

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

This First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement (the “First Amendment”) is entered into as of the date set forth on Schedule A attached hereto as the First 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 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 First 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 Original HPA to the “Agreement” shall mean the Original HPA, as amended by this First Amendment; and all references in the Original HPA to Schedules A or B shall mean the Schedules A or B attached to this First Amendment. All references herein to the “HPA” shall mean the Original HPA, as amended by this First Amendment.

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

C. Schedule B. Schedule B attached to the Original HPA is hereby deleted in its entirety and replaced with Schedule B attached to this First 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 First Amendment and any other closing documentation delivered to Treasury in connection with this First 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 First Amendment and any other closing documentation delivered to Treasury in connection with this First Amendment, and to perform its obligations hereunder and thereunder.

3. Administrative Expenses

Notwithstanding anything to the contrary contained in the Original HPA as amended by this First 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 First 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.

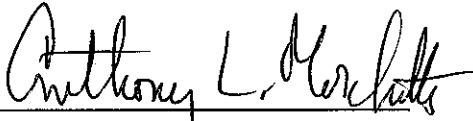
D. This First Amendment may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or electronic copies of this First Amendment shall be treated 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 First Amendment to Commitment to Purchase Financial Instrument and HFA Participation Agreement as of the Amendment Date.

HFA:

NEW JERSEY HOUSING AND
MORTGAGE FINANCE AGENCY

By: 
Name: _____
Title: _____

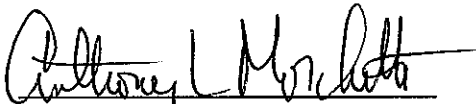
TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

NEW JERSEY HOUSING AND
MORTGAGE FINANCE AGENCY

By: 
Name: _____
Title: _____

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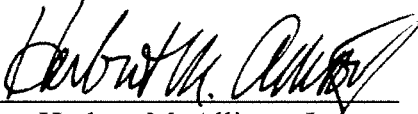
HFA:

NEW JERSEY HOUSING AND
MORTGAGE FINANCE AGENCY

By: _____
Name:
Title:

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

NEW JERSEY HOUSING AND
MORTGAGE FINANCE AGENCY

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: New Jersey Housing and Mortgage Finance Agency¹

Corporate or other organizational form: body, politic and corporate of the State of New Jersey established and existing under the New Jersey Statutes Annotated (N.J.S.A.) § 55:14K et. seq.

Jurisdiction of organization: New Jersey

Notice Information: Tracce Battis, Chief of Programs
NJHMFA
637 South Clinton Avenue
P.O. Box 18550
Trenton, NJ 08650-2085
Fax: (609) 278-1754
Phone: (609) 278-7450
Email: TBattis@NJHMFA.State.NJ.US

HFA Information:

Name of HFA: New Jersey Housing and Mortgage Finance Agency

Organizational form: body, politic and corporate of the State of New Jersey established and existing under the New Jersey Statutes Annotated (N.J.S.A.) § 55:14K et. seq.

Date of Application: September 1, 2010

Notice Information: Same as notice information for Eligible Entity.

Program Participation Cap: \$300,548,144.00

**Portion of Program Participation Cap
Representing Unemployment HHF Funds:** \$112,200,637.00

¹ References in the Agreement to the term “HFA” shall mean the New Jersey Housing and Mortgage Finance Agency (“NJHMFA”) 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 NJHMFA, in its capacity as Eligible Entity as such term is used in the Agreement.

<u>Permitted Expenses:</u>	\$15,184,490.00
<u>Closing Date:</u>	September 23, 2010
<u>First 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 Original 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.

