

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

This Fifth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fifth Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the Fifth 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”), and as further amended by that certain Fourth Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “Fourth 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 and Treasury has agreed to the same;

WHEREAS, HFA, Eligible Entity and Treasury wish to enter into this Fifth 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 Fifth 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 Fifth Amendment. All references herein to the “HPA” shall mean the Current HPA, as further amended by this Fifth 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 Fifth 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 Fifth 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 Fifth 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 Fifth Amendment and any other closing documentation delivered to Treasury in connection with this Fifth 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 Fifth Amendment and any other closing documentation delivered to Treasury in connection with this Fifth Amendment, and to perform its obligations hereunder and thereunder.

3. Miscellaneous

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

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

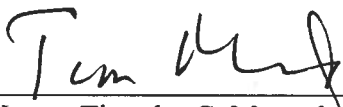
HFA:

RHODE ISLAND HOUSING AND
MORTGAGE FINANCE CORPORATION

By: _____
Name:
Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

By: 
Name: Timothy G. Massad
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 C	Permitted Expenses

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: Same as notice information for Eligible Entity.

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: \$11,568,830.00

Closing Date: August 3, 2010

First Amendment Date: September 23, 2010

Second Amendment Date: September 29, 2010

Third Amendment Date: December 16, 2010

Fourth Amendment Date:

May 25, 2011

Fifth Amendment Date:

January 25, 2012

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 (LMA)

Summary Guidelines

1. Program Overview

Loan Modification (LMA) will provide up to \$25,000 to assist homeowners achieve a modification. Lender must first attempt to qualify homeowner for a HAMP or Non-HAMP modification or workout solution driven by investor guidelines and regulatory oversight. If the homeowner fails these workout solutions, the lender may utilize LMA to achieve an affordable modification. This assistance must bring the total housing debt to income ratio to 38% or below and will, at a minimum, temporarily adjust a homeowner's payment to an affordable level for a 12 month period.

Rhode Island Housing will review and approve on a case-by-case basis investor program guidelines that utilize affordable mortgage definitions that result in a modification with a total housing debt to income ratio greater than 38%.

Lender must present modification plan for HHFRI approval prior to release of funds.

For homeowners that received a modification wherein the resulting housing debt to income ratio is in excess of 38% LMA funds may be used as monthly supplemental mortgage payment assistance to achieve a 31% housing debt to income ratio. Homeowners receiving a monthly mortgage payment supplement will be responsible for making a partial monthly payment contribution which will be determined according to household income as referenced below or at lenders option but not greater than 38%:

Gross Annual Household Income	Maximum Monthly Mortgage Payment Contribution
<\$35,999	\$250
\$36,000 to \$59,999	\$500
\$60,000 to \$69,999	\$750
>70,000	31% of gross monthly household income

In special circumstances, targeted homeowners who are at risk of foreclosure may receive up to \$50,000 assistance.

	<p>Targeted homeowners include:</p> <ul style="list-style-type: none"> ▪ 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 natural disaster assistance and still need assistance due to extensive property damage ▪ HHF-eligible homeowners who are deployed members of the US Armed Forces or those discharged within the last 12 months (includes enlisted personnel in all regular and reserve units of the Army, Navy, Air Force, Marines and Coast Guard). <p>LMA is designed to address items that may be negatively impacting the homeowners ability to obtain a modification. 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>To help Rhode Island homeowners at risk of foreclosure obtain a modification.</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>

