

**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, as applicable, 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, 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 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
INTENTIONALLY LEFT BLANK]

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:

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

By: /s/ Gary Heidel
Name: Gary Heidel
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

MICHIGAN HOMEOWNER ASSISTANCE
NONPROFIT HOUSING CORPORATION

By: /s/ Christopher L. LaGrand
Name: Christopher L. LaGrand
Title: Corporate Secretary

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.

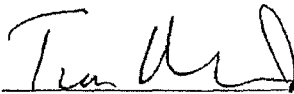
HFA:

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

By: _____
Name:
Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

MICHIGAN HOMEOWNER ASSISTANCE
NONPROFIT HOUSING 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:	Michigan Homeowner Assistance Nonprofit Housing Corporation
Corporate or other organizational form:	Domestic Nonprofit Corporation
Jurisdiction of organization:	State of Michigan
Notice Information:	

HFA Information:

Name of HFA:	Michigan State Housing Development Authority
Organizational form:	Public body corporate and politic of the State of Michigan
Date of Application:	April 14, 2010
Date of Action Plan:	September 1, 2010
Notice Information:	

<u>Program Participation Cap:</u>	\$498,605,738.00
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Portion of Program Participation Cap <u>Representing Original HHF Funds:</u>	\$154,500,000.00
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Portion of Program Participation Cap <u>Representing Unemployment HHF Funds:</u>	\$128,461,559.00
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<u>Permitted Expenses:</u>	\$52,675,243.00
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<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>	August 3, 2011
<u>Fifth 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

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)
acting through
Michigan State Housing Development Authority (MSHDA)

PRINCIPAL CURTAILMENT PROGRAM (PC) **Summary Guidelines**

1. Program Overview	The Principal Curtailment Program will provide a one-time matching fund of up to \$10,000 to homeowners seeking to modify their loans. The Lender/Servicer must agree to provide matching forgiveness of principal and to modify the reduced loan balance.
2. Program Goals	The Principal Curtailment will prevent avoidable foreclosures by helping homeowners who have a qualifying, involuntary hardship (for example, homeowners who currently cannot refinance or modify their mortgages due to negative equity positions). Homeowners will benefit from both a restructured loan payment and the reduction in principal balance, reducing monthly payments and increasing sustainability.
3. Target Population/Areas	MHA does not anticipate targeting this assistance on a geographic basis, nor have we anticipated targeting specific income limits.
4. Program Allocation (Excluding Administrative Expenses)	\$5,400,000.
5. Borrower Eligibility Criteria	MHA determines homeowner eligibility. Homeowners presently having negative equity, greater than 100% Loan to Value (LTV) or greater than 100% Combined Loan to Value (CLTV), and needing principal curtailment in order to reach a sustainable mortgage payment. Homeowners are required to provide a hardship affidavit. If providing assistance on a 2 nd lien, first lien must be documented as current. MHA considers a sustainable mortgage payment 45% or less (gross household income to validated mortgage payment).
6. Property/Loan Eligibility Criteria	The homeowner must currently occupy the property as his/her primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to

	or less than \$729,250.
7. Program Exclusions	Second homes or investment properties. Homeowners with liquid cash reserves exceeding 6 months validated mortgage payments. Lender/Servicer is not required to accept homeowner to the program if a notice of trustee/sheriff sale has been recorded or the trustee/sheriff sale is scheduled less than seven days from date the Lender/Servicer is notified of borrower eligibility.
8. Structure of Assistance	<p>Homeowners receiving assistance will execute a secured subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a no cash out, limited-term, refinance, the MHA may subordinate lien position in accordance with program guidelines. Mortgage will be recorded through public records and ongoing monitoring, repayments, discharges, and subordinations will be conducted by MHA. Any repayment of program funds will be re-invested back into program allocation. All funds remaining in the program will be returned to Treasury after December 31, 2017. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>The Lender/Servicer will determine terms of modification according to their internal guidelines. The Lender/Servicer will transmit modification terms to the MHA for review and agree to match MHA's assistance dollar for dollar towards principal curtailment. Awarded funds will be remitted to Lender/Servicer to be applied towards the capitalized balance resulting in a reduction in existing principal on either the 1st or 2nd Mortgage.</p> <p>Lender/Servicer is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Servicer is required to provide evidence of timely application of Hardest Hit Funds inclusive of their required minimum 1:1 match. Lender/Servicer is required to waive all accumulated late charges and non-sufficient funds (NSF) fees.</p>
9. Per Household Assistance	Maximum of \$10,000 per household with a minimum 1:1 match from the Lender/Servicer; total of \$20,000 per household.
10. Duration of Assistance	One time assistance to homeowner paid directly to Lender/Servicer for application towards capitalized balance.

