

**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:

TENNESSEE HOUSING DEVELOPMENT
AGENCY

By: /s/ Ted R. Fellman
Name: Ted R. Fellman
Title: Executive Director

TREASURY:

UNITED STATES DEPARTMENT OF THE
TREASURY

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

ELIGIBLE ENTITY:

TENNESSEE HOUSING DEVELOPMENT
AGENCY

By: /s/ Ted R. Fellman
Name: Ted R. Fellman
Title: Executive Director

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.

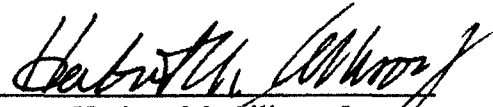
HFA:

TENNESSEE HOUSING DEVELOPMENT
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:

TENNESSEE HOUSING DEVELOPMENT
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:	Tennessee Housing Development Agency ¹
Corporate or other organizational form:	body, politic and corporate; political subdivision and instrumentality of the State of Tennessee, established and existing under the Tennessee Housing Development Agency Act, Tenn. Code Ann. § 13-23-101 et seq.
Jurisdiction of organization:	Tennessee
Notice Information:	

HFA Information:

Name of HFA:	Tennessee Housing Development Agency ¹
Organizational form:	body, politic and corporate; political subdivision and instrumentality of the State of Tennessee, established and existing under the Tennessee Housing Development Agency Act, Tenn. Code Ann. § 13-23-101 et seq.
Date of Application:	September 1, 2010

¹ References in the Agreement to the term “HFA” shall mean the Tennessee Housing Development Agency (“THDA”) 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 THDA, 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, annual audited financial statements shall be due no later than one hundred eighty (180) days after the end of THDA’s fiscal year, and (B) for purposes of Section 7 thereof, the powers and authority of THDA shall be governed and construed in accordance with the laws of the State of Tennessee.

For the avoidance of doubt, THDA has no obligation to ensure that the funds in the Depository Account are collateralized should the amount of money in the account be in excess of the FDIC insurance limits.

Notice Information:

<u>Program Participation Cap:</u>	\$217,315,593.00
<u>Portion of Program Participation Cap Representing Unemployment HHF Funds:</u>	\$81,128,260.00
<u>Permitted Expenses:</u>	\$10,584,411.40
<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.

SCHEDULE B-1
Tennessee Housing Development Agency

Hardest Hit Fund Program (HHFP)

Summary Guidelines

<p>1. Program Overview</p>	<p>The Tennessee Housing Development Agency (THDA) Hardest Hit Fund Program (HHFP) will provide loans to unemployed or 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. Loan proceeds will be used to pay all mortgage and mortgage-related expenses (e.g., property taxes, homeowner insurance, homeowner dues) until the homeowner secures employment or completes training for a new career. Homeowners who have found a new job, but during a period of unemployment accumulated payment arrearages, reinstatement assistance will be available.</p>
<p>2. Program Goals</p>	<p>To assist unemployed, or substantially underemployed, homeowners to remain in their homes and make monthly payments on their mortgages and mortgage related expenses such as property taxes, homeowner insurance, homeowner dues, and/or past-due mortgage payments (arrearages) that accumulated during a period of unemployment (or substantial underemployment) so that they may avoid delinquency and foreclosure.</p>
<p>3. Target Population / Areas</p>	<p>This program will be available in all Tennessee counties. THDA will provide additional assistance over a longer period of time to eligible homeowners living in targeted or “hardest hit” counties, defined as those counties showing greater than average distress based on a combination of unemployment rate, the percent of the state’s foreclosures in that county, and delinquency rates. Twenty-nine counties were chosen as targeted based on the fact that they scored high on two of three factors, as follows: having an unemployment rate at or above the state average rate, having a high percentage of the state’s foreclosure filings (in the 75th percentile of counties), having a high delinquency rate (again, in the 75th percentile of counties).</p>
<p>4. Program Allocation (Excluding Administrative Expenses)</p>	<p>\$206,731,181.60</p>
<p>5. Borrower Eligibility Criteria</p>	<p>Unemployed or substantially underemployed homeowners who, through no fault of their own, are unable to make their mortgage payments and are at risk of foreclosure. Homeowners will be</p>

required to provide a financial hardship affidavit with appropriate documentation as to the cause of their hardship. For most homeowners, this will be documentation from the Department of Labor and Workforce Development confirming a job loss and receipt of unemployment benefits. If information from the Department of Labor and Workforce Development is unavailable, a notarized letter from the former employer indicating job loss was not the fault of the borrower will serve as a substitute. Self-employed borrowers will be required to submit prior tax returns and a current profit and loss statement to show a loss of income. Homeowners will be required to provide continual documentation certifying to their ongoing hardship.

