

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

This Second Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Second Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the Second Amendment Date (the “Amendment Date”), by and among the United States Department of the Treasury (“Treasury”), the undersigned party designated as HFA whose description is set forth in Schedule A attached hereto (for convenience, a “state housing finance agency” or “HFA”) and the undersigned institution designated by HFA to participate in the program described below (“Eligible Entity”).

Recitals

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

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

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

Accordingly, in consideration of the representations, warranties, and mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Treasury, HFA and Eligible Entity agree as follows.

Agreement

1. Amendments

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

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

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

D. Schedule C. Schedule C attached to the Current HPA is hereby deleted in its entirety and replaced with Schedule C attached to this Second Amendment.

2. Representations, Warranties and Covenants

A. HFA and Eligible Entity. HFA and Eligible Entity, each for itself, make the following representations, warranties and covenants to Treasury and the truth and accuracy of such representations and warranties and compliance with and performance of such covenants are continuing obligations of HFA and Eligible Entity, each as to itself. In the event that any of the representations or warranties made herein cease to be true and correct or HFA or Eligible Entity breaches any of its covenants made herein, HFA or Eligible Entity, as the case may be, agrees to notify Treasury immediately and the same shall constitute an Event of Default under the HPA.

(1) HFA and Eligible Entity each hereby certifies, represents and warrants as of the date hereof that each of the representations and warranties of HFA or Eligible Entity, as applicable, contained in the HPA are true, correct, accurate and complete in all material respects as of the date hereof. All covenants of HFA or Eligible Entity, as applicable, contained in the HPA shall remain in full force and effect and neither HFA, nor Eligible Entity is in breach of any such covenant.

(2) Eligible Entity has the full corporate power and authority to enter into, execute, and deliver this Second Amendment and any other closing documentation delivered to Treasury in connection with this Second Amendment, and to perform its obligations hereunder and thereunder.

(3) HFA has the full legal power and authority to enter into, execute, and deliver this Second Amendment and any other closing documentation delivered to Treasury in connection with this Second Amendment, and to perform its obligations hereunder and thereunder.

3. Miscellaneous

A. The recitals set forth at the beginning of this Second Amendment are true and accurate and are incorporated herein by this reference.

B. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the HPA.

C. Any provision of the HPA that is determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the HPA, and no such

prohibition or unenforceability in any jurisdiction shall invalidate such provision in any other jurisdiction.

D. This Second Amendment may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or electronic copies of this Second Amendment shall be treated as originals for all purposes.

[SIGNATURE PAGE FOLLOWS; REMAINDER OF PAGE
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:

INDIANA HOUSING AND COMMUNITY
DEVELOPMENT AUTHORITY

By: /s/ Sherry Seiwert
Name: Sherry Seiwert
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

INDIANA HOUSING AND COMMUNITY
DEVELOPMENT AUTHORITY

By: /s/ Sherry Seiwert
Name: Sherry Seiwert
Title: Executive Director

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Title: Executive Director

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TREASURY

By:  _____

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

ELIGIBLE ENTITY:

INDIANA HOUSING AND COMMUNITY
DEVELOPMENT AUTHORITY

By: _____

Name: Sherry Seiwert
Title: Executive Director

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:	Indiana Housing and Community Development Authority ¹
Corporate or other organizational form:	body corporate and politic, established and existing under Indiana Code 5-20-1 et. seq.
Jurisdiction of organization:	Indiana
Notice Information:	

HFA Information:

Name of HFA:	Indiana Housing and Community Development Authority ¹
Organizational form:	body corporate and politic, established and existing under Indiana Code 5-20-1 et. seq.
Date of Application:	September 1, 2010
Date of Action Plan:	September 1, 2010

1 References in the Agreement to the term "HFA" shall mean the Indiana Housing and Community Development Authority ("IHCDA") 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 IHCDA, in its capacity as Eligible Entity as such term is used in the Agreement.

Notwithstanding anything to the contrary in the Agreement, (A) for purposes of Section 4(G) thereof, (i) annual audited financial statements shall be due no later than one hundred eighty (180) days after the end of IHCDA's fiscal year, and (ii) quarterly financial statements shall be due no later than forty-five (45) days after the end of each quarter commencing with the first full quarter ending after the Effective Date; provided that for any quarter IHCDA does not prepare unaudited financial statements for its internal use, or to be sent to a third party, such quarterly unaudited financial statement shall not be required and instead IHCDA shall provide to Treasury, no later than forty-five (45) days after the end of each quarter commencing with the first full quarter ending after the Effective Date, summary expenses by category [e.g., in-take partners, IHCDA specific expenses (e.g. salaries)], and last business day of the quarter's Depository Account bank statement, which information will allow Treasury to review and confirm the funds used for the Services and Permitted Expenses; (B) for purposes of Section 7 thereof, the powers and authority of IHCDA shall be governed by and construed in accordance with the laws of the State of Indiana; and (C) for the purposes of Sections 2(C)(1) and 6(A)(2) thereof, references to the term "instrumentality" shall mean "body corporate and politic".