11. Estimated Number of Participating Households	540 households could be served under this program if they all receive the maximum funding amount of \$10,000.
12. Program Inception/ Duration	Program rolled out July 12, 2010. Based on the overwhelming need, funds allocated to this Program will likely be exhausted 3rd quarter, 2014.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Homeowners can receive HAMP assistance (including UP program assistance) prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Service providers to follow current guidance issued by their investor and/or U.S. Treasury.
15. Program Leverage with Other Financial Resources	Existing Lender/Service provider will be required to match Hardest Hit Funds at a minimum of 1:1 towards capitalized debt. Lender/Service provider agrees to waive all accumulated late fees and NSF fees upon receipt of Hardest Hit Funds.
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SERVICE SCHEDULE B-2

**Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)
acting through
Michigan State Housing Development Authority (MSHDA)**

**LOAN RESCUE PROGRAM (LR)
Summary Guidelines**

1. Program Overview	Whether it was a divorce, a serious illness, or a recent period of unemployment, many Michigan families have encountered some significant obstacle in their lives that resulted in mortgage delinquency. This program will provide up to \$20,000 in assistance to households who had a qualifying, involuntary hardship and can sustain homeownership, but need assistance to catch up on delinquent payments, escrow shortage, and/or delinquent property taxes to avoid foreclosure.
2. Program Goals	This program will prevent avoidable foreclosures by putting homeowners, who otherwise are on the brink of foreclosure, back on solid footing without increasing their mortgage debt payments. In so doing, the program will stem the oversupply of foreclosed homes and short sales that dominate many markets and help stabilize the broader housing market in Michigan.
3. Target Population/Areas	MHA does not anticipate targeting this assistance on a geographic basis, nor have we anticipated targeting specific income limits.
4. Program Allocation (Excluding Administrative Expenses)	\$110,205,000.00
5. Borrower Eligibility Criteria	MHA determines homeowner eligibility. Homeowners who have had a qualifying, involuntary hardship (for example, decreased income or a catastrophic event). Homeowners are required to provide a hardship affidavit. If providing assistance on a 2 nd lien, first lien must be documented as current. MHA considers a sustainable mortgage payment 45% or less (gross household income to validated mortgage payment).
6. Property/Loan Eligibility Criteria	The homeowner must currently occupy the property as his/her primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of

	homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.
7. Program Exclusions	Second homes or investment properties. Homeowners with liquid cash reserves exceeding 6 months validated mortgage payments. Lender/Servicer is not required to accept homeowner to the program if a notice of trustee/sheriff sale has been recorded or the trustee/sheriff sale is scheduled less than seven days from date the Lender/Servicer is notified of borrower eligibility.
8. Structure of Assistance	<p>Homeowners receiving assistance will execute a secured subordinate lien mortgage and note in favor of the Eligible Entity. Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a no cash out, limited-term, refinance, the MHA may subordinate lien position in accordance with program guidelines. Mortgage will be recorded through public records and ongoing monitoring, repayments, discharges, and subordinations will be conducted by MHA. Any repayment of program funds will be re-invested back into program allocation. All funds remaining in the program will be returned to Treasury after December 31, 2017. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>Lender/Servicer is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Servicer is required to provide evidence of timely application of Hardest Hit Funds. Lender/Servicer is required to waive all accumulated late charges and non-sufficient funds (NSF) fees.</p>
9. Per Household Assistance	One time award up to \$20,000 per household.
10. Duration of Assistance	One-time assistance to homeowner, paid directly to Lender/Servicer, for application towards total, accrued delinquent mortgage payments, escrow shortages, corporate advances, excluding late charges and NSF fees, on homeowners' mortgage account. If funds are to be paid through the Lender/Servicer to be applied towards delinquent property taxes, the Lender/Servicer must set up an escrow account to pay homeowners' future property taxes as part of the recovery.
11. Estimated Number	Based upon maximum program funding of \$20,000 per

