

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

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

**Recitals**

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

WHEREAS, on September 24, 2010 Treasury indicated that it would make \$3.5 billion of additional assistance available under the HHF Program for foreclosure prevention programs for homeowners struggling to make their mortgage payments in certain states that had previously received HHF Program funding for such purposes;

WHEREAS, Treasury desires to increase the available HHF Program funds available to Eligible Entity and as such, Treasury, HFA and Eligible Entity wish to enter into this Second Amendment to document all modifications and additional provisions necessary to address the additional HHF Program funds;

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

**Agreement**

**1. Amendments**

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

Current HPA to Schedules A or B shall mean the Schedules A or B attached to this Second Amendment. All references herein to the “HPA” shall mean the Current HPA, as further amended by this Second Amendment.

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

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

## **2. Representations, Warranties and Covenants**

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

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

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

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

## **3. Administrative Expenses**

Notwithstanding anything to the contrary contained in the Current HPA as amended by this Second Amendment, HFA and Eligible Entity may from time to time submit adjusted budgets to Treasury requesting approval to re-allocate HHF Funds to pay actual program expenses as set forth on a proposed Schedule C. In the event that Treasury shall approve an adjusted budget, in Treasury’s sole discretion, the parties shall enter into an amendment to the HPA to modify Schedules A, B and C as necessary.

**4. Miscellaneous**

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

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

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

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

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

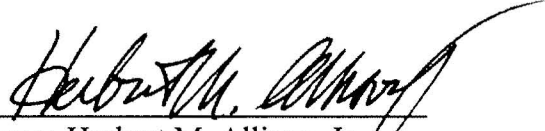
**HFA:**

SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT  
AUTHORITY

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

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

By:   
Name: Herbert M. Allison, Jr.  
Title: Assistant Secretary for  
Financial Stability

**ELIGIBLE ENTITY:**

SC HOUSING CORP.

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

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

**HFA:**

SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT  
AUTHORITY

**TREASURY:**

UNITED STATES DEPARTMENT OF THE  
TREASURY

By: /s/ Valarie M. Williams  
Name: Valarie M. Williams  
Title: Executive Director

By: \_\_\_\_\_  
Name: Herbert M. Allison, Jr.  
Title: Assistant Secretary for  
Financial Stability

**ELIGIBLE ENTITY:**

SC HOUSING CORP.

By: /s/ Valarie M. Williams  
Name: Valarie M. Williams  
Title: Executive Director

## **EXHIBITS AND SCHEDULES**

Schedule A Basic Information  
Schedule B Service Schedules

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

Eligible Entity Information:

Name of the Eligible Entity: SC Housing Corp. ("SCHC")

Corporate or other organizational form: Nonprofit corporation

Jurisdiction of organization: South Carolina

Notice Information:

HFA Information:

Name of HFA: South Carolina State Housing Finance and Development Authority

Organizational form: a public body, corporate and politic under the laws of the State of South Carolina

Date of Application: June 1, 2010

Date of Action Plan: September 1, 2010

Notice Information:

Program Participation Cap: \$295,431,547.00

Portion of Program Participation Cap Representing Original HHF Funds: \$138,000,000.00

<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$58,772,347.00
<u>Permitted Expenses:</u>	\$35,411,436.90
<u>Closing Date:</u>	August 3, 2010
<u>First Amendment Date:</u>	September 23, 2010
<u>Second Amendment Date:</u>	September 29, 2010
<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

