



A Division of the Alabama Housing Finance Authority

NEW LENDER PACKAGE SUBMISSION REQUIREMENTS/ ADFA LENDERS

1. \$175 application fee made out to "ServoSolutions" and included with overnight package containing original executed Tri-Party Agreement (see item #14 below).
2. Completed "ADFA Lender Questionnaire" (attached).
3. Completed "Lender Contacts Form" (attached).
4. Completed "Lender Online System Administrators Form" (attached). Designate two individuals within your company as administrators.
5. Completed "Wire Funding Authorization" (attached).
6. Provide screen-print from NMLS website (or FDIC site for banks) verifying "active" status in the state of Arkansas.
7. Lender's Quality Control Procedures.
8. Most recent scorecard from three other investors.
9. Most recent 90 days of QC reports with management responses.
10. Copy of current E&O Policy.
11. Lender's hiring procedures for checking all employees, including management, in the origination of mortgage loans against: 1) SAM/ GSA Excluded Parties List, 2) HUD LPD List and 3) FHFA SCP List.
12. Resumes' of principal officers and underwriting personnel that will be involved with ADFA programs.
13. Lender's printed results for checking each employee, whose resumes' were provided, against: 1) SAM/ GSA Excluded Parties List, 2) HUD LPD List and 3) FHFA SCP List.
14. Executed Tri-Party Servicing Agreement (overnight original).
15. Most recently issued audited financial statements, including Report of Independent Auditors. *Note: a minimum net worth of \$1,000,000 is required.*

ADFA LENDER QUESTIONNAIRE

1. Legal Name of Institution: _____

2. Jurisdiction of organization and date of incorporation: _____

Form of Organization:

- | | |
|---|---|
| <input type="checkbox"/> National Banking Association | <input type="checkbox"/> State Chartered Savings & Loan |
| <input type="checkbox"/> State Banking Corporation | <input type="checkbox"/> Mortgage Banker |
| <input type="checkbox"/> Federally Chartered Savings & Loan | <input type="checkbox"/> Credit Union |
| <input type="checkbox"/> Other (Specify) _____ | |

3. Address and telephone number of principal office:

4. Name, title, telephone number, and address of person to whom correspondence for this Program should be addressed: _____

5. (a) Are you a Fannie Mae-approved Seller-Servicer? Yes No

(b) Are you an FHA-approved lender? Yes No

(c) Does FHA require your organization to enter into a Sponsored Third-Party Originator Agreement with an unconditionally approved FHA Lender? Yes No

(d) If you answer YES to question (c) above, what is the name of the sponsoring originator?

_____.

Are they an approved lender with ADFA? Yes No

(e) Do you underwrite your FHA loans "in house"? Yes No

(i) If you answer NO to question (e) above, do you have a principal authorized agent relationship with another originator? Yes No

Is the agreement perpetual? Yes No

If NO, when does the agreement expire? _____ (date)

Is this agreement with an ADFA-approved lender? Yes No

Originator I Name: _____

6. Are your financial statements audited? Yes No By whom? _____

7. Fiscal year ends on _____ of each year.

8. (a) Does your errors and omissions policy cover ServiSolutions as an additional insured?

Yes No

(b) Please state the name of the insurer and limits of liability of your errors and omissions insurance coverage:

_____ \$ _____

9. (a) Does your fidelity bond name, or cover, ServiSolutions as an additional insured?

Yes No

(b) Please state the name of the guarantor and the amount of your fidelity bond:

_____ \$ _____

10. Please indicate whether you or your parent company are, or have received notice or knowledge that you or your parent company are on any form of "watch list" or under any program of specified supervision of the FDIC, FSLIC, Federal Home Loan Bank, NCUA, or other regulatory body:

Yes No If "Yes", please indicate name of regulatory body involved: _____

11. Provide current NMLS/License #: _____

12. Provide EIN: _____

13. Does your company close loans on min MOMS documents? Yes No

14. Provide MERS org ID #: _____



A Division of the Alabama Housing Finance Authority

LENDER CONTACTS FORM

LENDER NAME: _____

ADDRESS: _____

PRIMARY CONTACT: _____
Phone: _____
E-mail: _____

SHIPPING MANAGER: _____
Phone: _____
E-mail: _____

FINAL DOCUMENTS CONTACT: _____
Phone: _____
E-mail: _____

REPURCHASE CONTACT: _____
Phone: _____
E-mail: _____

SECONDARY MARKETING: _____
Phone: _____
E-mail: _____

POST-CLOSING QUALITY CONTROL CONTACT: _____
Phone: _____
E-mail: _____

PLEASE PROVIDE LIST OF INDIVIDUALS WHO CAN ACT AS SIGNEES, IN ADDITION TO THEIR SIGNATURES:

| | |
|---------------|--------------------|
| _____ Name | _____ Signature |



A Division of the Alabama Housing Finance Authority

LENDER ONLINE SYSTEM ADMINISTRATORS FORM

Lender: _____

System Administrator #1:

- Name:

- Business Address:

- Phone:

- Fax:

- E-mail:

System Administrator #2:

- Name:

- Business Address:

- Phone:

- Fax:

- E-mail:

Signature

Date

WIRE FUNDING AUTHORIZATION

Affiliated HFA: ADFA

Company Name: _____

Beneficiary

Account Name: _____

Account Number: _____

Beneficiary Bank

Bank Name: _____

Bank Routing Number: _____

Intermediary Bank Information (if applicable)

Routing Number: _____

Address: _____

Additional Information:

The undersigned lender accepts responsibility to report to ServiSolutions any financial institution changes, account number changes, lender name changes or any other vital information necessary for transfer of funds. Failure to notify ServiSolutions could result in funding delays. ServiSolutions may rely on this authorization until it receives written notice of any change.

Signature

Title

Type Name

Date

Do Not Write Below This Line — for AHFA Use Only

Date Received

Date Entered

Initials

ADFA MOVE-UP LOAN PROGRAM

MORTGAGE ORIGINATION AGREEMENT

Dated as of October 1, 2018

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MORTGAGE ORIGINATION AGREEMENT

THIS MORTGAGE ORIGINATION AGREEMENT dated as of October 1, 2018 is among the **ARKANSAS DEVELOPMENT FINANCE AUTHORITY**, a public body politic and corporate of, and under the laws of, the State of Arkansas (the “HFA”), **ALABAMA HOUSING FINANCE AUTHORITY**, a public corporation and instrumentality of the State of Alabama d/b/a/ ServiSolutions, (the “Servicer”) and the financial institution identified on the execution page hereof (the “MORTGAGE LENDER”).

Recitals

WHEREAS, pursuant to Arkansas Code Title 15, Chapter 5, as the same may be amended from time to time (the “Act”), the HFA is authorized, in furtherance of the public purposes described in the Act, to purchase or participate in the purchase of Mortgage Loans originated by Mortgage Lenders to facilitate the purchase of residential housing by Eligible Persons and Families; and

WHEREAS, in order to alleviate the shortage of decent, safe and sanitary housing, and the shortage of funds to provide such housing, for Eligible Persons and Families within the State of Arkansas, which constitutes a valid public purpose under the Act, the HFA has developed the ADFA Move-Up Loan Program (the “Program”); and

WHEREAS, in order to carry out the Program, the HFA and the Servicer have entered into that certain Program Administration and Servicing Agreement dated October 1, 2018 (as amended from time to time, the “Servicing Agreement”), pursuant to which, among other things (a) the HFA agrees to contract with Mortgage Lenders to originate Mortgage Loans in accordance with terms established by the HFA and to sell such Mortgage Loans, including Servicing Rights, to the Servicer on behalf of the HFA on a first come, first served basis, subject to the Purchase Availability described below; and (b) the Servicer agrees to pool the Mortgage Loans into Certificates on behalf of the HFA and to deliver the Certificates to the Securities Dealer designated by HFA; and

WHEREAS, in order to implement the Program, the HFA and the Servicer wish to enter into this Agreement with the Mortgage Lender to provide for origination of Mortgage Loans for sale to the Servicer, in accordance with the terms, conditions and limitations of the Servicing Agreement.

Agreement

NOW, THEREFORE, in consideration of the representations, warranties and mutual agreements herein contained, and for good and other valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the HFA, the Servicer and the Mortgage Lender agree, as follows:

ARTICLE 1 DEFINITIONS

The following words and phrases shall have the following meanings:

“Act” shall have the meaning assigned in the recitals to this Agreement.

“Agreement” means this Mortgage Origination Agreement, as supplemented by the Program Announcements and the Program Guides.

“Applicable Law” means all applicable Federal and State statutes, rules and regulations, safety, soundness regulatory standards governing national banks, usury limitations, regulations governing lending, Federal and State and local predatory lending and unfair and deceptive practices laws, including but not limited to the Federal Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Real Estate Settlement Procedures Act, the Home Ownership Equity and Protection Act, the Bank Secrecy Act, the Dodd-Frank Act, the Anti Money Laundering Regulations, the Flood Disaster Protection Act, the Truth-in-Lending Act, the Depository Institutions and Deregulation and Monetary Control Act, and the Garn-St. Germain Institutions Act.

“Application” means the Mortgage Lender’s application submitted to the HFA to participate in the Program.

“Assignment of Mortgage” means the instrument assigning to the Servicer all of the right, title and interest in a Mortgage, in the form prescribed from time to time by the Servicer, to be executed and delivered by a Mortgage Lender through MERS.

“Business Day” means any day other than a Saturday, Sunday or day on which banking institutions in the States of Arkansas or Alabama are authorized or required by law to close.

“Certificate” means a Fannie Mae Certificate, a Freddie Mac Certificate or a Ginnie Mae Certificate.

“Conventional Mortgage Loan” means a Mortgage Loan that is not FHA Insured, VA Guaranteed, or USDA Guaranteed and meets the definition of a loan eligible to be sold to Fannie Mae or Freddie Mac.

“Custodial Agreement” means the agreement between the Servicer and Custodian with respect to the Mortgage Files.

“Custodian” means the Servicer’s custodian for the Mortgage Files, which shall be selected and engaged by the Servicer.

“Eligible Person and Family” means a person or persons and a family or families intending to principally and permanently reside as a household in a Single-Family Residence within a reasonable period (not to exceed 60 days) following the closing of the Mortgage Loan, who meets the guidelines in the Program Guides.

“Errors and Omissions Insurance Policy” means a standard form insurance policy in form and substance as required by Freddie Mac or Fannie Mae, insuring against losses from errors or omissions in the conduct of a business.

“Fannie Mae” means the Federal National Mortgage Association, or any successor to its functions.

“Fannie Mae Certificate” means a single pool, guaranteed mortgage pass-through Fannie Mae Mortgage Backed Security, issued by Fannie Mae in book-entry form, the full and timely payment of principal of and interest on which is guaranteed by Fannie Mae, which evidences a proportional undivided interest in a Pool of Conventional Mortgage Loans, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan and are amortizing over the original term to maturity.

“Fannie Mae Custodial Agreement” means the Fannie Mae Form No. 2003 from the Servicer to Fannie Mae for the Program.

“Fannie Mae Pass-Through Rate” means the fixed rate of interest stated on a Fannie Mae Certificate.

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

“FHA” means the Federal Housing Administration of the Department of Housing and Urban Development.

“FHA Insurance” means FHA mortgage insurance issued under one of the following FHA Insurance programs pursuant to the National Housing Act: (a) FHA § 203(b), Home Unsubsidized FHA § 234(c), Condominiums; (c) FHA § 203(b)(2), Veteran’s status; (d) FHA § 203(k) Rehabilitation, Rehabilitation Loan Mortgage; (e) FHA § 222; and FHA § 248, Native American Loan Insurance Program, and such other FHA mortgage insurance programs as may be authorized by FHA from time to time and approved by Servicer.

“FHA Insured” means insured by FHA Insurance.

“Fidelity Bond” means a standard form fidelity bond, in form and substance as required by Ginnie Mae, Freddie Mac or Fannie Mae, as applicable.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, or any successor to its functions.

“Freddie Mac Certificate” means a mortgage participation certificate in certified or book-entry form, identified by a particular alphanumeric number and CUSIP number, the timely payment of interest on and the timely payment on the ultimate collection of principal of which is guaranteed by Freddie Mac, which evidences a proportional undivided interest in a Pool of Conventional Mortgage Loans, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loans and are amortizing over the original term to maturity.

“Freddie Mac Custodial Agreement” means the Freddie Mac Form 1035A from the Servicer to Freddie Mac for the Program.

“Freddie Mac Pass-Through Rate” means the fixed rate of interest stated on a Freddie Mac Certificate.

“Freddie Mac Selling and Servicing Guide” means the Freddie Mac Single Family Selling and Servicing Guide, as amended from time to time.

“Ginnie Mae” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., § 1716 et seq.).

“Ginnie Mae Certificate” means a certificate guaranteed by Ginnie Mae pursuant to its Ginnie Mae I or Ginnie Mae II mortgage-backed securities program under Section 306(9) and other related provisions of the National Housing Act of 1934, as amended, and based upon and backed by Mortgage Loans referred to in the Ginnie Mae Certificate, which certificate shall unconditionally obligate the Servicer to remit monthly to the holder thereof its pro rata share of (x) principal payments and prepayments made in respect of the Pool of Mortgage Loans represented by the Ginnie Mae Certificate and (y) interest received in an amount equal to the Ginnie Mae Pass-Through Rate. Ginnie Mae shall guarantee to the holder of each Ginnie Mae Certificate such holder’s pro rata share of (1) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage

Loans represented by the Ginnie Mae Certificate and (2) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such Ginnie Mae Certificate. If Ginnie Mae so requires pursuant to its book entry system, in lieu of the aforesaid certificate, the confirmation of Ginnie Mae's guaranty obligation shall be transmitted to the HFA or its designee electronically.

