



**Texas Department of Housing and Community Affairs (TDHCA)**  
**(My First Texas Home Program and My Choice Texas Home Program)**  
**Lender Participation Review Checklist**

Thank you for your interest in participating in the TDHCA programs. The mortgage lender approval process is a shared process between TDHCA and Idaho Housing and Finance Association (Idaho HFA), master servicer for TDHCA. Interested mortgage lenders will be required to submit the following documents for consideration of participation:

**Idaho HFA Lender Application Packet (*submitted directly to Idaho HFA*)**

- ☐ Master Mortgage Purchasing Agreement

**TDHCA Lender Application Packet (*attached*)**

- ☐ Application to Participate
- ☐ Master Mortgage Origination Agreement
- ☐ Form of Board Resolution
- ☐ Form of Opinion of Counsel, signed and printed out on letterhead
- ☐ Confirmation (email or mail) of Idaho HFA Lender Application Packet submission

**Please submit the TDHCA documents listed above as follows:**

**Via Mail:** Texas Department of Housing and Community Affairs (TDHCA)  
Attn: Erick Soriano, Texas Homeownership Division  
221 E. 11<sup>th</sup> Street  
Austin, Texas 78701  
(512) 475-3962

**Via Email:** [erick.soriano@tdhca.state.tx.us](mailto:erick.soriano@tdhca.state.tx.us)

Once all documentation has been submitted and reviewed, TDHCA will notify the lender of their approval to participate in the program. Should you have any questions or need additional information regarding the approval process, please contact Erick Soriano at (512) 475-3962 or [erick.soriano@tdhca.state.tx.us](mailto:erick.soriano@tdhca.state.tx.us).

**MASTER MORTGAGE ORIGINATION AGREEMENT**  
**FOR**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**September 5, 2019**

## **TABLE OF CONTENTS**

	<u>Page</u>
Parties.....	1
Preamble .....	1

### **ARTICLE I DEFINITIONS**

Section 1.01. Definitions.....	2
Section 1.02. Forms .....	17
Section 1.03. Recitals, Table of Contents, Titles, and Headings .....	17
Section 1.04. Interpretation.....	17

### **ARTICLE II REPRESENTATIONS**

Section 2.01. Survival of Representations, Warranties and Covenants .....	17
Section 2.02. Representations, Warranties, and Covenants of the Department.....	17
Section 2.03. Representations, Warranties, and Covenants of the Mortgage Lender.....	18
Section 2.04. Representations, Warranties, and Covenants Relating to the Tax-Exempt Status of Bonds or with Compliance with Program Requirements .....	21

### **ARTICLE III PARTICIPATION IN PROGRAMS**

Section 3.01. Application to Participate; Master Mortgage Origination Agreement.....	25
Section 3.02. Reserved.....	25
Section 3.03. Reservation Procedures for First-Come, First-Served Program .....	25
Section 3.04. Modification of Mortgage Loan Reservation .....	26

### **ARTICLE IV ORIGINATION, SALE AND PURCHASE OF MORTGAGE LOANS**

Section 4.01. Agreement to Originate and Sell; Agreement to Purchase .....	26
Section 4.02. Issuance of Commitments.....	26
Section 4.03. Origination Procedures and Standards.....	26
Section 4.04. Mortgage Loan Terms.....	27
Section 4.05. Fees and Charges .....	28
Section 4.06. Eligible Borrowers .....	29
Section 4.07. Acquisition Cost.....	29
Section 4.08. Verification of Mortgage Eligibility and Program Compliance Requirements .....	29
Section 4.09. Special Requirements Regarding Condominium Developments and Planned Unit Developments .....	31
Section 4.10. Special Requirements Regarding Seller Buydowns.....	31

Section 4.11.	Exception Loans.....	31
Section 4.12.	Mortgage Loan Submission and Purchase.....	31
Section 4.13.	Purchase of Mortgage Loans and Assignment of Servicing.....	35
Section 4.14.	Defective Mortgage Loans and Repurchase Obligation .....	36
Section 4.15.	Prohibition of Discrimination .....	37
Section 4.16.	Commitments After the Commitment Period .....	37
Section 4.17.	Mortgage Lender as Servicer .....	37
Section 4.18.	Qualified Rehabilitation Loans .....	38
Section 4.19.	Refinancing Loans .....	38
Section 4.20.	Change in Use Limitation .....	38

## ARTICLE V DUTIES OF THE DEPARTMENT

Section 5.01.	Issuance of Notices .....	38
Section 5.02.	Purchase of Mortgage Loans and Certificates .....	39
Section 5.03.	Review of Mortgage Lender’s Performance .....	39
Section 5.04.	Review of Servicer’s Performance .....	39
Section 5.05.	Review of Compliance Agent’s Performance.....	40

## ARTICLE VI GENERAL DUTIES AND LIABILITIES OF THE MORTGAGE LENDER

Section 6.01.	Limitation on Liability of Mortgage Lender.....	40
Section 6.02.	Merger or Consolidation of Mortgage Lender.....	40
Section 6.03.	Mortgage Lender Not to Resign .....	41
Section 6.04.	Indemnification by Mortgage Lender .....	41
Section 6.05.	Jurisdiction Over Mortgage Lender .....	41
Section 6.06.	Notifications.....	41
Section 6.07.	Annual Review.....	42

## ARTICLE VII TERMINATION

Section 7.01.	Mortgage Lender Not to Resign .....	42
Section 7.02.	Involuntary Termination of Mortgage Lender.....	42
Section 7.03.	Transfer of Terminated Mortgage Lender’s Duties .....	43
Section 7.04.	Mortgage Lender’s Excused Nonperformance .....	43
Section 7.05.	Agreement to Pay Attorneys’ Fees .....	43
Section 7.06.	No Liability for Removal of the Mortgage Lender.....	44
Section 7.07.	No Remedy Exclusive.....	44

## ARTICLE VIII MISCELLANEOUS PROVISIONS

Section 8.01.	Amendments, Changes, and Modifications .....	44
Section 8.02.	Limitation on Rights of Owners of Bonds.....	44
Section 8.03.	Governing Law .....	44

Section 8.04.	Notices .....	44
Section 8.05.	Severability .....	45
Section 8.06.	Further Assurances and Corrective Instruments .....	45
Section 8.07.	Term of Agreement.....	45
Section 8.08.	No Rights Conferred on Others .....	45
Section 8.09.	Limitation on Liability of Parties.....	45
Section 8.10.	Limitation on Liability of Directors, Officers, Employees, and Agents of a Party .....	45
Section 8.11.	Survival of Obligations and Covenants .....	46
Section 8.12.	Counterparts .....	46
Section 8.13.	Incorporation of Program Guidelines .....	46

EXECUTION.....	S-1
----------------	-----

Exhibit A – Program Guidelines.....	A-1
-------------------------------------	-----

## **MASTER MORTGAGE ORIGATION AGREEMENT**

THIS MASTER MORTGAGE ORIGATION AGREEMENT (“Master Mortgage Origination Agreement”), dated the date set forth on the signature page hereof, by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (together with its successors and assigns, the “Department”), a public and official governmental agency of the State of Texas, and the lending or financial institution designated as the MORTGAGE LENDER on the signature page hereof (together with its successors and assigns, the “Mortgage Lender”).

### **Preamble**

WHEREAS, pursuant to the Constitution and laws of the State of Texas, particularly the provisions of Chapter 2306, Texas Government Code (together with other laws of the State of Texas applicable to the Department, the “Act”), the Department is authorized, in furtherance of the public purposes described in the Act, to finance sanitary, decent and safe dwelling accommodations for persons and families of low and very low income and families of moderate income by issuing its revenue bonds to acquire mortgage loans (including participation interests therein) and by pledging, among other things, such mortgage loans (including participation interests therein) as security for the payment of the principal of, interest on and redemption premium, if any, on any such revenue bonds and by entering into any agreements made in connection therewith and by purchasing and selling notes, mortgages and other obligations evidencing loans or interest in loans; and

WHEREAS, the Department will issue from time to time one or more series of its revenue bonds or will enter into one or more agreements to sell Mortgage Certificates to obtain funds to make and acquire participating interests in mortgage loans secured by mortgages on residential housing in the State of Texas to be owned and occupied by persons and families of low and very low income and families of moderate income through the purchase of mortgage backed certificates that represent the beneficial ownership of such mortgage loans and that are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“Ginnie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”) or Federal National Mortgage Association (“Fannie Mae”), and to obtain funds for certain other purposes, all under and in accordance with the Constitution and laws of the State, including the Act; and

WHEREAS, Idaho Housing and Finance Association (the “Servicer”) and the Mortgage Lenders have or will enter into a separate Participating Lender Agreement; and

WHEREAS, the Department and the Mortgage Lender desire to set forth certain terms and conditions relating to the origination and sale of such mortgage loans by the Mortgage Lender and the financing of such mortgage loans by the Department;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the Department and the Mortgage Lender do hereby contract and agree as follows:

## **ARTICLE I**

### **DEFINITIONS**

Section 1.01. Definitions. All capitalized terms used in this Master Mortgage Origination Agreement shall have the respective meanings set forth in this Section 1.01.

“Acquisition Cost” means the cost to a Mortgagor of acquiring a Residence from the Seller as a completed residential unit, including: (i) all amounts paid, either in cash or in kind, by the Mortgagor (or a related party or for the benefit of the Mortgagor) to the Seller (or a related party or for the benefit of the Seller) as consideration for the Residence; (ii) if the Residence is incomplete, the reasonable cost of completing it, whether or not such cost is to be financed with the Mortgage Loan; and (iii) if the Residence is purchased subject to a ground rent, the capitalized value of the ground rent calculated using a discount rate equal to the yield on the Bonds as determined by the Department in accordance with the provisions of applicable federal income tax law or if not financed with Bond proceeds at the rate determined by the Department. “Acquisition Cost” does not include: (a) usual and reasonable settlement and financing costs (including title and transfer costs, title insurance, survey fees, credit reference fees, hazard or flood insurance premiums, abstract or tax service fees, recording or registration fees, legal fees, appraisal expenses, points paid by the Mortgagor (but not points paid by the Seller and amounts representing buydowns even though borne by the Mortgagor through a higher purchase price), and other similar costs), but only to the extent that such amounts do not exceed the usual and reasonable costs which would be paid by the Mortgagor in a case in which financing is not provided through the issuance of bonds the interest on which is excludable from gross income for federal income tax purposes; (b) the value of services performed by the Mortgagor or members of the Mortgagor’s family (including brothers and sisters (whether by whole or half blood), spouse, lineal ancestors, and lineal descendants only) in completing the Residence; (c) the cost of land which has been owned by the Mortgagor (other than the cost of land which may fall within the Contract for Deed Exception) for at least two years prior to the commencement of construction of the Residence; (d) amounts paid by the Mortgagor (or a related party or for the benefit of the Mortgagor) to the Seller (or a related party or for the benefit of the Seller) for personal property which under State law is not a fixture; and (e) amounts paid by the Mortgagor (or a related party or for the benefit of the Mortgagor) or the Seller (or a related party or for the benefit of the Seller) for painting, minor repairs, floor refinishing or other fix-up expenses; or as otherwise specified in the Program Guidelines.

“Act” means Chapter 2306, Texas Governmental Code, as amended, together with other laws of the State applicable to the Department.

“Affidavit of Cosignor/Guarantor” means, with respect to a Program, an affidavit in substantially the form attached to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required by the Department.

“Affidavit of Eligible Borrower” means, with respect to a Program, an affidavit in substantially the form attached to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required by the Department.

“Affidavit of Seller” means, with respect to a Program, an affidavit in substantially the form attached to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required by the Department.

“Applicable Median Family Income” means, with respect to a Mortgagor acquiring a Residence financed under a Program, the applicable median family income, determined in accordance with Section 143(f) of the Code (or any other relevant or successor provision of the Code) in effect in the statistical area in which the Residence is located under such Program, as may be specified more fully in the Program Guidelines relating to such Program. The Applicable Median Family Incomes are subject to revision from time to time as new figures are published. Any such changes shall be binding upon the Servicer and the Mortgage Lenders upon written notice thereof from the Department to the Servicer.

“Application Date” means, with respect to a Program, the first date on which the Mortgage Lender is permitted to accept any applications for Mortgage Loans under such Program as specified in writing by the Department.

“Application to Participate” means the Application to Participate in Single Family Mortgage Purchase Program, submitted to the Department by the Mortgage Lender in accordance with Section 3.01 hereof.

“Areas of Chronic Economic Distress” means those areas in the State, whether one or more, designated from time to time as areas of chronic economic distress pursuant to Section 143(j) of the Code. The Areas of Chronic Economic Distress, if any, are provided in the applicable Program Guidelines, but are subject to revision from time to time as such designations are revised. Such revisions shall be binding upon the Compliance Agent upon written notice thereof provided to the Compliance Agent by the Department.

“Assignment of Mortgage Note and Mortgage” means an assignment of all of the Mortgage Lender’s right, title, and interest in a Mortgage Note and Mortgage, in substantially the form attached to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required by the Department.

“Average Area Purchase Price” means, with respect to a Residence financed under a Program, the average purchase price of single-family residences in the statistical area in which the Residence is located which were purchased during the most recent 12-month period for which statistical information is available, as determined as of the date on which the Commitment to provide financing for the Residence is made (or, if earlier, the date of the purchase of the Residence by the Mortgagor) in accordance with Section 143(e) of the Code and as specified more fully in the Program Guidelines relating to such Program. The Average Area Purchase Prices are subject to revision from time to time as new figures are published. Any such changes shall be binding upon the Servicer and the Mortgage Lenders upon written notice thereof from the Department to the Servicer.

“Bond Counsel” means an attorney or firm of attorneys selected by the Department and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on



which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bonds” means, with respect to a Program, the revenue bonds, if any, issued by the Department to provide funds, directly or indirectly, to finance Mortgage Loans under such Program, as specified in the applicable Program Guidelines.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in New York, New York or the State are authorized or obligated by Law or executive order to be closed for business, or (iii) a day on which the New York Stock Exchange is closed.

“Buyer/Seller Points” means, with respect to a Program, a fee in the amount specified in the applicable Program Guidelines, which may be collected by the Mortgage Lender as provided in Section 4.05 hereof.

“Certificate of Mortgage Lender” means, with respect to a Program, the certificate in the form attached to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required by the Department.

“Closing” means, with respect to a Mortgage Loan, the origination and funding of such Mortgage Loan by the Mortgage Lender.

“Closing Date” means, with respect to a Closing, the date of such Closing.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and includes the applicable regulations promulgated thereunder.

“Commitment” means a written commitment by the Mortgage Lender in the form customarily used by the Mortgage Lender in its owner-occupied home lending practice, issued to a particular Eligible Borrower to finance the purchase of a particular Residence with a Mortgage Loan.

“Commitment Date” means, with respect to a Program, the first date or dates on which the Mortgage Lender is permitted to issue Commitments to Eligible Borrowers for Mortgage Loans under such Program, as specified by the Department in the Commitment Lot Notice for such Program.

“Commitment Lot Notice” means the notice from the Department to the Servicer as described in the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required for a particular Program.

“Commitment Period” means, with respect to the Mortgage Lender’s participation in a Program, the period beginning on the Commitment Date designated in the applicable Program Guidelines, which period may be shortened or extended with respect to the Mortgage Lender in writing by the Department in accordance with the Indenture and with prior written notice to the Servicer and the Mortgage Lender.

“Compliance Agent” means, with respect to a Program, the Department or any other entity (whether one or more) designated by the Department or the Servicer to review the Mortgage Loans to be purchased under such Program for compliance with the requirements of the applicable Program Agreement, as identified in the applicable Program Guidelines.