### SC State Housing Finance and Development Authority Monthly Payment Assistance Program Summary Guidelines

<b>1. Program Overview</b>	<p>The Monthly Payment Assistance Program will assist eligible borrowers by making their full monthly mortgage payments for a period of time. The terms and length of assistance will vary based on the unemployment rate for the county in which the property is located, and will be reviewed periodically during the assistance period.</p> <p>Assistance under this Program will be capped at 24 months and \$36,000 per household, depending on county unemployment. (See Section 3 for more information.)</p>
<b>2. Program Goals</b>	<p>To bridge eligible borrowers across a gap in employment, or other short-term reduction in income, and allow them to stay current on their mortgages.</p>
<b>3. Target Population/ Areas</b>	<p>This Program will be available in all 46 counties in South Carolina, and is intended to assist borrowers with a short-term affordability problem.</p> <p>Additional assistance will be available to eligible homeowners living in targeted or "hardest hit" counties, those with unemployment rates greater than or equal to 12%. Such employment rate will be evaluated from time to time and may be adjusted due to changing economic conditions.</p>
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$212,159,200.00
<b>5. Borrower Eligibility Criteria</b>	<p>An eligible borrower must be a "Responsible Borrower." A "Responsible Borrower" is a borrower who is facing possible foreclosure due to circumstances beyond his/her control, i.e. underemployment, unemployment, death of a spouse, catastrophic medical expenses, and/or divorce, in addition to satisfying certain criteria.</p> <p>Other specific criteria:</p> <ul style="list-style-type: none"><li>• Borrower must be unemployed and receiving unemployment insurance ("UI") payments as administered by the State of South Carolina.</li><li>• Payment to Income ratio must exceed 38%, including UI payments.</li><li>• Borrower must provide a financial hardship affidavit.</li></ul>

	<ul style="list-style-type: none"> <li>• Mortgage can be no more than 90 days delinquent.</li> <li>• Mortgage must have been current for 12 months preceding unemployment with no more than two 30-day late occurrences.</li> <li>• Borrower must demonstrate continued efforts to become re-employed.</li> <li>• All final eligibility determinations will be made by SCHC.</li> <li>• Funds will be available on a first-come first served basis.</li> </ul>
<b>6. Property/Loan Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Eligible loans must be fixed term, fully amortizing, and the original loan amount must be within GSE limits.</li> <li>• Eligible properties must be owner-occupied primary residence located in South Carolina.</li> </ul>
<b>7. Program Exclusions</b>	<ul style="list-style-type: none"> <li>• Borrowers already under a non-South Carolina HFA Hardest-Hit Fund program will be ineligible to participate.</li> <li>• A borrower facing foreclosure due self-inflicted financial hardship and/or poor debt management, stripping the equity from their home for non-essential purposes, or overall mismanagement of their personal budget.</li> </ul>
<b>8. Structure of Assistance</b>	<p>Assistance under this Program will be provided in the form of a nonrecourse zero-percent interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan will be forgiven over a five (5) year period at a rate of 20% per year. If property is sold or refinanced prior to the loan termination date, funds will be recovered should sufficient equity be available from the transaction.</p> <p>Any loan payoff proceeds will be recycled for use within the Program and used to provide assistance to additional homeowners until December 31, 2017, at which time any proceeds shall be returned to Treasury.</p>
<b>9. Per Household Assistance</b>	Assistance under this Program will be capped at \$36,000 per household for targeted counties (as described in Section 3), and \$18,000 per household for all other counties. Expected Median: \$15,000
<b>10. Duration of Assistance</b>	Assistance under this Program will be capped at 24 months for targeted counties (as described in Section 3), and 12 months for all other counties.
<b>11. Estimated Number of Participating Households</b>	It is expected that that 4,200 – 8,500 families will be assisted under this Program.
<b>12. Program Inception/ Duration</b>	This Program will be available statewide within <b>90</b> days of execution of the Participation Agreement. It is expected that it will run for 60 months.

