



ServiSOLUTIONS

PROGRAM GUIDELINES

Dated as of April 1, 2010

The following comprises a description of the Program Guidelines as adopted by ServiSolutions, a department of the Alabama Housing Finance Authority, (“the Servicer”) for its Mortgage Servicing Program (the “Program”) and includes definitions of certain of the terms relevant to the Program and referred to in the Origination and Servicing Agreement for the Program (the “Agreement”). All capitalized terms used herein, unless otherwise specified, shall have the meaning specified in the Agreement.

THE AGREEMENT CONTAINS PROCEDURES AND REQUIREMENTS RELATING TO THE SERVICING OF MORTGAGE LOANS AND ORIGINATORS’ REPRESENTATIONS RELATING THERETO AS WELL AS OTHER IMPORTANT PROVISIONS. THE AGREEMENT, PROGRAM MANUAL AND THESE PROGRAM GUIDELINES SHOULD BE READ IN THEIR ENTIRETY. TO THE EXTENT THERE IS A CONFLICT BETWEEN THE TERMS OF THE PROGRAM GUIDELINES AND THE PROGRAM MANUAL, THE PROGRAM MANUAL SHALL CONTROL.

ELIGIBLE ORIGINATORS

An Originator must (i) be a federally insured financial institution (i.e., insured by FDIC) conducting the business of making mortgage loans and taking deposits, and (ii) be qualified to do business in the State, (iii) maintain an office in the State for origination of single-family residential mortgage loans, and (iv) based on the submitted information, representations and certifications, evidence its ability to properly carry out its obligations as an Originator under the Agreement. The Servicer may, in its sole discretion, waive or modify any or all of the foregoing requirements, provided, however, the Servicer shall provide Originators no less than five(5) business days advance written notice of any such modification.

ELIGIBLE MORTGAGE LOAN TYPES:

- Fixed-Rate
 - 10 year
 - 15 year
 - 20 year
 - 25 year
 - 30 year
- Balloon-with varying amortization periods (10-30 years)
 - 3 year (36 months)
 - 5 year (60 months)
 - 7 year (84 months)
 - 7 year plus (85 months)
 - 10 year (120 months)
- ARM loans with varying amortization periods (10-30 years)
 - 3 year fixed period with subsequent annual change
 - 5 year fixed period with subsequent annual change
 - 7 year fixed period with subsequent annual change

All ARMS will have annual rate resets after the initial fixed-rate mortgage period. The Servicer will allow two indices that can be used for ARM loans: (1) one-year Treasury Security weekly average yield; and (2) another index available for all Originators that is acceptable to the Servicer. Varying margins will be allowed.

The Servicer will perform annual ARM adjustments as specified in the ARM Rider. Notification will be sent to the Originator on all completed ARM changes. The Servicer will provide all documentation to the Mortgagor regarding interest rate and payment changes.

HELOCs and open-ended Mortgage Loans are ineligible loan products.

ELIGIBLE PROPERTY TYPES:

- Single-Family Detached/Attached
- Manufactured Housing
- Condominium

No additional collateral may be added to the Mortgage Loan.

ESCROW FUNCTIONS:

The Servicer is responsible for maintaining the escrow account and disbursing payments for the following:

- Ad valorem taxes payable annually—Penalties and interest assessed by the county due to late payment of taxes will be the responsibility of the Servicer, only if the penalties and interest assessed is principally attributable to an error by the Servicer. Any penalties and interest assessed that are principally attributable to an error or negligence by the Mortgagor will be advanced by the Servicer and reimbursed through the Mortgagor’s escrow account.
- Homeowner’s insurance policy payable annually—In the event the Mortgagor does not maintain the required hazard or flood insurance, lender-placed insurance will be obtained by the Servicer and reimbursed through the Mortgagor’s escrow account.
- Homeowner’s Association dues.
- Optional or credit life products, if acquired by the Mortgagor at closing. The Servicer will remit payment for such products only to the extent of funds that are paid by the Mortgagor. The Servicer will not advance premium payments for such products.

The Servicer will perform the annual escrow analysis and will provide all documentation to the Mortgagor in regards to payment changes.