Employed homeowners who have previously been unemployed or substantially underemployed and who are delinquent because of arrearages accumulated during such period of unemployment or substantial underemployment, but who can resume future payments without additional assistance.

Substantially underemployed homeowners whose income has been reduced by 50% or more.

The event or incident which results in unemployment or substantially underemployment must have occurred after January 1, 2008.

History of timely mortgage payments prior to the job loss/reduction of income.

Principal, Interest, Taxes and Insurance >31% of household income after job loss/reduction of income.

Asset test: Borrower must not have >6 months reserves

Borrower must be a low or moderate income homeowner (maximum \$74,980 household income).

Eligibility for program assistance will be determined primarily by participating foreclosure prevention partners using THDA underwriting criteria stated above.

Funds will be allocated on a first come/approved, first served basis.

<p>6. Property / Loan Eligibility Criteria</p>	<p>Existing single-family homes or condominiums (attached or detached) including manufactured homes on foundations permanently affixed to real estate owned by the borrower.</p> <p>Tennessee owner-occupied, primary residences only.</p>
<p>7. Program Exclusions</p>	<p>Total Unpaid Principal Balances > \$226,100</p> <p>Manufactured Homes not considered real property</p> <p>Non-legal U.S. resident</p>
<p>8. Structure of Assistance</p>	<p>0% interest, non-recourse, deferred-payment, forgivable, subordinate loan. A forgiveness clause will reduce the loan amount by 20% a year for every year the borrower stays in the home up until 5 years. At the end of 5 years the note will be considered satisfied and THDA will release the lien securing the note.</p> <p>Loan funds are due and payable if property is sold, refinanced or no longer owner occupied and there are sufficient equity proceeds available (unless otherwise prohibited under applicable federal law).</p> <p>All deferred, subordinate mortgages will be evidenced by a Home Equity Line of Credit promissory note and secured by a deed of trust on the property. Borrowers will be required to sign and acknowledge via written agreement indicating the program guidelines.</p> <p>Any funds returned according to established program guidelines will be recaptured and used to assist additional homeowners through December 31, 2017. After December 31, 2017, any remaining or recaptured funds will be returned to Treasury.</p>
<p>9. Per Household Assistance</p>	<p>Maximum amount available per homeowner:</p> <ul style="list-style-type: none"> • Standard benefit counties: \$12,000 up to 12 months • Targeted benefit counties: \$18,000 up to 18 months • There is no maximum monthly payment amount; however, total loan amount cannot exceed applicable benefit.

10. Duration of Assistance	<p>Homeowners may receive assistance up to a maximum of 12 or 18 months (depending on county). Should a homeowner become reemployed within the applicable period, the homeowner may continue receiving assistance for up to an additional 2 months after reemployment. Additionally, if a homeowner becomes reemployed within the applicable period and the homeowner's mortgage payment exceeds 31% of their current income, they are eligible for continued assistance.</p> <p>Any reinstatement assistance shall be made in one payment.</p>
11. Estimated Number of Participating Households	<p>5,015 homeowners over the next 3 years with an average loan amount of \$14,640. Recaptured funds will be recycled and used for additional homeowners which could extend the program until as late as December 31, 2017.</p>
12. Program Inception / Duration	<p>Program will begin serving the targeted, hardest hit counties December 1, 2010. Subsequently, on February 1, 2011, the Standard benefit counties will become eligible for the program. Program is expected to run until December 31, 2013, but will continue until all funds are exhausted. Recaptured funds will be recycled and used for additional homeowners which could extend the program until as late as December 31, 2017.</p>
13. Program Interactions with Other HFA Programs	<p>Borrowers are eligible for THDA's Great Save loan program through December 31, 2010, in order to refinance their existing sub-prime, ARM originated prior to January 1, 2008.</p>
14. Program Interactions with HAMP	<p>Borrowers can receive HAMP assistance (including UP program assistance) prior to or after receiving Hardest Hit Fund assistance.</p>
15. Program Leverage with Other Financial Resources	<p>None</p>
16. Qualify as an Unemployment Program	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>