.00
<u>Permitted Expenses:</u>	\$ 27,024,240.00
<u>Closing Date:</u>	September 23, 2010
<u>First Amendment Date:</u>	September 29, 2010
<u>Second Amendment Date:</u>	December 16, 2010
<u>Third Amendment Date:</u>	January 26, 2011
<u>Fourth Amendment Date:</u>	March 31, 2011
<u>Fifth Amendment Date:</u>	May 25, 2011
<u>Sixth Amendment Date:</u>	June 28, 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

ALABAMA HOUSING FINANCE AUTHORITY



HARDEST HIT

for Alabama's Unemployed Homeowners

PROGRAM TERM SHEET
SUMMARY GUIDELINES

<p>1. Program Overview</p>	<p>AHFA will administer HHF to subsidize 100 percent of an eligible unemployed or underemployed homeowner's current monthly mortgage payments and all other mortgage-related expenses (including subordinate liens, if applicable) during their time of eligibility. The assistance will not exceed a total of \$15,000 per household.</p> <p>Notwithstanding the foregoing, an eligible unemployed or underemployed homeowner with a property located in a Federally Declared Disaster County will be eligible for assistance not to exceed a total of \$25,000 per household. All applications submitted on or before December 31, 2012 will be eligible for these increased benefits.</p> <p>Alabama's HHF will provide payment not to exceed \$7,500, to a participating homeowner's servicer(s) to bring the homeowner current on his or her delinquent mortgage(s). If this maximum amount that AHFA will provide does not exceed the total amount needed to bring the homeowner current on all existing mortgages, the homeowner must cover any shortfall. The AHFA payment can cover principal, interest, fees, escrow/impound expenses, delinquent taxes and/or escrow shortage for taxes and insurance.</p> <p>Interested homeowners will apply directly to AHFA via a secure website monitored and maintained by AHFA staff. Applications will be evaluated and approved by AHFA staff members. Approved homeowners will be expected to submit certain information documenting their employment status and inability to pay their mortgage and supporting their mortgage claims.</p> <p>Once in the program, all homeowners will be expected to re-certify their continued eligibility and residence in the home on a monthly basis. HHF payments will be distributed to servicers by AHFA on a monthly basis, contingent upon homeowner</p>
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	<p>recertification and continued eligibility for unemployment compensation (for both unemployed and underemployed). Homeowners who receive unemployment compensation from agencies outside of the State of Alabama must provide a copy of a current awards letter and approved documentation to reflect continued eligibility.</p> <p>Monthly assistance, not to exceed a total of \$15,000 per household (or \$25,000 per household for homes located in a Federally Declared Disaster County), will continue for up to two months (i) following the termination of borrower eligibility or (ii) until the property ceases to be the borrower's primary residence and the borrower does not have the intention to, and/or is not reasonably likely to, re-inhabit the property as their primary residence.</p>
2. Program Goals	Provide mortgage payment assistance to unemployed and underemployed Alabama homeowners with a chance of sustaining homeownership.
3. Target Population / Areas	This program will assist low- to moderate-income families in Alabama. AHFA does not anticipate targeting this assistance on a geographic basis.
4. Program Allocation (Excluding Administrative Expenses)	\$135,497,105.00
5. Borrower Eligibility Criteria	<p>Unemployed or underemployed Alabama homeowners who have been declared eligible to receive state or federal unemployment compensation benefits may apply for assistance. Also, applicants must have a total annual household income of less than 140 percent of the state median income. Based on the current state median annual income of \$55,400, the program's maximum annual income limit, as of June 2012, will be \$77,560. AHFA may change this income limit annually when new income data becomes available from the U.S. Department of Housing and Urban Development.</p> <p>All homeowners will be required to provide a financial Hardship Affidavit attesting to their inability to pay their mortgage. HHF will be available to qualified homeowners on a first-come, first-served basis.</p>
6. Property / Loan Eligibility Criteria	The homeowner must currently occupy or have the intention to and be reasonably likely to re-inhabit, the property as their primary residence, and the residence must be located within the state of Alabama. Eligible structures include single-family