"Ginnie Mae Custodial Agreement" means Form HUD 11215 from the Servicer to Ginnie Mae for the Program.

"Ginnie Mae Pass-Through Rate" means the fixed rate of interest stated on a Ginnie Mae Certificate.

"Ginnie Mae Guide" means the applicable Ginnie Mae Mortgage-Backed Securities Guide or Guides then in effect with respect to Ginnie Mae certificates acquired under the Program.

"Government Obligations" means direct obligations of the United States of America, or obligations the principal of or interest on which are fully guaranteed by the United States of America.

"HUD" means the United States Department of Housing and Urban Development or any successor to its functions.

"Lender Guide" shall mean the guide for Mortgage Lenders developed by Servicer, as amended from time to time.

"Loan Lock" means a reservation in the appropriate loan reservation system, setting forth the interest rate, loan amount and other terms of the Mortgage Loan and Subordinate Mortgage Loan, where applicable.

"MERS" means Mortgage Electronic Registration System Inc. which is the method by which all Assignments of Mortgage are processed.

"Mortgage" means the written deed of trust, mortgage, deed to secure debt or other instrument securing the related Mortgage Loan and encumbering a Single-Family Residence, which instrument shall be the then-effective form required by FHA for FHA Insured loans, the form required by VA for VA Guaranteed loans, the form required by USDA for USDA Guaranteed Loans, the form required by Freddie Mac, and the form required by Fannie Mae, with appropriate riders, respectively.

"Mortgage File" means the Mortgage documents customarily maintained in mortgage loan files, whether electronic or in hard copy, as contained in the Program Guides.

"Mortgage Lender" means a home mortgage lending institution or entity, approved by the HFA and the Servicer, (1) which has been doing business on a regular basis in the State and is currently participating in the local private home lending market, (2) is a VA, HUD, USDA or FHA approved mortgagee (3) if originating Conventional Mortgage Loans, a Freddie Mac approved seller or a Fannie Mae approved seller (4) which can make the representations, warranties and covenants set forth in Section 2.02 hereof, and (5) which has agreed to originate and sell Mortgage Loans with servicing released pursuant hereto and the related.

"Mortgage Loan" means a mortgage loan to an Eligible Person or Family evidenced by a Mortgage Note with a stated interest or rate specified in the Loan Lock for an FHA Insured, VA Guaranteed or USDA Guaranteed Mortgage Loan or for a Conventional Mortgage Loan secured by a

related Mortgage on a Single-Family Residence located in the State which the Servicer purchases from the Mortgage Lender pursuant to this Agreement and the terms of which comply with this Agreement

“Mortgage Note” means the written instrument executed to evidence the Mortgagor’s obligation to repay the Mortgage Loan, which shall be the then-effective form of mortgage note required by FHA for FHA Insured loans, USDA for USDA Guaranteed loans and the form required by VA for VA Guaranteed loans, as applicable and in the form required by Ginnie Mae, Freddie Mac or Fannie Mae, as applicable.

“Mortgage Purchase” means any closing held pursuant to Section 3.09 of this Agreement at which a Mortgage Loan is sold by the Mortgage Lender to the Servicer.

“Mortgage Purchase Date” means the date on which a Mortgage Purchase occurs.

“Mortgagee Single Interest Hazard Insurance Policy” means a mortgagee single interest hazard insurance policy or any similar policy acceptable to the Servicer.

“Mortgagor” means any person who has an ownership interest in a Single-Family Residence subject to the related Mortgage and/or executes Mortgage (but does not include any person who executes only the Mortgage Note as a guarantor or co-signer and who does not have such an interest or who does not execute Mortgage and although executing the Mortgage Note, has provided evidence satisfactory to the Mortgage Lender and Servicer that such person will not occupy the Single-Family Residence).

“Non-Public Personal Information” means any and all information, data, or record of any kind of or relating to a prospective, current or former mortgage loan applicant or any other individual, regardless of the form in which it is maintained, that identifies an individual, including without limitation (1) “customer information” as that term is defined in the FTC Safeguards Rule, 16 CFR Part 314.2, (2) information contained within a “consumer report,” as that term is defined in the Fair Credit Reporting Act, 15 U.S.C. §§ 1681 et seq., or information that is derived from a consumer report, or (3) personal information as that term is defined in the state data breach notification statutes.

“Non-Qualifying Mortgage Loan” shall have the meaning assigned to it in Section 3.11 hereto.

“Notice Address” means unless otherwise notified in writing:

(a) As to the HFA:

Arkansas Development Finance Authority
900 West Capitol, Suite 310
Little Rock, Arkansas 72201
Attn: Ben Van Kleef
Telephone: (501) 682-5900
Fax: (501) 682-5939
E-mail: ben.vankleef@adfa.arkansas.gov

(b) As to the Servicer:

Alabama Housing Finance Authority
7460 Halcyon Pointe Drive, Suite 200 (P.O. Box 230909)
Montgomery, Alabama 36117 (36123-0909)
Attn: Carrie Hamaker, Single Family Administrator

Telephone: (334) 244-9200
Fax: (334) 244-9214

(c) As to the Mortgage Lender:

The address set forth below Mortgage Lender's signature to this Agreement.

"Online Lender Services System" means the system through which Mortgage Lenders may lock mortgage loans as described in the Program Guides.

"Open Records Act" means Ala. Code §36-12-1 et seq., commonly known as the "Open Records Act," as amended or replaced.

"Participation Fee" means the fee, if any, submitted by each Mortgage Lender to the HFA or Servicer to participate in the Program, in accordance with the Application and Program Guides.

"PMI Insurer" means a private mortgage insurance company approved by Fannie Mae or Freddie Mac and providing private mortgage guaranty insurance on Conventional Mortgage Loans.

"Pool" means, collectively, all the Mortgage Loans held as part of a particular Ginnie Mae Certificate, Freddie Mac Certificate or Fannie Mae Certificate.

"Pool Purchase Contract" means the Fannie Mae Pool Purchase Contract or Freddie Mac Pool Purchase Contract entered into by Fannie Mae or Freddie Mac, as applicable, and the Servicer relating to the sale by the Servicer of Mortgage Loans to Fannie Mae or Freddie Mac and the servicing thereof. Servicer is not currently party to a Freddie Mac Pool Purchase Contract.

"Program" means the HFA's ADFA Move-Up Loan Program, which finances the acquisition of single-family housing through the transfer of Certificates as contemplated by this Agreement.

"Program Announcement" means a periodic notice by the HFA regarding details of changes to the Program or the Program Guides. Notification of the Program Announcements will be sent to the parties via e-mail or as written communication via U.S. Mail.

"Program Documents" means, collectively, this Agreement and the Program Administration and Servicing Agreement.

"Program Guides" means the HFA's mortgage program guide and the Lender Guide.

"Purchase Agreement" means the terms by which Servicer will purchase Mortgage Loans as set forth in the Servicing Agreement and as further described in this Agreement.

"Purchase Availability" shall have the meaning assigned in the Servicing Agreement.

"Purchase Date" means a date on which the Servicer acquires a Mortgage Loan from a Mortgage Lender.

"Qualified Appraiser" means an individual that is approved by FHA, HUD, VA and/or USDA, the PMI Insurer, Ginnie Mae, Freddie Mac or Fannie Mae, as applicable.

"Qualified Condominium Unit" means a dwelling unit in a horizontal property regime or a condominium pursuant to State law, which is approved by VA, FHA, HUD, RD, Ginnie Mae, Freddie

Mac or Fannie Mae, as applicable.

“Qualified Insurer” means FHA, USDA or VA or the PMI Insurer, or guarantor, as the case may be. “Qualifying Mortgage Loan” means a Mortgage Loan which is not a Non-Qualifying Mortgage Loan and otherwise conforms to the requirements for purchase by the Servicer hereunder.

“Recertification Fee” means the fee, if any, submitted annually by each Mortgage Lender to the HFA or Servicer to participate in the Program, in accordance with the Application and Program Guides. The Mortgage Lender pays a Participation Fee up front to participate in the Program and pays a Recertification Fee annually thereafter to continue its participation in the Program.

“Sales Price” means the cost of acquiring a residence from the seller.

“Servicer” means Alabama Housing Finance Authority, a public corporation and instrumentality of the State of Alabama d/b/a ServiSolutions, its subcontractors, or any successor to its functions hereunder.

“Servicing Agreement” shall have the meaning assigned in the recitals to this Agreement.

“Single-Family Residence” means a residential unit located in the State, including a condominium unit if such unit is a Qualified Condominium Unit, and land appurtenant to the residential unit, (1) which is designed and intended primarily for residential housing, (2) which is determined by a qualified appraisal as provided herein to have an expected useful life of not less than 30 years, (3) which will be occupied by the owner as his or her principal residence within a reasonable time after which financing is provided but not more than 60 days, (4) which unit is permanently affixed to the land, and the Sales Price of which does not exceed the limits prescribed by the Program Guides, Ginnie Mae, Fannie Mae or Freddie Mac, A Single-Family Residence does not include rental houses, vacation homes, or manufactured housing that is not permanently affixed to real property.

“Standard Hazard Insurance Policy” means a standard homeowner’s fire insurance policy with extended coverage as approved by the Insurance Agency of the State.

“State” means the State of Arkansas.

“Subordinate Mortgage Loan” or “Subordinate Mortgage Loan Program” means the HFA’s subordinate loan program as described in the Program Guides.

"Unavoidable Delay" means any delay due to strikes, acts of God, fire, earthquake, floods, explosion, actions of the elements, other accidents or casualty, declared or undeclared war, riots, mob violence, failure of transportation, lockouts, actions of labor unions, condemnation, court orders, laws, rules, regulations or orders of Governmental Authorities, or other cause beyond the reasonable control of a party to this Agreement.

“USDA” means the USDA Office of Rural Development of the U.S. Department of Agriculture, or any successor to its functions.

“USDA Guaranteed” means guaranteed by the USDA.

“VA” means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

“VA Guaranteed” means guaranteed by the VA under a VA Guaranty.

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

ARTICLE 2 REPRESENTATIONS

SECTION 2.01 Representations, Warranties and Covenants by the HFA.

The HFA represents and warrants to, and covenants with, the Mortgage Lender and the Servicer that:

(a) The Agency is a public body corporate and politic created by the Act. The HFA has full power and authority to execute this Agreement.

(b) The HFA has found and determined that the purchase of Certificates under the terms hereof will further the purposes of the Act by assisting in the alleviation of the existing shortage of decent, safe and sanitary residential housing available in the State at prices affordable to Eligible Persons and Families.

(c) The HFA has the full power and authority to consummate all transactions contemplated by this Agreement and any and all other agreements, documents and instruments relating thereto.

(d) This Agreement, and all documents and instruments contemplated hereby, which are executed and delivered by the HFA, will constitute valid, legal, and binding obligations of the HFA, enforceable in accordance with their terms, except as the enforcement thereof may be subject to bankruptcy, insolvency and other similar laws affecting the enforcement of creditor’s rights generally, and to the application of equitable principles if equitable remedies are sought.

SECTION 2.02 Representations, Warranties, and Covenants of Mortgage Lender.

The Mortgage Lender represents and warrants to, and covenants with, the HFA and the Servicer that:

(a) The Mortgage Lender is a corporation duly organized and existing under the laws of the state in which it was incorporated, or is duly chartered or incorporated under federal law, is duly authorized to transact business in the State, has obtained all licenses, approvals and permits under State and federal law necessary to perform its obligations contemplated by this Agreement, and customarily provides service or otherwise aids in financing mortgages located in the State.

(b) The Mortgage Lender agrees that during the term of this Agreement it will remain subject to supervision and examination by State or federal authorities, as may be applicable, and that it will remain in good standing and qualified to do business under the laws of the United States of America, the state of its organization and of 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; provided, that the Mortgage Lender may, without violating the agreement contained in this subsection, consolidate with or merge into another entity, or permit one or more entities to consolidate with or merge into it, or sell or otherwise transfer to another such entity all or substantially all of its assets as an entirety and thereafter dissolve; provided the surviving, resulting or transferee entity, as the case may be, shall be subject to the supervision and

examination of the State or federal authorities, as may be applicable, and shall be subject to all of the obligations of the Mortgage Lender hereunder.

(c) The Mortgage Lender has the power to execute and deliver this Agreement, to accept the terms hereof, to enter into the transactions contemplated hereby, and the acceptance and performance hereof has been duly authorized by all necessary corporate and other action.

(d) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, will conflict with or result in any breach or violation of any of the terms, conditions or provisions of any Applicable Law, including regulations, or any agreement or instrument to which the Mortgage Lender is now a party or by which it is bound, or constitute a default under any of the foregoing.

(e) The execution and delivery of the Program Documents by the Mortgage Lender in the manner contemplated therein and the performance and compliance with the terms thereof by it will not violate (1) its certificate of incorporation (or similar document) or bylaws, or (2) any laws which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any of the terms of the Program Documents applicable to the Mortgage Lender, and will not constitute a material default (or an event which, 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 which may be applicable to it or any of its assets.