“Compliance Fee” means the non-refundable compliance fee payable by the Mortgage Lender to the Compliance Agent at the submission of a Compliance Package for a Mortgage Loan, in the amount specified in the applicable Program Guidelines.

“Compliance Package” means, with respect to a Program, the documents listed on the Compliance File Checklist in substantially the form attached to the Program Guidelines.

“Condominium Development” means a real estate development: (i) formed pursuant to the condominium statutes of the State and a recorded declaration and other constituent documents; (ii) the unit owners of which have title to a unit in a building, an undivided interest in the common areas of the development, and may have the right to the exclusive use of certain limited common areas; and (iii) the common areas of which are administered and maintained but not owned by an owners association, which may levy assessment against each unit estate.

“Contract for Deed Exception” means the exception for certain Mortgage Loan eligibility requirements, as provided herein, available with respect to a Principal Residence owned under a contract for deed by an Eligible Borrower whose Family Income is not more than 50% of Applicable Median Family Income. For purposes of this definition, the term “contract for deed” means a seller-financed contract for the conveyance of land under which (i) legal title does not pass to the purchaser until the consideration under the contract is fully paid to the seller and (ii) the seller’s remedy for non-payment is forfeiture rather than judicial or nonjudicial foreclosure.

“Conventional Mortgage Loan” means a Mortgage Loan, other than an FHA Mortgage Loan, a VA Mortgage Loan or an RHS Mortgage Loan, which satisfies the requirements of Fannie Mae or Freddie Mac.

“Debtor Relief Laws” means any applicable liquidation, conservatorship, bankruptcy, insolvency, rearrangement, moratorium, reorganization, or similar debtor relief laws affecting the rights of creditors generally from time to time in effect in the State or under the Laws of the United States of America.

“de minimis PUD” means (i) a planned unit development comprised of a parcel of land that contains common property and improvements owned and maintained by a homeowners association, corporation or trust (which requires automatic, nonseverable membership of each individual development unit owner, with mandatory assessments) for the benefit and use of individual one-to-four-family dwelling units within such parcel of land, if such common property and improvements have relatively insignificant influence on the enjoyment of the premises or have little or no effect on the value of the property securing the mortgage on any unit in the planned unit development, or (ii) a planned unit development (a) whose organizational or other relevant documents provide that the lien for any homeowner assessment or charge is subordinate to the lien of any purchase money mortgage, and (b) the maximum permissible annual

homeowner assessments and/or charges with respect to the property being financed, as of the Closing Date of the Mortgage Loan, is no greater than the lesser of Six Hundred Dollars (\$600) or 1% of the sales price of the Residence, as indicated in the contract of sale, exclusive of any closing costs.

“Department” means the Texas Department of Housing and Community Affairs, a public and official governmental agency of the State, and its successors and assigns.

“Department Designated Areas of Special Need” means geographic areas designated by the Department from time to time as areas of special need.

“DPA Assignment” means an Assignment of DPA Mortgage Note and Mortgage, if any, in substantially the form attached to the Program Guidelines, with such insertions, deletions, or modifications, if any, as may be required by the Department.

“DPA Loan” or “Subordinate Lien Loan” means a subordinated loan for down payment and closing costs made to a Mortgagor in an amount initially identified in the Commitment Lot Notice, subject to adjustment from time to time at the direction of the Department and containing terms described in the Program Guidelines and as evidenced by a subordinate lien down payment assistance note in the form attached to the Program Guidelines.

“DPA Mortgage” means the subordinate lien deed of trust securing a DPA Loan in the form attached to the Program Guidelines.

“Duplex” has the meaning provided for in the Program Guidelines.

“Eligibility Guidelines” means the guidelines established by the Department and the Servicer for the origination of Mortgage Loans hereunder and the purchase thereof by the Servicer (including the eligibility, credit and security underwriting standards applicable thereto) and for the delivery of the Mortgage Loans (and the documents relating thereto) to the Servicer, all as set forth in the Lender Guide.

“Eligible Borrower” has the meaning provided for in the Program Guidelines.

“Exception Loan” means a Mortgage Loan originated pursuant to Section 4.11 hereof to an Eligible Borrower who has had a Present Ownership Interest in a Principal Residence during the three-year period ending on the date of execution of the Mortgage.

“Family Income” means Family Income specified in the applicable Program Guidelines.

“Fannie Mae” means Federal National Mortgage Association, a corporation organized and existing under the laws of the United States of America, or any successors or assigns.

“Fannie Mae Certificate” means, with respect to a Program, a guaranteed mortgage pass-through Fannie Mae Mortgage-Backed Security, issued by Fannie Mae in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans in the related Fannie Mae Pool.

“Fannie Mae Guides” means the Fannie Mae Selling and Servicing Guides, as amended from time to time, and as modified by the Fannie Mae Pool Purchase Contract between Fannie Mae and the Servicer.

“Fannie Mae Pool” means, with respect to a Fannie Mae Certificate, the pool of Conventional Mortgage Loans represented by such Fannie Mae Certificate.

“FHA” means the United States Department of Housing and Urban Development, Federal Housing Administration, or any successor federal agency or instrumentality.

“FHA Insurance” means all products that provide FHA mortgage insurance unless otherwise notified by the Department.

“FHA Mortgage Loan” means a Mortgage Loan that is the subject of FHA Insurance.

“Final Purchase Date” means the last day on which the Servicer may purchase Mortgage Loans, which date shall be specified by the Servicer in the manner provided in the Program Guidelines, as may be extended or shortened by the Department with notice from the Servicer to the Mortgage Lender.

“Final Loan Submission Date” means the last day on which the Mortgage Lender may submit a Mortgage Loan to the Servicer for purchase, which date shall be fifteen (15) days prior to the Final Purchase Date.

“Freddie Mac” shall mean the Federal Home Loan Mortgage Corporation, a corporation organized and existing under the laws of the United States of America.

“Freddie Mac Certificate” means, with respect to a Program, a guaranteed mortgage pass-through Freddie Mac Participation Certificate, issued by Freddie Mac in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to timely payment of principal and interest by Freddie Mac and backed by conventional or government insured or government guaranteed Mortgage Loans in the related Freddie Mac Pool.

“Freddie Mac Guide” means the Freddie Mac Single Family Seller/Servicer Guide, as amended from time to time, the Master Agreement between Freddie Mac and the Servicer, if applicable, and the other documents defined in the Freddie Mac Single Family Seller/Servicer Guide as the “Purchase Documents,” which includes the Freddie Mac Pool Contract.

“Freddie Mac Pool” means, with respect to a Freddie Mac Certificate, the pool of Mortgage Loans represented by such Freddie Mac Certificate.

“Funding Fee” means the non-refundable fee payable by the Mortgage Lender to the Servicer at the purchase by the Servicer of the Mortgage Loan in the amount set forth in the applicable Program Guidelines.

“Ginnie Mae” means the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within HUD, whose powers are

prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. §1716 et seq.), and any successor to its powers and functions.

“Ginnie Mae Certificate” means, with respect to a Program, a fully-modified, mortgage-backed, pass-through security issued by a Servicer in accordance with the applicable Ginnie Mae Guide representing the beneficial ownership interest in a Ginnie Mae Pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under a Program and packaged by the Servicer into a Ginnie Mae Pool.

“Ginnie Mae Custodian” means, with respect to any Mortgage Loan and any Ginnie Mae Pool, the financial custodian meeting the requirements of Ginnie Mae as set forth in the Ginnie Mae Guide designated by the Servicer for such Mortgage Loan or Ginnie Mae Pool to serve as custodian of certain mortgage documents pertaining thereto.

“Ginnie Mae Guide” means, with respect to a Program, the Ginnie Mae Mortgage-Backed Securities Guide, Handbook 5500.3, Rev. 1, as amended from time to time.

“Ginnie Mae Pool” means, with respect to a Ginnie Mae Certificate, the pool of Mortgage Loans represented by such Ginnie Mae Certificate.

“HUD” means the Department of Housing and Urban Development of the United States of America, or any successor to its powers and functions.

“Indenture” means, with respect to a Program, the trust indenture, including all amendments or supplements thereto as shall be made from time to time, or other document under which the Bonds, if any, relating to such Program are issued and secured.

“Insurance Proceeds” means payments received with respect to the Mortgage Loans under any insurance policy or guarantee or under any fidelity bond required to be maintained hereunder.

“Law” or “Laws” means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions, or decrees of the United States of America, or any state or any political subdivision thereof.

“Lender Commitment Lot Notice” means the notice from the Servicer or the Compliance Agent to the Mortgage Lenders in substantially the form attached to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required for a particular Program.

“Lender Guide” means the guide for the origination and delivery of Mortgage Loans to be purchased by the Servicer and the eligibility, credit and security underwriting standards applicable thereto.

“Lender,” “Mortgage Lender” or “Participating Lender” means a financial or lending institution executing this Master Mortgage Origination Agreement and the Participating Lender

Agreement which are agreements to originate Mortgage Loans hereunder and sell such Mortgage Loans and the servicing in connection therewith to the Servicer, and any successor to its rights, duties and obligations hereunder and thereunder.

“Liquidation Proceeds” means amounts (other than Insurance Proceeds) received in connection with the liquidation of defaulted Mortgage Loans, whether through foreclosure, trustee’s sale, repurchase by a Mortgage Lender, or otherwise.

“Manufactured Housing” means a structure that is FHA eligible and in one or more sections which in the traveling mode is eight (8) body feet or more in width and forty (40) body feet or more in length and when erected on site is three hundred twenty (320) or more square feet and which is built on a permanent chassis and designed to be used as a dwelling and connected to the required utilities, including plumbing, heating, air conditioning and electrical systems contained therein and must meet the HUD minimum standards set forth in Title 24 parts 3280, 3282 and 42 U.S.C. 5401 et seq. Manufactured Housing must have been constructed after June 21, 1978 and be permanently affixed to the land which shall be owned by the Eligible Borrower and subject to the Mortgage Loan.

“Master Mortgage Origination Agreement” means this Master Mortgage Origination Agreement, by and between the Department and the Mortgage Lender, together with any amendments hereto.

“Mortgage” means the instrument securing a Mortgage Loan that creates a first lien on a Residence, subject to Permitted Encumbrances. In the case of an FHA, RHS or VA Mortgage Loan, the Mortgage shall be in the form required by FHA, RHS or VA, as applicable, with such insertions, deletions or modifications, if any, as may be required by the Ginnie Mae Guide or the applicable Program Agreement. In the case of Conventional Mortgage Loans, the Mortgage shall satisfy the requirements of Freddie Mac or Fannie Mae, as applicable, with such modifications as may be required by the terms of the applicable Program Agreement, the Freddie Mac Guide or the Fannie Mae Guides (particularly with respect to any restrictions on assumptions that may be as set forth therein).

“Mortgage Certificate(s)” means Ginnie Mae Certificate(s), Freddie Mac Certificate(s) and/or Fannie Mae Certificate(s), as applicable.

“Mortgage Documents” means all documents listed in the Mortgage File Guide pertaining to a particular Mortgage Loan.

“Mortgage File” means a file containing the Mortgage Documents.

“Mortgage File Guide” means, with respect to a Program, the guide for preparation of the Mortgage File containing the Mortgage Documents listed and in the sequence specified in the form of an attachment to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required by the Department and the Servicer.

“Mortgage Loan” means a qualified first lien mortgage loan originated by the Mortgage Lender that is evidenced by a Mortgage Note, that is secured by a Mortgage, that is made to an Eligible Borrower to provide financing for a Residence, and that meets all requirements set forth

in the applicable Program Agreement and this Master Mortgage Origination Agreement, particularly those set forth in Section 2.04 and Section 4.04 hereof, and is purchased under a Program.

“Mortgage Note” means the promissory note evidencing the obligation to repay a Mortgage Loan. In the case of an FHA, RHS or VA Mortgage Loan, the Mortgage Note shall be in the form required by FHA, RHS or VA, as applicable, with such insertions, deletions or modifications, if any, as may be required by the Ginnie Mae Guide or the applicable Program Agreement. In the case of a Conventional Mortgage Loan, the Mortgage Note shall be in a form acceptable to Fannie Mae or Freddie Mac, as applicable, with such insertions, deletions or modifications, if any, as may be required by the Fannie Mae Guides, the Freddie Mac Guide or the applicable Program Agreement.

“Mortgage Rider” means the Tax-Exempt Financing Rider to Mortgage, in the form attached to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required by the Department and the Servicer or in the form required by HUD, VA, RHS, Freddie Mac or Fannie Mae.

“Mortgagor” means the Eligible Borrower(s) who is (are) the obligor(s) on a Mortgage Note, and/or any subsequent Eligible Borrower who assumes the Mortgage Note in accordance with the provisions of the applicable Program Agreement (but does not include a person who is liable on the Mortgage Note solely as a guarantor or cosignor who does not have a Present Ownership Interest in the Residence and who executes the Affidavit of Cosignor/Guarantor, the form of which is attached to the Program Guidelines).

“New Mortgage” means a Mortgage made to a person who did not have an existing mortgage (whether or not paid off) on the Residence securing the Mortgage Loan at any time prior to the execution of the Mortgage, except for a mortgage securing a construction period loan, a bridge loan or similar temporary initial financing having a term of 24 months or less, or a contract for deed which falls within the Contract for Deed Exception.

“Newly Constructed Residence” means a Residence which has not been occupied prior to the making of a Mortgage Loan to finance such Residence other than during the period that the Residence was subject to financing with a bridge loan, construction period loan or similar temporary initial financing having a term of twenty-four (24) months or less that the Mortgage Loan refinanced.

“Non-Qualifying Mortgage Loan” means any mortgage loan which does not conform to the Program, Program Guide, GNMA Guide, GNMA Guaranty Agreement, Fannie Mae Guide, Fannie Mae Agreement, Freddie Mac Guarantor Program, Freddie Mac Agreement, or the Lender Guide including, but not limited to the following, examples:

- (a) The Participant fails to deliver to the Servicer all documents of the Mortgage Loan file on a timely basis, or the Servicer determines that such documentation for Mortgage Loans do not conform to the requirements of the Program, the GNMA Guide, the Freddie Mac Guide, the Fannie Mae Guide, or the Program Guidelines;

(b) GNMA, Freddie Mac, Fannie Mae or the Servicer determines that the Mortgage Loan is not of acceptable quality or is not eligible for sale under the Program, the GNMA Guide, the Freddie Mac Guide, the Fannie Mae Guide or the Program Guidelines.

“Notice Address” means:

As to the Department:

Texas Department of Housing and Community Affairs  
Post Office Box 13941  
Capitol Station  
Austin, Texas 78711-3941  
Attention: Texas Homeownership Division

or

221 East 11th Street  
Austin, Texas 78701-2410  
Attention: Texas Homeownership Division

As to the Mortgage Lender:

at the address set forth  
on the Mortgage Lender’s Application to Participate

“Notice of Acceptance” means, with respect to a controlled, first-come, first-served Program, an electronic notice designated as “TDHCA New Lender Approval” relating to such Program to be sent to the Mortgage Lender (with a copy to the Servicer) by the Department notifying the Mortgage Lender of acceptance to participate in the Program.

“Notice to Buyers” means, with respect to a Program, the Notice to Buyers/Authorization, in the form attached to the Program Guidelines, containing the Program disclosures and signed at application by those on title, with such insertions, deletions or modifications, if any, as may be required by the Department and the Servicer. For Bond eligible loans the Recapture Brochure will be attached to the applicant’s copy.