4. Program Allocation (Excluding Administrative Expenses)	\$17,500,000.00
5. Borrower Eligibility Criteria	<p>Eligible borrower must have a monthly mortgage payment that is greater than 31% of their gross monthly household income.</p> <p>All homeowners will be required to complete a Hardship Affidavit.</p> <p>Homeowner must be able to document hardship circumstances that place the borrower at risk of foreclosure. A hardship is defined as an uncontrollable increase in expense (excluding consumer debt) 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, costly home repairs necessary for habitability or an extended loss of rental income due to an inability to secure a tenant. 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>Borrowers with a gross annual household income of \$50,000 or less and a housing debt-to-income ratio greater than 35% are considered to have a qualified hardship. This must be referenced in their hardship affidavit. No further hardship test is applicable given these circumstances.</p> <p>Homeowners with total debt-to-income ratios in excess of 55% will be encouraged to seek debt management services from a HUD-approved counseling agency. The costs of such counseling or services shall not be paid with HHF funds.</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>

7. Program Exclusions	Homeowner has cash reserves, non-retirement liquid assets, exceeding \$15,000.
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 will provide up to \$25,000 to assist the borrower and lender to achieve a loan modification and reinstatement assistance when necessary. In special circumstances, up to \$50,000 in total assistance may be available for targeted homeowners who are at risk of foreclosure.
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	700 households will be served
12. Program Inception/Duration	November 1, 2010 until program funds have been exhausted
13. Program Interactions with Other HFA Programs	Additional aid may be available to eligible homeowners through other HHFRI programs up to program limits.
14. Program Interactions with HAMP	Funds will be paid to the servicer through this program to help the homeowner qualify for a modification for a minimum of 12 months
15. Program Leverage with Other Financial Resources	This program is designed to complement and supplement HAMP, Non-HAMP or other lender workout solutions.

**16. Qualify as an
Unemployment
Program**

Yes No

SERVICE SCHEDULE B-2

Rhode Island Housing's

Temporary and Immediate Homeowner Assistance (TIHA)

Summary Guidelines

1. Program Overview

The Temporary and Immediate Homeowner Assistance (TIHA) can provide up to \$25,000 for partial or full reinstatement or other mortgage related default assistance. Mortgage related default assistance may help pay delinquent taxes, insurances and association dues.

For homeowners who have experienced a temporary loss of income, TIHA can also be used to provide supplemental mortgage payment assistance provided that a minimum of 12 months mortgage payment assistance can be offered.

In special circumstances, targeted homeowners who are at risk of foreclosure may receive up to \$50,000 assistance.

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 owner-occupied 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 natural disaster assistance and still need assistance due to extensive property damage
- HHF-eligible homeowners who are deployed members of the US Armed Forces or those discharged within the last 12 months (includes enlisted personnel in all regular and reserve units of the Army, Navy, Air Force, Marines and Coast Guard).

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

	<p>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 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.</p> <p>As such, these funds can be used by homeowners who may or may not qualify for permanent modifications. Funding can be used to address:</p> <ul style="list-style-type: none"> • insufficient income caused by a temporary interruption or a reduction in employment • 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	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%.
4. Program Allocation (Excluding Administrative Expenses)	\$10,000,000.00

<p>5. Borrower Eligibility Criteria</p>	<p>Reinstatement Assistance:</p> <p>TIHA provides one-time lump sum mortgage reinstatement or other mortgage default assistance for eligible homeowners.</p> <p>Borrower must demonstrate that the hardship resulted in a housing debt-to-income ratio greater than 31% and caused the delinquency.</p> <p>The monthly mortgage payment includes principal, interest, property taxes, hazard insurance, mortgage insurance, flood insurance, condominium association fees and other homeowner association fees, as applicable, regardless of whether these expenses are included in the borrowers current mortgage payment. It also includes any escrow payment shortage amounts that are subject to a repayment plan. The monthly mortgage payment does not include payments due to holders of subordinate liens.</p> <p>Homeowners with total debt-to-income ratios in excess of 55% will be referred to a HUD-approved counseling agency for debt management services. The costs of such counseling or services shall not be paid with HHF funds.</p> <p>Supplemental Mortgage Payment Assistance:</p> <p>TIHA provides supplemental mortgage payment assistance for eligible homeowners who have experienced a temporary loss of income.</p> <p>Borrower must demonstrate that the temporary loss of income resulted in a housing debt-to-income ratio greater than 31%.</p> <p>The monthly mortgage payment includes principal, interest, property taxes, hazard insurance, mortgage insurance, flood insurance, condominium association fees and other homeowner association fees, as applicable, regardless of whether these expenses are included in the borrowers current mortgage payment. It also includes any escrow payment shortage amounts that are subject to a repayment plan. The monthly mortgage payment does not include payments due to holders of subordinate liens.</p> <p>When TIHA is used as supplemental mortgage payment assistance the term cannot exceed 60 months or \$25,000</p>
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whichever is reached first. Homeowners receiving supplemental payment assistance will be required to contribute to their contractual monthly mortgage payment. Homeowners monthly payment contribution will be determined according to household income as stated below:

Gross Annual Household Income	Maximum Monthly Mortgage Payment Contribution
<\$35,999	\$250
\$36,000 to \$59,999	\$500
\$60,000 to \$69,999	\$750
>70,000	31% of gross monthly household income

Homeowners with total debt-to-income ratios in excess of 55% will be referred to a HUD-approved counseling agency for debt management services. The costs of such counseling or services shall not be paid with HHF funds.

All homeowners will be required to complete a Hardship Affidavit.

Homeowner must be able to document the reason for the hardship. A hardship is defined as an uncontrollable increase in expenses (excluding consumer debt) 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, costly home repairs necessary for habitability or an extended loss of rental income due to an inability to secure a tenant. 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.

Borrowers with a gross annual household income of \$50,000 or less and a housing debt-to-income ratio greater than 35% are considered to have a qualified hardship. This must be referenced in their hardship affidavit. No further hardship test is applicable given these circumstances.

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.

Borrower is able to satisfy program guidelines.

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	Homeowner has cash reserves, non-retirement liquid assets, exceeding \$15,000.
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	The amount of assistance under TIHA is \$25,000 per household. In special circumstances, up to \$50,000 in total assistance may be available for targeted homeowners who are at risk of foreclosure.
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, taxing authority or lien holder, 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	400 households will be served
12. Program Inception/Duration	November 1, 2010 until program funds are exhausted
13. Program Interactions with Other HFA Programs	Additional aid may be available to eligible homeowners through other HHFRI programs up to program limits.
14. Program Interactions with HAMP	This program does not interact with HAMP.
15. Program Leverage with Other Financial Resources	None.
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SERVICE SCHEDULE B-3

Rhode Island Housing's

Moving Forward Assistance

Summary Guidelines

1. Program Overview

The Moving Forward Assistance Program (MFA) will provide eligible homeowners who can no longer afford to stay in their home with up to \$10,000 to assist in the transition.

The MFA assistance can be used to facilitate a short sale or deed in lieu of foreclosure and/or assist with moving and relocation expenses. Eligible homeowners can receive a \$2,000 allowance to pay for moving and relocation expenses. Moving and relocation expenses may be disbursed directly to eligible homeowners. Moving and relocation expenses above this amount will be paid when documented. The total amount available for facilitation of short sale/deed in lieu plus moving expenses cannot exceed \$10,000. When MFA funds are used to encourage a short sale or satisfy other real estate liens the amount cannot exceed the amount of the lender charge-off.

This assistance is available to homeowners who have not vacated the property or to those who have vacated the property within 6 months of application for assistance as long as a sale or deed in lieu has not occurred.

In addition, up to \$50,000 in total assistance may be available to facilitate a short sale or deed in lieu of foreclosure for homeowners of targeted affordable properties that are at risk of foreclosure.

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.
- HHF-eligible homeowners who are deployed members of the US Armed Forces or those discharged within the last 12 months (includes enlisted personnel in all regular and reserve units of the Army, Navy, Air Force, Marines and Coast Guard).