(f) The execution and delivery of the 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.

(g) This Agreement, and all documents and instruments contemplated hereby, 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.

(h) The Mortgage Lender is a mortgage banker, mortgage company or other financial institution that customarily provides service or otherwise aids in the financing of mortgage loans on single-family residential housing, or is a holding company of one or more of the foregoing. The Mortgage Lender is currently authorized to originate and sell mortgage loans in the State and will remain so authorized throughout the term of this Agreement.

(i) The Mortgage Lender is (1) an FHA-approved mortgagee, with delegated underwriting authority preferred, in good standing; (2) an eligible lender in good standing for VA Guaranteed mortgage loans; (3) an eligible lender in good standing for USDA-guaranteed mortgage loans; (4) an approved Fannie Mae seller; (5) an approved Freddie Mac seller; or (6) an approved third-party originating lender. Mortgage Lender shall only originate Mortgage Loans of the type described in the preceding clauses if the representation is true with respect to such clause (e.g., the Mortgage Lender shall not originate VA Guaranteed Mortgage Loans unless the Mortgage Lender is an eligible lender in good standing for VA Guaranteed mortgage loans).

(j) The Mortgage Lender complies and will continue to comply, (1) with respect to each FHA Insured Mortgage Loan, with the National Housing Act of 1934, as amended, with all rules and regulations issued thereunder and with all applicable administrative publications; (2) with respect to each VA Guaranteed Mortgage Loan, with the Servicemen's Readjustment Act, as amended, with all rules and

regulations issued thereunder and with all administrative publications; (3) with respect to each FHA Insured or USDA and VA Guaranteed Mortgage Loan, as determined as of the date of each purchase hereunder, with all the requirements of, and the “Representations and Warranties of Lender” set forth in, the Ginnie Mae Guide; (4) with respect to each Conventional Mortgage Loan, as determined as of the date of each purchase hereunder, with all the requirements of the Fannie Mae Selling and Servicing Guide, or Freddie Mac Selling and Servicing Guide; (5) with respect to Conventional Mortgage Loans, with all applicable provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“FIRREA”) relating to appraisals; and (vi) the Applicable Law including any and all applicable laws governing or regulating the origination of mortgage loans.

(k) Notwithstanding any other provisions of the Agreement, under no circumstances shall the Agreement or the relationship between the HFA and the Mortgage Lender or the Mortgage Lender and the Servicer created thereby be construed as creating a fiduciary relationship between the HFA and the Mortgage Lender or the Mortgage Lender and the Servicer or as granting to, or creating in, the Mortgage Lender any legal or equitable interest, right or title in or to any funds or accounts related to the Program.

(l) The Mortgage Lender will comply with the applicable non-discriminatory provisions of the Civil Rights Act of 1964, the regulations promulgated thereunder, and Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965.

(m) At the date hereof and the date of the actual execution hereof, the Mortgage Lender does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every obligation required of it contained in this Agreement. From time to time, the Mortgage Lender will submit to the HFA and to the Servicer, any reasonably requested information relating to the Mortgage Loans, and will do every act and thing which may be necessary or required to perform its duties under this Agreement or any of the Program Documents.

(n) The representations and information set forth in the certificates, statement, report and other documents to be provided to the Servicer and the HFA in connection with the purchase by the Servicer of each Mortgage Loan will be true and accurate and contain no untrue statement of a material fact or omit to state a material fact necessary to make the information, in such certificate, statement, report and other documents not misleading, and may be relied upon by the Servicer and the HFA.

(o) There is no litigation pending, or, to the Mortgage Lender’s knowledge, threatened, affecting the right of any of the present members of the board of directors or officers of the Mortgage Lender to their respective offices or their jurisdiction or authority over the affairs of the Mortgage Lender, nor in any way questioning the execution or validity of this Agreement; there are no other legal or governmental proceedings other than ordinary routine litigation incidental to the business conducted by the Mortgage Lender pending or (to the best of the Mortgage Lender’s knowledge) threatened or contemplated by which the Mortgage Lender may be bound or to which any property of the Mortgage Lender is or may be subject, which, if determined adversely to the Mortgage Lender, would individually or in the aggregate have a material adverse effect on the ability of the Mortgage Lender to perform its obligations hereunder or on the financial position or results of the operations of the Mortgage Lender or result in money damages arising out of an alleged error or omissions claim.

(p) Each Mortgage Lender shall provide to the Servicer, at the expense of the Mortgage Lender, and in accordance with the method as specified in the Program Guides, copies of all Mortgage File documents, Mortgage Loan applications and all related materials from its file on each Mortgage Loan, which the Servicer shall request.

(q) The Mortgage Lender shall keep proper books, records and accounts in which complete

and correct copies of all certificates and documents required to be filed with it hereunder shall be maintained and preserved for a time period of 36 months from the date of the Mortgage Loan origination or such longer period of time as is required by FHA, USDA, VA, Fannie Mae, Ginnie Mae or Freddie Mac. Such Mortgage Lender shall make such books and records available for inspection by the, its agents, and Servicer, during business hours and under reasonable conditions. The HFA and the Servicer shall have the right to require such Mortgage Lender to furnish said documents, at the expense of such Mortgage Lender, as such requesting entity, in its sole discretion and from time to time, deems necessary to determine compliance with the applicable Custodial Agreement and this Agreement.

(r) Any review or approval by the Servicer of any Mortgage Loan or the credit or tax compliance information in connection therewith or the issuance of a Certificate of Compliance hereunder shall not relieve such Mortgage Lender of any responsibility or liability for the performance or nonperformance of its obligations under this Agreement.

(s) The Mortgage Lender will immediately notify the Servicer and the HFA if it is no longer in compliance with any requirement or representation set forth in (a) through (r) above.

(t) The Mortgage Lender has been approved by the Servicer and the HFA prior to participation in the Program.

SECTION 2.03 Representations, Warranties and Covenants of the Servicer.

The Servicer represents and warrants to, and covenants with, the Mortgage Lender and the HFA that:

(a) The Servicer is a public corporation and instrumentality of the State of Alabama, is duly organized, validly existing and in good standing under the laws of the State of Alabama, has complied with all legal requirements to transact business in the State, and possesses all requisite authority, power, licenses, permits and franchises to conduct any and all business contemplated by the Program Documents and to execute, deliver and comply with its obligations under the terms of the Program Documents, the execution and delivery and performance of which have been duly authorized by all necessary corporate action.

(b) The execution and delivery of the Program Documents by the Servicer in the manner contemplated therein and the performance and compliance with the terms thereof by it will not violate (1) its certificate of incorporation or bylaws, or (2) any laws which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any of the terms of the Program Documents applicable to the Servicer, and will not constitute a material default (or an event which, 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 Servicer is a party or which may be applicable to it or any of its assets.

(c) The execution and delivery of the Program Documents by the Servicer 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) This Agreement, and all documents and instruments contemplated hereby, which are executed and delivered by the Servicer, will constitute valid, legal and binding obligations of the Servicer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable debtor relief laws.

(e) The Servicer is a Fannie Mae-approved seller/servicer and Ginnie Mae-approved issuer-servicer of FHA Insured, USDA Guaranteed and VA Guaranteed mortgage loans and an authorized issuer of Ginnie Mae Certificates and deliverer of Fannie Mae Certificates and will remain so approved for the term of this Agreement. The Servicer is not party to a Freddie Mac Pool Purchase Contract, is not a Freddie Mac-approved seller/servicer and is not an authorized issuer of Freddie Mac Certificates.

(f) With respect to the servicing of Mortgage Loans, the Servicer will comply, (1) as to each FHA Mortgage Loan, with the National Housing Act of 1934, as amended, all rules and regulations issued thereunder and all applicable administrative publications, (2) as to each VA Mortgage Loan, with the Servicemen's Readjustment Act, as amended, all rules and regulations issued thereunder and all applicable administrative publications, and (3) as to each FHA Insured, USDA Guaranteed or VA Guaranteed Mortgage Loan, with the provisions of the Ginnie Mae Guide and all other applicable rules, regulations, policies and guidelines of Ginnie Mae; (4) as to each Conventional Mortgage Loan, with the requirements of the PMI Insurer, if applicable, with the provisions of the Pool Purchase Contract, the Fannie Mae Selling and Servicing Guide or Freddie Mac Selling and Servicing Guide and all applicable rules and guidelines of Ginnie Mae, Fannie Mae or Freddie Mac, as applicable; and (5) as to the services contemplated under this Agreement, with all Applicable Law.

(g) With respect to its duties hereunder, the Servicer will comply with the applicable non-discrimination provisions of the Civil Rights Act of 1964, the regulations promulgated thereunder, and Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965.

(h) From time to time upon written request, the Servicer may report to the Mortgage Lender and the HFA, as more fully set forth in this Agreement and in the Program Guides, information relating to the Mortgage Loans, and will perform its duties under this Agreement.

(i) The Servicer agrees that so long as it shall continue to serve in the capacity contemplated under the terms of this Agreement, it will remain in good standing under the laws of the State of Alabama and qualified to do business in the State.

(j) No information or statement furnished in writing or report required hereunder delivered to the Mortgage Lender or to the HFA will, to the knowledge of the Servicer, contain any untrue statement of a material fact or omit a material fact necessary to make the information, statements or report not misleading; provided, however, that Servicer is entitled to rely upon the accuracy of information provided to it by third parties, including without limitation the Mortgage Lender and the HFA, and it shall not be a breach of this representation and covenant if such information or statements provided by the Servicer contain incorrect items of material fact or omit a material fact necessary to make the information or statement not misleading if the information or statement is provided to Servicer by third parties and Servicer is not explicitly responsible under the terms of this Agreement to review and verify the accuracy of the specific information or statement that contains the incorrect or misleading item or items.

(k) The Servicer is a public corporation and instrumentality of the State of Alabama that customarily acts as a servicer for single-family residential mortgage loans.

(l) Notwithstanding any other provision of this Agreement, the Servicer shall have no duties or responsibilities with respect to the Mortgage Loans except those expressly set forth in the Program Documents and Program Guides, and no such duty or responsibility shall be implied or inferred from the specific terms and conditions set forth herein.

SECTION 2.04 Survival of Representations, Warranties and Covenants.

The representations, warranties and covenants of the respective parties hereto shall remain enforceable after the termination of this Agreement or the consummation of the transactions contemplated in this Agreement.

ARTICLE 3 COMMITMENTS TO BUY AND SELL MORTGAGE LOANS

SECTION 3.01 Commitment to Buy and Sell.

(a) The Servicer hereby agrees to purchase from the Mortgage Lender, and the Mortgage Lender agrees to originate and sell to the Servicer, Mortgage Loans and related Subordinate Mortgage Loans for which it has made a Loan Lock in accordance with the Program Guides and to sell to the Servicer, all servicing rights associated with Mortgage Loans, all on the conditions and terms (including the net return to the Mortgage Lender) set forth in the Program Guides then in effect.

(b) The Mortgage Lender acknowledges that as a condition to purchase each of the Mortgage Loans by the Servicer, each Mortgage Loan shall (1) meet all requirements of this Agreement and the Program Guides, (2) be eligible for purchase by the Servicer in accordance with the terms and conditions of the Purchase Agreement, including without limitation the Purchase Availability established thereunder, (3) be current in payments of principal and interest, (4) be approved by the HFA, and, (5) be in compliance with the applicable requirements of FHA, VA, USDA, HUD and the Ginnie Mae Guide or the PMI Insurer, Freddie Mac and Fannie Mae, as applicable. The Servicer agrees to purchase Mortgage Loans at least once each week, notwithstanding that the amount of such Mortgage Loans, together with other Mortgage Loans purchased or to be purchased by the Servicer to form a Pool under the Ginnie Mae Guide or Pool Purchase Contract may be less than the minimum Pool size.

(c) The provisions of the Program Announcements and the Program Guides are incorporated herein by reference and are deemed to be a part of this Agreement; provided, however, that in the event of any conflict or inconsistency between provisions of the Program Announcements, this Agreement or the Program Guides, the provisions of the Program Announcements shall control.

(d) The Mortgage Lender, acting in accordance with the Program Guides, may enter into an agreement whereby the Mortgage Lender may designate one or more correspondents of the Mortgage Lender to originate Mortgage Loans on behalf of the Mortgage Lender hereunder; provided that (1) no extra fees may be charged with respect to such Mortgage Loans due to such broker relationship, (2) the originating broker shall have completed training as required and provided by the HFA, (3) the Mortgage Loan must be acquired by the Mortgage Lender from the correspondent before the Mortgage Loan is sold to the Servicer, and (4) the Mortgage Lender shall make and be bound by the Mortgage Lender's warranties, representations, covenants, repurchase obligations and other agreements contained in this Agreement with respect to each Mortgage Loan originated by such correspondents as though each of such Mortgage Loans was originated directly by the Mortgage Lender.

(e) Without limiting any other provision of this Agreement, nothing in this Agreement shall be construed to require the Servicer to purchase Mortgage Loans in excess of the Purchase Availability then in effect, and it shall not constitute a breach of this Agreement for the Servicer to suspend its purchase of Mortgage Loans under the Program in excess of the Purchase Availability then in effect.

SECTION 3.02 Mortgage Loan Terms.