“Officer” means any duly authorized officer of the Mortgage Lender involved in, or responsible for, the origination, sale, or servicing of the Mortgage Loans, whose name appears on a list furnished to the Department and the Servicer by the Mortgage Lender, as such list may from time to time be amended or supplemented.

“Origination Fee” means, with respect to a Program, a fee in the amount, if any, specified in the applicable Program Guidelines, which may be collected and retained by the Mortgage Lender as provided in Section 4.05 hereof.



“Origination Period” means, if applicable to the Mortgage Lender’s participation in a Program, the period so designated in the Program Guidelines related to such Program, which period may be shortened or extended with respect to the Mortgage Lender in writing by the Department in accordance with the Indenture and with prior written notice to the Servicer and the Mortgage Lender.

“Participating Lender Agreement” means the agreement signed between the Servicer and each Lender as to the terms and conditions under which the Servicer will purchase a mortgage loan from a Lender.

“Permitted Encumbrances” means those liens, covenants, conditions, restrictions, rights-of-way, easements, and other matters that are of public record as of the date of the recording of a Mortgage that are permitted under the Ginnie Mae Guide, Freddie Mac Guide or Fannie Mae Guides, as applicable and the requirements of FHA, VA or RHS, as applicable.

“Planned Unit Development” means a real estate development of separately owned lots with: (i) contiguous or noncontiguous areas or facilities usually owned by an owners association in which the owners of the lots have a stock or membership interest; (ii) title to the real estate under the dwelling units being held by the individual lot owners and not by the owners association; (iii) the association having title to and administering the common areas, and levying monthly charges against the lot owners for common area expenses; and (iv) membership in the owners association not being severed from the ownership of an individual unit. Notwithstanding the foregoing, the term “Planned Unit Development” shall not include a de minimis PUD.

“PMI Insurer” means any private mortgage insurance company approved by Fannie Mae or Freddie Mac and providing Private Mortgage Guaranty Insurance on Conventional Mortgage Loans.

“Pool Contract” means a Pool Purchase Contract or similar agreement between the Servicer and Fannie Mae or Freddie Mac relating to the sale by the Servicer of Conventional Mortgage Loans to Fannie Mae or Freddie Mac and the servicing thereof, as from time to time supplemented and amended.

“Present Ownership Interest” means: (i) a fee simple interest; (ii) a joint tenancy, a tenancy in common, or tenancy by the entirety; (iii) the interest of a tenant-shareholder in a cooperative; (iv) a life estate; (v) a land contract (i.e., a contract pursuant to which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some time later) which does not fall within the Contract for Deed Exception; and (vi) an interest held in trust for a person (whether or not created by such person) that would constitute a present ownership interest if held directly by such person. The term “Present Ownership Interest” does not include: (a) a remainder interest; (b) a lease with or without an option to purchase; (c) a mere expectancy to inherit an interest in a Principal Residence; (d) the interest that a purchaser of a Residence acquires on the execution of a purchase contract; (e) a land contract which falls within the Contract for Deed Exception; and (f) an interest in other than a Principal Residence.

“Principal Residence” means a Residence that at the time the Mortgage Loan is executed can reasonably be expected to become the principal residence of the Mortgagor within a reasonable time (e.g. sixty (60) days) thereafter. A “Principal Residence” with respect to a Program involving tax-exempt Bonds does not include a home used as investment property or as a recreational home or a home that is primarily intended to be used in a trade or business, as evidenced by the use of more than 15% of the total area in a trade or business, or a home any portion of which is used or intended to be used as an airplane or a skybox or other luxury box, health club facility, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises. Further, a “Principal Residence” does not include a mobile home or other manufactured home in such cases where the structure is not permanently attached to property. A Present Ownership Interest in a mobile home or other factory-made housing that was permanently affixed to real property owned by the loan applicant constitutes a Present Ownership Interest in a “Principal Residence” with respect to a Program involving tax-exempt Bonds. Any use of a home that does not qualify for a deduction allowable for certain expenses incurred in connection with the business use of a home under Section 280A of the Code shall not be considered as a use in a trade or business.

“Private Mortgage Guaranty Insurance” means a private mortgage guaranty insurance policy issued by a PMI Insurer with respect to a Conventional Mortgage Loan in accordance with the terms hereof in a form and providing coverage in an amount as shall be approved by Fannie Mae in accordance with the Fannie Mae Guides or Freddie Mac in accordance with the Freddie Mac Guide.

“Program” means any of the Department’s single family mortgage purchase programs to provide financing for owner-occupied residences, as designated in a Program Guidelines as set forth in and implemented through the applicable Program Documents.

“Program Agreement” means, with respect to a Program, collectively, the Master Mortgage Origination Agreement, the Program Guidelines, the Lender Guide, the Participating Lender Agreement and the Servicing Agreement.

“Program Documents” means, with respect to a Program, collectively, the applicable Program Agreement, Notice of Program, Offer, Notice of Acceptance, Commitment Lot Notices, Lender Commitment Lot Notices, Indenture and all other agreements, instruments, certificates, affidavits, and exhibits attached to or contemplated by any of the foregoing.

“Program Guidelines” means, with respect to a Program, the Program Guidelines relating to such Program, containing the information described in Exhibit A attached hereto, with such insertions, deletions or modifications as may be required by the Department.

“Program Participation Fee” means, with respect to a Program and to the extent applicable, a fee in an amount specified in the applicable Program Guidelines that is to be paid by the Mortgage Lender and that the Mortgage Lender may recover as provided in Section 4.05 hereof.

“Purchase Date” means, with respect to a Mortgage Loan, the date of purchase of such Mortgage Loan by the applicable Servicer from the Mortgage Lender pursuant to Section 4.13 hereof.

“Purchase Price” means, with respect to a Program and with respect to a Mortgage Loan purchased thereunder, the price specified in the applicable Program Guidelines, together with accrued and unpaid interest on the Mortgage Loan to but not including the date of purchase.

“Qualified Census Tract” means a qualified census tract, as determined in accordance with Section 6a.103A-(2)(b)(4) of the Treasury Regulations or any successor regulations, in which 70% percent or more of the families have an income which is 80% percent or less of the statewide median income, such median income to be determined on the basis of the most recent decennial census for which data are available. The Qualified Census Tracts in effect are provided in the applicable Program Guidelines, but are subject to revision from time to time as such designations are revised.

“Qualified Rehabilitation” means any rehabilitation of a building if:

- (i) there is a period of at least twenty (20) years between the date on which the building was first used and the date on which the physical work on such rehabilitation begins,
- (ii) in the rehabilitation process—
  - (A) 50% or more of the existing external walls of such buildings are retained in place as external walls,
  - (B) 75% or more of the existing external walls of such buildings are retained in place as internal or external walls, and
  - (C) 75% or more of the existing internal structural framework of such building is retained in place; and
- (iii) the expenditures for such rehabilitation are 25% or more of the Mortgagor’s adjusted basis in the residence.

For purposes of clause (iii), the Mortgagor’s adjusted basis shall be determined as of the completion of the rehabilitation or, if later, the date on which the Mortgagor acquires the residence.

“Qualified Rehabilitation Loan” means a Mortgage Loan provided in connection with

- (i) A Qualified Rehabilitation, or
- (ii) the acquisition of a residence with respect to which there has been a Qualified Rehabilitation, but only if the Mortgagor to whom such financing is provided is the first resident of the residence after the completion of the

rehabilitation and who executes an affidavit in the form provided in the applicable Program Guidelines.

“Qualified Veteran” means a Mortgagor who is a “veteran” (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran exception set forth in Section 143(d)(2)(D) of the Code.

“RHS” means the United States Department of Agriculture, Rural Housing Service, formerly known as Farmer’s Home Administration, and any successor thereto.

“RHS Guaranty” means a guaranty of a Mortgage Loan by the RHS under the Cranston-Gonzales National Affordable Housing Act of 1990.

“RHS Mortgage Loan” means a Mortgage Loan that is the subject of an RHS Guaranty.

“Recapture Brochure” means the brochure entitled “About Recapture Tax” that is provided by the Mortgage Lender at the time of loan application, if applicable as described in the Program Guidelines.

“Recapture Tax Notice to Mortgagor” means the letter from the Servicer or its designee that is provided to the Mortgagor after Closing containing information to assist the Mortgagor in determining recapture tax liability, in substantially the form attached to the Program Guidelines, with such insertions, deletions or modifications, if any, as may be required by the Department.

“Refinancing Loan” means any Mortgage Loan that does not meet definition of New Mortgage.

“Reservation of Funds” means a reservation of funds under a Program for the purchase by the Servicer of a specified Mortgage Loan from the Mortgage Lender, as approved by the Servicer and evidenced in accordance with the Reservation Procedures.

“Reservation Procedures” means the Mortgage Loan Reservation Procedures specified in the applicable Program Guidelines.

“Residence” means real property and improvements permanently affixed thereon: (i) that are located within the State; (ii) that consist of (A) a single-family attached or detached structure, including a Duplex, that is eligible for financing under the Ginnie Mae Guide, Freddie Mac Guide or Fannie Mae Guides, as applicable, or (B) a single unit in a Condominium Development or Planned Unit Development (but not including a duplex, triplex or fourplex unless otherwise specified in the applicable Program Guidelines, or any personal property); (iii) the Acquisition Cost of which does not exceed 90% (110%, in the case of a Targeted Area Residence) of the Average Area Purchase Price for the statistical area in which the Residence is located; and (iv) that satisfies any other requirements set forth in the applicable Program Guidelines; provided, however, that land appurtenant to a Residence shall be considered as part of such Residence only if such land does not exceed one acre (unless such restriction is waived by the Compliance Agent with the written approval of the Department, in accordance with the Code), reasonably maintains the basic livability of such Residence and does not provide, other than incidentally, a source of income to the Mortgagor.

“Seller” means, with respect to a Mortgage Loan, the Seller of the Residence being financed with such Mortgage Loan.

“Servicer” means, with respect to a Program and as applicable, (i) any bank or trust company, savings bank, mortgage company, mortgage banker, credit union, national banking association, savings and loan association, non-profit corporation, building and loan association, life insurance company or other lending or financial institution, or a holding company of one or more of the foregoing, that is authorized to transact business in the State, that is approved by the Department to act as a servicer under such Program and that has executed a Servicing Agreement applicable to such Program, and (ii) any sub-servicer engaged by the Servicer to fulfill all or part of the obligations and duties of the Servicer under the Servicing Agreement. Unless otherwise noted in the applicable Program Guidelines, the Servicer for all Programs is Idaho Housing and Finance Association.

“Servicing Agreement” means, with respect to a Program, the servicing agreement between the Department and a Servicer pertaining to such Program.

“Servicing Release Fee” means, with respect to a Program, the fee, if any, payable by the Servicer to the Mortgage Lender or the Department, or both, as the case may be, pursuant to Section 4.05 and Section 4.12(k) hereof as compensation for its transfer and assignment to the Servicer of the right to service such Mortgage Loan, in the amount specified in the applicable Program Guidelines.

“State” means the State of Texas.

“Targeted Area” means, collectively, the Qualified Census Tracts, Areas of Chronic Economic Distress and, for loans not financed with Bonds, Department Designated Areas of Special Need.

“Targeted Area Loan” means a Mortgage Loan to provide financing for the acquisition of a Targeted Area Residence.

“Targeted Area Residence” means a Residence located within the Targeted Area.

“Title Policy” means an approved mortgagee guaranty title insurance policy or binder or other evidence of title acceptable to RHS, FHA or VA, as applicable, and as required under the Ginnie Mae Guide, the Freddie Mac Guide or the Fannie Mae Guides.

“Treasury Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code (or any prior version thereof), as such regulations may be amended or supplemented from time to time.

“Trustee” means, with respect to a Program, the banking institution or trust company, if any, identified as such in the applicable Program Guidelines, or any successor to its duties under the applicable Indenture and Program Agreement.

“VA” means the United States Department of Veteran’s Affairs or any successor federal agency or instrumentality.

“VA Guaranty” means a guaranty of a Mortgage Loan by the VA under the Servicemen’s Readjustment Act of 1944, as amended.

“VA Mortgage Loan” means a Mortgage Loan that is the subject of a VA Guaranty.

Section 1.02. Forms. All forms specified by the text hereof shall be substantially as set forth herein or in the Program Guidelines, as applicable, subject to such changes as do not alter the substantive rights of the parties hereto or the Servicer, or as may be required by applicable Laws hereafter enacted.

Section 1.03. Recitals, Table of Contents, Titles, and Headings. The terms and phrases used in the recitals hereof have been included for convenience of reference only and the meaning, construction, and interpretation of such words and phrases shall be determined solely by reference to Section 1.01 hereof. The table of contents, titles and headings of the articles and sections hereof have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Master Mortgage Origination Agreement, or any provision hereof, or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Master Mortgage Origination Agreement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity hereof and thereof.

## **ARTICLE II**

### **REPRESENTATIONS**

Section 2.01. Survival of Representations, Warranties and Covenants. The representations, warranties and covenants of each of the parties to this Master Mortgage Origination Agreement shall survive and remain enforceable with respect to each Program for so long as such Program continues and for so long as any Bonds issued to implement such Program or Mortgage Certificates purchased under such Program remain outstanding.

Section 2.02. Representations, Warranties, and Covenants of the Department. The Department, with respect to each Program in which the Mortgage Lender participates, represents and warrants to, and covenants with the Mortgage Lender that:

(a) The Department is a body politic and corporate and a public and official governmental agency of the State, duly organized and validly existing under the Act and the Laws of the State. The Department is in compliance with all of the provisions of the Constitution and Laws of the State including the Act, and has full power and authority to consummate all transactions, execute all documents, and issue all instruments contemplated by the applicable Program Documents.

(b) The Department has found and determined that origination of Mortgage Loans under such Program and the purchase of the related Mortgage Certificates to finance the acquisition by Eligible Borrowers of Residences will further and fulfill the public purposes of the Act.

(c) The execution and delivery by the Department of the applicable Program Documents and the performance under and compliance by the Department with the terms thereof, and the issuance of Bonds, if any, by the Department and the purchase of Mortgage Certificates and the DPA Loans, if any, in the manner contemplated by the applicable Program Documents will not violate: (i) the Act; (ii) the Department's rules and regulations or the instruments governing its operations in any respect; or (iii) any Laws that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of such Program Documents.

(d) The applicable Program Documents, and all documents and instruments contemplated thereby, when executed and delivered by the Department, will constitute valid, legal, and binding obligations of the Department, enforceable in accordance with their terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws, equitable principles affecting the enforcement of creditors' rights generally or principles of sovereign immunity.

(e) The Department has (i) issued or will use its best efforts to issue the applicable Bonds and, upon such issuance, the proceeds thereof will be applied according to the terms and conditions of the applicable Program Documents, including the applicable Indenture or (ii) entered into or will enter into contracts for the sale of Mortgage Loans and related Mortgage Certificates originated under the Program.

Section 2.03. Representations, Warranties, and Covenants of the Mortgage Lender. The Mortgage Lender, with respect to each Program in which the Mortgage Lender participates, represents and warrants to and covenants with the Department and the Servicer that:

(a) The Mortgage Lender is duly organized, validly existing, and in good standing under the Laws governing its creation and existence, and is duly authorized and qualified to transact in the State any and all business contemplated by the applicable Program Documents, and possesses all requisite authority, power, licenses, permits and franchises to conduct its business and to execute, deliver, and comply with its obligations under the terms of the applicable Program Documents, the execution, delivery, and performance of which have been or will be duly authorized by all necessary action.