<p><b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b></p>	<p>This Program will interact with:</p> <ul style="list-style-type: none"> <li>• Direct Loan Assistance Program - Households that are delinquent at the time monthly assistance begins may be eligible for direct assistance to help with any capitalized arrearage that exists.</li> <li>• HAMP Assistance Program - Households successfully coming out of the Program may be eligible for HAMP Assistance to obtain a permanent modification.</li> <li>• Property Disposition Assistance Program - Households that are not self-supporting after exhausting allowable funding under this Program may be eligible for the Property Disposition Assistance Program.</li> </ul>
<p><b>14. Program Interactions with HAMP</b></p>	<p>The Program will effectively “hand off” the borrower to HAMP once the borrower is reemployed, if required. Households successfully coming out of the Program may be eligible for HAMP assistance to obtain a permanent modification.</p> <p>The funds from this Program would be utilized prior to UP. Implementing the Program in this order is most beneficial to the borrower and the investor since payments would continue to be made instead of capitalized and no late charges or adverse credit report would occur. Should the borrower still be unemployed after the assistance from this Program ends, they may be eligible to roll into UP.</p> <p>Beneficiaries who participated in UP prior to making application to SC HELP would be eligible to participate in this Program.</p> <p>It is also expected that this Program may act as a front-end extension of existing forbearance with deed-in-lieu wrap programs.</p>
<p><b>15. Program Leverage with Other Financial Resources</b></p>	<p>None.</p>
<p><b>16. Qualify as an Unemployment Program</b></p>	<p><input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No</p>

## SERVICE SCHEDULE B-2

### SC State Housing Finance and Development Authority Direct Loan Assistance Program Summary Guidelines

<b>1. Program Overview</b>	<p>In some cases borrowers may have fallen behind on their mortgage payments, but have since regained the ability to make the full payment. However, there may still be an accrued arrearage owed to the lender which, until paid, places a hardship on the borrower due to a continued accumulation of late fees and other charges. Under the Direct Loan Assistance Program, funding will be provided to bring such loans current. Funds may also be made available for principal reductions in order ensure long-term affordability.</p> <p>The terms of assistance will vary based on the unemployment rate for the county in which the property is located, and will be reviewed periodically during the assistance period.</p> <p>Assistance under this Program will be capped at \$10,000 per household, depending on county unemployment (See Section 3 for more detail.)</p> <p>Program is a one-time payment per borrower household.</p>
<b>2. Program Goals</b>	To help borrowers become current on their mortgage following a brief interruption or reduction in income and to ensure long-term affordability.
<b>3. Target Population/ Areas</b>	<p>This Program will be available in all 46 counties in South Carolina.</p> <p>Additional assistance will be available to eligible homeowners living in targeted or "hardest hit" counties, those with unemployment rates greater than or equal to 12%. Such employment rate will be evaluated from time to time and may be adjusted due to changing economic conditions.</p>
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$19,000,000.10
<b>5. Borrower Eligibility Criteria</b>	An eligible borrower must be a "Responsible Borrower." A "Responsible Borrower" is a borrower who is facing possible foreclosure due to circumstances beyond his/her control, i.e. underemployment, unemployment, death of a spouse, catastrophic medical expenses, and/or divorce, in addition to satisfying certain criteria.

	<p>Other specific criteria:</p> <ul style="list-style-type: none"> <li>• Must be able to demonstrate that delinquency was the result of circumstances beyond the borrower's control.</li> <li>• Payment to Income ratio must not exceed 31%.</li> <li>• Borrower must provide a financial hardship affidavit.</li> <li>• Mortgage can be no more than 90 days delinquent.</li> <li>• Mortgage must have been current for 12 months preceding delinquency event with no more than two 30-day late occurrences.</li> <li>• Borrower must demonstrate that circumstances that led to the delinquency have been resolved.</li> <li>• All final eligibility determinations will be made by SCHC.</li> <li>• Funds will be available on a first-come first served basis.</li> </ul>
<b>6. Property/Loan Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Eligible loans must be fixed term, fully amortizing, and the original loan amount must be within GSE limits.</li> <li>• Eligible properties must be owner-occupied primary residence located in South Carolina.</li> </ul>
<b>7. Program Exclusions</b>	A borrower facing foreclosure due self-inflicted financial hardship and/or poor debt management, stripping the equity from their home for non-essential purposes, or overall mismanagement of their personal budget.
<b>8. Structure of Assistance</b>	<p>Assistance under this Program will be provided in the form of a nonrecourse zero-percent interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan will be forgiven over a five (5) year period at a rate of 20% per year. If property is sold or refinanced prior to the loan termination date, funds will be recovered should sufficient equity be available from the transaction.</p> <p>Any loan payoff proceeds will be recycled for use within the Program and used to provide assistance to additional homeowners until December 31, 2017, at which time any proceeds shall be returned to Treasury.</p>
<b>9. Per Household Assistance</b>	Assistance under this Program will be capped at \$10,000 per household for targeted counties (as described in Section 3), and \$5,000 per household for all other counties. Expected Median: \$7,000.
<b>10. Duration of Assistance</b>	Program is a one-time payment per borrower household.
<b>11. Estimated Number of Participating Households</b>	It is expected that that 2,400 – 2,500 families will be assisted under this Program.
<b>12. Program Inception/ Duration</b>	This Program will be available statewide within 90 days of execution of the Participation Agreement. It is expected that it will run for 60 months.