(a) Mortgage Loans shall be made only to an Eligible Person and Family for the purpose of providing financing for the purchase of a Single-Family Residence as directed by the Program Guides.

(b) Each Mortgage Loan to be sold to the Servicer must be evidenced by a Mortgage Note secured by a first mortgage lien on the fee simple interest in the Single-Family Residence acquired thereby and made substantially in accordance with the Servicer's underwriting policies and (1) the underwriting policies of FHA, VA or USDA, as applicable, and all other requirements established by this Agreement and the Program Guides and the then-current criteria set forth in the Ginnie Mae Guide, or (2) the requirements of the PMI Issuer, Ginnie Mae, Fannie Mae or Freddie Mac, as applicable. All Mortgage Loans shall be FHA Insured, VA Guaranteed or USDA Guaranteed, as applicable, or insured by the PMI Insurer, if applicable.

(c) Each Mortgage Loan (1) shall bear interest at the rate set forth in the Loan Lock, (2) will provide for substantially level monthly payments representing the amount necessary to fully amortize such Mortgage Loan over its term, due the first day of each month (which payments shall include amounts for deposit in an escrow account to provide for timely payment of taxes and insurance) and for an initial payment not later than the first day of the second month following the closing date, and may include provision for a grace period not exceeding fifteen (15) days if permitted by FHA, VA, USDA, the PMI Insurer and/or Ginnie Mae, Fannie Mae or Freddie Mac, as applicable, and late payment charges in amounts not in excess of the customary charges permitted by FHA, VA, USDA, Ginnie Mae, Fannie Mae or Freddie Mac, as applicable, (3) will have a term or maturity date as specified in the (4) will be assumable only under the terms and conditions set forth in Section 3.17 herein, (5) will comply in all respects to the Ginnie Mae Guide and FHA, USDA or VA rules and regulations, as applicable, or to the requirements of the PMI Insurer and Fannie Mae or Freddie Mac, as applicable, (vi) shall be in a principal amount not exceeding such amount as conforms to the applicable limitations of FHA, USDA or VA, as applicable, and the Ginnie Mae Guide, the Fannie Mae Selling and Servicing Guide or Freddie Mac Selling and Servicing Guide, as applicable, (vii) shall be the subject of a mortgagee's title insurance policy or a valid commitment for the issuance of a title insurance policy and comply with the flood insurance requirements of the Servicer, FHA, VA, USDA, the PMI Insurer or Ginnie Mae, Fannie Mae or Freddie Mac, as applicable.

(d) Additionally, at the time of submission of the Mortgage Loan for purchase, the Mortgage Lender shall provide evidence satisfactory to the Servicer that the Mortgage Lender has applied for FHA Insurance or VA, or USDA or Guaranty and otherwise meets Ginnie Mae requirements or in the case of a Conventional Mortgage Loan shall provide a binding certificate of insurance from the PMI Insurer or otherwise meets Fannie Mae or Freddie Mac requirements, as applicable and registered and transferred the Mortgage Loan in MERS to the Servicer.

SECTION 3.03 Loan Lock Procedure.

The Mortgage Lender may lock a Mortgage Loan in accordance with procedures set forth in the Program Guides.

SECTION 3.04 Independent Verifications by Mortgage Lender.

(a) The Mortgage Lender shall make its best efforts to investigate and to determine with respect to each Mortgage Loan that:

(i) The Mortgagor occupies or will occupy the related Single-Family Residence within 60 days of the date of closing of the Mortgage Loan and thereafter intends to maintain the property as his or her principal place of residence;

(ii) The Sales Price does not exceed applicable limits stated in the Program Guides or those allowable under Ginnie Mae, Fannie Mae or Freddie Mac guidelines, as applicable;

(iii) The Mortgagor's Income submitted in the final Mortgage Loan application is within the guidelines established by the Program Guides; and

(iv) No part of the Mortgage Loan proceeds is used to acquire or replace an existing mortgage under which the Mortgagor is the mortgagor, and the entire amount of Mortgage Loan proceeds must be used to finance the purchase of the Single-Family Residence.

In addition, the Mortgage Lender shall perform such additional investigation as may be appropriate under the circumstances (including, but not limited to, personal or telephone interviews with the Mortgagor, examination of cancelled checks or receipts evidencing payment of rent, review of employment and utility records, review of the purchase contract for the Single-Family Residence to determine the Sales Price, if applicable, and review of title information.

(b) The Mortgage Lender shall (1) review the draft closing disclosures to assure that all fees and charges and settlement and financing costs comply with the requirements of this Agreement and Applicable Law and (2) carry out such additional verification procedures as may be reasonably requested by the Servicer or the HFA. If there has been a lapse of time exceeding 60 days between delivery of the Mortgage File to the Servicer and the delivery of the advice of purchase, the Servicer may request the Mortgage Lender originating the Mortgage Loan to update the information on the Mortgage Loan. Updating may be done by telephone or email to expedite funding.

(c) The Mortgage Lender will have good and merchantable title to the Mortgage Loan as of the Closing Date and the assignment of each Mortgage Loan from Mortgage Lender to Servicer will be valid, sufficient, enforceable and conveys good title to such Mortgage Loan to Servicer, free and clear of any liens, claims, or encumbrances.

(d) The obligations of the Mortgage Lender pursuant to this Section shall inure to the benefit of the HFA and the Servicer.

SECTION 3.05 Origination Fees and Closing Costs.

(a) In connection with each Mortgage Loan, the Mortgage Lender may charge and collect from the Mortgagor and seller, respectively, of a Single-Family Residence the origination fees specified in the Program Guides and in accordance with Ginnie Mae, Fannie Mae, Freddie Mac and State guidelines. The fees described include any document preparation and related fees of Mortgage Lender and is the maximum fee that the Mortgage Lender may collect. In addition, the Mortgage Lender may collect from the Mortgagor and/or seller, all reasonable and customary out-of-pocket costs permitted by law paid or incurred by the Mortgage Lender, including but not limited to notary fees, settlement fees, hazard, or mortgage insurance premiums, survey, title insurance premiums, appraisal fees, attorneys' fees, excise, documentary and intangible taxes, recording or registration taxes and charges, credit reports, escrow fees, electronic document submission fees, flood certification fees, tax service fee, flood certification fees and MERS registration fees such fees and expenses may be collected only once in connection with the origination of the Mortgage Loan and shall not exceed limits established from time to time by federal law or State law.

(b) It is expected that the Mortgage Lender will disburse Mortgage Loan funds on the date the Mortgage Note is executed or as soon thereafter as is customary. Full disbursement of Mortgage Loans must be accomplished before the Mortgage Loan may be submitted to the Servicer for purchase unless specifically authorized by the Servicer. The Mortgage Lender may not charge interest to a Mortgagor until the Mortgage Loan proceeds have been disbursed.

(c) The fees and charges described herein and in the Program Guides, if any, are the exclusive fees and charges that may be collected, either directly or indirectly, with respect to the origination of Mortgage Loans by the Mortgage Lender; unless specifically authorized by the HFA or the Program Guides, no additional fees or arrangements whereby the Mortgage Lender receives financial benefit are permitted.

SECTION 3.06 Sales Price of a Residence.

The Sales Price of a residence is the cost of acquiring the residence from the seller. The cost of acquiring a residence is determined in accordance with FHA, VA or USDA, Ginnie Mae, Fannie Mae, or Freddie Mac guidelines or as specified in the Program Guides.

SECTION 3.07 Mortgage Loan Approvals; Submission for Purchase.

(a) The Mortgage Lender will submit documents and obtain approvals for Mortgage Loans in accordance with the procedures identified in the Program Guides.

(b) The Mortgage Lender acknowledges that, as a condition to acceptance and purchase of the Mortgage Loan by the Servicer, the Mortgage Loan shall, in addition to other requirements set forth in this Agreement and the Program Guides (1) be current in payments, and (2) be in compliance with the requirements of the Ginnie Mae Guide or Fannie Mae Selling and Servicing Guide or Freddie Mac Selling and Servicing Guide.

(c) Any Mortgage Loan with respect to which the Mortgage File is deemed to be defective, or any Mortgage Loan which is otherwise not acceptable for purchase in accordance with the terms of the Agreement may be returned by the Servicer with all documents submitted in accordance with this Section 3.08, to the Mortgage Lender to be cured, if possible, or the Servicer, in its discretion, may hold such Mortgage pending correction of the defect as specified in a notice or other communication to the Mortgage Lender. The Servicer shall notify the Mortgage Lender promptly in writing, which may be satisfied by the sending of an e-mail, of any deficiencies. To be eligible for purchase hereunder, such Mortgage Loan must be resubmitted in accordance with the procedures of this Section 3.08. The examination and acceptance of a Mortgage File by the Servicer hereunder shall not constitute a waiver of any warranty, representation or covenant by the Mortgage Lender, the Mortgagor, or any other party connected with the Mortgage Loan, with respect to such Mortgage Loan. The HFA shall provide the Mortgage Lender with the Program Guides interpreting and clarifying the provisions of this Agreement, as necessary. Such Program Guides shall establish the procedures for Mortgage acquisition and be binding on Mortgage Lenders so long as the provisions thereof are consistent with the terms of this Agreement.

(d) Prior to the delivery of the Mortgage File in connection with the purchase of a Mortgage Loan, the Mortgage Lender shall endorse the Mortgage Note to Servicer and assign the Mortgage within MERS as necessary to perfect the assignment of 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 for the assignment to Servicer of the servicing of such Mortgage Loan shall be given by each Mortgage Lender prior to purchase by the Servicer. The Mortgage Lender shall also provide to the Servicer or the HFA such other reports or information regarding the Mortgage Loan being sold by such Mortgage Lender as may be reasonably requested by either of them.

(e) Lenders have 10 days from closing to deliver the complete closed Mortgage Loan package to Servicer. A Mortgage Loan is considered to be in a fundable condition when a complete, closed Mortgage Loan package is delivered without errors or missing documents. Also, Mortgage Loans

with delinquent payments will not be purchased. Lenders will have 40 days from the date of closing to clear the Mortgage Loan exception with no penalty. If the Mortgage Loan is not cleared until 41 days from the date of closing, the lender will be charged a late delivery fee of 50 basis points (0.50%) of the principal purchased. If the file is not cleared by the 71st day from the date of closing, original Mortgage Notes will be returned to the Lender and the Mortgage Loan(s) will not be purchased. This section does not override any applicable lock expiration period.

(f) Extension fees may be required if the Mortgage Loan is not funded by the applicable expiration date. The amounts of all fees and penalties are subject to change. The schedule of penalties and fees is provided in the Lender Guide, located at www.servsol.com.

(g) Notwithstanding the delivery procedures of this Section 3.08, the Servicer may, in its sole discretion, accept Mortgage Files which contain certified copies of Mortgage and the Assignment of Mortgage in lieu of the originals of same and valid commitment for the issuance of a mortgagee's title insurance policy in lieu of a title insurance policy and may, in its discretion, approve the pertinent Mortgage Loan for purchase without such originals or certificate if the Mortgage Loan file is otherwise complete, all other documents pertaining to the Mortgage documents are present and the Mortgage Loan is subject in all respects to all terms and conditions of this Agreement. The original recorded Mortgage for both the first as well as any subordinate, if applicable, the Assignment of Mortgage, the title insurance policy and FHA Mortgage Insurance Certificate, USDA or VA Loan Guaranty Certificate must be submitted to the Servicer within one hundred twenty (120) days from the date of closing of the subject Mortgage Loan. In the event such documents are not received by the Servicer within one hundred twenty (120) days of the closing of the Mortgage Loan, the Mortgage Lender may be required to pay a fine to the Servicer plus out-of-pocket costs of the Servicer. The Servicer shall, upon receipt of such originals and certified copies, if applicable, file copies of same in the related Mortgage File and shall forward original documents to the Custodian under the Ginnie Mae Custodial Agreement for FHA Insured, USDA Guaranteed, or VA Guaranteed Mortgage Loans and to the Custodian under the Fannie Mae or Freddie Mac Custodial Agreement for Conventional Mortgage Loans.

(h) The purchase of Mortgage Loans hereunder shall take place on each Purchase Date, pursuant to the schedule of Purchase Dates set forth by the Servicer. Only Mortgage Loans submitted in accordance with this Section 3.08 and which conform to the requirements of this Agreement and the Program Guides will be purchased by the Servicer on any Purchase Date. All amounts collected by the Mortgage Lender representing escrow payments for insurance and taxes with respect to a Mortgage Loan shall be remitted by the mortgage lender to the Servicer. All notices to FHA, USDA or VA which are required to be given under applicable FHA, USDA or VA requirements shall be given by the Mortgage Lender prior to purchase. The Mortgage Lender shall also notify the Mortgagor in writing on the purchase date (with a copy to the Servicer) the start date of payments to the servicer and that checks, money orders or other remittances in payment of the Mortgage Loan must be paid to the order of the Servicer. The Mortgage Lender shall also provide to the Servicer and the HFA such other reports or information regarding the Mortgage Loan being sold by such Mortgage Lender as may be reasonably requested by either of them.

(i) The Servicer shall have no obligation to purchase Mortgage Loans unless such loans are eligible hereunder, are required to be purchased by Servicer under the terms of the Purchase Agreement, and otherwise conform to all requirements of this Agreement, and the Servicer shall have no obligation to investigate or confirm such eligibility or conformance except as specifically required by this Agreement.