(b) The execution and delivery of the applicable Program Documents by the Mortgage Lender in the manner contemplated herein and the performance and compliance with the terms hereof by it will not violate: (i) the instruments creating the Mortgage Lender or governing its operations; or (ii) any Laws that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of such Program Documents applicable to the Mortgage Lender, and will not constitute a material default (or an event that, with notice or lapse of time, or both, would constitute a material default) under, or result in the breach of, any material

contract, agreement, or other instrument to which the Mortgage Lender is a party or that may be applicable to the Mortgage Lender or any of its assets.

(c) The execution and delivery of the applicable Program Documents by the Mortgage Lender in the manner contemplated therein and the performance and compliance with the terms thereof by it do not require the consent or approval of any governmental authority or, if such consent or approval is required, it has been obtained.

(d) The applicable Program Documents, and all documents and instruments contemplated thereby, which are executed and delivered by the Mortgage Lender, will constitute valid, legal, and binding obligations of the Mortgage Lender, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws or equitable principles affecting the enforcement of creditors' rights generally.

(e) The Mortgage Lender will be, (i) at the time of origination of any FHA Mortgage Loan under a Program, and at all times thereafter for so long as the Mortgage Lender shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents, an FHA-approved mortgagee in good standing, (ii) at the time of origination of any VA Mortgage Loan under a Program, and at all times thereafter for so long as the Mortgage Lender shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents, an eligible lender in good standing for mortgages guaranteed by the VA, (iii) at the time of origination of any RHS Mortgage Loan under a Program, and at all times thereafter for so long as the Mortgage Lender shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents, an eligible lender in good standing for mortgages guaranteed by the RHS, and (iv) at the time of origination of any Conventional Mortgage Loan, and at all times thereafter for so long as the Mortgage Lender shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents, approved by Fannie Mae or Freddie Mac, as applicable, and the Servicer to sell and service Conventional Mortgage Loans.

(f) The Mortgage Lender will comply, (i) as to all Mortgage Loans and DPA Loans, with all applicable rules and requirements of Ginnie Mae, the Ginnie Mae Guide, Freddie Mac, the Freddie Mac Guide, Fannie Mae, and the Fannie Mae Guides, as applicable, all requirements of the Program Documents and all applicable Laws governing or regulating the origination of mortgage loans, including but not limited to any applicable truth in lending, consumer finance protection or disclosure laws, (ii) as to each FHA Mortgage Loan, with the National Housing Act of 1934, as amended and supplemented, all rules and regulations issued thereunder and all applicable administrative publications, (iii) as to each VA Mortgage Loan, with the Servicemen's Readjustment Act, as amended and supplemented, with all rules and regulations issued thereunder and all applicable administrative publications, (iv) as to each RHS Mortgage Loan, with the Cranston-Gonzales National Affordable Housing Act of 1990, as the same is amended and supplemented, all rules and regulations issued thereunder and all applicable administrative publications, and (v) with the Lender Guide.



(g) The Mortgage Lender will comply with the non-discrimination provisions of the Act, the Civil Rights Act of 1964 (78 Stat. 252), the regulations pursuant to such Act, and Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965 and all other similar laws of the State and the United States of America. The Mortgage Lender will comply with all applicable federal and State Laws governing or regulating the origination and servicing of mortgage loans.

(h) From time to time the Mortgage Lender will report, as more fully set forth in the applicable Program Documents, information relating to the Mortgage Loans and the DPA Loans to the Department, the Servicer and the Compliance Agent, and will do every act and thing which may be necessary or required to perform its duties under the applicable Program Documents.

(i) The Mortgage Lender agrees that so long as it shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents it will remain in good standing under the Laws governing its creation and existence, will remain qualified under the Laws of the State to do business in the State, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it, except as expressly permitted by Section 6.02 hereof.

(j) No information, affidavit, certificate of an Officer, statement furnished in writing, or report required hereunder, delivered to the Department, the Servicer or the Compliance Agent will, to the knowledge of the Mortgage Lender, contain any untrue statement of a material fact or omit a material fact necessary to make the information, affidavit, certificate of an Officer, statement, or report, in light of the circumstances under which they were made, not misleading.

(k) The Mortgage Lender is a bank, trust company, savings bank, national banking association, savings and loan association, building and loan association, mortgage banker, mortgage company, credit union, life insurance company or other lending or financial institution which customarily provides service or otherwise aids in the financing of mortgages on single family residential housing located within the State, or a holding company of any of the foregoing.

(l) Each Mortgage Loan will be underwritten in a manner consistent with the Mortgage Lender's customary underwriting standards, or such higher standards as specified herein, and, except for the interest rate, would be a loan the Mortgage Lender would otherwise originate.

(m) The Mortgage Lender will comply with all of the requirements of the applicable Program Documents relating to the origination of Mortgage Loans and DPA Loans on a first-come, first-served basis, with only such reservations and priorities as are provided for therein.

(n) The Mortgage Lender shall have been approved by the Servicer and prior to or during the term of this Master Mortgage Origination Agreement, shall have

executed and delivered to the Servicer the Participating Lender Agreement and shall be performing its obligations thereunder.

(o) The Mortgage Lender shall indemnify, hold harmless and defend the Department, the Servicer and the Trustee and their officers, directors, employees and agents against any liability for all claims, cause of action, costs and expenses (including attorneys' fees), judgments, fines and penalties which may be related to or arise out of any violation of law or breach of this Master Mortgage Origination Agreement resulting from an act or omission of the Mortgage Lender, its agents or employees.

(p) The Mortgage Lender shall fulfill all repurchase requirements and make-whole requirements set out in this Master Mortgage Origination Agreement or the Participating Lender Agreement for this Program or any prior programs offered by the Department.

(q) The tax and/or compliance review and/or approval of a Mortgage Loan or a DPA Loan by the Servicer or the Compliance Agent shall not relieve the Mortgage Lender of any responsibility or liability for the performance or non-performance of any obligation under this Master Mortgage Origination Agreement or the Participating Lender Agreement.

Section 2.04. Representations, Warranties, and Covenants Relating to the Tax-Exempt Status of Bonds or with Compliance with Program Requirements.

(a) The requirements of this Section 2.04 apply only to Programs funded with the proceeds of tax-exempt Bonds or with respect to other Programs as set forth in the Program Guidelines. The Department and the Mortgage Lender hereby declare their understanding and intent that the interest on tax-exempt Bonds relating to a Program shall be excludable from gross income for purposes of federal income taxation pursuant to applicable federal income tax law, and hereby severally covenant not to knowingly take or permit any action which would impair such exclusion.

(b) The Department and the Mortgage Lender further recognize that, except to the extent provided in the applicable Program Guidelines, Section 143 of the Code imposes certain mortgage eligibility requirements applicable to each Program, including the following:

(i) the requirement that each Residence financed with a Mortgage Loan under a Program shall be located within the State;

(ii) the requirement that each Residence financed with a Mortgage Loan under a Program shall be a single-family residence which, at the time of execution of the Mortgage, can reasonably be expected to become the Principal Residence of the Mortgagor within a reasonable time after such financing is provided;

(iii) the requirement that each person or persons who obtains a Mortgage Loan under a Program have a Family Income not in excess of the

amount permitted under Section 143(f) of the Code, specified in the applicable Program Guidelines;

(iv) the requirement that at least 95% of the net proceeds of the Bonds relating to a Program (exclusive of any such proceeds used to finance Targeted Area Residences or Residences acquired by Qualified Veterans) shall be used to finance Residences of Mortgagors who have not had a Present Ownership Interest in a Principal Residence at any time during the three-year period ending on the date of execution of the Mortgage;

(v) the requirement that each Residence financed with a Mortgage Loan under a Program shall have an Acquisition Cost not in excess of the amount permitted under Section 143(e) of the Code, as specified in the applicable Program Guidelines;

(vi) the requirement that no part of the proceeds of tax-exempt Bonds may be used to acquire or replace an existing mortgage, i.e., that each Mortgage Loan made under a Program shall be made to a person who did not have an existing mortgage (whether or not paid off) on the Residence securing such Mortgage Loan at any time prior to the execution of the Mortgage, except for a mortgage securing a construction period loan, a bridge loan, or similar temporary initial financing having a term of 24 months or less, or a contract for deed which falls within the Contract for Deed Exception;

(vii) the requirement that, in the event of an assumption of any Mortgage Loan made under a Program, the requirements of subparagraphs (i) through (v) above, both inclusive, shall be met with respect to such assumption at the time of such assumption;

(viii) the requirement that certain reports be filed initially as required under Section 1.103A-2(k)(2)(i) of the Treasury Regulations, and annually as required under Section 1.103A-2(k)(2)(ii) of the Treasury Regulations;

(ix) the requirement that not more than 5% of the net proceeds of tax-exempt Bonds be used in the trade or business of any person other than use as a member of the general public or use by a governmental unit. For purposes of this subparagraph, the term “person” includes any individual, corporation, partnership, unincorporated association or any other entity capable of carrying on a trade or business; and the term “trade or business” means, with respect to any natural person, any activity regularly carried on for profit and, with respect to persons other than natural persons, means any activity other than an activity carried on by a governmental unit; and

(x) the requirement that at least 20% of the lendable proceeds of tax exempt Bonds be made available reserved for at least one year from the date such proceeds are first made available to purchase Mortgage Loans, for the purchase of

Mortgage Loans to provide financing for Residences located within Targeted Areas or Mortgage Loans to Qualified Veterans.

The Department and the Mortgage Lender acknowledge that Section 143 of the Code, to the extent applicable, requires: (1) that the Department attempt in good faith to meet all such requirements before the Mortgages are executed by placing restrictions in the Program Documents that permit the financing of Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including reasonable investigations by the Department, the Servicer and the Mortgage Lender to determine that the Mortgage Loans satisfy such requirements; (2) that 95% or more of the lendable proceeds of tax-exempt Bonds that are devoted to financing under a Program shall be devoted to Residences as to which, at the time the Mortgages are executed, all such requirements are met; and (3) that any failure to meet such requirements shall be corrected within a reasonable time after such failure is discovered by requiring repayment in full of the nonqualifying Mortgage Loan or by replacing the nonqualifying Mortgage Loan with a Mortgage Loan meeting such requirements.

(c) The Mortgage Lender represents, warrants and covenants that neither the Mortgage Lender nor any “related person” as defined in Section 147(a)(2) of the Code has or will acquire, pursuant to an arrangement, formal or informal, tax-exempt Bonds in an amount related to the amount of Mortgage Loans to be originated or Mortgage Certificates to be issued under the related Program.

(d) The Department and the Mortgage Lender agree that, to the extent that the Code or applicable Treasury Regulations are amended and such amendments apply to any Program, each of such parties will enter into an agreement amending this Master Mortgage Origination Agreement that incorporates such amendments into the Program Agreement.

(e) The Department and the Mortgage Lender each hereby covenant and agree to establish and follow reasonable procedures as set forth in the Program Documents for each Program to ensure compliance with the foregoing requirements.

(f) The Mortgage Lender represents, warrants and covenants to comply with the requirements of Section 143(m) of the Code, to the extent applicable, regarding certain notices to be provided to prospective Mortgagors describing potential recapture on the disposition of a Residence. To that end, the Mortgage Lender covenants and agrees as follows:

(i) Mortgagors who finance Residences with Mortgage Loans may be required to share gain on the disposition of the Residence with the federal government. Under the Code, the benefit of the lower interest rate on the Mortgage Loan provided under a Program must be “recaptured” upon disposition of the Residence within nine (9) years of its acquisition. The recapture is accomplished by means of a tax levied on the Mortgagor as part of his or her individual tax liability when the Residence is sold or transferred. The maximum amount of the recapture is equal to 6.25% of the highest principal amount of the

Mortgage Loan for which the Mortgagor was liable. This maximum amount is reduced pro rata to reflect shorter or longer than five (5) year holding periods, decreasing to zero for sales occurring nine (9) years or more after the recapture period begins. The maximum amount is also reduced or eliminated for taxpayers whose income at the time of disposition of their Residence is less than the federally prescribed income limit. The recapture amount is subject to a limit of 50% of the amount of the gain realized on disposition of the Residence. The recapture provision does not apply to disposition of a Residence by reason of death or to any disposition occurring more than nine (9) years after origination or assumption of the Mortgage Loan. The Code requires that Mortgagors Closing (or having any possibility of Closing) Mortgage Loans (including pursuant to an assumption of a Mortgage Loan as provided in the applicable Servicing Agreement) must be provided notice (i) upon application or origination, that the Mortgage Loan is subject to the recapture provisions of the Code, and (ii) at Closing, of the federally subsidized amount and the modified amount applicable, during each of the nine (9) years following the origination of the Mortgage Loan, for each category of family size. Information returns required to be submitted by real estate brokers under Section 6045(e) of the Code, and statements of such returns furnished to customers, must indicate whether the Seller's mortgage loan was federally subsidized within the meaning of the recapture requirements.

(ii) In order to comply with the requirements of the Code and to disclose such requirements to prospective Mortgagors, (i) at the time of loan application, the Mortgage Lender shall provide to each applicant a copy of the Recapture Brochure and (ii) at the time of settlement of the Mortgage Loan (Closing), the Mortgage Lender or Servicer will provide a Recapture Tax Notice to Mortgagor that includes the information required by Section 143(m)(7) of the Code, as set forth in the form of the Recapture Tax Notice to Mortgagor or such other forms as the Department shall provide for satisfying the requirements of Section 143(m) of the Code. This requirement also applies to the assumptor of any Mortgage Loan, and the Servicer agrees that it will provide corresponding notices upon any Assumption of a Mortgage Loan.

(iii) The Mortgage Lender shall advise each applicable Eligible Borrower if the Mortgage Loan made to such Eligible Borrower is not included in a Mortgage Pool backing a Mortgage Certificate purchased into the respective Program.

(g) The Mortgage Lender represents, warrants and covenants that it will provide all notices to each prospective Mortgagor as set forth in the Program Guidelines. For a Mortgage Loan financed with tax-exempt Bonds the Department will include a notice regarding the disallowance of interest deductions that may result from a change in use of the Residence under Section 150(b)(1) of the Code, if applicable.

(h) The Department covenants and agrees that an Eligible Borrower (or any "related person," as defined in Section 147(a)(2) of the Code) shall not purchase Bonds in an amount related to the amount of such Eligible Borrower's Mortgage Loan.

(i) The Department covenants and agrees that at least 95% of all Mortgage Loans to be acquired by the Department under a Program, by the principal amount thereof outstanding, are and shall be evidences of loans to a substantial number of persons representing the general public to provide housing.

(j) The Department covenants and agrees that with respect to a Program involving tax-exempt Bonds, at least 95% of all of the amounts received by the Department with respect to the Mortgage Loans shall be used: to pay the principal amount or redemption price of or interest on, or otherwise to service the debt on, tax-exempt Bonds issued to implement such Program; to reimburse the Department or to pay for administrative costs of issuing such Bonds; to reimburse the Department or to pay for administrative and other costs and anticipated future losses directly related to such Program; to acquire additional Mortgage Loans for the same general purposes specified in the Program; or to redeem and retire Bonds at the next earliest possible date of redemption.

### **ARTICLE III**

#### **PARTICIPATION IN PROGRAMS**

Section 3.01. Application to Participate; Master Mortgage Origination Agreement. As a condition precedent to participation in a Program, the Mortgage Lender must first have been approved by the Servicer and shall have executed and delivered an executed Application to Participate, this Master Mortgage Origination Agreement, and the Participating Lender Agreement and shall have provided to the Department and the Servicer certain other materials requested by the Department and Servicer in connection therewith, including the Opinion of Counsel to Mortgage Lender and Board Resolution of Mortgage Lender, each in the form provided by the Department and the Servicer.