<p><b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b></p>	<p>This Program will interact with the following South Carolina HFA Hardest-Hit Fund Programs:</p> <ul style="list-style-type: none"> <li>• <b>HAMP Assistance Program – One of the primary goals of the Program is to prepare borrowers for a HAMP modification. Homeowners may progress to the HAMP Assistance Program</b></li> <li>• Monthly Payment Assistance Program – Households with a capitalized arrearage and a temporarily reduced level of income may be eligible for the Program and the Monthly Payment Assistance Program to cure the immediate delinquency and to insure that further delinquencies are not incurred.</li> <li>• Second Mortgage Assistance Program – The Program may be combined with the Second Mortgage Assistance Program in circumstances where the borrower has a capitalized arrearage and a non-participating second lien holder.</li> </ul>
<p><b>14. Program Interactions with HAMP</b></p>	<p>This Program may be used in conjunction with the HAMP Assistance Program to assist the borrower become eligible for HAMP or to cure an accrued delinquency for a borrower already under a HAMP modification.</p>
<p><b>15. Program Leverage with Other Financial Resources</b></p>	<p>Servicer/Investor will be required to waive all non-expense fees (i.e. late fees).</p>
<p><b>16. Qualify as an Unemployment Program</b></p>	<p><input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>

## SERVICE SCHEDULE B-3

### SC State Housing Finance and Development Authority HAMP Assistance Program Summary Guidelines

<b>1. Program Overview</b>	<p>The majority of lenders in South Carolina are offering troubled borrowers the opportunity to modify their loans under certain circumstances. The most notable of these programs is the Home Affordable Modification Program (“HAMP”). According to many loan servicers, there are many borrowers whose proposed modifications fail the net-present-value (NPV) test for eligibility by a relatively small amount. Under the HAMP Assistance Program, funding will be provided to bridge the gap so that the mortgage can be modified to an affordable level.</p> <p>Assistance under this Program will be capped \$5,000 per household.</p> <p>Program is a one-time payment per borrower household.</p>
<b>2. Program Goals</b>	To provide limited funding to help borrowers become eligible for HAMP.
<b>3. Target Population/ Areas</b>	This Program will be available in all 46 counties in South Carolina.
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$5,000,000.00
<b>5. Borrower Eligibility Criteria</b>	<p>An eligible borrower must be a “Responsible Borrower.” A “Responsible Borrower” is a borrower who is facing possible foreclosure due to circumstances beyond his/her control, i.e. underemployment, unemployment, death of a spouse, catastrophic medical expenses, and/or divorce, in addition to satisfying certain criteria.</p> <p>Other specific criteria:</p> <ul style="list-style-type: none"><li>• Must be able to demonstrate that delinquency was the result of circumstances beyond the borrower’s control.</li><li>• Borrower must provide a financial hardship affidavit.</li><li>• Must meet all other HAMP requirements.</li><li>• Must successfully complete HAMP trial period prior to final payment to investor.</li><li>• All final eligibility determinations will be made by SCHC.</li><li>• Funds will be available on a first-come first served basis.</li></ul>