(j) The Mortgage Lender shall deliver the original executed Mortgage, Mortgage Note and Assignment of Mortgage in the following manner: (1) the Mortgage Note shall bear an endorsement set forth on the back thereof "Payable to Alabama Housing Finance Authority d/b/a ServiSolutions, without

recourse” (or such other endorsee as Servicer may designate to Mortgage Lender in writing) and be executed by a duly authorized officer of the Mortgage Lender; and (2) the related Mortgage shall be a certified copy of the original executed Mortgage accepted for recording in the public office in which recordation is necessary to give constructive notice of the lien created thereby; shall have the appropriate recording information written on the face thereof; and shall bear written evidence of assignment of mortgage loan in MERS to Alabama Housing Finance Authority d/b/a ServiSolutions. The Mortgage Lender shall deliver to the Servicer in the method as directed in the Program Guides the original recorded copy of each Mortgage and Subordinate Mortgage evidence of assignment of mortgage loan in MERS and the Title Policy and FHA Mortgage Insurance Certificate or VA Loan Guaranty Certificate, if applicable, together with a copy of each of such documents certified by the Mortgage Lender to be a true and correct copy thereof, within 120 days after closing of the related Mortgage Loan or such longer time as may be approved by the Servicer for good cause. The Mortgage Lender shall further perform any other action or deed as the Servicer may direct to cause the proper filing or recording (or refiling or re-recording, if necessary) of Mortgage, notice of such Mortgage Note in such other places and in such other manner, form or condition satisfactory to the Servicer as is necessary to perfect the Servicer’s security interest in each such Mortgage Note and related Mortgage. The delivery of the Mortgage Note and related Mortgage shall be accompanied with or shall reflect that all applicable documentary stamp(s) and other excise taxes, all intangible taxes and all recording and registration fees have been paid with respect thereto.

(k) For FHA Insured and USDA Guaranteed, USDA Guaranteed or VA Guaranteed Mortgage Loans, the Custodian for the Mortgage File documents under the Ginnie Mae Custodial Agreement, will retain (2) the original Mortgage Note, (2) the original recorded Mortgage, (3) the title insurance policy, and (4) the applicable FHA//USDANA Insurance or Loan Guaranty Certificate. All other documents will be retained by the Servicer. For Conventional Mortgage Loans, the Custodian for the Mortgage File documents under the Fannie Mae Custodial Agreement or Freddie Mac Custodial Agreement, will retain (1), (2) and (3) above.

(l) The Mortgage Lender shall deliver the documents described in Sections 3.08(j) and (k) to the Servicer upon receipt of such documents and in no event later than one-hundred twenty (120) days after the Closing Date of the related Mortgage Loan. In the event the Servicer has not received all of such documents on a timely basis, a penalty of \$100.00 per month (assessed by the Servicer) shall be charged to the Mortgage Lender until such documents are received. The Mortgage Lender acknowledges and agrees that the amount of such penalties may be amended from time to time in Servicer’s sole and absolute discretion.

SECTION 3.08 Mortgage Purchases; Suspension of Mortgage Purchases.

(a) For each Mortgage Loan and Subordinate Mortgage Loan originated by the Mortgage Lender that is in compliance with all the terms and conditions of this Agreement and the Program Guides, for which the Mortgage File and other documents have been prepared and presented to the Servicer as directed by the Program Guides, and for which the Servicer certifies that all of the other conditions of this Agreement have been fulfilled, the Servicer shall pay to the Mortgage Lender, under the terms and conditions specified in the Agreement, on each Purchase Date for each Mortgage Loan, the Mortgage Loan amount and Subordinate Mortgage Loan amount, if any, as specified in the Program Guides (plus any accrued interest accrued after disbursement of the Mortgage Loan at the interest rate on the Mortgage Loan less fees). Only Mortgage Loans and Subordinate Mortgage Loans submitted in accordance with this Section 3.08 and which conform to the requirements of this Agreement will be purchased by the Servicer on any Purchase Date.

(b) The Mortgage Lender acknowledges that, as a condition of the purchase of the Mortgage

Loan by Servicer, the Mortgage Loan shall (1) be current in payments of principal and interest, taxes and insurance, if due, (2) bear interest at the rate indicated in the Loan Lock, as applicable, and (3) be in compliance with the requirements of FHA, HUD, USDA, VA, the Ginnie Mae Guide, or the PMI Insurer and Fannie Mae or Freddie Mac, as applicable, the Program Guides and this Agreement.

(c) The Servicer may suspend its purchase of Mortgage Loans under this Agreement if the HFA or its agent fails for any reason to purchase Certificates from Servicer as and when required under Article 3 of the Servicing Agreement. The Servicer shall deliver written notice to the HFA and the Mortgage Lender of the Servicer's exercise of its rights under this paragraph and of the date on which the suspension of Mortgage Loan purchases shall become effective, which may be immediate or a future date specified by the Servicer. If the Servicer elects to suspend its purchase of Mortgage Loans under this paragraph, the Mortgage Lender acknowledges that the Servicer's failure or refusal to purchase Mortgage Loans in accordance with this paragraph shall not constitute a default or breach of any obligation of the Servicer under this Agreement. If the HFA or its agent resumes purchasing Certificates in accordance with Article 3 of this Servicing Agreement or provides sufficient capital to the Servicer for the purchase of Mortgage Loans in excess of the Purchase Availability, and the Servicer has received reasonable assurance that such purchases or capital injections will continue as and when required thereunder, the Servicer may resume its purchases of Mortgage Loans in accordance with this Agreement. The Servicer shall deliver written notice to the HFA and the Mortgage Lender of its resumption of Mortgage Loan purchases and which loans it will purchase. There is no limit on the number of times that the Servicer may exercise its rights to suspend and resume the purchase of Mortgage Loans under this paragraph as and when permitted by the terms hereof.

SECTION 3.09 Maintenance of Mortgage Files.

The Servicer shall, at its own expense, maintain the Mortgage File, excluding originals of the following documents which the Custodian under the Custodial Agreement shall retain, with respect to such Mortgage Loan: (1) the original Mortgage Note, including any Mortgage Note related to the Subordinate Mortgage Loan if applicable; (2) the original Mortgage with recordation noted, together with all applicable riders, including any Mortgage related to the Subordinate Mortgage Loan if applicable; (3) the original Endorsement of Mortgage Note in favor of Servicer; and (4) mortgagee title insurance policy. Each Mortgage File shall be maintained by the Servicer for a minimum of three years from the date the Mortgage Loan is fully paid or otherwise terminated. The Mortgage Files shall be available for inspection during Servicer's regular business hours by the HFA and its respective employees and agents, at its own expense. The Mortgage Lender shall maintain all Mortgage Loan application materials, documents and memoranda for three years after closing of the Mortgage Loan, unless a longer period is required by law.

SECTION 3.10 Defective Documents and Non-Qualifying Mortgage Loans; Repurchase of Loans by Mortgage Lender.

(a) If any document required to be submitted by the Mortgage Lender in accordance with the Program Guides is defective in any material respect, or if it is determined that a Mortgage Loan is a Non-Qualifying Mortgage Loan, the HFA or the Servicer, whichever shall have knowledge thereof, shall promptly notify the Mortgage Lender in writing, which may be satisfied by the sending of an e-mail, specifying the defect or defects, and the Mortgage Lender shall cure the defect (except for defects of Early Payment Default) within a period of 30 days from the earlier of the time the Mortgage Lender discovers such defect or the Mortgage Lender receives notice of such defect from the HFA or the Servicer (the "Cure Period"). If the Servicer has knowledge of a Non-Qualifying Mortgage Loan, the Servicer shall notify the Mortgage Lender in writing, which may be satisfied by sending an e-mail, specifying the defect or defects. "Defect" or "Defective," whether or not capitalized, for purposes of this Section 3.11 shall mean a failure to cause the Mortgage Loan to comply with the terms of this

Agreement.

(b) The Mortgage Lender hereby covenants and agrees that, if any material defect cannot be cured or the Mortgage Loan cannot meet the requirements of a Mortgage Loan within the Cure Period, the Mortgage Lender will, not later than 10 days after expiration of the Cure Period (or after the notice of the defect if the defect is Early Payment Default) , repurchase with immediately available moneys the related Mortgage Loan and any Subordinate Mortgage Loan, if applicable, from the Servicer at a price equal to (1) 100% of the principal remaining unpaid on such Mortgage Loan and Subordinate Mortgage Loan, plus (2) interest thereon to the date of the repurchase, plus (3) the pro rata commitment fee paid to Ginnie Mae, Fannie Mae or Freddie Mac with respect to such loan, plus (4) the servicing release premium paid when the loan was purchased, and plus (5) a repurchasing processing fee of \$1,500 per Mortgage Loan to Servicer. The cost for the repurchased Mortgage Loan, plus any additional amount due this paragraph, shall be delivered by the Mortgage Lender to the Servicer, whereupon the Servicer shall notify the Custodian under the Custodial Agreement to release the related Mortgage Note and Mortgage to the Mortgage Lender and reassign the Mortgage to the Mortgage Lender. The Servicer will also forward to the Mortgage Lender, within thirty (30) days after receipt of the amounts required for repurchase of a Mortgage Loan, the amount of any tax and insurance escrow held by the Servicer for such Mortgage Loan.

(c) With respect to defective Mortgage Loans or Non-Qualifying Mortgage Loans, the Mortgage Lender hereby covenants and agrees that if any Mortgage Loan is determined by Servicer to be a defective Mortgage Loan or a Non-Qualifying Mortgage Loan and the defect causing the same cannot be cured, the Mortgage Lender will repurchase or, at the option of the Servicer, will cooperate fully with the Servicer in a foreclosure action, provided the Mortgage Loan is otherwise in default, with respect to such Mortgage Loan or Non-Qualifying Mortgage Loan. If it is not possible for Servicer to foreclose such Mortgage Loan or Non-Qualifying Mortgage Loan, then the Mortgage Lender shall be required to repurchase such Mortgage Loan or Non-Qualifying Mortgage Loan on the terms and conditions set forth in the preceding paragraph. At the option of the Servicer and the Mortgage Lender, the Servicer may foreclose and the Mortgage Lender will be obligated to pay the Servicer any deficiency incurred as the result of a foreclosure on such mortgage loan plus its administrative fee to conduct the foreclosure.

(d) As used herein, the term “Non-Qualifying Mortgage Loan” shall mean and include any Mortgage Loan purchased hereunder with respect to which:

(i) Mortgagors fail to occupy the related Single-Family Residence as a principal residence within 60 days after execution of the related Mortgage;

(ii) The Mortgage Loan fails to meet the requirements of the Program Guides or this Agreement;

(iii) The Mortgage Loan fails to comply with Ginnie Mae, Fannie Mae or Freddie Mac guidelines, as applicable;

(iv) Any statements contained in any of the affidavits or certifications of Mortgagor, builder/seller, or Mortgage Lender are determined to be incorrect, untrue, misleading or fraudulent;

(v) There is a default in the first payment due on the Mortgage Loan, or the Mortgage Loan otherwise fails to comply with the terms hereof;

(vi) The Mortgage assumability rider attached to an FHA or VA Mortgage is not

approved by FHA or VA, as the case may be;

(vii) The Mortgage Loan is prepaid within 90 days after it is purchased from the Mortgage Lender; or

(viii) The Mortgage Loan becomes 90-days delinquent within the first seven (7) months after it is purchased from the Mortgage Lender, or if any delinquency at seven months fails to cure and subsequently increases to a 90-day delinquency.

(e) With respect to Non-Qualifying Mortgage Loans, each Mortgage Lender hereby covenants and agrees that if any Mortgage Loan is determined by the Servicer to be a Non-Qualifying Mortgage Loan and the defect causing the same cannot be cured, such Mortgage Lender will repurchase or, at the option of the Servicer, will cooperate fully with the Servicer in a foreclosure action with respect to such Non-Qualifying Mortgage Loan (if possible). Each Mortgage Lender further covenants and agrees that if any fee is assessed by Ginnie Mae, Fannie Mae or Freddie Mac, as the case may be, with regard to a Non-Qualifying Mortgage Loan, such Mortgage Lender will pay the amount of the fee to the Servicer. If the Servicer exercises the foreclosure option and if it is not possible for the Servicer to foreclose such Non-Qualifying Mortgage Loan, then such Mortgage Lender shall be required to repurchase such Mortgage Loan efficiently on the terms and conditions set forth in this Section. Without limiting the foregoing and in addition thereto, with respect to Non-Qualifying Mortgage Loans described in subsections (d)(5), (d)(vi) and (d)(vii) above, each Mortgage Lender hereby further covenants and agrees to refund to Servicer any Servicing Release Premium paid by Servicer with respect to a purchase of Servicing Rights, and with respect to Non-Qualifying Mortgage Loans described in subsection (d)(viii) above, each Mortgage Lender hereby further covenants and agrees to indemnify and hold Servicer harmless from any and all losses or expenses incurred as the result of a foreclosure on such Mortgage Loan.

(f) Each Mortgage Lender hereby covenants and agrees that if Mortgage Lender has failed to repurchase a defective or Non-Qualifying Mortgage Loan within the time required by this Agreement after receipt of requisite notice hereunder, the Servicer may reduce the amount of any payment due to Mortgage Lender for the purchase of Mortgage Loans by an amount equal to the unpaid repurchase price for the defective or Non-Qualifying Mortgage described in this Section 3.11(f), together with the amount of any fees described in Section 3.11(e). After exercising the right to net fund described in this paragraph, the Servicer shall deliver the Mortgage File with respect to each defective or Non-Qualifying Mortgage Loan within the time otherwise required under this Agreement for repurchased Mortgage Loans.