Section 3.02. Reserved

Section 3.03. Reservation Procedures for First-Come, First-Served Program. The Department will specify the Reservation Procedures in the Program Guidelines. The Department will notify Mortgage Lenders through the periodic distribution by the Servicer or the Compliance Agent of Lender Commitment Lot Notices of various terms related to the Program, the Mortgage Loans and DPA Loans. The Lender Commitment Lot Notice will notify Mortgage Lenders that funds are available, specify the amount of funds available (the "Commitment Lot"), specify the mortgage rate in effect for that Commitment Lot, and specify the amount of down payment assistance, if any. In such case, the Mortgage Lender must register each Mortgage Loan and DPA Loan, if applicable, with the Servicer or the Compliance Agent at the time of application and may not issue a Commitment for a Mortgage Loan or a DPA Loan to an Eligible Borrower for a Residence unless the Servicer or the Compliance Agent has approved a Reservation of Funds with respect to such Mortgage Loan and DPA Loan. Mortgage Lenders may submit requests for Reservations of Funds immediately upon distribution of a Lender Commitment Lot Notice. Each Reservation of Funds granted under a particular Lender Commitment Lot Notice must relate to a specific Mortgage Loan and DPA Loan. Before reserving funds for any particular Mortgage Loan and DPA Loan under the Program, the Mortgage Lender must be in receipt of an executed sales contract and Mortgage Loan Application (FNMA 1003) dated prior

to the registration date of the Mortgage Loan and DPA Loan. If, upon receipt of the Compliance Package, the Compliance Agent determines that the above-referenced documents are dated after the Mortgage Loan and DPA Loan registration confirmation, the Reservation of Funds will be cancelled and returned to the first-come, first-served pool of funds. Each Lender Commitment Lot Notice will terminate immediately upon distribution of a new Lender Commitment Lot Notice and no additional Reservations of Funds will be issued under the terminated Lender Commitment Lot Notice.

A Reservation of Funds with respect to a Mortgage Loan and DPA Loan is subject to cancellation if the Mortgage Loan and DPA Loan is not closed by the Mortgage Lender and purchased by the Servicer by the date specified in the Program Guidelines. Delinquency fees, if any, will be specified by the Department in the Program Guidelines.

Section 3.04. Modification of Mortgage Loan Reservation. Each Mortgage Lender must notify the Servicer of all changes to the status of a Mortgage Loan and DPA Loan, such as a cancellation, change in the sale price or change in the loan amount. *Mortgage Lenders will not be permitted to change the names, social security numbers or other data pertaining to applicants once the Mortgage Loan and DPA Loan is registered other than to correct typographical errors.*

#### **ARTICLE IV**

#### **ORIGINATION, SALE AND PURCHASE OF MORTGAGE LOANS**

Section 4.01. Agreement to Originate and Sell; Agreement to Purchase. The Mortgage Lender hereby agrees to use its best efforts, during the Commitment Period for each Program, to issue Commitments, and to originate and sell to the Servicer as soon as practicable, at the applicable Purchase Price, Mortgage Loans and DPA Loans, upon the terms and conditions set forth herein and in the applicable Program Agreement. The Mortgage Lender further agrees that all Mortgage Loans originated by the Mortgage Lender under each Program will be used solely for Ginnie Mae Pools, Freddie Mac Pools and Fannie Mae Pools to back Ginnie Mae Certificates, Freddie Mac Certificates and Fannie Mae Certificates, respectively, sold to the Department.

Section 4.02. Issuance of Commitments. During the Commitment Period for each Program, the Mortgage Lender shall issue Commitments to Eligible Borrowers for Mortgage Loans and DPA Loans meeting the requirements of the applicable Program Agreement. Each Commitment shall (i) specify a Closing Date which shall permit the sale of the Mortgage Loan to the Servicer during the applicable Commitment Period, (ii) specify the rate of interest the Mortgage Loan will bear, the term of the Mortgage Loan, and any conditions precedent to the funding of such Mortgage Loan by the Mortgage Lender and (iii) specify the terms of the DPA Loan, if any.

Section 4.03. Origination Procedures and Standards.

(a) All Mortgage Loans and DPA Loans originated by the Mortgage Lender for purchase by the Servicer under a Program shall comply in all respects with all terms and provisions of the applicable Program Agreement, including those set forth in this ARTICLE IV.

(b) The Mortgage Lender shall originate all Mortgage Loans and DPA Loans under each Program in accordance with the loan origination, eligibility, and credit underwriting standards of the Mortgage Lender in effect during the Origination Period (or the Commitment Period if there is no Origination Period applicable to the Program) for such Program, and the requirements of (i) FHA, VA, RHS, Freddie Mac or Fannie Mae, as applicable, (ii) the Ginnie Mae Guide, Freddie Mac Guide or Fannie Mae Guides, as applicable, (iii) the applicable Program Agreement, and (iv) the Eligibility Guidelines. Notwithstanding the foregoing, the Lenders are permitted to accept cosignors and guarantors on behalf of Eligible Borrowers in accordance with this Master Mortgage Origination Agreement, provided that all the requirements of FHA, VA, RHS, Freddie Mac or Fannie Mae, as applicable, and the following conditions are met: (i) such cosignor/guarantor is acting in such capacity solely for purposes of providing additional security for the Mortgage Loan, (ii) such cosignor/guarantor has no Present Ownership Interest or other financial interest in the Residence, (iii) such cosignor/guarantor has no intention to and will not occupy the Residence as a permanent residence, and (iv) the cosignor/guarantor executes the Affidavit of Cosignor/Guarantor.

Section 4.04. Mortgage Loan Terms. Each Mortgage Loan:

(a) shall be made to an Eligible Borrower to provide financing for a Residence;

(b) shall be evidenced by a Mortgage Note and secured by a Mortgage creating a first lien on such Residence, subject to Permitted Encumbrances;

(c) shall bear interest for the term thereof specified in the related Program Guidelines or at such other rate as may be authorized by the Department, which interest shall be payable in arrears;

(d) shall have the term specified in the applicable Program Guidelines and shall provide for level monthly payments and full amortization over the term thereof;

(e) shall be in a principal amount and have a loan-to-value ratio not exceeding such amounts as conform to the eligibility and credit underwriting standards specified herein and the limitations of FHA, RHS, VA, Fannie Mae, Freddie Mac or the PMI Insurer, as applicable, and the Ginnie Mae Guide or, in the case of a Conventional Mortgage Loan, the Fannie Mae Guides or the Freddie Mac Guide, as applicable, as of the Closing Date;

(f) shall be the subject of FHA Insurance, a VA Guaranty in the maximum amount allowable by VA regulations, an RHS Guaranty in the maximum amount allowable by RHS regulations, or, in the case of a Conventional Mortgage Loan, Private Mortgage Guaranty Insurance if required under the Fannie Mae Guides or the Freddie Mac Guide, as applicable;

(g) shall be an FHA Mortgage Loan, an RHS Mortgage Loan or a VA Mortgage Loan eligible for inclusion in a Ginnie Mae Pool or a Conventional Mortgage Loan (including Mortgage Loans under the Fannie Mae Community Home Buyer's



Program) eligible for inclusion in a Fannie Mae Pool or a Freddie Mac Pool, and shall be eligible for sale to Ginnie Mae, Freddie Mac, or Fannie Mae;

(h) shall be the subject of a Title Policy;

(i) shall pertain to mortgaged property that is covered as of the Closing Date by any required standard hazard insurance policy and flood insurance policy, in such amounts and meeting the applicable requirements of FHA, VA, RHS, Ginnie Mae, Freddie Mac or Fannie Mae and the Servicer;

(j) shall have the Mortgage Rider attached to the Mortgage and duly executed by the Mortgagor;

(k) shall meet all the requirements set forth in Section 2.04 hereof, if applicable, and the related Program Guidelines;

(l) shall have such other terms and conditions as may be required by the applicable Program Guidelines; and

(m) shall comply with the Lender Guide, the Ginnie Mae Guide, the Freddie Mac Guide, or the Fannie Mae Guides.

Each DPA Loan shall have the terms and comply with the requirements in the Program Guidelines.

Section 4.05. Fees and Charges. In connection with each Mortgage Loan, the Mortgage Lender may charge and collect from the Mortgagor or the Seller of a Residence the appropriate Origination Fee and the appropriate Buyer/Seller Points, as specified in the applicable Program Guidelines.

In addition, the Mortgage Lender may collect from the Mortgagor and/or the Seller all usual and reasonable settlement or financing costs that are permitted to be so collected by FHA, VA, RHS, Ginnie Mae, Freddie Mac or Fannie Mae, as applicable, and other applicable Laws, but only to the extent such charges do not exceed the usual and reasonable amounts charged in the area in which the Residence is located in cases where owner financing is not provided through a tax-exempt mortgage revenue bond financing. Such usual and reasonable settlement or financing costs shall include, among other things, an application fee not to exceed the amounts set forth in the Program Guidelines (which includes the Funding Fee and the Compliance Fee), title and transfer fees, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and expenses, credit report fees, FHA insurance premiums, Private Mortgage Guaranty Insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, abstract fees, tax service fees, recording or registration fees, escrow fees, file preparation fees and other similar costs.

To the extent provided in the applicable Program Guidelines, the Mortgage Lender, shall receive the applicable portion of the Servicing Release Fee.

The fees and expenses described above are the only fees, charges or remuneration that the Mortgage Lender may collect in connection with any Mortgage Loan (except as may be provided otherwise in the applicable Program Guidelines), and none other may be recovered by or on behalf of the Mortgage Lender from any person in connection with a Mortgage Loan under a Program. In particular, the Mortgage Lender may not charge any warehousing or similar fee for the use of funds for the period prior to purchase of the Mortgage Loan by the Servicer.

It is expected that the Mortgage Lender will disburse Mortgage Loan proceeds on or about the date the Mortgage Note is executed. The Mortgage Lender may not charge interest to a Mortgagor until the Mortgage Loan proceeds have been disbursed.

Section 4.06. Eligible Borrowers. An Eligible Borrower under a Program shall be a person or persons who meets the requirements contained in the definition of “Eligible Borrower” set forth in the applicable Program Guidelines, and as may be revised upon written notice thereof by the Department to the Servicer and Compliance Agent.

The determination of the Family Income of a person applying for a Mortgage Loan shall be calculated in accordance with the determination made most recently prior to the making of such Mortgage Loan by the Secretary of the United States Treasury pursuant to Section 143(f)(2) of the Code, after taking into account the regulations prescribed under Section eight (8) of the United States Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination). As of the date hereof, such determination provides that “Family Income” shall be the gross monthly income of the Mortgagor and any other person who is expected both to live in the Residence and to be primarily or secondarily liable on the Mortgage Loan. The income of a spouse that lives in the Residence will be included in “Family Income.” Any revisions to such determination shall be binding upon the Servicer, the Compliance Agent and the Mortgage Lender upon its receipt from the Department of written notice with respect thereto. Information with respect to gross monthly income may be obtained from available loan documents executed during the four-month period ending on the date of the Closing of the Mortgage Loan.

Section 4.07. Acquisition Cost. Each Residence financed with a Mortgage Loan under a Program shall have an Acquisition Cost of an amount not in excess of the limit set forth in the applicable Program Guidelines, and as may be revised upon written notice thereof by the Department.

Section 4.08. Verification of Mortgage Eligibility and Program Compliance Requirements. In order to ensure that each Mortgage Loan is made to an Eligible Borrower to finance a Residence in accordance with Section 143 of the Code, unless otherwise provided in the applicable Program Guidelines, the Mortgage Lender shall utilize good faith and all due diligence in carrying out the following procedures with respect to each Mortgage Loan:

- (a) the Mortgage Lender shall obtain an Affidavit of Eligible Borrower, duly executed by the Eligible Borrower, an Affidavit of Seller, duly executed by the Seller, and an Affidavit of Cosignor/Guarantor, all as specified in the Program Guidelines;

(b) the Mortgage Lender shall review the contents of the Affidavit of Eligible Borrower, and the Affidavit of Seller, if applicable, with the Eligible Borrower or the Seller, respectively, prior to the execution thereof;

(c) except in the case of Exception Loans, Targeted Area Loans and Mortgage Loans to Qualified Veterans, the Mortgage Lender shall obtain signed or certified copies of the Eligible Borrower's federal income tax returns for the three (3) years preceding the date of application for the Mortgage Loan and shall review same to verify that the Eligible Borrower did not claim deductions for taxes or interest on indebtedness with respect to real property constituting his or her Principal Residence except as permitted with respect to interest on temporary financing and taxes on a Principal Residence for an Exception Loan, a Targeted Area Loan, a Mortgage Loan to a Qualified Veteran, or a Principal Residence owned under the Contract for Deed Exception; provided, however, that, in lieu of such tax returns for any one or more of such years, the Mortgage Lender may accept: (i) an Internal Revenue Service Transcript of Tax Return (including all schedules) evidencing the filing of Form 1040, 1040A or 1040EZ or other similar short form during such year which confirms that the Mortgagor did not claim a deduction during such year for taxes or interest on a loan with respect to real property occupied or intended to be occupied primarily for residential purposes by the Eligible Borrower; or (ii) the Eligible Borrower's affidavit that the Eligible Borrower was not required to file such a return in accordance with Section 6012 of the Code during one or more of the preceding three years, accompanied by an Internal Revenue Service printout stating "No Record Found" for each applicable tax year;

(d) the Mortgage Lender shall perform such additional investigation as may be appropriate under the circumstances (such as personal or telephonic interviews with the Eligible Borrower and the Seller, examination of canceled checks or receipts evidencing payment of rent, review of employment and utility records, review of the purchase contract for the Residence to determine the Acquisition Cost, and review of title information to verify the absence of any existing permanent mortgage on the Residence executed by the Eligible Borrower) to verify that the requirements of Section 143 of the Code, as described in Section 2.04 hereof, if applicable, are satisfied as of the date of the execution of the Mortgage;

(e) the Mortgage Lender shall review the draft closing disclosure to assure that all fees and charges and settlement and financing costs comply with the requirements of Section 4.05 of this Master Mortgage Origination Agreement and with the provisions of the applicable Program Guidelines;

(f) the Mortgage Lender shall prepare, execute and deliver the Certificate of Mortgage Lender;

(g) the Mortgage Lender shall carry out such additional verification procedures as may be reasonably requested by the Department, the applicable Compliance Agent and the applicable Servicer; and

(h) the Mortgage Lender shall submit in writing all information concerning compliance of each Mortgage Loan with the applicable requirements of the Code to the applicable Compliance Agent as required by Section 4.12 hereof, including without limitation the results of any investigation, verification or procedure carried out under this Section.

The obligations of the Mortgage Lender pursuant to this Section shall inure to the benefit of the Department, the applicable Servicer, the applicable Compliance Agent, the applicable Trustee and any person interested in the exclusion of the interest on Bonds, if any, from gross income for federal income tax purposes.

Section 4.09. Special Requirements Regarding Condominium Developments and Planned Unit Developments. No Mortgage Loan to provide financing for a Residence that is a unit in a Condominium Development or a unit in a Planned Unit Development shall be eligible for purchase under a Program unless such Mortgage Loan meets all the requirements of FHA, VA, RHS, Freddie Mac or Fannie Mae, as applicable, and is eligible for inclusion in a Ginnie Mae Pool, Freddie Mac Pool or Fannie Mae Pool under the Ginnie Mae Guide, Freddie Mac Guide or Fannie Mae Guides applicable to such Program.