<b>6. Property/Loan Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Eligible loans must be fixed term, fully amortizing, and the original loan amount must be within GSE limits.</li> <li>• Eligible properties must be owner-occupied primary residence located in South Carolina.</li> </ul>
<b>7. Program Exclusions</b>	A borrower facing foreclosure due self-inflicted financial hardship and/or poor debt management, stripping the equity from their home for non-essential purposes, or overall mismanagement of their personal budget.
<b>8. Structure of Assistance</b>	<p>Assistance under this Program will be provided in the form of a nonrecourse zero-percent interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan will be forgiven over a five (5) year period at a rate of 20% per year. If property is sold or refinanced prior to the loan termination date, funds will be recovered should sufficient equity be available from the transaction.</p> <p>Any loan payoff proceeds will be recycled for use within the Program and used to provide assistance to additional homeowners until December 31, 2017, at which time any proceeds shall be returned to Treasury.</p>
<b>9. Per Household Assistance</b>	<p>Assistance under this Program will be capped \$5,000 per household.</p> <p>Expected Median: \$4,000.</p>
<b>10. Duration of Assistance</b>	Program is a one-time payment per borrower household.
<b>11. Estimated Number of Participating Households</b>	It is expected that that 1,000 – 1,500 families will be assisted under this Program.
<b>12. Program Inception/ Duration</b>	This Program will be available statewide within 120 days of execution of the Participation Agreement. It is expected that it will run for 60 months.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	<p>This Program will interact with the following South Carolina HFA Hardest-Hit Fund Programs:</p> <ul style="list-style-type: none"> <li>• Monthly Payment Assistance- Households successfully coming out of the Monthly Assistance Program may be eligible for this Program to obtain a permanent modification.</li> <li>• Second Mortgage Assistance – Households may need direct HAMP assistance to cure an NPV fail along with assistance to insure that a non-participating second lien holder will agree to the revised terms.</li> </ul>
<b>14. Program Interactions with HAMP</b>	This Program is intended be used in conjunction with HAMP to assist with borrower eligibility.
<b>15. Program Leverage with Other Financial Resources</b>	Servicer/Investor will be required to waive all non-expense fees (i.e. late fees).

<b>16. Qualify as an Unemployment Program</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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## SERVICE SCHEDULE B-4

### SC State Housing Finance and Development Authority Second Mortgage Assistance Program Summary Guidelines

<b>1. Program Overview</b>	<p>Many borrowers find themselves ineligible for HAMP or other modification programs due to the presence of a second lien where the investor holding that lien is unwilling or unable to agree to the modified loan terms, or the servicer is not a HAMP participating entity. Under the Second Mortgage Assistance Program, funding will be used to either provide a financial incentive to the servicer/investor, or, in some cases, to acquire the second lien from the current servicer/investor, thus making the borrower eligible for first mortgage modification programs, including HAMP.</p> <p>The terms of assistance will vary based on the unemployment rate for the county in which the property is located, and will be reviewed periodically during the assistance period.</p> <p>Assistance under this Program will be capped at \$10,000 per household, depending on county unemployment. (See Section 3 for more detail.)</p> <p>Program is a one-time payment per borrower household.</p>
<b>2. Program Goals</b>	<p>To provide a financial incentive to the services/investor, or, in some cases, to acquire the second lien from the current servicer/investor, thus making the borrower eligible for first mortgage modification.</p>
<b>3. Target Population/ Areas</b>	<p>This Program will be available in all 46 counties in South Carolina, and is intended to assist borrowers with a short-term affordability problem.</p> <p>Additional assistance will be available to eligible homeowners living in targeted or "hardest hit" counties, those with unemployment rates greater than or equal to 12%. Such employment rate will be evaluated from time to time and may be adjusted due to changing economic conditions.</p>
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$11,860,910.00
<b>5. Borrower Eligibility Criteria</b>	<p>An eligible borrower must be a "Responsible Borrower." A "Responsible Borrower" is a borrower who is facing possible foreclosure due to circumstances beyond his/her control, i.e.</p>