(g) Each Mortgage Lender hereby waives any statute of limitations or other law that might otherwise be raised as a defense to any obligation to repurchase a Non-Qualifying Mortgage Loan under this Agreement or to the Servicer's exercise of the right to net fund described in Section 3.11(f).

SECTION 3.11 Representations, Warranties and Covenants of Mortgage Lender Concerning Mortgage Loans.

The Mortgage Lender hereby represents and warrants to, and covenants with, the HFA and the Servicer that:

(a) The information set forth in each Loan Lock in the Online Lender Services System will be true and correct at the Closing Date thereof, each Mortgage Loan (and all other documents in connection therewith, except the required appraisal) shall have been closed after the execution of this Mortgage Origination Agreement by the HFA and the Servicer, and each Mortgage Loan satisfies all applicable requirements set forth herein;

(b) Each Mortgage Loan will be made by the Mortgage Lender at the price of par with origination fees not to exceed those set forth the Program Guides or State or federal guidelines, will be secured by a Mortgage which shall constitute a first mortgage lien on a Single-Family Residence occupied by the Mortgagor as such Mortgagor's permanent place of residence and will be located within the boundaries of the State, will be made substantially in accordance with the servicers standard underwriting policies, the underwriting standards of FHA, USDA, VA, Freddie Mac or Fannie Mae or the PMI Insurer, as applicable, as set forth in the Program Guides, and the requirements established hereby, subject to acceptance of insurer under the FHA Insurance or VA or USDA or Guarantee Policy or PMI Insurer's policy, will be made for the purpose of purchasing or providing permanent financing for such residence will have level payments due the first day of each month (which payments shall include amounts for deposit in the Escrow Account to provide for the timely payment of taxes and insurance) which will amortize the principal, will have a final maturity no later than the date specified in the Program Guides, will be made to an Eligible Person or Family, as Mortgagor, and will contain the assumption restrictions required by Section 3.17 hereof;

(c) The principal amount of the Mortgage Loan will not exceed any applicable loan-to-value limits as established the Program Guides or by FHA, VA, USDA or the PMI Insurer or Ginnie Mae, Fannie Mae, or Freddie Mac as applicable;

(d) As of the Purchase Date, each Mortgage Loan and Subordinate Mortgage Loan will be secured by the Mortgage(s) as required under the Ginnie Mae Guide or Freddie Mac Selling and Servicing Guide or Fannie Mae Selling and Servicing Guide, as applicable, which will constitute a valid lien on the property financed by the Mortgage Loan and Subordinate Mortgage Loan, subject only to (1) the lien of current (accrued but not past due) real property taxes and assessments, (2) building and use restrictions not accompanied by title reverter or forfeiture provisions on account of violation and that are not and will not be violated by occupancy and use of the improvements on the property and the property itself for the residential purposes for which the improvements were designed and constructed, (3) rights-of-way and easements for roads, streets, utilities and other similar installations, whether or not of record, provided that such rights-of-way and easements are either of the kind (including location, area occupied, and nature of the installation thereon) acceptable to commercial lending institutions generally, or have been taken into account and reflected in the appraisal made (and correspondingly in the loan amount) in connection with the origination of the Mortgage Loan, and (4) other defects, irregularities, encumbrances, easements, mineral reservations and conveyances and clouds on title that are acceptable to commercial lending institutions generally; provided, however, that none of the foregoing liens or encumbrances shall be permitted if in the opinion of recognized HFA counsel acceptable to the Servicer such lien(s) or encumbrance(s) individually or in the aggregate materially impairs the lien of the Mortgage or Servicer's ability to foreclose upon the property encumbered by the Mortgage;

(e) As of the Mortgage Purchase Date, the Mortgage Lender shall have in its possession with respect to the property financed by the Mortgage Loan and secured by Mortgage an American Land Title Association approved mortgagee title insurance policy, or a commitment therefor (in either case, with the title insurance premium paid, or, if unpaid, with the Mortgage Lender having the money for payment of the premium immediately available and assuming the responsibility for payment), in an amount at least equal to the outstanding principal amount of the Mortgage Loan, naming the Mortgage Lender and its successors and assigns (including the Servicer) as insureds, and insuring that Mortgage constitutes a first lien on such property, subject only to the exceptions described in the preceding subsection and subject to matters of survey in the preliminary title report only;

(f) As of the Mortgage Purchase Date, the improvements upon the real property subject to the Mortgage Loan will be covered by a valid Standard Hazard Insurance Policy, Flood Insurance Policy, if applicable, and Multi-peril Policy for Condominiums, if applicable, and as required by the Ginnie Mae

Guide or the PMI Insurer and Fannie Mae or Freddie Mac, as applicable;

(g) The terms, covenants and conditions of the Mortgage Loan shall not have been and shall not, prior to the Mortgage Purchase Date, be waived, altered, impaired or modified in any respect which would materially affect the value, validity, enforceability, prompt payment of the Mortgage Loan, or the enforceability of the lien securing the Mortgage Loan, except for such waivers, alterations and the like accomplished by Mortgage Lender prior to the Mortgage Purchase Date and disclosed in writing to and acceptable to the Servicer;

(h) As of the Mortgage Purchase Date, the Mortgage Loan shall be current as to payments due and, there shall be no delinquent tax or delinquent assessment lien against the property financed by the Mortgage Loan unless permitted by the Ginnie Mae Guide or Fannie Mae Selling and Servicing Guide or Freddie Mac Selling and Servicing Guide, as applicable and approved by the Servicer.

(i) As of the Mortgage Purchase Date, the Mortgage Lender shall not have done any act to create an offset, defense or counterclaim to the Mortgage Loan, including the obligation of the Mortgagor to pay the unpaid principal of and interest on the Mortgage Loan or Fannie Mae or Freddie Mac Selling and Servicing Guides, as applicable;

(j) As of the Mortgage Purchase Date, as to each Mortgage, there shall be no mechanics', laborers', or material-men's liens or claims therefor outstanding for work, labor, or materials affecting the property encumbered by the Mortgage securing the Mortgage Loan that are or might be or become liens prior to, or equal with, the lien of the Mortgage, unless the title insurance specified in Section 3.12(e) insures against such risk;

(k) The physical property financed or improved by the Mortgage Loan shall be free of material damage and shall be in general good repair on the Mortgage Purchase Date;

(l) Each Mortgage Loan, at the time it shall have been made, shall have conformed to all disclosures required to be made by the Real Estate Settlement Procedures Act and the Federal TRID, the Federal Equal Credit Opportunity Act, and all other applicable State and federal laws and regulations;

(m) Each Mortgage Loan at the time it shall have been made shall have complied with applicable State and federal usury laws;

(n) The Mortgagor of a Mortgage Loan shall not have conveyed such Mortgagor's right, title to or interest in the property subject to the Mortgage to any party;

(o) As of the Mortgage Purchase Date, the Mortgage Lender has no knowledge of any acts or circumstances, economic or otherwise, which may have an adverse effect on the credit of any Mortgagor, the prospect of prompt payment of any Mortgage Loan or the value or enforceability of any security therefor;

(p) The Mortgage Lender has reviewed applicable income documents, credit reports and related documents required in connection with any Mortgage Loan application by the potential Mortgagor to assure itself, prior to approving such application, that such potential Mortgagor has the capacity to repay the Mortgage Loan;

(q) As of the Mortgage Purchase Date, the Mortgage Lender has no knowledge of any circumstances or condition with respect to the Mortgagor, the Single-Family Residence, the Mortgage Loan or any related document that could reasonably be expected to cause prudent private investors in the

secondary market to regard the Mortgage Loan as an unacceptable investment, or cause the Mortgage Loan to become delinquent or to adversely affect the value or the marketability of the Mortgage Loan and the Mortgage Lender has no knowledge or other reason to believe that any of the representations and statements contained in the affidavits of the seller of the property subject to the Mortgage, Mortgagor and Mortgage Lender are not true and correct;

(r) The Mortgagor has agreed to make payments with respect to the Mortgage Loan in accordance with this Agreement;

(s) The Mortgage Loan and the Single-Family Residence are in compliance with all governmental statutes, regulations and rules relating to the use of the property including, but not limited to, building and zoning codes, environmental and platting requirements;

(t) Each Mortgage shall have been filed and properly recorded prior to the purchase of the related Mortgage Loan, and any different or other recording that might hereafter be required by laws of the State to perfecting the lien of real estate mortgages against the adverse or competing claims of third parties by giving public notice thereof shall also have been accomplished, and each Assignment of Mortgage shall be entered in accordance with MERS;

(u) Each Mortgage Loan shall be in compliance with the requirements of this Agreement and the Mortgage Lender has complied with all of its servicing and other obligations of this Agreement;

(v) The Mortgage Loan and Single Family Residence are in compliance with all governmental statutes, regulations and rules relating to the use of the property including, but not limited to, building and zoning codes, environmental laws and platting requirements; there is no pending case or proceeding directly involving the Single Family Residence and appurtenances thereto in which compliance with any such law, rule, or regulation is an issue; and nothing further remains to be done to satisfy in full all requirements of each such law, rule or regulation constituting a prerequisite to such use and enjoyment of said Single Family Residence;

(w) All of the improvements which are included for the purposes of determining the appraised value and/or valuation of the Single Family Residence lie principally within the boundaries and building restriction lines of such Single Family Residence, and no improvements or adjoining property encroach upon the Single Family Residence, and there is legal right of access to and from the Single Family Residence;

(x) If required by local law, the Mortgage Lender shall have received for each newly constructed Single Family Residence securing a Mortgage Loan a certificate of occupancy from the appropriate issuing authority that such Single Family Residence has been constructed in substantial compliance with applicable building code requirements;

(y) As of the Mortgage Purchase Date, there has not been a material adverse change in the Mortgage Lender's financial condition from its condition as of the date of execution of this Agreement. The Servicer, acting in good faith, shall make the determination whether such change has occurred; and

(z) As of the Mortgage Purchase Date, the representations, warranties and covenants of the Mortgage Lender set forth in Section 2.02 hereof remain true and are in full force and effect.

It is understood and agreed that the representations, warranties and covenants set forth in this Section shall survive the sale of the Mortgage Loans by the Mortgage Lender to the Servicer and that the representations, warranties and covenants shall inure to the benefit of the transferees and assigns of the

Servicer which include the HFA, Ginnie Mae, Fannie Mae, and Freddie Mac. Upon discovery by the Mortgage Lender or the Servicer of a breach of any of the foregoing representations, warranties and covenants that materially and adversely affects the value of any Mortgage Loan or the interest of the Servicer in any Mortgage Loan, the party discovering such breach shall give prompt written notice to the other. A breach of these representations, warranties and covenants shall give rise to the rights and obligations with respect to cure, replacement or repurchase set forth in Section 3.11 above. Subject to the indemnification obligation in Section 3.14 for the matters covered thereby, it is understood and agreed that the obligations of the Mortgage Lender set forth in Section 3.11 shall constitute the sole remedies respecting such breach available to the HFA and the Servicer where the Mortgage Lender has acted in good faith.

SECTION 3.12 Prohibition of Discrimination.

The Mortgage Lender must consider all Mortgage Loan applications in the order in which they are received, or in any other manner designated by the HFA, on a fair and equal basis, may not arbitrarily reject a Mortgage Loan application because of the location, and/or age of the property, and may not, in the case of a proposed Mortgagor, arbitrarily vary the terms of a loan or the Mortgage Loan application procedures therefore or reject a Mortgage Loan applicant in violation of the Federal Equal Credit Opportunity Act, or in violation of any State or federal law; provided, however, that a Mortgage Lender may refuse to accept applications for Mortgage Loans to refinance construction loans if the Mortgage Lender desires and intends to make no such loans hereunder. Mortgage Lender shall not enter into any agreement or arrangement with any person, firm or corporation to prefer any applicant or group applicants for such loans without the express approval of the Servicer, nor may Mortgage Loan applications for such loans be accepted for processing, or arrangements for the acceptance or handling of such applications be made, prior to the date of receipt of the Loan Lock for each issue. In accepting, evaluating and acting upon such applications, Mortgage Lender shall comply with all applicable State and federal laws regulations, including but not limited to the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder, and the federal Consumer Credit Protection Act.

SECTION 3.13 Indemnification.

(a) The Mortgage Lender (“Indemnifier”) shall indemnify the HFA or the agent of the HFA, and the Servicer (together the HFA and the Servicer are each referred to as the “Indemnitee”) and hold them and their directors, officers, employees and agents harmless from any and all loss, penalty, fine, forfeiture, reasonable attorney’s fees, damage or expense that they respectively sustain or incur as a result of (1) any violation of law by the Mortgage Lender, (2) Mortgage Lender’s refusal to repurchase any Mortgage Loan that has been determined to be ineligible for purchase, or (3) any failure on the part of the Mortgage Lender to perform its services, duties and obligations under the terms and provisions of this Agreement, notwithstanding knowledge, act, or failure to act by the HFA or the Servicer, other than an act or failure to act on the part of the HFA or the Servicer respectively which prevents the Mortgage Lender from performing such services, duties and obligations (each an “Indemnifiable Event”). An Indemnifiable Event shall include any claims by third parties.