Section 4.10. Special Requirements Regarding Seller Buydowns. The Mortgage Lender may permit the Seller of a Residence being financed with a Mortgage Loan under any Program to buy down the interest rate on such Mortgage Loan as an inducement to an Eligible Borrower to purchase such Residence, but only upon the condition that the buydown and all terms thereof shall conform to the applicable requirements of FHA, or VA, the Ginnie Mae Guide and the Lender Guide.

Section 4.11. Exception Loans. The Mortgage Lender, with the prior written approval of the Department pursuant to this Section, may originate Exception Loans to Mortgagors who have had a Present Ownership Interest in a Principal Residence during the three-year period ending on the date of execution of the Mortgage, regardless of whether or not such Mortgage Loans are Targeted Area Loans or Mortgage Loans to Qualified Veterans; provided, however, that such Mortgagors shall otherwise satisfy all requirements set forth in the definition of "Eligible Borrower" herein and such Mortgage Loans shall otherwise satisfy all requirements set forth in the applicable Program Agreement; and provided further that at no time during the Origination Period for any Program (or the Commitment Period if there is no Origination Period applicable to the Program) or thereafter shall the aggregate principal amount of Exception Loans originated pursuant to this Section 4.11 and purchased by the Servicer under such Program exceed 2%, or such other amount as set forth in the Program Guidelines, of the aggregate principal amount of Mortgage Loans (excluding Targeted Area Loans and Mortgage Loans to Qualified Veterans) that have been purchased by the Department under such Program as of such date.

Section 4.12. Mortgage Loan Submission and Purchase.

(a) In order to comply with the requirements of Section 4.08(h) hereof, the Mortgage Lender, at the Mortgage Lender's expense, shall deliver to the applicable Compliance Agent copies of the Mortgage Loan and DPA Loan, if any, documents

specified in the Compliance Package for such Program, and such other documents relating to the Mortgage Loan and DPA Loan, if any, application as may be required by the Compliance Agent in connection with the review of the proposed Mortgage Loan and DPA Loan, if any. The applicable Compliance Agent will be required to review such documents and provide to the Mortgage Lender through written or electronic media an explanation of why such proposed Mortgage Loan and DPA Loan, if any, has not been approved for purchase under the Program.

(b) The Compliance Package must be submitted to the applicable Compliance Agent pursuant to procedures established by the Compliance Agent. The Compliance Agent will send notice to the Mortgage Lender approving or rejecting the Mortgage Loan and DPA Loan, if any, or stating the items to be reconciled.

(c) The Servicer has no obligation to purchase Mortgage Loans or DPA Loans pursuant to Section 4.13 hereof unless and until (i) such Mortgage Loans are eligible for inclusion in a Ginnie Mae Pool, Freddie Mac Pool or Fannie Mae Pool, as applicable, (ii) Program funds (Bond funds or a warehousing agreement or other financing source) are available to purchase the Ginnie Mae Certificates, Freddie Mac Certificates or Fannie Mae Certificates, as applicable, representing a beneficial ownership interest in the Ginnie Mae Pool, Freddie Mac Pool or Fannie Mae Pool of such Mortgage Loans, and (iii) Mortgage Loans in an aggregate principal amount of at least the minimum amount necessary to form a Ginnie Mae Pool for a Ginnie Mae Certificate under the Ginnie Mae Guide, a Freddie Mac Pool for a Freddie Mac Certificate under the Freddie Mac Guide or a Fannie Mae Pool for a Fannie Mae Certificate under the Fannie Mae Guides are available for purchase under the Program on a Purchase Date or are owned by the Servicer and have not previously been included in a Ginnie Mae Pool, Freddie Mac Pool or Fannie Mae Pool and used to back a Ginnie Mae Certificate, Freddie Mac Certificate or Fannie Mae Certificate. All Mortgage Loans must be current in the payment of principal, interest, taxes and insurance at the time of purchase by the Servicer. The Mortgage Lender shall deliver to the Servicer all the Mortgage Loan documents described in the Mortgage File Guide. The Mortgage Lender hereby warrants that all permitted copies will be true and accurate copies of the respective original documents and instruments. The Servicer will review such documents and instruments and will, prior to such proposed Purchase Date, return to the Mortgage Lender, for appropriate curative action, pursuant to Section 4.14 hereof, any such document or instrument that is defective in any material respect. Any Mortgage File or Compliance Package held by the Servicer following the Mortgage Loan Closing without curative action having been taken by the Lender shall be returned to the Lender and may be charged a late fee. The Mortgage Lender shall pay all costs of preparing and furnishing the Mortgage File to the Servicer. The Servicer shall not be obligated to purchase Conventional Mortgage Loans from a Mortgage Lender in the event such Mortgage Lender is not performing its duties hereunder with respect to Conventional Mortgage Loans in accordance with Fannie Mae or Freddie Mac guidelines, as applicable. With respect to each Mortgage Loan for which the Mortgage Lender has received a Reservation of Funds, if the Servicer has not received the Mortgage File (which shall include therein a copy of an approved Mortgage Loan Reservation Form) relating to such Mortgage Loan by the Final Loan Submission Date, and with respect to any Mortgage Loan submitted that is not a qualifying Mortgage

Loan under the Program, the Reservation of Funds for such Mortgage Loan will expire and be canceled.

(d) Prior to the delivery of the Mortgage File to the Servicer in connection with the purchase of a Mortgage Loan, the Mortgage Lender shall record or file for record an assignment of the Mortgage Note and the Mortgage in all offices as necessary to perfect the assignment of the Mortgage on behalf of the Servicer under the Laws of the State. All notices to insurers under any insurance policies maintained with respect to a Mortgage Loan of the assignment to the Servicer of the servicing of such Mortgage Loan shall be given by the Mortgage Lender prior to purchase by the Servicer. The Mortgage Lender also shall provide to the Servicer on behalf of the Department such other reports or information regarding the Mortgage Loan being sold by the Mortgage Lender as may be reasonably requested by either of them.

(e) Notwithstanding the delivery procedures of this Section 4.12, the applicable Servicer, in its discretion, may accept Mortgage Files that contain certified copies of the Mortgage and the assignment of Mortgage Note and Mortgage in lieu of the originals of same and a valid commitment for the issuance of a Title Policy in lieu of a final Title Policy and may approve the particular Mortgage Loan for purchase without such originals or certificate if the Mortgage File otherwise is complete, all other Mortgage Documents are present, the requirements of the Ginnie Mae Guide, Freddie Mac Guide or Fannie Mae Guides, as applicable, with respect to the Mortgage Loan documentation are satisfied and the Mortgage Loan satisfies in all respects the terms and conditions of the applicable Program Agreement. The original recorded Mortgage and original recorded assignment of Mortgage Note and Mortgage, the Title Policy and the certificate evidencing the FHA Insurance or VA Guaranty, RHS Guaranty or Private Mortgage Guaranty Insurance must be submitted to the Servicer within ninety (90) days from the Purchase Date of the Mortgage Loan. A fine in an amount not in excess of Two Hundred and Fifty Dollars (\$250) per document may be imposed upon the Mortgage Lender by the Servicer if such original documents are not delivered within two hundred forty (240) days from the Purchase Date of the Mortgage Loan.

(f) The Servicer shall purchase Mortgage Loans from the Mortgage Lender daily. The Servicer has no obligation to purchase Mortgage Loans unless (i) such Mortgage Loans are eligible hereunder and conform to all requirements of the Program Agreement and the Eligibility Guidelines, and (ii) in the event that the Mortgage Lender is in breach or violation of any representation, warranty or covenant under the Program Agreement, which materially and adversely affects the ability of the Servicer to pool Mortgage Loans originated by the Mortgage Lender into Ginnie Mae Certificates, Freddie Mac Certificates or Fannie Mae Certificates, the Mortgage Lender delivers in writing to the Servicer satisfactory evidence of its cure of such breach or violation.

(g) All notices to FHA, VA, RHS, Fannie Mae, Freddie Mac or Ginnie Mae that are required to be given under applicable FHA, VA, RHS, Fannie Mae, Freddie Mac or Ginnie Mae requirements shall be given by the Mortgage Lender prior to purchase of the Mortgage Loan by the Servicer. The Mortgage Lender also shall notify the Mortgagor in writing that checks, money orders or other remittances in payment of the

Mortgage Loan must be paid to the order of the Servicer following purchase of the Mortgage Loan.

(h) The Mortgage Lender shall deliver the original executed Mortgage, Mortgage Note, Assignment of Mortgage Note and DPA Loan and DPA Mortgage, if applicable, to the Servicer in the following manner or as otherwise described in the Program Guidelines: (i) the Mortgage Note shall bear the endorsement required by the Ginnie Mae Guide, Freddie Mac Guide or Fannie Mae Guides, as applicable; (ii) the original related Mortgage, together with the Assignment of Mortgage Note and Mortgage or a true and correct copy of such executed Mortgage and Assignment of Mortgage Note and Mortgage, and assurance, as may be required under the Eligibility Guidelines, that the originals thereof have been delivered for recording in the office of the county clerk of the county in which the Residence is located to evidence the Servicer's ownership of the Mortgage and Mortgage Note; and (iii) the DPA Loan, the DPA Mortgage and the DPA Assignment, if applicable, as required by the Program Guidelines. The Mortgage Lender shall further perform any other action or deed as the Servicer may direct to cause the proper (i) transfer of the Mortgage Note and Mortgage from the Mortgage Lender to the Servicer, and/or (ii) filing or recording of the Mortgage and the Assignment of Mortgage Note and Mortgage in such other places and in such other manner, form or condition satisfactory to the Servicer as is necessary to perfect the Servicer's interest in each such Mortgage Note and related Mortgage. The delivery of the Mortgage Note and related Mortgage shall be accompanied by or shall reflect that all applicable documentary stamp and other excise taxes, all intangible taxes and all recording fees have been paid.

(i) For Mortgage Loans that are pooled into a Ginnie Mae Pool, the Ginnie Mae Custodian will retain (i) the original Mortgage Note, as assigned, (ii) the recorded Assignment of Mortgage Note and Mortgage, (iii) the original recorded Mortgage, (iv) all intervening recorded assignments of Mortgage, (v) the Title Policy, and (vi) the applicable certificate evidencing the FHA Insurance, RHS Guaranty or VA Guaranty relating to such Mortgage Loans. With respect to any Mortgage Loan included in a Fannie Mae Pool, the applicable custodian therefor will retain the items specified in clauses (i) and (ii). With respect to any Mortgage Loan included in a Freddie Mac Pool, the applicable custodian therefor will retain the items specified in clauses (i) and (ii). All other Mortgage Documents will be retained by the Servicer.

(j) Upon request of the Servicer, the Mortgage Lender shall submit to the Servicer the Affidavit of Eligible Borrower and the Affidavit of Seller in an updated form (if deemed necessary by the Department or the Servicer) in connection with the purchase of a Mortgage Loan by the Servicer from the Mortgage Lender.

(k) To the extent and under the circumstances provided herein, upon the purchase of a Mortgage Loan, the Servicer shall pay or cause to be paid the Servicing Release Fee, if any, to the Mortgage Lender, the Department or both as compensation for the release of servicing by the Mortgage Lender.

(l) Neither the review of a Mortgage File by the Compliance Agent nor the purchase of a Mortgage Loan by the Servicer will relieve the Mortgage Lender from

responsibility for compliance of the Mortgage Loan with the requirements of this Master Mortgage Origination Agreement and the other Program Documents, including the Mortgage Lender's responsibility to repurchase the applicable Mortgage Loan if required by this Master Mortgage Origination Agreement or the Participating Lender Agreement.

Section 4.13. Purchase of Mortgage Loans and Assignment of Servicing. For each Mortgage Loan originated by the Mortgage Lender (i) which is in compliance with all the terms and conditions of this Master Mortgage Origination Agreement and the applicable Program Guidelines, and the requirements of FHA, VA, RHS, the Fannie Mae Guides, the Freddie Mac Guide and the Ginnie Mae Guide, as applicable, (ii) for which payments of principal, interest, taxes and insurance are current, (iii) for which the Mortgage File and other documents have been prepared and presented to the Servicer in the form required hereby, (iv) for which funds are available for the purchase of a Ginnie Mae Certificate, Freddie Mac Certificate or Fannie Mae Certificate representing a beneficial ownership interest in the Ginnie Mae Pool, Freddie Mac Pool or Fannie Mae Pool, respectively, into which such Mortgage Loan has been or will be pooled and (v) for which all of the other applicable conditions of this Master Mortgage Origination Agreement and the applicable Program Guidelines have been fulfilled, the Servicer shall pay to the Mortgage Lender, under the terms and conditions specified herein, on the applicable Purchase Date for each such Mortgage Loan, the Purchase Price. The Mortgage Lender shall pay the Funding Fee for each Mortgage Loan to the Servicer. Only Mortgage Loans submitted in accordance with this Section and that conform to the requirements of this Master Mortgage Origination Agreement and the applicable Program Guidelines will be purchased by the Servicer.

All Mortgage Loan payments on account of taxes or insurance collected by the Mortgage Lender with respect to a Mortgage Loan prior to the purchase of such Mortgage Loan shall be held in trust by the Mortgage Lender in the Mortgage escrow account and shall be applied on behalf of the Mortgagor, as required. On or prior to the Purchase Date, taxes and insurance deposits held in the Mortgagor's escrow account shall be transferred by the Mortgage Lender to the Servicer. The Mortgage Lender shall be obligated to pay any fees or penalties associated with late payment of taxes and/or insurance that were assessed or due with respect to a Mortgage Loan during the period prior to the Servicer's purchase thereof.

On the Purchase Date, the Mortgage Lender shall assign and transfer each Mortgage Loan to the Servicer in exchange for payment as provided herein and in the applicable Program Guidelines. On and after the Purchase Date, the Servicer will perform all servicing functions under the Servicing Agreement relating to each Mortgage Loan purchased by it from the Mortgage Lender until such Mortgage Loans are pooled into a Ginnie Mae Pool, Freddie Mac Pool or a Fannie Mae Pool. After the issuance of the Ginnie Mae Certificate, Freddie Mac Certificate or Fannie Mae Certificate representing a beneficial ownership interest in such Ginnie Mae Pool, Freddie Mac Pool or Fannie Mae Pool, respectively, the Servicer will service the Mortgage Loans comprising such Ginnie Mae Pool, Freddie Mac Pool or Fannie Mae Pool in accordance with the Servicing Agreement and the Ginnie Mae Guide, Freddie Mac Guide or Fannie Mae Guides, as applicable.

For each DPA Loan originated by the Mortgage Lender for which all of the terms and conditions of this Master Mortgage Origination Agreement and the applicable Program



Guidelines have been fulfilled, the Department or its agent shall pay to the Mortgage Lender on the applicable Purchase Date for each such DPA Loan, the Purchase Price. Only DPA Loans submitted in accordance with this Section and that conform to the requirements of this Master Mortgage Origination Agreement and the applicable Program Guidelines will be purchased by or on behalf of the Department.

The Mortgage Lender and the Department acknowledge and agree that the agreement to purchase DPA Loans in this Section creates a legally enforceable obligation of the Department to provide funds towards the borrower's required minimum cash investment in accordance with the requirements of U.S. Department of Housing and Urban Development Mortgagee Letter 2013-14 and 2019-06.