	<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 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>
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>
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>\$3,500,000.00</p>
5. Borrower Eligibility Criteria	<p>Borrower must be able to document the reason for the hardship and will be required to complete a Hardship Affidavit.</p> <p>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</p>

	<p>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>Borrowers with a gross annual household income of \$50,000 or less and a housing debt-to-income ratio greater than 35% are considered to have a qualified hardship. This must be referenced in their hardship affidavit. No further hardship test is applicable given these circumstances.</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	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	Homeowner has cash reserves, non-retirement liquid assets, exceeding \$15,000.
8. Structure of Assistance	None, funds are provided to eligible homeowners as a non-recoverable grant.
9. Per Household Assistance	<p>Assistance under this program will be limited up to \$10,000 per family to facilitate a short sale or deed in lieu of foreclosure and/or to assist the homeowner with relocation.</p> <p>In addition, up to \$50,000 in total assistance may be available to facilitate a short sale or deed in lieu of foreclosure for homeowners of targeted affordable properties that are at risk of foreclosure.</p>
10. Duration of Assistance	Participation in this program is a one-time payment.
11. Estimated Number of Participating Households	350 households will be served
12. Program Inception/Duration	November 1, 2010 until program funds have been exhausted

13. Program Leverage /Interactions with Other HFA Programs	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.
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 Resources	Rhode Island Housing intends to leverage its current emergency and rental assistance programs which include www.homelocatorri.net and other relocation services which include Homeless Protection and Rapid Placement (HPRP) and Road Home Emergency Housing Assistance.
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SERVICE SCHEDULE B-4

Rhode Island Housing Mortgage Payment Assistance - Unemployment Program (MPA-UP) for Unemployed and/or Underemployed Homeowners

Summary Guidelines

1. Program Overview	<p>The Mortgage Payment Assistance - Unemployment Program (MPA-UP) will provide up to \$25,000 in assistance to help stabilize unemployed and/or underemployed homeowners.</p> <p>MPA-UP assistance may be used to pay partial mortgage and mortgage-related expenses until the maximum household assistance amount is reached or the homeowner returns to work.</p> <p>MPA-UP funds may also be used for partial and or full reinstatement assistance or other mortgage related default assistance provided that a minimum of 12 months mortgage payment assistance can be offered.</p> <p>Mortgage related default assistance may help pay delinquent taxes, insurances and association dues.</p> <p>Monthly mortgage payment assistance term cannot exceed 60 months or \$25,000 whichever is reached first.</p> <p>Homeowners monthly payment contribution will be determined according to household income as stated below:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 2px;">Gross Annual Household Income</th> <th style="padding: 2px;">Maximum Monthly Payment Contribution</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;"><\$35,999</td> <td style="padding: 2px;">\$250</td> </tr> <tr> <td style="padding: 2px;">\$36,000 to \$59,999</td> <td style="padding: 2px;">\$500</td> </tr> <tr> <td style="padding: 2px;">\$60,000 to \$69,999</td> <td style="padding: 2px;">\$750</td> </tr> <tr> <td style="padding: 2px;">>70,000</td> <td style="padding: 2px;">31% of gross monthly household income</td> </tr> </tbody> </table> <p>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. Assistance funds will be paid directly to the lender/servicers.</p> <p>MPA-UP assistance may be used to make ongoing partial mortgage payments and related expenses such as:</p> <ul style="list-style-type: none"> • Escrows 	Gross Annual Household Income	Maximum Monthly Payment Contribution	<\$35,999	\$250	\$36,000 to \$59,999	\$500	\$60,000 to \$69,999	\$750	>70,000	31% of gross monthly household income
Gross Annual Household Income	Maximum Monthly Payment Contribution										
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	<ul style="list-style-type: none"> • Taxes and insurance • Condo association fees <p>This Program will work as both a stand alone program or to complement other HHFRI programs. Homeowners may receive assistance from one or more HHFRI Programs up to the maximum total benefit amount for which the homeowner qualifies.</p>
2. Program Goals	To assist unemployed and/or underemployed homeowners to remain in their homes and make on-time, monthly payments on their mortgages during their hardship 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 full employment.
3. Target Population / Areas	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%.
4. Program Allocation (Excluding Administrative Expenses)	\$34,282,743.00
5. Borrower Eligibility Criteria	Eligible borrowers are unemployed or underemployed homeowners, who through no fault of their own, are unable to make their mortgage payments and are at risk of imminent default or foreclosure, as specified in the program guidelines. Borrowers will be required to provide a financial hardship affidavit with appropriate documentation on the cause of their unemployment or underemployment. Unemployment will be verified by obtaining a copy of the homeowner's unemployment benefit rate decision letter and copies of 2 months bank statements to verify the unemployment direct deposit, or by automated verification through the Rhode Island Department of Labor and Training (DLT).