(b) HFA and Mortgage Lender (each shall be referred to as “Indemnifier” in this instance) shall each indemnify Servicer (“Indemnitee” in this instance) and hold it and its directors, officers, employees and agents harmless from any and all loss, penalty, fine, forfeiture, reasonable attorney’s fees, damage or expense that it sustains or incurs as a result of either HFA’s or Mortgage Lender’s breach of its respective obligations under Section 6.04 herein.

(c) Indemnitee will have the right to reimbursement by Indemnifier of any and all expenses, costs, or fees relating to, arising out of or resulting from any Indemnifiable Event paid or incurred by Indemnitee (“Indemnifiable Expenses”). Payments of Indemnifiable Expenses shall be made as soon as

practicable, but in any event no later than twenty (20) calendar days after written demand is presented along with supporting documentation to Indemnifier by Indemnitee.

(d) If Indemnitee is entitled under any provision of this Agreement to indemnification by Indemnitor for some or a portion of any loss from an Indemnifiable Event, but not for the entire amount thereof, Indemnifier shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(e) In the event that Indemnitee receives notice of any asserted or impending claim by third parties where Indemnitee believes indemnification would be sought under this Agreement, Indemnitee shall give notice to Indemnifier of the claim. In the event Indemnifier shall be obligated to indemnify Indemnitee under this Agreement, Indemnifier shall be entitled to assume the defense of such claim, with counsel approved by the Indemnitee (which approval will not be unreasonably withheld) upon the delivery to Indemnitee of written notice of its election to do so.

(f) At the Mortgage Lender's expense, an Indemnitee may, at its option, employ separate counsel with respect to any Indemnifiable Event, and the involvement of Indemnitee's separate counsel shall not modify, amend, reduce or other affect the Indemnifier's obligations hereunder.

SECTION 3.14 Requirement of Standard Hazard Insurance.

(a) The Single-Family Residence securing any Mortgage Loan must be covered by a Standard Hazard Insurance Policy meeting all of the following requirements:

(i) Standard hazard insurance coverage in the following kinds and amounts will be carried by each Mortgagor or by the condominium association on behalf of the Mortgagor, where appropriate, or by the Servicer under a mortgagee single interest hazard insurance policy, in each case from an insurer approved by FHA, VA, USDA, the PMI Insurer or Freddie Mac or Fannie Mae, as applicable, and is required on property covered by a Mortgage:

(A) Fire and extended coverage insurance is required in an amount at least equal to that customary in the area in which the Mortgage Loan is originated but in any event sufficient, except for the deductibles permitted below, so that in the event of any damage or loss to the property, coverage by the insurance will be in an amount equal to the greater of (1) an amount which is at least equal to the principal balance owing on the Mortgage Loan for the applicable residence and (2) an amount sufficient to prevent application of any co-insurance clause;

(B) Where the Mortgage Lender is aware that the property is exposed to any appreciable hazard against which fire and extended coverage insurance does not afford protection, the Mortgage Lender must advise the Servicer of the nature of such hazard and the additional insurance coverage, if any, which has been obtained against such hazard. If adequate insurance has not been obtained against such hazard, the Servicer may require the Mortgage Lender to obtain such coverage prior to accepting the Mortgage Loan for purchase;

(ii) Such insurance must be in effect on the Mortgage Purchase Date of the Mortgage Loan and the expiration date of each policy must be more than nine (9) months after the Mortgage Purchase Date. The premium on each policy must have been paid in full by the Mortgagor (no "courtesy receipts" or other secondary financing of such premium is permitted);

(iii) Insurance policies must be sufficient in amount and scope of coverage to meet any applicable requirements of the insurer providing the Mortgage Insurance Policy;

(iv) Policies containing a deductible clause applicable to either fire or extended coverage or both are in accordance with applicable FHA, USDA, VA or PMI Insurer and Fannie Mae or Freddie Mac and Servicer;

(v) Each Mortgage must provide that, in the event of any loss settlement on a hazard insurance policy, the Mortgagor has the option of applying the loss settlement proceeds against the principal amount of the Mortgage Loan rather than restoring the property; and

(vi) Each hazard insurance policy must be written by a hazard insurance carrier which falls into a financial category, as designated in Best's Insurance Reports of BNI or better (the Servicer may make an exception upon specific request where the insured is an assigned risk) and each carrier must be specifically licensed or authorized by law to transact business in the State.

(b) The Mortgage Lender is responsible for and warrants compliance with the provisions of the flood disaster protection, whenever such provisions would be applicable to any Mortgage Loan sold to the Servicer. If the area is one identified by the Secretary of Housing and Urban Development as an area having special flood hazards, flood insurance shall be maintained in the amount of the outstanding principal balance of the Mortgage Loan or the maximum limit of coverage available, whichever is less. Any flood insurance must meet applicable FHA, USDA or VA standards, Ginnie Mae, Fannie Mae or Freddie Mac standards.

(c) Policies are unacceptable where: (1) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against the Servicer, the HFA or its assignee, or (2) contributions or assessments may be made against the owner of the property which could become a lien on the property superior to the lien of the Mortgage, (3) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members or (4) the policy includes any limiting clauses (other than normal insurance conditions) which could prevent the Servicer or the Mortgagor from collecting insurance proceeds.

(d) All policies of hazard insurance must contain or have attached the standard mortgagee clause customarily used in the area in which the Mortgage Loan is originated, naming the Servicer as loss payee. The policy must provide that the insurance carrier will notify the Servicer at least ten (10) days in advance of the effective date of any cancellation of the policy. The Mortgage Lender must (1) cause each insurance policy to be properly endorsed, (2) give any necessary notices of transfer in order to fully protect, under the terms of the policy and Applicable Law, the interest of the Servicer as first lienholder and (3) cause all insurance drafts, notices, policies, invoices, and other documents to be delivered directly to the Servicer, regardless of the manner in which the insurance policy is endorsed.

(e) Insurance coverage which does not meet the foregoing requirements will be considered on a case-by-case basis by the Servicer upon request by the Mortgage Lender. The Servicer may require such additional coverage as it may deem necessary in connection with any case or group of cases.

SECTION 3.15 Mortgage Lender to Transfer Mortgage Loans and Servicing Thereof to Servicer.

(a) The Servicer shall service (or cause to be serviced) all Mortgage Loans in accordance with Ginnie Mae, Fannie Mae and Freddie Mac requirements, as possible, upon sale of the mortgage

loan. This includes but is not limited to the collection and processing of all loan payments (including escrow payments for taxes and insurance) and the payment from the Escrow Account of taxes and insurance when due and the accounting therefore in accordance with Ginnie Mae, Fannie Mae and Freddie Mac requirements. Additionally, even if not required by the preceding sentences of this Section, the Mortgage Lender shall pay or cause to be paid the current year's property taxes if the Mortgage Loan is purchased within sixty (60) days before such taxes are due. If there are insufficient funds in the Escrow Account to cover these taxes, the Mortgage Lender shall collect the deficiency from the Mortgagor and/or the Seller of the Single Family Residence. The Mortgage Lender shall not advance any funds to cover property taxes or any other obligations of the Mortgagor except as reflected in the Mortgage Note. Under the Servicing Agreement, Servicer will perform all servicing functions relating to each Mortgage Loan until Mortgage Loans are securitized in a Pool. After the issuance date of each Pool, the Servicer shall continue to service the Mortgage Loans and will be governed by the Ginnie Mae Guide, and Fannie Mae Selling and Servicing Guide or Freddie Mac Selling and Servicing Guide.

SECTION 3.16 Assumption Restrictions.

In any case in which a Single-Family Residence subject to a Mortgage has been or is about to be conveyed by the Mortgagor and the purchaser desires to assume all the rights and obligations of the Mortgagor under the Mortgage Loan, the Servicer may release (subject to any required FHA, USDA or VA or PMI Insurer and Fannie Mae or Freddie Mac approval, as applicable, and in accordance with currently applicable FHA, USDA, or VA or PMI Insurer and Fannie Mae or Freddie Mac rules and regulations, as the case may be) the original Mortgagor and take or enter into an assumption agreement from or with the person to whom such property has been or is about to be conveyed only if Servicer so consents in writing; provided, however, that such assumption may only be permitted if:

- (a) the purchaser is an Eligible Person or Family;
- (b) the purchaser will occupy the Single-Family Residence within 60 days of the assumption as the purchaser's principal residence and intends to maintain the Single-Family Residence as his or her principal residence as long as he or she is liable under the Mortgage Loan;
- (c) the Mortgage Loan continues to be insured under the insurance policies described in the Agreement and approved by the Servicer;
- (d) the purchaser's current Income does not exceed the income limits set forth in the Program Guides;
- (e) the Mortgage Loan must continue to comply with the requirements of FHA, HUD, USDA or VA regulations, as applicable, and the Ginnie Mae Guide or the requirements of the PMI Insurer and Fannie Mae Selling and Servicing Guide or Freddie Mac Selling and Servicing Guide, as applicable; and
- (f) The assumption restrictions shall be incorporated in the related Mortgage and kept as a part of the Mortgage File. In connection with any such assumption agreement, the interest rate of the related Mortgage Note shall not be changed; however, the Servicer may charge in connection with each assumption, an assumption fee permitted by FHA, USDA, HUD, VA, Fannie Mae, or Freddie Mac as applicable, plus, to the extent permitted by law, the reasonable and customary out-of-pocket costs paid or incurred by the Servicer as specified with respect to a Mortgage Lender in Section 4.05 hereof. All warranties and representations of the Mortgage Lender with respect to the Mortgage Loan shall continue in full force and effect after the assumption with respect to the period prior to the assumption as applied to the original Mortgagor. They shall also apply with respect to the period following the assumption

except to the extent they relate to facts concerning the status or performance of the assuming purchaser.

SECTION 3.17 Status Reports.

(a) The Mortgage Lender may review the status of the Mortgage Loans on the Online Lender Services System as directed in the Program Guides, and after purchase of the Mortgage Loans, on Servicer's website. The Online Lender Services System located on the Servicer's website will provide loan information about any outstanding items required to complete the purchase of a Mortgage Loan.

(b) Upon request by Mortgage Lender, subject to reasonable frequency, the Servicer will provide to the Mortgage Lender, with copy to HFA, the amount of the Purchase Availability then in effect and such other information regarding the allocated use of Purchase Availability and the amount of the Purchase Availability that remains available to purchase Mortgage Loans in accordance with the Program Documents. The HFA acknowledges and agrees that Servicer's delivery of information to the Mortgage Lender under this paragraph shall not constitute a breach of this Agreement.

SECTION 3.18 HFA, Mortgage Lender and Servicer to Cooperate; Release of Mortgage Files.

From time to time and as appropriate for the servicing or foreclosure of any Mortgage Loans, the HFA, the Mortgage Lender and the Servicer hereby agree to take such actions as required by the Ginnie Mae Guide or FHA or VA or USDA or by the Fannie Mae Selling and Servicing Guide or Freddie Mac Selling and Servicing Guides and the PMI Insurer, as applicable.

SECTION 3.19 Amendment of Terms and Conditions of a Mortgage Loan; Release of Property from the Lien of a Mortgage.

The Servicer, with the prior written consent of the HFA, the PMI Insurers and Ginnie Mae, Fannie Mae and Freddie Mac, as applicable, may amend the terms or conditions of any Mortgage Loan, release or direct the release of property from the lien of a Mortgage or consent to the grant of, or grant, easements or rights of way upon property securing a Mortgage Loan, with appropriate recordation among the records of the local governmental officials; provided that the Servicer shall not make any amendment of the terms and conditions of any Mortgage Loan that would result in such Mortgage Loan becoming a Non-Qualifying Mortgage Loan.

**ARTICLE 4
MORTGAGE LENDER**

SECTION 4.01 Liability of Mortgage Lender.

The Mortgage Lender shall be liable hereunder only to the extent that obligations are explicitly imposed upon and undertaken by the Mortgage Lender.

SECTION 4.02 Merger or Consolidation of Mortgage Lender.

Any entity into which the Mortgage Lender may be merged or consolidated, or any entity resulting from any merger, purchase, conversion or consolidation to which the Mortgage Lender shall be a party, or any entity succeeding to the business of the Mortgage Lender, shall be the successor of the Mortgage Lender hereunder ("Successor in Interest") without the execution or filing of any document or instrument, except as provided in Section 2.02(b) hereof, or any further act on the part of any of the parties hereto. Without in any way limiting the liability of a Successor in Interest under this Agreement, a

Successor in Interest must meet certain lender qualifications set by the HFA and the Servicer prior to doing future business under this Agreement and may be required to execute a new Agreement at the request of the HFA or the Servicer as a condition to doing future business under this Agreement. If the Successor in Interest does not meet the HFA's qualifications, then the HFA or the Servicer may immediately terminate this Agreement; provided, however, said termination would have no effect on the liability by the Successor in Interest regarding the obligations, services and actions by the previous Mortgage Lender.

SECTION 4.03 Mortgage Lender Not to Resign.

Except as provided under Section 5.01 of this Agreement, the Mortgage Lender shall not resign from the obligations and duties hereby imposed on it except upon determination that its duties hereunder are no longer permissible under Applicable Law. Any such determination permitting the resignation of Mortgage Lender shall be evidenced by an opinion of counsel satisfactory to the HFA to such effect delivered to the HFA. No such resignation shall become effective until another Mortgage Lender shall have assumed the Mortgage Lender's responsibilities and obligations in accordance with Section 3.16 hereof.