Section 4.14. Defective Mortgage Loans and Repurchase Obligation. Following the purchase of any Mortgage Loan under a Program, and notwithstanding the review of the Mortgage Loan File by the Servicer pursuant to Section 4.12 or Section 4.13 hereof, by the Compliance Agent pursuant to Section 4.12(a) hereof, or by any other person, if any Mortgage Documents, in the judgment of the Department, the Compliance Agent, the Servicer, Ginnie Mae, Freddie Mac or Fannie Mae, are defective or inaccurate in any respect, or if the Mortgage Loan is determined to be a Non-Qualifying Mortgage Loan by the Servicer, Ginnie Mae, Freddie Mac or Fannie Mae, the Mortgage Lender will repurchase the Non-Qualifying Mortgage Loan pursuant to the Participating Lender Agreement. and in all cases, whether or not the Mortgage Loan has been repaid or otherwise satisfied, indemnify and hold harmless the Department, the Compliance Agent and the Servicer for any loss, damage, forfeiture, penalty, or expenses (including reasonable attorney's fees) incurred by them in connection with the defective Mortgage Loan

THE MORTGAGE LENDER ACKNOWLEDGES THAT IT MAY BE REQUIRED TO REPURCHASE MORTGAGE LOANS IN ACCORDANCE WITH THIS SECTION 4.14 OR "THE PARTICIPATING LENDER AGREEMENT" AND AGREES THAT IT WILL HAVE NO RECOURSE AGAINST THE DEPARTMENT, THE COMPLIANCE AGENT OR THE SERVICER IN THE EVENT THAT IT IS REQUIRED TO REPURCHASE ANY MORTGAGE LOAN.

Section 4.15. Prohibition of Discrimination.

(a) Except as may be otherwise set forth in an applicable Program Guidelines with respect to certain permitted reservations, the Mortgage Lender shall not enter into any agreement or arrangement with any person, firm, or corporation to prefer any applicant or group of applicants for Mortgage Loans over any other applicant or group of applicants for such Mortgage Loans, and the Mortgage Lender will consider all applications for Mortgage Loans. The Mortgage Lender shall treat separately and on a first-come, first-served, fair and equal basis applications for Mortgage Loans. The Department may request from the Mortgage Lender periodic reports of the persons who have applied for Mortgage Loans, which reports may include, among other things, the times at which such persons applied for Mortgage Loans.

(b) The Mortgage Lender shall not arbitrarily reject an application because of the location and/or age of the property, or in the case of a proposed Eligible Borrower, arbitrarily vary the terms of a Mortgage Loan or the application procedures therefor or reject a Mortgage Loan applicant because of the race, color, religion, national origin, age, sex, or marital status of such applicant. In accepting, evaluating, and acting upon such applications, the Mortgage Lender shall comply with all Laws that may affect such applications.

(c) Records of all applications for Mortgage Loans under each Program and evidence of actions taken with respect thereto shall be retained by the Mortgage Lender for at least three years after the end of the Commitment Period or Origination Period (if different from the Commitment Period) for such Program and furnished at the Mortgage Lender's expense to the Department upon request.

Section 4.16. Commitments After the Commitment Period. The Mortgage Lender may not issue any Commitments for Mortgage Loans to be purchased under a Program after the end of the Commitment Period for such Program without the prior written approval of the Department. The Department, in its discretion, may authorize the Mortgage Lender to issue such Commitments after the end of the Commitment Period for such Program and before the end of the Origination Period (if different from the Commitment Period) for such Program under the following circumstances: (i) if and to the extent that Commitments issued by the Mortgage Lender under such Program during the Commitment Period for such Program expire or otherwise terminate without Closing into Mortgage Loans; and (ii) if and to the extent that the Department reallocates available funds under the Program pursuant to the applicable Program Agreement. Nothing in this Section 4.16 requires the purchase of a Mortgage Loan by the Servicer after the end of the relevant Origination Period.

Section 4.17. Mortgage Lender as Servicer. In the event that the Mortgage Lender is also the applicable Servicer under any Program, the requirements of the applicable Program Agreement with respect to sale and transfer of Mortgage Loans by the Mortgage Lender to the Servicer or the assignment of servicing of Mortgage Loans by the Mortgage Lender to the Servicer shall be deemed to be satisfied without further formality if no such sale, transfer or assignment, or no actual transfer of funds or instruments, is necessary to vest in the Mortgage Lender, as Mortgage Lender or Servicer, the rights required to be transferred or vested

hereunder. Nothing in this Section, however, shall relieve the Mortgage Lender, in its capacity as Mortgage Lender or Servicer under the applicable Program Agreement, from any duty to maintain records or files, submit reports, obtain or document required approvals or provide information or documentation as required thereunder to the Department, the Trustee or the applicable Compliance Agent.

Section 4.18. Qualified Rehabilitation Loans. Mortgage Lenders may originate Mortgage Loans as Qualified Rehabilitation Loans only if such Qualified Rehabilitation Loans are permitted in a Program as set forth in the applicable Program Guidelines and only upon reaching an agreement with the Servicer for delivery of Qualified Rehabilitation Loans for purchase by the Servicer under the Program and compliance with such additional criteria as the Servicer may provide to obtain compliance with requirements of VA, FHA, RHS, Ginnie Mae, Freddie Mac, Fannie Mae and any PMI Insurer and as Bond Counsel may advise is necessary for compliance with the Code. The Servicer shall not be responsible for, nor undertake any inspections, approve construction draws or otherwise participate in servicing functions during the construction period relating to such Qualified Rehabilitation Loans, all of which shall be the sole responsibility of the Mortgage Lender.

Section 4.19. Refinancing Loans. Mortgage Lenders may originate Mortgage Loans as Refinancing Loans only if such Refinancing Loans are permitted in a Program as set forth in the applicable Program Guidelines and only upon reaching an agreement with the Servicer for delivery of Refinancing Loans for purchase by the Servicer under the Program and compliance with such additional criteria as the Servicer may provide to obtain compliance with requirements of VA, FHA, RHS, Ginnie Mae, Freddie Mac, Fannie Mae and any PMI Insurer and as Bond Counsel may advise is necessary for compliance with the Code. The Servicer shall not be responsible for, nor undertake any inspections, approve construction draws or otherwise participate in servicing functions during the construction period relating to such Refinancing Loans, all of which shall be the sole responsibility of the Mortgage Lender.

Section 4.20. Change in Use Limitation. For tax-exempt Bond financed Programs as set forth in the Program Guidelines, Mortgagors who finance Residences with Mortgage Loans will not be allowed an income tax deduction for interest on such financing if there is a continuous period of at least one (1) year during which such Residence is not the Principal Residence of at least one (1) of the Mortgagors with respect to the Mortgage Loan. Such disallowance will apply to all interest on such Mortgage Loan that accrues on or after the date on which such one-year period begins and before the date such Residence is again the Principal Residence of at least one (1) of the Mortgagors with respect to the Mortgage Loan. This disallowance shall not apply to the extent a Mortgagor establishes to the satisfaction of the Internal Revenue Service that its application would result in undue hardship and that the failure to meet the requirement that the Residence be occupied as a Principal Residence by a Mortgagor resulted from circumstances beyond the Mortgagor's control.

## **ARTICLE V**

### **DUTIES OF THE DEPARTMENT**

Section 5.01. Issuance of Notices. The Department hereby agrees to issue the Notice of Program and/or the Notice of Acceptance and Commitment Lot Notices for each Program, each

as applicable, and such other notices as may be necessary to fulfill the obligations of the Department under the applicable Program Agreement or to effectuate the purposes of such Program.

Section 5.02. Purchase of Mortgage Loans and Certificates. The Department hereby agrees to cause the applicable Servicer to purchase (but solely to the extent that funds are available under the applicable Indenture or the related warehousing agreement or purchase agreement to purchase the corresponding Ginnie Mae Certificates, Freddie Mac Certificates or Fannie Mae Certificates, as applicable) Mortgage Loans from the Mortgage Lender in accordance with the terms and subject to the conditions of the applicable Program Agreement and to cause the applicable Trustee or purchaser to purchase, but solely from funds available for such purpose under the applicable Indenture or the related warehousing agreement or purchase agreement, Ginnie Mae Certificates, Freddie Mac Certificates or Fannie Mae Certificates, as applicable, representing the beneficial ownership interest in the Ginnie Mae Pools, Freddie Mac Pools or Fannie Mae Pools, as applicable, of Mortgage Loans originated under and in accordance with this Master Mortgage Origination Agreement.

Section 5.03. Review of Mortgage Lender's Performance. (A) The Department or the Servicer may periodically review the performance of the Mortgage Lender, as reflected by the reports and recommendations of the Compliance Agent and such other evidence as may be available or presented to the Department or the Servicer, to determine if the Mortgage Lender is performing in accordance with the standards required by the Program Agreement and the Participating Lender Agreement. If the Department or the Servicer determines that the Mortgage Lender is not performing in accordance with such standards, the Department or the Servicer shall notify the Mortgage Lender of any such deficiency. If such deficiency is sufficient to warrant termination of the Mortgage Lender pursuant to Section 7.02 hereof, then the Department or the Servicer shall notify the Mortgage Lender that the services of the Mortgage Lender are being terminated and the date on which such termination shall be effective. The Department acting through the Servicer may terminate its obligation to purchase Mortgage Loans from a Mortgage Lender with respect to a particular Program if a Mortgage Lender is not performing its obligations and duties under the applicable Program Agreement, the Eligibility Guidelines, the Fannie Mae Guides, the Freddie Mac Guides, the Ginnie Mae Guide, the Lender Guide, or the Participating Lender Agreement as applicable, or in its regular course of business with the Servicer or determined by the Servicer.

(B) Department Acknowledgement. The Servicer and the Mortgage Lenders have entered into a separate Participating Lender Agreement. If there is conflict between the Master Mortgage Origination Agreement, the Program Guidelines and the Participating Lender Agreement, the Participating Lender Agreement will control. The Department will be notified of any action steps being taken against the Lender. Such notification is not to be taken as an approval request from the Department and no approval is required.

Section 5.04. Review of Servicer's Performance. The Department may periodically review the performance of each Servicer under the applicable Servicing Agreement, as set forth in such Servicing Agreement. In the event that the applicable Servicer is terminated pursuant to the terms of the applicable Servicing Agreement during the Commitment Period or the Origination Period for any Program, the Department will so notify the Mortgage Lender and will

notify the Mortgage Lender of the name and address of the successor Servicer assigned by the Department to the Mortgage Lender for purposes of such Program, and the date as of which such assignment is effective.

Section 5.05. Review of Compliance Agent's Performance. The Department may periodically review the performance of each Compliance Agent under the applicable Compliance Agreement, as set forth in such Compliance Agreement. In the event that the applicable Compliance Agent is terminated pursuant to the terms of the applicable Compliance Agreement during the Commitment Period or the Origination Period for any Program, the Department will so notify the Mortgage Lender and will notify the Mortgage Lender of the name and address of the successor Compliance Agent assigned by the Department to the Mortgage Lender for purposes of such Program, and the date as of which such assignment is effective.

## **ARTICLE VI**

### **GENERAL DUTIES AND LIABILITIES OF THE MORTGAGE LENDER**

Section 6.01. Limitation on Liability of Mortgage Lender. Except as provided otherwise herein or in the Program Documents, including but not limited to Section 4.14 and ARTICLE VII hereof, neither the Mortgage Lender nor any director, officer, employee or agent of the Mortgage Lender shall be under any liability to the Servicer, the Trustee, the Compliance Agent or the owners of any Bonds for any action taken or for refraining from the taking of any action in good faith pursuant to this Master Mortgage Origination Agreement, or for errors in judgment. The Mortgage Lender may, in its discretion, undertake such action it may deem necessary or desirable in respect of this Master Mortgage Origination Agreement and the rights and duties of the parties hereto and the interests of the owners of the Bonds. In such event, the legal expenses and costs of such action shall be the sole responsibility of the Mortgage Lender.

Section 6.02. Merger or Consolidation of Mortgage Lender. The Mortgage Lender agrees and covenants that, during the term of this Master Mortgage Origination Agreement, it will remain a lending or financial institution subject to supervision and examination by federal and state authorities, where applicable; to the extent it is originating FHA Mortgage Loans, that it will remain an FHA-approved mortgagee in good standing, to the extent it is originating VA or RHS Mortgage Loans an eligible lender in good standing for mortgages guaranteed by VA or RHS, as applicable, and to the extent it is originating Conventional Mortgage Loans, a lender approved by Fannie Mae or Freddie Mac, as applicable, to sell and service Conventional Mortgage Loans; and that it will remain in good standing and qualified to do business under the Laws of its jurisdiction of organization and of the State, will not dissolve or otherwise dispose of all or substantially all of its assets, will not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it; provided, however, that the Mortgage Lender, without violating the agreement contained in this Section, may consolidate with or merge into another lending or financial institution, or permit one or more lending or financial institutions to consolidate with or merge into it, or sell or otherwise transfer to another such lending or financial institution all or substantially all of its assets and thereafter dissolve, provided that the surviving, resulting or transferee lending or financial institution, as the case may be: (i) shall be subject to the supervision and examination of federal and state authorities to the same extent as the Mortgage Lender, where applicable, (ii) shall be an FHA-approved mortgagee in good standing, and/or an eligible lender in good standing for

mortgages guaranteed by the VA or RHS, to the extent it is originating such loans, (iii) shall be approved by Fannie Mae or Freddie Mac, as applicable, to sell and service Conventional Mortgage Loans, to the extent it is originating such loans, (iv) shall have a net worth, after giving effect to such transaction, at least equal to that of the Mortgage Lender immediately prior to such transaction, and (v) shall assume in writing all the obligations of the Mortgage Lender under this Master Mortgage Origination Agreement. In the case of a sale of all or substantially all of the Mortgage Lender's assets, the Department shall release the Mortgage Lender in writing, concurrently with and contingent upon such assumption, from all liability hereunder.

Section 6.03. Mortgage Lender Not to Resign. A Mortgage Lender may notify the Department at any time that it does not want to participate in future Programs or that it will not continue to accept applications under an existing Program; however, the Mortgage Lender shall not resign from the obligations and duties imposed on it hereby with respect to closed Mortgage Loans or Mortgage Loans for which a Commitment has been issued, except upon determination that its duties hereunder are no longer permissible under applicable Law. Any such determination permitting the resignation of the Mortgage Lender shall be evidenced by an opinion of counsel to such effect delivered and satisfactory to the Servicer and the Department. No such resignation shall become effective until one or more other mortgage lenders shall have assumed the Mortgage Lender's responsibilities and obligations hereunder with respect to the origination of Mortgage Loans.

Section 6.04. Indemnification by Mortgage Lender. If at any time any action or any other legal proceeding should be instituted against the Department, the Compliance Agent and/or the Servicer by reason of or in connection with any act or failure to act on the part of the Mortgage Lender, the Mortgage Lender shall indemnify and save the Department, the Compliance Agent and/or the Servicer harmless of and from any and all loss, damage and/or expense that the Department, the Compliance Agent and/or the Servicer may sustain or incur by reason thereof including, without limitation, the amount of any judgment, plus any costs and interest thereon, that may be entered against the Department, the Compliance Agent and/or the Servicer in any such action or proceeding as well as any and all attorneys' fees and other disbursements paid or incurred by the Department, the Compliance Agent and/or the Servicer in connection therewith.

Section 6.05. Jurisdiction Over Mortgage Lender. The Mortgage Lender hereby submits to the jurisdiction of the District Courts of the State in any action or proceeding arising out of, or as a result of, this Master Mortgage Origination Agreement or the alleged or anticipated breach of any of the provisions, representations or warranties contained herein.

Section 6.06. Notifications. The Mortgage Lender shall deliver to the Servicer copies of all reports, correspondence, statements, notices or other written communications of the Mortgage Lender delivered to the Trustee, the Ginnie Mae Custodian, Freddie Mac, Fannie Mae or the Department pursuant to the applicable Program Agreement at the time so delivered to such other party. The Servicer shall be entitled to rely upon such written communications of the Mortgage Lender.