Notice Information:	Same as notice information for Eligible Entity.
<u>Program Participation Cap:</u>	\$221,694,139.00
Portion of Program Participation Cap <u>Representing Original HHF Funds:</u>	\$82,762,859.00
Portion of Program Participation Cap <u>Representing Unemployment HHF Funds:</u>	\$82,762,859.00
<u>Permitted Expenses:</u>	\$39,041,587.00
<u>Closing Date:</u>	September 23, 2010
<u>First Amendment Date:</u>	September 29, 2010
<u>Second Amendment Date:</u>	March 9, 2011
<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

Indiana Hardest Hit Fund Unemployment Bridge Program

Summary Guidelines

1. Program Overview	Under Indiana’s Hardest Hit Fund Unemployment Bridge Program (UBP) the Indiana Housing and Community Development Authority (IHCDA) will offer individuals who are unemployed through no fault or neglect of their own a monthly benefit to cover a portion of their first mortgage and related expenses while the individual seeks new employment. When necessary, IHCDA may also provide a limited amount of funding at the outset of assistance to bring a mortgage current so that IHCDA may provide future monthly payments. IHCDA may also provide assistance to currently substantially underemployed homeowners who accumulated a delinquency during a period of unemployment but cannot bring their mortgage current with their current income. This last category of assistance will only apply if borrowers: (a) qualify in all other respects for assistance; (b) have demonstrated that they can afford mortgage payments with their post-unemployment income; and (c) cannot qualify for mortgage reinstatement but for HHF assistance. Assistance is subject to approval of the homeowner’s HHF Action Plan, which is a plan relating solely to TARP funded modification programs that will be developed by a housing counseling agency in connection with the initial intake eligibility screening and file underwriting process, and approved by IHCDA (the “HHF Action Plan”).
2. Program Goals	The goal of the UBP is to cover a portion of PITI for eligible unemployed and substantially underemployed homeowners, allowing them to: 1) Secure re-employment in their occupation; or 2) Access training made available through the Indiana Department of Workforce Development that will help them secure employment in a new occupation.
3. Target Population / Areas	Our target population is low- to moderate-income homeowners in any county in Indiana. Homeowners in the 46 counties classified as hardest hit will be eligible for a longer term of assistance (18 months) than homeowners residing in other counties (12 months).
4. Program Allocation (Excluding Administrative Expenses)	\$182,652,552.00
5. Borrower Eligibility Criteria	1) Unemployed and eligible for unemployment insurance or (in limited cases) substantially underemployed and able to document both current financial hardship and a prior period of unemployment resulting in a current delinquency; 2) Engaged in approved training, education or structured volunteer work

	<p>(as defined by IHCDA) except for the limited number of cases in which we will assist currently underemployed individuals;</p> <ol style="list-style-type: none"> 3) Current household income below 140% AMI adjusted for borrower household size; 4) Documentation of six months of pre-hardship timely payments; 5) Agreement to pay a minimum of 30% of household income at time of enrollment toward PITI based on documentation of unemployment benefits, except for the limited number of cases in which we will assist currently underemployed individuals; in those cases, individuals will be expected to make some contribution toward clearing their delinquency, with 30% of household income serving as the standard; 6) Owning only one home; 7) Submission of hardship affidavit documenting inability to pay mortgage; 8) Priority of service will be extended to veterans and military personnel (active or reserve); 9) Receiving unemployment insurance benefits from the Indiana Department of Workforce Development (“DWD”) on or after the UBP implementation date; 10) At IHCDA’s sole discretion, Borrower may be removed from the program for failing to make their required payments,
6. Property / Loan Eligibility Criteria	<ol style="list-style-type: none"> 1) Owner-occupied primary residence located in Indiana. 2) The unpaid principal balance of the borrower’s first lien mortgage cannot exceed the conforming loan limit established by the Federal Housing Finance Agency, as modified from time to time.
7. Program Exclusions	<ol style="list-style-type: none"> 1) Property is vacant, abandoned or condemned. 2) Borrower has not exhausted or been ruled ineligible for other programs (federal or direct lender). 3) Borrower has liquid assets sufficient to make 6 months’ worth of payments, excluding retirement accounts. 4) Borrower is ineligible for unemployment benefits (for example due to nature of job loss or no W-2 reportable wages).
8. Structure of Assistance	<p>All assistance is structured as a forgivable, non-recourse, non-amortizing loan, secured by a junior lien on the property. The loan has a term of 10 years and is forgiven at a rate of 20% per year in years 6 through 10 of the loan term. If the borrower sells the property before the forgiveness period expires; all net sale proceeds up to the full principal balance outstanding will be due and payable to IHCDA. All funds returned to the UBP may be recycled until December 31, 2017; thereafter they will be returned to Treasury.</p>
9. Per Household Assistance	<p>Total assistance per household is not to exceed \$18,000 in hardest hit counties or \$12,000 in balance of state.</p>