of Participating Households	household, 5,510 households may be assisted.
12. Program Inception/Duration	Based on the overwhelming need, funds allocated to this Program will likely be exhausted 3rd quarter, 2014.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Homeowners can receive HAMP assistance (including UP program assistance) prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Service providers to follow current guidance issued by their investor and/or U.S. Treasury.
15. Program Leverage with Other Financial Resources	Lender/Service provider agrees to waive all accumulated late fees and NSF fees. No further matching is required.
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SERVICE SCHEDULE B-3

**Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)
acting through**

Michigan State Housing Development Authority (MSHDA)

UNEMPLOYMENT MORTGAGE SUBSIDY PROGRAM (UMS) Summary Guidelines

1. Program Overview	<p>Michigan, through its Unemployment Mortgage Subsidy Program, directly provides funds to the Lender/Servicer to subsidize an eligible homeowner's current or modified mortgage payment.</p> <p>This Program assists the homeowner who has had a qualifying, unemployment-related hardship in retaining homeownership by subsidizing up to 50% or \$1,000 (whichever is less) of the monthly mortgage payment. The monthly subsidy will not exceed a total of 12 consecutive months or \$12,000. Homeowners will be responsible for the unsubsidized portion of their monthly payment, which will be collected by MHA's special sub-servicer and sent to MHA; MHA will always remit the full mortgage payment directly to the Lender/Servicer. Lender/Servicer agrees to apply the funds towards validated mortgage payments and not homeowner/condominium association (HOA) fees unless such payments have been escrowed and are included in the monthly mortgage payment. Homeowners will also be eligible for upfront assistance to contribute towards a mortgage delinquency; inclusive of current mortgage payment due, delinquent mortgage payments, escrow shortages, corporate advances, excluding accrued late charges and non-sufficient funds (NSF) fees, on homeowners' mortgage account. Maximum reinstatement amount cannot exceed the maximum program reservation of \$20,000 less the total amount initially reserved for 12 monthly subsidy amounts.</p>
2. Program Goals	Provide mortgage payment assistance to Michigan unemployed residents helping them remain successful in homeownership.
3. Target Population / Areas	MHA does not anticipate targeting this assistance on a geographic basis, nor have we anticipated specific hard income limits.
4. Program Allocation (Excluding Administrative Expenses)	\$313,874,464.00
5. Borrower Eligibility	MHA determines homeowner eligibility. Homeowners who

Criteria	have lost their job and have received Michigan unemployment benefits within the last 30 days of application date (not registration date). Homeowners are required to provide a hardship affidavit. Qualifying ratio of 45% or less (gross household income, including unemployment compensation, to borrower's required portion of the validated mortgage payment).
6. Property / Loan Eligibility Criteria	The homeowner must currently occupy the property as his/her primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.
7. Program Exclusions	Homeowners, as described above, not receiving Michigan unemployment benefits. Second homes or investment properties. Homeowners with liquid cash reserves exceeding 6 months validated mortgage payments. Assistance may not be provided on a loan in a 2 nd lien position. Lender/Servicer is not required to accept homeowner to the program if a notice of trustee/sheriff sale has been recorded or the trustee/sheriff sale is scheduled less than seven days from date the Lender/Servicer is notified of borrower eligibility.
8. Structure of Assistance	<p>Homeowners receiving assistance will execute a secured subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a no cash out, limited-term, refinance, the MHA may subordinate lien position in accordance with in program guidelines. Mortgage will be recorded through public records and ongoing monitoring, repayments, discharges, and subordinations will be conducted by MHA. Any repayment of program funds will be re-invested back into program allocation. All funds remaining in the program will be returned to Treasury after December 31, 2017.</p> <p>Lender/Servicer is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Servicer is required to provide evidence of timely application of Hardest Hit Funds. Lender/Servicer is required to waive all accumulated late charges and NSF fees.</p>