Section 6.07. Annual Review.

(a) The Mortgage Lender shall submit to the Servicer such information as may be required by the Participating Lender Agreement or such other agreement with the Servicer to allow the Servicer to review annually the Mortgage Lender's financial statements and quality control systems to ensure that they are in conformance with Fannie Mae's and Freddie Mac's requirements, and the Mortgage Lender shall certify such conformance to the Servicer annually. In the case of the Mortgage Lender's failure to conform to Fannie Mae's or Freddie Mac's requirements, the Servicer shall not be required to purchase any further Mortgage Loans originated by such Mortgage Lender.

(b) This Master Mortgage Origination Agreement may be reviewed periodically for necessary updated information and provisions so long as this Master Mortgage Origination Agreement is binding between the Department and the Mortgage Lender.

**ARTICLE VII**  
**TERMINATION**

Section 7.01. Mortgage Lender Not to Resign. The Mortgage Lender shall not have the right to resign from the obligations and duties imposed on it under a Program Agreement, except as provided under Section 6.03 hereof. The Mortgage Lender shall not have the right or privilege to assign or transfer its rights and duties under a Program Agreement.

Section 7.02. Involuntary Termination of Mortgage Lender. The Department or the Servicer on behalf of the Department may terminate the rights of a Mortgage Lender under a Program Agreement upon the happening of any one or more of the following events:

(a) Any representation or warranty of the Mortgage Lender to the Department, the Compliance Agent or the Servicer shall be false in any material respect;

(b) Failure of the Mortgage Lender to duly observe or perform in any material respect any covenant, condition, or agreement in any Program Agreement required to be observed or performed by the Mortgage Lender for a period of thirty (30) days after a written notice is given to the Mortgage Lender by the Department or the applicable Servicer specifying such failure and requesting that it be remedied; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the person giving such notice shall consent to a reasonable extension of time if corrective action is instituted by the Mortgage Lender within the applicable period and diligently pursued until fully corrected;

(c) Entry or issuance of a decree or an order of a court, agency, or supervisory authority having jurisdiction in the premises appointing a conservator, receiver, or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceeding affecting the Mortgage Lender or all or substantially all of its properties, or for the winding-up or liquidation of its affairs, if such decree or order shall have remained in force undischarged or unstayed for a period of sixty (60) days;

(d) Consent by the Mortgage Lender to the appointment of a conservator, receiver, or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceeding affecting the Mortgage Lender or all or substantially all of its properties;

(e) Admission in writing by the Mortgage Lender of its inability to pay its debts generally as they mature, or the filing of a petition to take advantage of any applicable bankruptcy or insolvency statute, or the making of an assignment for the benefit of creditors;

(f) Failure by the Mortgage Lender to repurchase a Non-Qualifying Mortgage Loan purchased by the Servicer pursuant to this Master Mortgage Origination Agreement, the Participating Lender Agreement or pursuant to any prior program agreement offered by the Department; or

(g) The Lender is in default under its Participating Lender Agreement.

If any of the events specified in (c), (d) or (e) above shall occur, the Mortgage Lender shall give written notice of such occurrence to the Department and the applicable Servicer within two Business Days of the happening of such event. The Mortgage Lender's responsibility for compliance of Mortgage Loans with the requirements of this Master Mortgage Origination Agreement and the other Program Documents and the Mortgage Lender's responsibility to repurchase Mortgage Loans in accordance with Section 4.14 and the Participating Lender Agreement shall survive any termination of the Mortgage Lender's rights under this Master Mortgage Origination Agreement.

Section 7.03. Transfer of Terminated Mortgage Lender's Duties. At the time the Mortgage Lender receives a notice of termination under a Program Agreement, the Department may appoint another lending or financial institution approved by the Servicer to succeed to all rights of the Mortgage Lender thereunder. As compensation therefor, such entity shall be paid such compensation as was available to the replaced Mortgage Lender; provided, however, that such fee shall be payable only from funds the Mortgage Lender would have been entitled to receive if the Mortgage Lender had continued to act hereunder.

Section 7.04. Mortgage Lender's Excused Nonperformance. Notwithstanding anything in a Program Agreement to the contrary, there shall be no termination of, and no liability under, the rights of a Mortgage Lender under a Program Agreement for its failure to duly observe or perform in any material respect any covenant, condition, or agreement to be observed or performed by the Mortgage Lender, if such failure on the part of the Mortgage Lender is directly caused by the failure of the Department to duly observe or perform in any material respect any covenant, condition, or agreement to be observed or performed by the Department.

Section 7.05. Agreement to Pay Attorneys' Fees. If the Department, the Compliance Agent and/or the Servicer shall employ attorneys or incur other expenses for the enforcement, performance, or observance of the terms of a Program Agreement on the part of the Mortgage Lender then the Department, the Compliance Agent and/or the Servicer, to the extent permitted



by Law, shall be reimbursed by the Mortgage Lender on demand, for reasonable attorneys' fees and other out-of-pocket expenses.

Section 7.06. No Liability for Removal of the Mortgage Lender. Notwithstanding any provision in a Program Agreement to the contrary, neither the Department, the Servicer, nor the Compliance Agent shall be liable in any respect for the termination of the Mortgage Lender for cause, or owe any duty to the Mortgage Lender if terminated for cause.

Section 7.07. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under a Program Agreement or existing at Law or in equity. No delay or omission to exercise any right or power accruing under a Program Agreement shall impair any such right or power, or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

## **ARTICLE VIII**

### **MISCELLANEOUS PROVISIONS**

Section 8.01. Amendments, Changes, and Modifications. A Program Agreement, other than the Lender Guide, may not be amended, changed, modified, or altered except with the written consent of the Department, and the Servicer, by an instrument in writing which specifically refers to such Program Agreement and which is executed by all parties adversely affected by such amendment, change, modification, or alteration.

The Department reserves the right to unilaterally amend this Master Mortgage Origination Agreement, including the exhibit hereto, if, in the opinion of Bond Counsel, such amendment is necessary in order for the interest on any Bonds to be excludable from gross income for purposes of federal income taxation or to make any other changes so long as those changes do not apply to Mortgage Loans with an existing Reservation. Any such amendment shall be binding upon the Servicer and the Mortgage Lenders upon receipt from the Department of written notice with respect thereto.

Section 8.02. Limitation on Rights of Owners of Bonds. No owner of any Bond shall have any right to institute a suit with respect to a Program Agreement except as provided in the applicable Indenture.

Section 8.03. Governing Law. Each Program Agreement shall be construed in accordance with the Laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such Laws.

Section 8.04. Notices. All notices, certificates, or other communications hereunder shall be deemed given when delivered, or five (5) days after mailing by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. The Department or the Mortgage Lender may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates, and other communications shall be sent.

Section 8.05. Severability. In the event any provision of a Program Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof. Such invalid or unenforceable provision shall be amended, if possible, in accordance with Section 8.01 hereof in order to accomplish the purposes of such Program Agreement.

Section 8.06. Further Assurances and Corrective Instruments.

(a) To the extent permitted by law, the Department and the Mortgage Lender agree that each will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as reasonably may be required or appropriate to further express the intention or to facilitate the performance of this Master Mortgage Origination Agreement.

(b) The Department reserves the right to unilaterally amend a Program Agreement if, in the opinion of Bond Counsel, such amendment is necessary in order for the interest on any Bonds to be excludable from gross income for purposes of federal income taxation. Any such amendment shall be binding upon the Servicer and the Mortgage Lender upon their receipt of notice thereof from the Department.

Section 8.07. Term of Agreement. Each Program Agreement shall continue in full force and effect so long as any related Bonds are outstanding or any Mortgage Loans originated under the Program remain outstanding or the Trustee shall own any Ginnie Mae Certificates, Freddie Mac Certificates or Fannie Mae Certificates representing a beneficial ownership interest in Ginnie Mae Pools, Freddie Mac Pools or Fannie Mae Pools, respectively, of Mortgage Loans made under a Program, whichever is later, or until the rights of a Mortgage Lender under such Program Agreement are terminated pursuant to ARTICLE VII hereof.

Section 8.08. No Rights Conferred on Others. Nothing in a Program Agreement shall confer any right upon any person other than the Department, the Mortgage Lender, the Servicer, the Compliance Agent, Ginnie Mae, Freddie Mac, Fannie Mae and the applicable Trustee; provided, however, that the owners of the applicable Bonds may, subject to the limitations of the applicable Indenture, enforce any of the rights of the applicable Trustee hereunder. Notwithstanding the foregoing, pursuant to a Servicing Agreement related to a Program, the Servicer may be granted rights as a third party beneficiary of the covenants, representations and obligations of the Mortgage Lender under this Master Mortgage Origination Agreement

Section 8.09. Limitation on Liability of Parties. Each party to a Program Agreement shall be liable under such Program Agreement only to the extent that obligations are explicitly imposed upon and undertaken by the party against whom enforcement is sought.

Section 8.10. Limitation on Liability of Directors, Officers, Employees, and Agents of a Party. No director, officer, employee or agent of any party to a Program Agreement shall be individually liable to any other party or to the owners of any Bonds for the taking of any action or for refraining to take any action in good faith pursuant to such Program Agreement, or for errors in judgment.

Section 8.11. Survival of Obligations and Covenants. Notwithstanding anything to the contrary herein, the expiration of a Program Agreement or the termination or resignation of the Mortgage Lender under such Program Agreement shall not affect any obligations of the Mortgage Lender under such Program Agreement, including, without limitation, obligations under Section 4.14, Section 6.04 and Section 7.05 hereof.

Section 8.12. Counterparts. This Master Mortgage Origination Agreement may be executed in any number of counterparts, each of which shall be an original, however, all such counterparts shall together constitute one and the same instrument.

Section 8.13. Incorporation of Program Guidelines. By the execution of this Master Mortgage Origination Agreement, the Mortgage Lender agrees that the Program Guidelines for a Program shall be incorporated into this Master Mortgage Origination Agreement by reference as if set forth herein in its entirety and agrees to comply with the terms of such Program as in effect from time to time.

(EXECUTION PAGE FOLLOWS)

IN WITNESS WHEREOF, this Master Mortgage Origination Agreement has been  
executed as of\_\_\_\_\_.

**DEPARTMENT:**

TEXAS DEPARTMENT OF HOUSING AND  
COMMUNITY AFFAIRS

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title: Authorized Representative

**MORTGAGE LENDER:**

\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Mortgage Lender's Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# **ATTACHMENT TO MASTER MORTGAGE ORIGINATION AGREEMENT**

## **EXHIBIT A**

### **PROGRAM GUIDELINES**

Items to be addressed in the Program Guidelines:

- Bond Financed or other Program
- Applicable Median Family Income
- Areas of Chronic Economic Distress, if any
- Average Area Purchase Price
- Buyer/Seller Points
- Commitment Period
- Compliance Agent
- Compliance Fee
- Eligible Borrower additional requirements, if any
- Family Income
- Funding Fee
- Mortgage Rate
- Mortgage Term
- Origination Fee
- Origination Period
- Program Designation
- Program Participation Fee
- Purchase Price for Mortgage Loans
- Qualified Census Tracts
- Qualified Rehabilitation Loans, if any
- Refinancing Loans, if applicable
- Reservation Procedures
- Permitted Changes, if any, to definition of “Residence”
- Servicer
- Servicing Release Fee
- Set-Asides [Targeted; Special Low Income; Areas of Special Need]
- Terms of Down Payment Assistance, if any
- Trustee
- Any other modifications to the Master Mortgage Origination Agreement

FORM OF OPINION OF  
COUNSEL TO MORTGAGE LENDER

\_\_\_\_\_, 20\_

Texas Department of Housing  
and Community Affairs  
Austin, Texas

Ladies and Gentlemen:

We are counsel to \_\_\_\_\_ (the "Mortgage Lender") and in such capacity are familiar with (i) the organizational documents of the Mortgage Lender; (ii) the Master Mortgage Origination Agreement (the "Agreement") between the Texas Department of Housing and Community Affairs (the "Department") and the Mortgage Lender; (iii) the Program Guidelines for the Department's Program (the "Program"); and (iv) the obligations assumed by the Mortgage Lender under the Agreement. All terms used herein shall have the respective meanings defined in the Agreement unless otherwise expressly stated herein.

Based upon the foregoing and our examination of such corporate records of the Mortgage Lender and other information, statutes and regulations as we have considered relevant and necessary to enable us to render this opinion, we are of the opinion that:

(1) The Mortgage Lender is duly organized, validly existing and in good standing under the Laws governing its creation and existence; is duly authorized and qualified under the Laws of the state of Texas to transact in the state of Texas any and all business contemplated by the Agreement; and possesses all requisite authority, power, licenses, permits and franchises to conduct its business and to execute, deliver and comply with its obligations under the terms of the Agreement, the execution, delivery and performance of which have been duly authorized by all necessary action.

(2) The execution and delivery by the Mortgage Lender of the Agreement in the manner contemplated therein and the performance and compliance by the Mortgage Lender with the terms thereof will not violate (i) the instruments creating the Mortgage Lender or governing its operations or (ii) any Laws that could have any material adverse effect upon the validity, performance or enforceability of the terms of the Agreement applicable to the Mortgage Lender and will not constitute a material default (or an event that, with notice or the passage of time, or both, would constitute a material default) under, or result in the breach of, any material contract, agreement or other instrument to which the Mortgage Lender is a party or that may be applicable to the Mortgage Lender or any of its assets.

(3) The Agreement constitutes, and all documents and instruments contemplated thereby that are executed and delivered by the Mortgage Lender will constitute, valid, legal and binding obligations of the Mortgage Lender, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws.

We hereby authorize the Department, the Servicer and their legal counsel to rely on this opinion.

Yours very truly,

\_\_\_\_\_

BOARD RESOLUTION  
OF  
(Name of Mortgage Lender)

RESOLVED, \_\_\_\_\_ (the "Mortgage Lender"), hereby approves, ratifies, confirms and adopts the terms and conditions of (i) the Master Mortgage Origination Agreement between the Texas Department of Housing and Community Affairs (the "Department") and the Mortgage Lender (the "Agreement") and (ii) the Program Guidelines for the Department's Program, and hereby authorizes any of the following persons to enter into, execute and deliver on its behalf the Agreement in substantially the form presented at this meeting and to consent to revisions, if any, to the Agreement, on its behalf:

<u>Name</u>	<u>Title</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

FURTHER RESOLVED, that the Mortgage Lender authorizes, ratifies and confirms the performance of the obligations, covenants and agreements of the Mortgage Lender as set forth in or contemplated by the Agreement.

FURTHER RESOLVED, that the proper officers of the Mortgage Lender be, and each of them hereby is, authorized, jointly and severally, to take any and all steps, do any and all things and execute and deliver any and all documents in the name and on behalf of the Mortgage Lender as may be necessary or appropriate to carry out the purposes of the foregoing resolutions and to perform the obligations of the Mortgage Lender under the Agreement.



CERTIFICATE

I, \_\_\_\_\_, Secretary of the Board of Directors of the Mortgage Lender, certify that the above and foregoing is a true and correct copy of the resolution adopted at a meeting of the Board of Directors of the Mortgage Lender duly called and held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the same now appears in the minute book of said Mortgage Lender and that the minutes reflect that a quorum was present. I further certify that as of the date hereof the foregoing resolution is in full force and effect and has not been modified or rescinded.

\_\_\_\_\_  
Secretary

Sworn to and subscribed before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public's Signature

(PERSONALIZED SEAL)