SECTION 4.04 Access to Certain Documentation and Certain Information Regarding the Mortgage Loans and Notifications; Alabama Open Records Act.

(a) The Mortgage Lender shall provide to the HFA, the Servicer, Ginnie Mae, Fannie Mae and Freddie Mac and their respective employees, examiners and supervisory agents access to the documentation regarding the Mortgage Loans requested by them, such access being afforded without charge and during normal business hours at the offices of the Mortgage Lender designated by it or, if requested, by mail.

(b) The HFA, Mortgage Lender and the Servicer shall each provide the others with information, records or such assistance reasonably requested by the others and otherwise cooperate with the others as reasonably requested. All records, as they relate to this Agreement, shall be accessible to the HFA, the Servicer and their auditors, for as long as such records are retained.

(c) By executing and delivering this Agreement, the HFA and the Mortgage Lender acknowledge and agree as follows:

(i) The Servicer is an Alabama public corporation subject to the Open Records Act.

(ii) All information delivered to the Servicer under this Agreement will be subject to access and review by the public to the extent required by the Open Records Act.

(iii) The Servicer will use best efforts to protect, to the extent required by Applicable Law, personally identifiable information or other information protected by applicable privacy laws that is contained within Mortgage Files or within other information provided to the Servicer by the HFA or Mortgage Lender in accordance with this Agreement, but the Servicer will be obligated to comply with the Open Records Act with respect to all such information, and disclosure of such information in accordance with the Open Records Act shall not under any circumstances constitute a breach of this Agreement by the Servicer and shall not under any circumstances serve as the basis for any claim of indemnity or reimbursement of expenses by the HFA or Mortgage Lender.

(iv) In connection with any request under the Open Records Act for the Servicer to

provide access to information received by the Servicer from the HFA or the Mortgage Lender under this Agreement, upon the request of the Servicer, the HFA and the Mortgage Lender hereby agree to cooperate in any reasonable manner deemed necessary or desirable by the Servicer to gather, analyze, reorganize or reformat information within the possession of the HFA or Mortgage Lender in order to protect, to the extent required by Applicable Law, personally identifiable information or other information protected by applicable privacy laws that is contained within the information requested under the Open Records Act.

ARTICLE 5 TERMINATION

SECTION 5.01 Causes of Termination Defined; Remedies.

Upon the happening of any one or more of the following events the Servicer may terminate this Agreement with respect to the Mortgage Lender or take whatever action at law or in equity as may appear necessary or desirable to enforce performance or observance of any obligation, agreement, or covenant of the Mortgage Lender hereunder:

(a) Failure by the Mortgage Lender duly to observe or perform in any material respect any covenant, condition or agreement required by this Agreement to be observed or performed, for a period of 30 days after written notice from the Servicer, specifying such failure and requesting that it be remedied, If the failure stated in the notice cannot be corrected within the 30-day period and provided that the Mortgage Lender has commenced and diligently pursued corrective action during the time, the Servicer may extend the cure period for an additional 30 days.

(b) Servicer has been required to purchase a Mortgage Loan that is defective in a material respect as a result of a failure of the Mortgage Lender to abide by the provisions of this Agreement and the Mortgage Lender has not timely repurchased said Mortgage Loan upon proper notice hereunder.

(c) A decree or order of a court or commission or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding up or liquidation of its affairs, shall have been entered against Mortgage Lender and such decree or order shall have remained in force undischarged or unstayed for a period of 60 days.

(d) The Mortgage Lender shall consent to or have imposed on itself the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to Mortgage Lender or of or relating to all or substantially all of its property.

(e) The Mortgage Lender shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

(f) The HFA or the Servicer shall discover or be notified that any representation of or warranty by Mortgage Lender to HFA or servicer is false in any material respect.

(g) There occurs prior to purchase of any Mortgage Loan a change in status of the Mortgage Lender originating such Mortgage Loan with respect to Mortgage Lender's approval as an FHA, HUD, USDA or VA approved mortgagee or a Fannie Mae or Freddie Mac approved seller-servicer.

- (h) The HFA terminates the Program.
- (i) The Mortgage Lender fails to pay its annual Recertification Fee upon 120 days' notice that such payment is due.
- (j) Merger, consolidation or sale of substantially all of the Mortgage Lender's assets, except in compliance with Section 2.02(b), or assignment of the Mortgage Lender's rights and obligations under this Agreement without the prior written consent required pursuant to Section [4.02].
- (k) Any party may terminate this Agreement with respect to the future acceptance of Mortgage Loan applications at any time and for any reason by giving immediate written notice to the other parties. Termination of this Agreement shall not in any respect change, alter, or modify the obligations of the parties hereto with respect to any Mortgage Loan applications that have been approved by the HFA and purchased by the Servicer as of the date of such termination. Section 2.02, Section 3.14, and Section 4.01 shall survive termination of this Agreement.
- (l) All of the covenants, agreements representations and warranties made herein by the parties hereto shall survive and continue in effect after the termination of the Agreement or the consummation of the transactions contemplated hereby.

SECTION 5.02 No Remedy Exclusive.

Unless otherwise expressly provided, 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 hereunder or existing at law or in equity. No delay or omission to exercise any right or power accruing hereunder upon the happening of any event set forth in Section 5.01 hereof shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the HFA to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

SECTION 5.03 Agreement to Pay Attorneys' Fees and Expenses.

In the event the Mortgage Lender should fail to perform its obligations under any of the provisions hereof and the HFA or Servicer should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of Mortgage Lender herein contained, the Mortgage Lender agrees that to the extent not prohibited by law it will pay or reimburse the HFA or the Servicer on demand the reasonable fees of attorneys and such other incurred expenses.

SECTION 5.04 Liability of Servicer.

The Servicer or the HFA shall not be liable for the appointment or removal of a successor Mortgage Lender or owe any duty with respect to such appointment or removal, except for its own willful misconduct and, except to the extent of its obligations to assure proper servicing hereunder. Notwithstanding any provision to the contrary in this Agreement, neither the HFA nor the Mortgage Lender shall be liable in any respect for the appointment or removal of a successor Mortgage Lender by the Servicer or owe any duty with respect to such appointment or removal other than as otherwise provided herein.

SECTION 5.05 Servicing Termination.

The Servicer may be terminated only as provided in the Servicing Agreement and the Ginnie Mae Guide, the Fannie Mae Selling and Servicing Guide or Freddie Mac Selling and Servicing Guide, as applicable.

ARTICLE 6 MISCELLANEOUS PROVISIONS

SECTION 6.01 Amendments, Changes and Modifications.

This Agreement may be amended, changed, modified, altered or terminated only with the written consent of the Mortgage Lender, Servicer and HFA.

SECTION 6.02 Governing Law.

This Agreement shall be construed in accordance with the laws of the State of Alabama, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

SECTION 6.03 Submission to Jurisdiction; Venue

Each of the HFA and Mortgage Lender irrevocably (a) acknowledges that this Agreement will be accepted by the Servicer and performed by the Servicer in the State of Alabama; (b) submits to the exclusive jurisdiction of each state or federal court sitting in Montgomery County, Alabama (collectively, the "Courts") over any suit, action or proceeding arising out of or relating to this Agreement (individually, an "Agreement Action"); (c) waives, to the fullest extent permitted by law, any objection or defense that the HFA and the Mortgage Lender may now or hereafter have based on improper venue, lack of personal jurisdiction, inconvenience of forum or any similar matter in any Agreement Action brought in any of the Courts; (d) agrees that final judgment in any Agreement Action brought in any of the Courts shall be conclusive and binding upon the HFA and the Mortgage Lender and may be enforced in any other court to the jurisdiction of which the HFA or the Mortgage Lender is subject, by a suit upon such judgment; (e) consents to the service of process on the HFA or the Mortgage Lender in any Agreement Action by the mailing of a copy thereof by registered or certified mail, postage prepaid, to the HFA or the Mortgage Lender at their respective notice addresses designated under this Agreement and agrees that service in accordance with this paragraph shall in every respect be effective and binding on the HFA and the Mortgage Lender to the same extent as though served on the HFA or the Mortgage Lender in person by a person duly authorized to serve such process; and (f) AGREES THAT THE PROVISIONS OF THIS SECTION, EVEN IF FOUND NOT TO BE STRICTLY ENFORCEABLE BY ANY COURT, SHALL CONSTITUTE "FAIR WARNING" TO THE HFA AND THE MORTGAGE LENDER THAT THE EXECUTION OF THIS AGREEMENT MAY SUBJECT THE HFA AND THE MORTGAGE LENDER TO THE JURISDICTION OF EACH STATE OR FEDERAL COURT SITTING IN MONTGOMERY COUNTY, ALABAMA WITH RESPECT TO ANY AGREEMENT ACTIONS, AND THAT IT IS FORESEEABLE BY THE HFA AND THE MORTGAGE LENDER THAT THE HFA AND THE MORTGAGE LENDER MAY BE SUBJECTED TO THE JURISDICTION OF SUCH COURTS AND MAY BE SUED IN THE STATE OF ALABAMA IN ANY AGREEMENT ACTIONS. Nothing in this paragraph shall limit or restrict the Servicer's right to serve process or bring Agreement Actions in manners and in courts otherwise than as herein provided.

SECTION 6.04 Confidentiality.

Neither HFA nor Mortgage Lender shall disclose, distribute, or otherwise make available or accessible any Non-Public Personal Information or any other material or information that is deemed

confidential by Servicer, or that otherwise should by its nature be reasonably understood to be confidential that it comes to access or possess relating to this Agreement (“Confidential Information”) to any employee, representative, agent, or any third party, other than on a “need to know basis,” and only then strictly to fulfill its obligations pursuant to this Agreement. HFA and Mortgage Lender shall each treat all Confidential Information with no less than reasonable care. HFA and Mortgage Lender shall each comply with all applicable federal and State privacy and data security laws and regulations regarding Confidential Information. HFA and Mortgage Lender shall each establish and maintain reasonable technical, physical, and administrative safeguards to protect Confidential Information against unauthorized access, acquisition, disclosure, use, destruction, loss, and/or alteration. HFA and Mortgage Lender must each immediately notify Servicer, and Mortgage Lender must immediately notify both Servicer and HFA of any actual or suspected unauthorized access, acquisition, disclosure, use, destruction, loss, or alteration of Confidential Information and/or any unauthorized intrusions into HFA’s or Mortgage Lender’s facilities or secure systems, such that the security, confidentiality, and/or integrity of Confidential Information may be compromised. HFA and Mortgage Lender must each take immediate corrective actions to prevent further such compromise. HFA and Mortgage Lender each agree to reasonably cooperate with Servicer in responding to any such instance of compromise of Confidential Information.

SECTION 6.05 Force Majeure

No party shall be liable or responsible to another party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement (except for any obligations to make payments to another party hereunder), when and to the extent such failure or delay is caused by or results from an Unavoidable Delay. The party affected by the Unavoidable Delay (the “Impacted Party”) shall give notice one (1) Business Day after the Unavoidable Delay to the other parties, stating the period of time the Unavoidable Delay is expected to continue. The Impacted Party shall use diligent efforts to end the failure or delay and minimize the effects of the Unavoidable Delay. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the Unavoidable Delay. In the event that the Impacted Party’s failure or delay remains uncured for a period of ten (10) days following written notice given by it under this Section, any other party may in its discretion, but is not required to, thereafter terminate this Agreement in accordance with Article 5 hereof.

SECTION 6.06 Notices.

All notices, certificates or other communications hereunder (other than routine operational communications) shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder to the HFA or the Mortgage Lender shall also be given to the others. The HFA or the Servicer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 6.07 Severability.

In the event any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 6.08 Further Assurances and Corrective Instruments.

To the extent permitted by law, the HFA and the Mortgage Lender agree that they 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 may reasonably be required for carrying out the intention of or facilitating the performance hereof.

SECTION 6.09 Assignment.

Mortgage Lender shall have no power to transfer or otherwise assign any of the rights, obligations, or duties arising under this Agreement without the prior written consent of the Servicer. The Servicer may grant or deny its consent to any such transfer or assignment in its sole discretion. Any attempted transfer or assignment made without such written consent from the HFA and Servicer shall be void and of no effect.

SECTION 6.10 Term of Agreement.

This Agreement shall be in full force and effect for a period of 12 months from the date first written above ("Effective Date"). [This Agreement shall automatically renew on the Effective Date for successive 12 month terms.]

SECTION 6.11 No Rights Conferred on Others.

Nothing herein shall confer any right upon any person other than the Servicer, the HFA and the Mortgage Lender.

SECTION 6.12 Execution in Counterparts.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of this page intentionally blank.]

IN WITNESS WHEREOF, we have set our hands as of the date first written above.

**ARKANSAS DEVELOPMENT FINANCE
AUTHORITY**

By: _____
Cheryl Schluterman, President

ALABAMA HOUSING FINANCE AUTHORITY

By: _____
Robert Strickland, Executive Director

[NAME OF MORTGAGE LENDER]

By: _____

Name (Print): _____

Title: _____

Mortgage Lender's Address:

[Name of Mortgage Lender]

_____, _____

Attn: _____

Telephone: _____

Fax: _____

Email: _____