

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

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

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

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

**Agreement**

**1. Amendments**

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

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

## 3. Miscellaneous

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

**HFA:**

ILLINOIS HOUSING DEVELOPMENT  
AUTHORITY

By: /s/ Mary R. Kenney  
Name: Mary R. Kenney  
Title: Executive Director

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

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

**ELIGIBLE ENTITY:**

ILLINOIS HOUSING DEVELOPMENT  
AUTHORITY

By: /s/ Mary R. Kenney  
Name: Mary R. Kenney  
Title: Mary R. Kenney

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

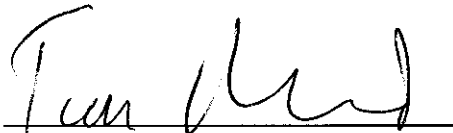
**HFA:**

ILLINOIS HOUSING DEVELOPMENT  
AUTHORITY

By: \_\_\_\_\_  
Name:  
Title:

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

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

**ELIGIBLE ENTITY:**

ILLINOIS HOUSING DEVELOPMENT  
AUTHORITY

By: \_\_\_\_\_  
Name:  
Title:

## **EXHIBITS AND SCHEDULES**

Schedule A Basic Information  
Schedule B Service Schedules

**SCHEDULE A**  
**BASIC INFORMATION**

**Eligible Entity Information:**

Name of the Eligible Entity:	Illinois Housing Development Authority <sup>1</sup>
Corporate or other organizational form:	a body politic and corporate under the laws of the State of Illinois, pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended.
Jurisdiction of organization:	Illinois
Notice Information:	

**HFA Information:**

Name of HFA:	Illinois Housing Development Authority <sup>1</sup>
Organizational form:	a body politic and corporate under the laws of the State of Illinois, pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended.
Date of Application:	September 1, 2010

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<sup>1</sup> References in the Agreement to the term “HFA” shall mean the Illinois Housing Development Authority (“IHDA”) in its capacity as an HFA as such term is used in the Agreement; references in the Agreement to the term “Eligible Entity” shall mean IHDA, 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 IHDA’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 IHDA 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 IHDA 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, IHDA 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 IHDA shall be governed by and construed in accordance with the laws of the State of Illinois.

Date of Action Plan:	September 1, 2010
Notice Information:	Same as notice information for Eligible Entity
<u>Program Participation Cap:</u>	\$445,603,557.00
Portion of Program Participation Cap <u>Representing Original HHF Funds:</u>	\$166,352,726.00
Portion of Program Participation Cap <u>Representing Unemployment HHF Funds:</u>	\$166,352,726.00
<u>Permitted Expenses:</u>	\$64,207,357.00
<u>Closing Date:</u>	September 23, 2010
<u>First Amendment Date:</u>	September 29, 2010
<u>Second Amendment Date:</u>	December 16, 2010
<u>Third Amendment Date:</u>	May 11, 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**

**Illinois Housing Development Authority**

**Hardest Hit Fund Homeowner Emergency Loan Program (HHF HELP)**

**Summary Guidelines**

<b>Program Overview</b>	<p>Illinois' Homeowner Emergency Loan Program (HELP) will assist homeowners who have experienced an income reduction due to unemployment or substantial underemployment in two ways: Monthly Mortgage Payment Assistance and Reinstatement Assistance. Monthly Mortgage Payment Assistance will be provided for up to 18 months while homeowners search for gainful reemployment and/or participate in job training. Reinstatement Assistance will pay a homeowner's delinquent balance and other associated fees and costs. Borrowers may be eligible for Reinstatement Assistance combined with Monthly Mortgage Payment Assistance or Reinstatement Assistance only according to their debt-to-income ratios as described in Section 5.</p> <p>For Monthly Mortgage Payment Assistance, IHDA will make full mortgage payments to the servicer on behalf of the borrower while the household remains eligible for assistance. While full mortgage payments are made on their behalf, the borrower must contribute partial mortgage payments to IHDA on a monthly basis totaling 31% of current household income. Household income will be the average of all household wages, compensation, and/or public benefits over the previous two months. Timely partial payments to IHDA are required for continued program assistance.</p> <p>After 18 months of full mortgage payments, borrowers will resume making their mortgage payments independently. If borrowers regain employment and earn sufficient income to adequately afford their mortgage during the 18 months, borrowers will be transitioned from the program over a 2 to 3 month period depending on the notification requirement to the servicer. If the household maximum assistance level available is reached, IHDA will end assistance.</p> <p>Borrowers will be referred to the program through the HHF HELP website and/or call center, a housing counselor, or other entities. All client intakes of borrowers will be performed by IHDA approved intake agencies or IHDA staff. Intake agencies will provide a full application package to IHDA for final approval.</p>
<b>Program Goal</b>	The goal of the Program is to assist homeowners who have experienced an income reduction due to unemployment or