	homes, attached or detached, and manufactured housing attached to real property. Existing mortgage loans on the property must have an unpaid principal balance totaling no more than \$258,690. Mortgages must be originated by a financial institution in the business of regularly originating mortgage loans and the mortgage loans must be executed and recorded prior to the homeowners unemployment.
7. Program Exclusions	Mortgage loans on second homes or investment properties will not be eligible for HHF assistance.
8. Structure of Assistance	<p>Homeowners receiving funds will execute a note and a subordinate mortgage lien in favor of AHFA that will be recorded in public records against the property. Loans will be zero percent and non-amortizing.</p> <p>Unless fraud is involved, loans originated between the pilot program commencement and December 31, 2012, will be forgiven over a five-year term at 20 percent per year. Loans originated between January 1, 2013, and December 31, 2013, will be forgiven over a four-year term at 24 percent per year. Loans originated between January 1, 2014, and December 31, 2014, will be forgiven over a three-year term at 33.3 percent per year. No loans will be originated after December 31, 2014. On or before December 31, 2017, or such later date allowed by Treasury, any remaining or recaptured funds will be returned to Treasury.</p> <p>Unless fraud is involved, loans will be repayable only if the homeowner sells the property before the forgiveness period expires and there is sufficient equity to pay all or part of the unforgiven balance of the loan. Repaid HHF funds will be re-invested back into new homeowner loans until December 31, 2014.</p> <p>Ongoing monitoring, repayments and satisfactions will be conducted through AHFA.</p>
9. Per Household Assistance	<p>Assistance not to exceed a total of \$15,000 per household (or a total of \$25,000 per household for homes located in a Federally Declared Disaster County).</p> <p>AHFA will cover 100 percent of the household's monthly mortgage payments and all other mortgage-related expenses (including principal, interest, fees, escrow/impound expenses, delinquent taxes and/or escrow shortage for taxes and</p>

	<p>insurance) unless final payment amount exceeds the maximum assistance available.</p> <p>If the maximum amount that AHFA will provide (a total of \$7,500 per household) does not exceed the total amount needed to bring the homeowner current on all existing mortgages, the homeowner must cover any shortfall.</p>
10. Duration of Assistance	HHF payments (excluding the amount needed to bring the homeowner current) will be distributed to servicers by AHFA on a monthly basis. Assistance including up to two months following the termination of eligibility, or until the property ceases to be the homeowner's primary residence. Assistance will last only as long as the maximum available amount (which will be \$15,000 or \$25,000, as applicable covers 100 percent of the household's monthly mortgage payments. Assistance will cease two months after eligibility to receive unemployment compensation terminates, regardless of whether the maximum available benefits have been received.
11. Estimated Number of Participating Households	8,500
12. Program Inception / Duration	The pilot program began on December 15, 2010, and funds became available statewide on February 2, 2011. AHFA expects the initial funding allocation to be expended within three years, though funds will be recycled until December 31, 2014.
13. Program Interactions with Other HFA Programs	AHFA has access to the largest concentration of low- to moderate-income homeowners in Alabama with an in-house servicing portfolio of 21,000 loans; we anticipate that a number of existing AHFA customers will use HHF.
14. Program Interactions with HAMP	This assistance can interact with any and all loan modification programs, including HAMP, provided that the homeowner meets the qualifications established by AHFA and Treasury for HHF. HHF funds can be utilized before or after assistance from HAMP UP.
15. Program Leverage with Other Financial Resources	None.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SCHEDULE C

PERMITTED EXPENSES

Alabama	
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$1,146,126.00
Building, Equipment, Technology	\$668,463.00
Professional Services	\$199,914.00
Supplies / Miscellaneous	\$131,193.00
Marketing /Communications	\$346,726.00
Travel	\$12,494.00
Website development /Translation	\$50,000.00
Contingency	\$131,193.00
Subtotal	\$2,686,109.00
<i>Operating / Administrative Expenses:</i>	
Salaries	\$7,320,690.00
Professional Services (Legal, Compliance, Audit, Monitoring)	\$1,336,926.00
Travel	\$24,989.00
Buildings, Leases & Equipment	\$0.00
Information Technology & Communications	\$2,592,636.00
Office Supplies/Postage and Delivery/Subscriptions	\$149,935.00
Risk Management/ Insurance	\$120,000.00
Training	\$0.00
Marketing/PR	\$0.00
Miscellaneous	\$534,145.00
Subtotal	\$12,079,321.00
<i>Transaction Related Expenses:</i>	
Recording Fees	\$693,452.00
Wire Transfer Fees	\$53,109.00
<i>Counseling Expenses</i>	
File Intake	\$2,139,707.00
Decision Costs	\$0.00
Successful File	\$693,452.00
Key Business Partners On-Going	\$8,679,090.00
Subtotal	\$12,258,810.00
Grand Total	\$27,024,240.00

% of Total Award	16.63%
Award Amount	\$162,521,345.00