	<p>If information from DLT is unavailable, a letter or other written verification from the former employer indicating job loss was not the fault of the borrower will serve as a substitute.</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 imminent default or 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 contribute the greater of \$250 or 31% of the total gross monthly household income toward their mortgage obligation. They must make their portion of the mortgage payment as directed by Rhode Island Housing or its designee, 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 has cash reserves, non-retirement liquid assets, exceeding \$15,000.</p>
<p>8. Structure of Assistance</p>	<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 HHFRI Program for additional use through December 31,</p>

	2017. After December 31, 2017, all remaining and recaptured funds will be returned to Treasury.
9. Per Household Assistance	<p>The amount of assistance under MPA-UP is \$25,000 per household.</p> <p>Additionally, in special circumstances, up to \$50,000 in total 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 up to the maximum household limit. The homeowner may continue receiving assistance for up to 2 months after reemployment as long as the program household limit has not been reached.</p> <p>Assistance will be paid directly to the existing servicer, municipality, association, insurer or lien holder 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	Based on the allocation of funds it is anticipated that approximately 1,371 households will receive up to \$25,000. It is estimated that 1,000 of these households may receive additional assistance through other HHFRI programs.
12. Program Inception / Duration	December 1, 2010 until program funds have been exhausted
13. Program Interactions with Other HFA Programs	<p>MPA-UP program provides up to \$25,000 assistance and acts as a gateway to other HHFRI programs.</p> <p>MPA-UP program funds may be used in combination with other HHFRI programs up to program limits.</p>
14. Program Interactions with HAMP	MPA-UP compliments 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 extend it.
15. Program Leverage with Other Financial Resources	There is no investor match required for this program. However, lender/servicers must be willing to participate.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SERVICE SCHEDULE B-5

Principal Reduction Program Hardest Hit Fund

Summary Guidelines

1. Program Overview	In the current housing crisis, many borrowers have found themselves owing more than their homes are worth (i.e. are “underwater”); there is also growing evidence that these loans are more likely to default, and that principal reduction may further the long-term sustainability of a loan. This program, designed by Bank of America, provides financial assistance, matched by the investor, to reduce the principal balance of underwater mortgages. The assistance (\$25,000) will be matched on a dollar-for-dollar basis. Assistance will be provided over a three-year period. Borrowers may access the program through the HFA either directly or by referral from servicer (with HFA approval).
2. Program Goals	Leverage HHF dollars by reducing the principal balances of “underwater mortgages” (specifically mortgages for which the mark-to-market LTV is greater than 115%) and provide financial assistance to qualifying homeowners to remain in their homes during this period of steep declines in value. A reduction in principal can achieve desired income and loan-to-value ratios that result in an affordable payment for a customer on the existing mortgage loan or can be used in conjunction with a loan modification.
3. Target Population / Areas	The target population includes customers whose loans are at least 60 days or more delinquent, where hardship is documented. The goal of the program is to target and address the needs of a customer’s specific situation in lieu of targeting certain regions or counties.
4. Program Allocation (Excluding Administrative Expenses)	\$2,500,000.00
5. Borrower Eligibility Criteria	Generally consistent with HAMP Criteria <ul style="list-style-type: none">• At least 60 days delinquent or in imminent default• Signed hardship affidavit, that complies with HAMP• Low to Moderate Income – AMI \leq 120% (based on 4 person household; states to provide county income limits)