9. Per Household Assistance	\$ 20,000 maximum per household.
10. Duration of Assistance	Monthly subsidy ceases after 12 months consecutive monthly payments OR if homeowner fails to pay their portion of the payment in accordance with terms of the Note.
11. Estimated Number of Participating Households	Based upon maximum program funding of \$20,000 per household, 15,695 households may be assisted.
12. Program Inception / Duration	Based on the overwhelming need, funds allocated to this program will likely be exhausted 3rd quarter, 2014.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Homeowners can receive HAMP assistance (including UP program assistance) prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Servicers to follow current guidance issued by their investor and/or U.S. Treasury.
15. Program Leverage with Other Financial Resources	Lender/Servicer agrees to waive all accumulated late fees and NSF fees. No further matching is required.
16. Qualify as an Unemployment Program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SERVICE SCHEDULE B-4

**Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)
acting through
Michigan State Housing Development Authority (MSHDA)**

**MODIFICATION PLAN PROGRAM (MP)
Summary Guidelines**

1. Program Overview	Michigan's Modification Plan Program provides a permanent solution to many homeowners who have fallen behind due to a qualifying, involuntary hardship, for example loss of income, but have the ability to sustain homeownership if their mortgage payment is modified. Up to \$20,000 in assistance may be provided to the Lender/Service to pay the capitalized balance in order to contribute towards reaching a lower, sustainable monthly payment.
2. Program Goals	This program will prevent avoidable foreclosures by putting homeowners, who otherwise are on the brink of foreclosure, into a permanent, affordable loan modification allowing them to maintain homeownership, curb vacancies and stabilize local communities.
3. Target Population/Areas	MHA does not anticipate targeting this assistance on a geographic basis, nor have we anticipated targeting specific income limits.
4. Program Allocation (Excluding Administrative Expenses)	\$16,451,031
5. Borrower Eligibility Criteria	MHA determines homeowner eligibility. Homeowners who have had a qualifying, involuntary hardship (for example, decreased income or a catastrophic event) are a minimum of two months delinquent, and present housing payment is greater than 45%. MHA considers a sustainable mortgage payment 45% or less (gross household income to validated mortgage payment). Homeowners are required to provide a hardship affidavit.
6. Property/Loan Eligibility Criteria	The homeowner must currently occupy the property as his/her primary residence and it must be located within the state of Michigan. Homeowners must execute all Hardest Hit Funds application and closing documents. Eligible structures to include single-family, attached or detached, or manufactured