10. Duration of Assistance	In hardest hit counties, up to eighteen months or three months after re-employment, whichever comes first; in balance of state, up to one year or three months after re-employment, whichever comes first. In either case, assistance will terminate upon household's receipt of the maximum assistance. As applicable, total assistance will be reduced by 1) the number of months' payment required to bring a homeowner current on their mortgage and/or 2) the amount required to pay for taxes and insurance on non-escrowed loans. Once homeowner is brought current, the maximum amount of monthly assistance per household may not exceed \$1,000.00.
11. Estimated Number of Participating Households	An estimated 16,257 households will receive assistance, at an average assistance level of about \$702 per month for an average of approximately sixteen (16) months of assistance, inclusive of payments to clear delinquencies and assistance after re-employment.
12. Program Inception / Duration	Provided that IHCDA receives prompt and reasonable cooperation from servicers, IHCDA anticipates that the pilot period will begin as soon as November 1, 2010 (but no later than March 1, 2011) and will last for five (5) months. After the pilot period, IHCDA anticipates that the program will last for approximately two (2) years.
13. Program Interaction with Other Programs (e.g. other HFA programs)	IHCDA manages the Homeless Prevention and Rapid Re-Housing Program (HPRP) funding for the balance of state Continuum of Care. IHCDA assessment tool for HPRP will incorporate screening for HHF eligibility for homeowners at risk of homelessness through foreclosure. HPRP administrators will be trained on eligibility requirements and screening for HHF. IHCDA also manages the Indiana Foreclosure Prevention Network (IFPN), which is a coalition of community service and housing-related organizations, government agencies, lenders, realtors, and trade associations that are actively addressing Indiana's foreclosure crisis through a variety of methods. IHCDA anticipates contracting with some of the organizations which are providing IFPN counseling services to provide eligibility screening, intake and preliminary underwriting for HHF. Finally, IHCDA will work with DWD to coordinate efforts; for example, the availability of HHF for qualified unemployed persons may be noted in Unemployment Insurance benefit determination letters from DWD.
14. Program Interactions with HAMP	Borrowers will be pre-screened for HAMP, HAFA and HAMP-UP and programs offered by lenders. HHF funds can be utilized before or after assistance from HAMP-UP.
15. Program Leverage	No leveraging from banks and servicers is required. IHCDA anticipates entering into participation agreements with servicers that will set forth IHCDA's expectations for servicers, including acceptance of payment from IHCDA and application of payment to PITI only.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SCHEDULE C

PERMITTED EXPENSES

	Indiana
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$89,000.00
Professional Services	\$120,000.00
Supplies / Miscellaneous	\$10,000.00
Marketing /Communications	\$175,000.00
Travel	\$10,000.00
Website development /Translation	\$175,000.00
Contingency	\$5,000.00
Subtotal	\$584,000.00
<i>Operating / Administrative Expenses:</i>	
Salaries	\$350,000.00
Professional Services (Legal, Compliance, Audit, Monitoring)	\$2,192,000.00
Travel	\$87,000.00
Buildings, Leases & Equipment	\$71,550.00
Information Technology & Communications	\$2,500,000.00
Office Supplies/Postage and Delivery/Subscriptions	\$25,000.00
Risk Management/ Insurance	\$25,410.00
Training	\$150,000.00
Marketing/PR	\$375,000.00
Miscellaneous	\$2,794,350.00
Subtotal	\$8,570,310.00
<i>Transaction Related Expenses:</i>	
Recording Fees	\$487,710.00
Wire Transfer Fees	\$156,067.00
<i>Counseling Expenses</i>	
File Intake	\$4,000,000.00
Decision Costs	\$18,000,000.00
Successful File	\$4,877,100.00
Key Business Partners On-Going	\$2,366,400.00
Subtotal	\$29,887,277.00
Grand Total	\$39,041,587.00
% of Total Award	17.61%
Award Amount	\$221,694,139.00