6. Property/Loan Eligibility Criteria	<p>The property must be the customer's principal residence; other criteria include:</p> <ul style="list-style-type: none"> • Owner Occupied, Single Family 1-4 unit property • First Lien, Purchase or Rate & Term Refinance • Unpaid principal balance below \$729,750 • Property not vacant or condemned
7. Program Exclusions	<p>Exclusions include:</p> <ul style="list-style-type: none"> • Mortgage is a Cash-out-Refinance • Loan Originated after 1/1/2009 • LTV < 115% • Notice of trustee sale has been recorded and the trustee sale is scheduled within 7 days of date application received by servicer.
8. Structure of Assistance	<p>Assistance will not be structured as a loan, since there is a dollar-for-dollar match on assistance. Principal balance for qualifying mortgages will be reduced in equal installments over a three year period.</p>
9. Per Household Assistance	<p>\$25,000 HHF dollars (not including investor match).</p>
10. Duration of Assistance	<p>Three years.</p>
11. Estimated Number of Participating Households	<p>100.</p>
12. Program Inception / Duration	<p>Approximately one to three years or until HHF funds are fully utilized.</p>
13. Program Interactions with Other HFA Programs	<p>Additional aid may be available to eligible homeowners under Temporary and Immediate Homeowner Assistance (TIHA) and Moving Forward Assistance (MFA) up to program limits.</p>

14. Program Interactions with HAMP and other Programs	HHF / Investor principal reduction will be the first step in the principal reduction assistance waterfall, prior to the HAMP alternative waterfall (per the guidance contained within the MHA Handbook) and any proprietary servicer programs. Borrower may access this program after unemployment assistance, but must be able to demonstrate their ability to sustain the modified mortgage.
15. Program Leverage with Other Financial Resources	The applicable investor matches state contributed HHF principal reduction funds on a dollar-for-dollar basis. Servicer waives certain NSF and late charges.
16. Servicer reporting to HFA	The servicer will be able to identify all loans which received assistance through a HHF program and provide the HFA updates on the status of the loan (e.g. current/delinquent, foreclosure, short sale, etc.) on a quarterly basis for a period of 12 months after assistance ends.
17. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SCHEDULE C
PERMITTED EXPENSES

	Rhode Island
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$0.00
Professional Services	\$0.00
Supplies / Miscellaneous	\$0.00
Marketing /Communications	\$0.00
Travel	\$0.00
Website development /Translation	\$0.00
Contingency	\$0.00
Subtotal	\$0.00
<i>Operating / Administrative Expenses:</i>	
Salaries	\$5,421,507.00
Professional Services (Legal, Compliance, Audit, Monitoring)	\$238,062.00
Travel	\$0.00
Buildings, Leases & Equipment	\$590,974.00
Information Technology & Communications	\$204,268.00
Office Supplies/Postage and Delivery/Subscriptions	\$50,872.00
Risk Management/ Insurance	\$153,147.00
Training	\$0.00
Marketing/PR	\$480,000.00
Miscellaneous	\$1,730,000.00
Subtotal	\$8,868,830.00
<i>Transaction Related Expenses:</i>	
Recording Fees	\$0.00
Wire Transfer Fees	\$100,000.00
<i>Counseling Expenses</i>	
File Intake	\$2,600,000.00
Decision Costs	\$0.00
Successful File	\$0.00
Key Business Partners On-Going	\$0.00
Subtotal	\$2,700,000.00
Grand Total	\$11,568,830.00
% of Total Award	14.58%
Award Amount	\$79,351,573.00