	homes on a permanent foundation attached to real property; 1-4 unit properties are eligible if one unit is primary residence of homeowner. Existing mortgage loan balance must be equal to or less than \$729,250.
7. Program Exclusions	Homeowners whose Lender/Servicer is unable to permanently modify their existing lien. Assistance may not be provided on a loan in a 2 nd lien position. Second homes or investment properties. Homeowners with liquid cash reserves exceeding 6 months validated mortgage payments. Lender/Servicer is not required to accept homeowner to the program if a notice of trustee/sheriff sale has been recorded or the trustee/sheriff sale is scheduled less than seven days from date the Lender/Servicer is notified of borrower eligibility.
8. Structure of Assistance	<p>Homeowners receiving assistance will execute a secured subordinate lien mortgage and note in favor of the MHA. Loan will be 0%, non-amortizing loan, forgivable over a 5 year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a no cash out, limited-term, refinance, the MHA may be willing to subordinate lien position. Mortgage will be recorded through public records and ongoing monitoring, repayments, discharges, and subordinations will be conducted by MHA. Any repayment of program funds will be re-invested back into program allocation. All funds remaining in the program will be returned to Treasury after December 31, 2017. Hardest Hit Funds will be available on a first come, first serve basis.</p> <p>The Lender/Servicer will determine terms of modification according to their internal guidelines. The Lender/Servicer will transmit modification terms to the MHA for review. MHA will determine amount of assistance up to program maximum based on delinquency amount; must be a minimum of two months delinquent. Awarded funds will be remitted to Lender/Servicer to be applied towards the capitalized balance.</p> <p>Lender/Servicer is required to provide timely communication of homeowner's loan data to the MHA and agree to place collection and foreclosure activity on hold upon their acceptance of the homeowner into the Hardest Hit Funds Program; active foreclosure action to be canceled upon receipt of Hardest Hit Funds. Lender/Servicer is required to provide evidence of timely application of Hardest Hit Funds. Lender/Servicer is required to waive all accumulated late charges and non-sufficient funds (NSF) fees.</p>
9. Per Household	One time award up to \$20,000 per household.

Assistance	
10. Duration of Assistance	One-time assistance to homeowner, paid directly to Lender/Servicer, for application towards capitalized balance, excluding late fees and NSF fees, on homeowners' mortgage account.
11. Estimated Number of Participating Households	Based upon maximum program funding of \$20,000 per household, 825 households may be assisted.
12. Program Inception/Duration	Proposed program will roll out July 2012. Based on the overwhelming need, funds allocated to this Program will likely be exhausted 3rd quarter 2014.
13. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Hardest Hit Funds Program. MSHDA owned and serviced loans are eligible for this program.
14. Program Interactions with HAMP	Homeowners can receive HAMP assistance (including UP program assistance) prior to or after receiving Hardest Hit Funds assistance; Hardest Hit Funds cannot be used to pay HAMP trial period payments. Lender/Servicers to follow current guidance issued by their investor and/or U.S. Treasury.
15. Program Leverage with Other Financial Resources	Lender/Servicer agrees to waive all accumulated late fees and NSF fees. No further matching is required.
16. Qualify as an Unemployment Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SCHEDULE C
PERMITTED EXPENSES

	Michigan
<i>One-time / Start-Up Expenses:</i>	
Initial Personnel	\$0.00
Building, Equipment, Technology	\$0.00
Professional Services	\$325,000.00
Supplies / Miscellaneous	\$0.00
Marketing /Communications	\$262,500.00
Travel	\$0.00
Website development /Translation	\$0.00
Contingency	\$0.00
Subtotal	\$587,500.00
<i>Operating / Administrative Expenses:</i>	
Salaries	\$30,290,300.00
Professional Services (Legal, Compliance, Audit, Monitoring)	\$2,040,000.00
Travel	\$35,000.00
Buildings, Leases & Equipment	\$390,000.00
Information Technology & Communications	\$225,000.00
Office Supplies/Postage and Delivery/Subscriptions	\$478,000.00
Risk Management/ Insurance	\$0.00
Training	\$50,000.00
Marketing/PR	\$7,860,003.00
Miscellaneous	\$4,800,000.00
Subtotal	\$46,168,303.00
<i>Transaction Related Expenses:</i>	
Recording Fees	\$2,454,440
Wire Transfer Fees	\$225,000
<i>Counseling Expenses</i>	
File Intake	\$0.00
Decision Costs	\$0.00
Successful File	\$0.00
Key Business Partners On-Going	\$3,240,000
Subtotal	\$5,919,440.00
Grand Total	\$52,675,243.00

% of Total Award	10.56%
Award Amount	\$498,605,738.00