	<p>underemployment, unemployment, death of a spouse, catastrophic medical expenses, and/or divorce, in addition to satisfying certain criteria.</p> <p>Other specific criteria:</p> <ul style="list-style-type: none"> <li>• Must be able to demonstrate that delinquency was the result of circumstances beyond the borrower’s control.</li> <li>• Borrower must provide a financial hardship affidavit.</li> <li>• Must meet all HAMP requirements.</li> <li>• All final eligibility determinations will be made by SCHC.</li> <li>• Funds will be available on a first-come first served basis.</li> </ul>
<b>6. Property/Loan Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Eligible (first mortgage) loans must be fixed term, fully amortizing, and the original loan amount must be within GSE limits.</li> <li>• Eligible properties must be owner-occupied primary residence located in South Carolina.</li> </ul>
<b>7. Program Exclusions</b>	<ul style="list-style-type: none"> <li>• Subordinate mortgages where the proceeds were used for something other than acquiring, improving, or preserving the subject property will be ineligible.</li> <li>• A borrower facing foreclosure due self-inflicted financial hardship and/or poor debt management, stripping the equity from their home for non-essential purposes, or overall mismanagement of their personal budget.</li> <li>• Borrower is HAMP eligible and the second mortgage is held by a 2MP servicer.</li> </ul>
<b>8. Structure of Assistance</b>	<p>Assistance under this Program will be provided in the form of a nonrecourse zero-percent interest, non-amortizing, forgivable loan secured by a subordinate lien on the subject property. The loan will be forgiven over a five (5) year period at a rate of 20% per year. If property is sold or refinanced prior to the loan termination date, funds will be recovered should sufficient equity be available from the transaction.</p> <p>Any loan payoff proceeds will be recycled for use within the Program and used to provide assistance to additional homeowners until December 31, 2017, at which time any proceeds shall be returned to Treasury.</p>
<b>9. Per Household Assistance</b>	<p>Assistance under this Program will be capped at \$10,000 per household for targeted counties (as described in Section 3), and \$7,500 per household for all other counties. Expected Median: \$8,000.</p>
<b>10. Duration of Assistance</b>	<p>Program is a one-time payment per borrower household.</p>
<b>11. Estimated Number of Participating Households</b>	<p>It is expected that that 1,600 – 2,600 families will be assisted under this Program.</p>

<b>12. Program Inception/ Duration</b>	This Program will be available statewide within 120 days of execution of the Participation Agreement. It is expected that it will run for 60 months.
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	<p>This Program will interact with the following South Carolina HFA Hardest-Hit Fund Programs:</p> <ul style="list-style-type: none"> <li>• HAMP Assistance Program - Households may need direct assistance to cure an NPV fail along with assistance to insure that a non-participating second lien holder will agree to the revised terms.</li> <li>• Direct Loan Assistance Program - May be combined with the Second Mortgage Assistance Program in circumstances where the borrower has a capitalized arrearage and a non-participating second lien holder.</li> </ul>
<b>14. Program Interactions with HAMP</b>	This Program may be used in conjunction with HAMP to assist with borrower eligibility.
<b>15. Program Leverage with Other Financial Resources</b>	None.
<b>16. Qualify as an Unemployment Program</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## SERVICE SCHEDULE B-5