New Jersey Housing and Mortgage Finance Agency

NEW JERSEY HOMEKEEPER PROGRAM (NJHK)

Summary Guidelines

<p>1. Program Overview</p>	<p>The New Jersey Housing and Mortgage Finance Agency (NJHMFA) has created the New Jersey HomeKeeper Program (NJHK).</p> <p>This program will provide 0% interest rate, deferred-payment mortgage loans to unemployed and substantially underemployed homeowners who, through no fault of their own, are financially unable to make their mortgage payments and are in danger of losing their homes to foreclosure. While the homeowner seeks work or job training for a new career, NJHK loan proceeds may be used to cover mortgage arrearages and/or an approved amount of homeowner monthly mortgage payments including principal and interest, property taxes, property insurance, mortgage insurance and, if applicable, homeowner association dues.</p> <p>The housing counseling agency shall recommend - and the NJHK staff shall review for approval – a plan of action for each homeowner that addresses the proposed use of NJHK mortgage loan proceeds for these key purposes:</p> <ul style="list-style-type: none">■ One-time payment to settle mortgage arrearages accumulated during a period of unemployment [Note: Assistance may only cover arrearages accumulated during a period of unemployment or substantial underemployment.] for homeowners who experienced lost employment income and have since found new work but need help to bring their mortgage current; and/or■ Payment of arrearages as needed and an approved amount of mortgage payment assistance while the homeowner actively seeks work or participates in an approved job training program. The homeowner will be expected to report on and document employment status on a regular basis in accordance with program requirements. <p>The maximum NJHK mortgage loan amount shall be \$48,000. All loan proceeds shall be held in escrow by the NJHK and may be used to pay existing mortgage arrearages and/or an approved amount of the homeowner's existing mortgage payments each month for a period of time not exceeding 24 months. Existing</p>
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	mortgage payments include principal and interest, property taxes, homeowner insurance, mortgage insurance and homeowner association dues (if any).
2. Program Goals	The goal of the NJHK Program is to promote neighborhood stability in New Jersey communities by providing assistance with mortgage arrears and mortgage payments to eligible homeowners who, through no fault of their own, are in danger of foreclosure due to a temporary loss of employment or unexpected substantial underemployment <u>and</u> are in the process of seeking work or job training that will enable them to resume making their mortgage payments in full.
3. Target Population / Areas	The program will be offered statewide.
4. Program Allocation (Excluding Administrative Expenses)	\$285,363,654.00
5. Borrower Eligibility Criteria	<p>Eligible homeowners are not subject to maximum household income limits. Homeowners must be in danger of foreclosure due to a temporary loss of employment-related household income that occurred through no fault of their own.</p> <p>In addition to meeting other program underwriting criteria, eligible homeowners:</p> <ul style="list-style-type: none"> ■ May be current on mortgage payments but are expected to become delinquent within a 90-day period due to loss of employment income OR may be 30 days or more delinquent on mortgage payments due to loss of employment income; ■ Must provide a notarized financial Hardship Affidavit attesting to their inability to make mortgage payments. Loss of employment must be documented in accordance with program underwriting requirements, including evidence from the state unemployment office or, if unavailable, a notarized letter from the former employer indicating the unemployment or underemployment was not the fault of the borrower; ■ Must have paid all mortgage payments satisfactorily prior to the unemployment or substantial underemployment;