	substantial underemployment with Monthly Mortgage Payment Assistance and Reinstatement Assistance that will allow them to pursue sustainable income and homeownership without the immediate threat of default or foreclosure.
<b>Target Population / Areas</b>	<p>The Program aims to serve all areas of the State and all employment sectors as the foreclosure crisis and unemployment crisis in Illinois is diverse. Funds will only be available to households at or below the moderate income level for the State (120% of area median, as defined by HUD).</p> <p>The maximum levels of assistance will be higher in the hardest hit Illinois counties. A “hardest hit county” exceeds the state average in any of the following areas: foreclosure rate, 90-day default rate, unemployment rate, or home price reduction. The maximum assistance level per household in a “hardest hit county” is \$25,000.</p>
<b>Program Allocation (Excluding Administrative Expenses)</b>	\$381,396,200.00
<b>Borrower Eligibility Criteria</b>	<p>Homeowners must meet the following Program criteria:</p> <ul style="list-style-type: none"> <li>• Present income at or below 120% of area median;</li> <li>• Experienced a 25% reduction in income due to unemployment or underemployment event;</li> <li>• Certification that the loss of income was involuntary (hardship affidavit required);</li> <li>• Present home mortgage payments (including escrow amounts, if any) above 31% of monthly income;</li> <li>• Fee simple title ownership on a property not exceeding four units;</li> <li>• Maximum of 3 months housing payments in available liquid assets (excluding retirement);</li> <li>• Reinstatement assistance will be available for borrowers whose mortgage payment (including escrow amounts if any) is above 31%;</li> <li>• Only a reinstatement payment is available to households with a sustainable mortgage payment (between 31% and 38% of gross monthly income);</li> <li>• Reinstatement Assistance and Monthly Mortgage Payment Assistance will be available for borrowers with a mortgage payment above 38% of gross monthly income</li> <li>• For those receiving Monthly Mortgage payment Assistance, remaining funds must be sufficient to make 6 months of monthly mortgage payments following the reinstatement payment;</li> </ul>

<p><b>Property / Loan Eligibility Criteria</b></p>	<p>Property criteria includes:</p> <ul style="list-style-type: none"> <li>• Properties must be owner-occupied;</li> <li>• Properties can be one, two, three, and four units;</li> <li>• Properties must be the primary and sole residence of the borrowers;</li> <li>• Property types can include single-family homes, detached or attached houses, town homes, condos, mobile homes on permanent foundations recorded as real property;</li> </ul> <p>Loan criteria includes:</p> <ul style="list-style-type: none"> <li>• Loan must be secured by a first position lien;</li> <li>• Homeowners can have a maximum present mortgage amount of \$500,000;</li> <li>• Homeowners must carry a fixed rate mortgage or an adjustable rate mortgage;</li> </ul>
<p><b>Program Exclusions</b></p>	<ul style="list-style-type: none"> <li>• Homeowners with present mortgage payments (including escrow amounts, if any) payments less than 31% of current household income;</li> <li>• Homeowners with interest-only or negative amortization mortgages;</li> <li>• Assistance for subordinate mortgages;</li> <li>• Homeowners that own and/or are a party to mortgages on multiple residential properties;</li> <li>• Applicants unable to substantiate past and current income or failing to provide required program documentation as requested;</li> </ul>
<p><b>Structure of Assistance</b></p>	<p>Assistance will be in the form of a non-recourse, non-amortizing, zero-percent interest, ten-year forgivable loan. The forgivable loan will be recorded as a subordinate lien and will only be repaid if net equity proceeds exist in the event of sale or refinance. Following the first five years, the forgivable loan will be forgiven on a monthly basis for the remaining five-year term. Any forgivable loan repayments will be funneled back into the program and used to provide additional assistance to eligible homeowners until the conclusion of the program on December 31, 2017. After December 31, 2017, any remaining or returned funds will be returned to Treasury.</p>
<p><b>Per Household Assistance</b></p>	<p>The maximum amount of assistance per homeowner is \$25,000 in Illinois' hardest hit counties as defined in Section 3 above. The maximum assistance level in all other counties is \$20,000.</p>
<p><b>Duration of Assistance</b></p>	<p>Homeowners can receive assistance for a maximum of 18 months. Upon expending the maximum amount per household, assistance will terminate. If borrowers regain employment and earn sufficient income to adequately afford their mortgage</p>

	<p>during the 18 months, borrowers will be transitioned from the program over a 2 to 3 month period depending on the notification requirement to the servicer. Adequately affording the mortgage means having a mortgage debt-to-income ratio below 31% of monthly household income. Failure to make the partial monthly mortgage payment or any violation of program terms will terminate the homeowner's assistance.</p>
<b>Estimated Number of Participating Households</b>	<p>IHDA anticipates that 16,000 to 27,000 households will be assisted through the HHF HELP Program.</p>
<b>Program Inception / Duration</b>	<p>It is estimated that the Pilot/Readiness Test Program will begin approximately 120 -150 days after approval by Treasury.</p> <p>The Statewide Program launch will begin approximately 90 – 120 days post-Pilot/Readiness Test Program launch.</p> <p>Funds will likely be utilized within a 6-year period due to massive statewide demand, but returns to the fund may extend availability of funds in the program.</p>
<b>Program Interactions with Other HFA Programs</b>	<p>Households served under the National Foreclosure Mitigation Counseling (NFMC) Program may also be reviewed for HHF HELP eligibility.</p>
<b>Program Interactions with HAMP</b>	<p>Clients denied for a HAMP modification may be eligible for assistance through this program. Intake agencies evaluating eligibility for clients may also review for possible HAMP eligibility. Clients eligible for forbearance under the HAMP Unemployment Program may be eligible for assistance through HHF HELP. HHF HELP may precede, follow, or run concurrently with the HAMP UP forbearance.</p>
<b>Program Leverage with Other Financial Resources</b>	<p>The Program requires no financial contribution from servicers or lenders, but they will be encouraged to waive fees as the HHF HELP Program provides direct benefit to their loan portfolio. IHDA will work to collaborate with servicers and lenders to effectively manage payments and information of the borrowers.</p>
<b>Qualify as an Unemployment Program</b>	<p><input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No</p>