### SC State Housing Finance and Development Authority Property Disposition Assistance Program Summary Guidelines

<b>1. Program Overview</b>	<p>There may be a segment of borrowers whose position is unrecoverable, and who need assistance in gracefully exiting homeownership. The Property Disposition Assistance Program will be used to facilitate short sales and deeds in lieu of foreclosure, as well as to help provide deposits and other funds needed to transition families from homeownership to renting.</p> <p>The terms of assistance will vary based on the unemployment rate for the county in which the property is located, and will be reviewed periodically during the assistance period.</p> <p>Assistance under this Program will be capped at \$5,000 per household. (See Section 3 for more detail.)</p> <p>Program is a one-time payment per borrower household.</p>
<b>2. Program Goals</b>	To assist borrowers in unrecoverable situations in transitioning from homeownership to rental housing.
<b>3. Target Population/ Areas</b>	<p>This Program will be available in all 46 counties in South Carolina, and is intended to assist borrowers with a long-term or permanent affordability problem with little expectation for financial recovery.</p> <p>Additional assistance will be available to eligible homeowners living in targeted or "hardest hit" counties, those with unemployment rates greater than or equal to 12%. Such employment rate will be evaluated from time to time and may be adjusted due to changing economic conditions.</p>
<b>4. Program Allocation (Excluding Administrative Expenses)</b>	\$12,000,000.00
<b>5. Borrower Eligibility Criteria</b>	<p>An eligible borrower must be a "Responsible Borrower." A "Responsible Borrower" is a borrower who is facing possible foreclosure due to circumstances beyond his/her control, i.e. underemployment, unemployment, death of a spouse, catastrophic medical expenses, and/or divorce, in addition to satisfying certain criteria.</p> <p>Other specific criteria:</p> <ul style="list-style-type: none"><li>• Circumstances leading to delinquency and foreclosure</li></ul>

	<p>event must be beyond the borrower’s control, and must be properly documented.</p> <ul style="list-style-type: none"> <li>• Payment to Income ratio must exceed 45%, including UI payments from South Carolina.</li> <li>• Borrower must provide a financial hardship affidavit.</li> <li>• Delinquency event must be ongoing with little or no expectation for financial recovery (i.e. prolonged under-employment, divorce, death of a spouse, etc.).</li> <li>• All final eligibility determinations will be made by SCHC.</li> <li>• Funds will be available on a first-come first served basis.</li> </ul>
<b>6. Property/Loan Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• Eligible loans must be fixed term, fully amortizing, and the original loan amount must be within GSE limits.</li> <li>• Eligible properties must be owner-occupied primary residence located in South Carolina.</li> </ul>
<b>7. Program Exclusions</b>	<ul style="list-style-type: none"> <li>• Borrower facing foreclosure due self-inflicted financial hardship and/or poor debt management, stripping the equity from their home for non-essential purposes, or overall mismanagement of their personal budget.</li> <li>• Borrower receiving assistance under the Home Affordable Foreclosure Alternative (HAFA) Program.</li> </ul>
<b>8. Structure of Assistance</b>	<p>Assistance under this Program will be provided directly to the homeowner, and will not be structured as a loan, nor will it be secured by the subject property. No payments may be made directly to homeowners until a short sale, cash for keys or deed-in-lieu agreement is executed.</p>
<b>9. Per Household Assistance</b>	<p>Assistance under this Program will be capped at \$5,000 per household for targeted counties (as described in Section 3), and \$3,000 per household for all other counties. Expected Median: \$4,000</p>
<b>10. Duration of Assistance</b>	<p>Program is a one-time payment to borrowers.</p>
<b>11. Estimated Number of Participating Households</b>	<p>It is expected that that 2,200 – 3,700 families will be assisted under this Program.</p>
<b>12. Program Inception/ Duration</b>	<p>This Program will be available statewide within 120 days of execution of the Participation Agreement. It is expected that it will run for 60 months.</p>
<b>13. Program Interactions with Other Programs (e.g. other HFA programs)</b>	<p>This Program will interact with the following South Carolina HFA Hardest-Hit Fund Programs:</p> <ul style="list-style-type: none"> <li>• Monthly Payment Assistance Program - Households that are not self-supporting after exhausting allowable funding under the Monthly Payment Assistance Program may be eligible for this Program.</li> </ul>

<b>14. Program Interactions with HAMP</b>	None.
<b>15. Program Leverage with Other Financial Resources</b>	None.
<b>16. Qualify as an Unemployment Program</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No