	<ul style="list-style-type: none"> ■ Must exhaust other available financial resources/assets (excluding recognized retirement and education savings plans) before qualifying for assistance, except that they may keep liquid assets amounting to a maximum of six months of mortgage payments; ■ Must be paying, as a result of employment income loss, more than 31% of gross household income each month to cover all existing mortgage payments (including principal and interest, property taxes, homeowners insurance, mortgage insurance and, if applicable, homeowner association fees); ■ Must have no more than a combined total of \$429,619 for a one-unit dwelling or \$550,005 for a two-family dwelling in outstanding principal balance due on all existing mortgage loan(s) on the home at the time of application; ■ Must have a combined loan-to-value ratio of no more than 125% for all mortgages on the home, including the proposed NJHK mortgage; and ■ Must participate and cooperate in sessions with an NJHK-approved housing counseling agency, which will help provide advice on all available programs and solutions for the homeowner, including the NJHK. <p>NJHK assistance shall be provided on a first come, first served basis.</p>
<p>6. Property / Loan Eligibility Criteria</p>	<p>The eligible homeowner must own and occupy a home located in New Jersey and must have acquired the home on or before January 1, 2009.</p> <p>The home must contain one or two dwelling units, be an attached or detached house a condominium unit or a manufactured home on a foundation permanently affixed to real property owned by the homeowner.</p>
<p>7. Program Exclusions</p>	<p>Homeowners owning other real estate (including, but not limited to, a timeshare) at the time of application are ineligible.</p>
<p>8. Structure of Assistance</p>	<p>All assistance shall be provided to the homeowner in the form of a 0% interest rate, deferred-payment, non-recourse loan secured by a mortgage that will be recorded and will take a junior lien position on the home. This NJHK mortgage loan shall require no</p>

	<p>monthly payments from the homeowner.</p> <p>Within the first five years of the closing date of the NJHK mortgage loan, the full amount of the NJHK mortgage loan shall be due and payable upon the sale <u>or</u> upon the transfer <u>or</u> upon the refinance of the property (except for a lower rate/term refinance) <u>or</u> if the applicant ceases to occupy the property as his/her primary residence in the event there are sufficient equity proceeds available from such transaction. After the fifth year, the NJHK mortgage loan amount shall be forgiven 20% per year, to be forgiven in full at the end of the tenth year.</p> <p>All borrowers will be required to sign and acknowledge the program guidelines and any and all other program requirements, including employment status reporting.</p> <p>Any funds repaid to the NJHK by NJHK recipients in accordance with established program guidelines will be recaptured and may be used to assist additional homeowners up to December 31, 2017. After this date, all remaining and recaptured funds will be returned to the U.S. Treasury.</p>
9. Per Household Assistance	The average NJHK mortgage loan amount per household is expected to be \$38,000.
10. Duration of Assistance	Each borrower may receive up to 24 months of assistance. Reinstatement/arrearage assistance will be a one time payment.
11. Estimated Number of Participating Households	The estimated number of participating households is 2,500 assuming an average assistance loan of \$38,000.
12. Program Inception / Duration	It is anticipated that the program will start with a 3 month pilot program to begin within 90 days of U.S. Treasury's funding. At the end of the 3-month period, NJHMFA along with key stakeholders will review the NJKA Program and make the necessary changes, as are approved by Treasury, in order to better serve New Jersey's unemployed and substantially underemployed homeowners. Mortgage loan originations with this funding will take place over a three-year period until funds are exhausted. Subsequent originations may be made up to December 31, 2017 using any homeowner loan repayment funds.
13. Program Interactions with Other HFA Programs	<p>Homeowners shall be provided all available options for assistance during their sessions with participating housing counseling agencies.</p> <p>Homeowners may also access more than one of the NJHMFA's</p>

	<p>programs as appropriate, including the Mortgage Assistance Pilot (MAP) program, which is designed for homeowners who were temporarily unemployed and then recently re-employed and who need arrearage payoffs only (funding for this program is limited). The NJHMFA also administers the New Jersey Judiciary Foreclosure Mediation Program which involves counselor/mortgage lender/homeowner mediations that are scheduled and supervised by the courts.</p>
<p>14. Program Interactions with HAMP</p>	<p>Homeowners shall be provided all available options for assistance during their sessions with participating housing counseling agencies. This includes assistance available under HAMP. Determination of homeowner eligibility for HAMP or UP will be made and utilized before any determination of homeowner eligibility for HomeKeeper. NJHMFA's intake application for HomeKeeper will include information that will help participating counselors to make these preliminary determinations.</p>
<p>15. Program Leverage with Other Financial Resources</p>	<p>None</p>
<p>16. Qualify as an Unemployment Program</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>