CUSTOMER SERVICE:

The Servicer will have a dedicated mortgage service representative to handle all inquires and other needs of the Originator’s customers.

Mortgagors (with the exception of those in bankruptcy or foreclosure) will have access the Servicer’s online system to view their account information.

CLOSED LOAN SUBMISSIONS:

Upon receipt of the file with the required documents, initial escrow deposit, initial interest deposit, if applicable, a \$50 initial loan setup fee, and a \$65 tax service fee, the Servicer will input the loan data into the servicing system. The \$65 tax service fee will permit the Servicer to access all property tax information for the life of each loan. The Originator will provide two temporary payment coupons to the Mortgagor at closing. The Servicer will provide the Originator a letter acknowledging the Servicer's assumption of the servicing of the loan and the temporary payment coupons. The Originator shall notify the Mortgagor's property insurer of the assignment of the loan to the Servicer for servicing functions, showing the Servicer as the mortgagee.

First American Flood Data Services and ABA Mortgage Information Services are both eligible flood certification providers. Should the Originator obtain a flood certification from another provider, a \$10 transfer fee will be required.

TITLE TRANSFERS:

The Servicer will handle appropriate Mortgagor name (marriage, divorce, quit claim deed, etc.) and address changes.

PAYMENTS:

Monthly payment due dates shall be either the first or fifteenth day of the month. The Servicer will prepare monthly statements and will mail them directly to the Mortgagor. All payments by or on behalf of a Mortgagor shall be posted on the date of receipt by the Servicer.

Loan Payments may be remitted in any of the following manners:

- United States Mail
- Western Union (fee charged by WU)
- One-time online draft (customer has to set up account on web site first) (\$4 per transaction)
- Monthly recurring draft (no charge)
- Hand delivery to the Servicer's office
- Pay by phone (\$8 fee charged by the Servicer for each transaction)

REMITTANCES:

Remittances will be sent on the eleventh and twenty-sixth days of each month (cutoff). If the cutoff day falls on a weekend or Servicer-recognized holiday, then the remittance will be sent the next business day. Funds will be sent via ACH. Normally, funds will be received by the Originator in two business days.

Paid-in-full funds will be initiated the next business day. Normally, funds will be received by Originator in two business days. The Servicer will remit the actual funds received less the applicable servicing fees, escrow advances and other amounts due to the Servicer.

REPORTS TO THE ORIGINATOR:

Remittance Reports will be available to the Originator on the Servicer's secured website on the eleventh of the month or the next Servicer business day indicating the application of each payment to principal, interest and any other charges.

Cutoff Reports shall include a trial balance (notates due date, current unpaid principal balance, escrow balance, suspense balance, and escrow advance balance), transaction journal (monthly activity on loans), ARM changes, and a paid-in-full report. Cutoff Reports will be available to the Originator on the Servicer's secured website on the twenty-sixth of the month or the next Servicer business day.

REPORTS TO THE MORTGAGOR:

The Servicer will annually provide an IRS Form 1098 and escrow analysis to the Mortgagor within such time as is required by governing law.

PAID-IN-FULL SATISFACTION:

Upon receipt of funds sufficient for the full payment and satisfaction of a loan, the Servicer will apply the funds, prepare and execute an appropriate satisfaction, issue checks for recording the satisfaction (collected as part of payoff) and deliver the satisfaction to the appropriate recording office. Promptly upon receipt, the Servicer will deliver the recorded satisfaction to the Mortgagor with a copy to the Originator. A "Limited Power of Attorney" required for the Servicer to execute satisfactions shall be provided by the Originator. The Servicer will furnish the Limited Power of Attorney form to the Originator.

DELINQUENCY ACTIVITY:

The Servicer will attempt to contact the Mortgagors of a delinquent account by no later than the tenth day of the delinquency. The Servicer will attempt follow up on any unfulfilled promises of the Mortgagor to pay no later than the fifth day after the promise. The Servicer will attempt multiple contacts by the end of the month, if acceptable payment arrangements are not made by the Mortgagor.

The Mortgagor will be advised on the assessment of the late fee in the monthly mortgage statement they will receive from the Servicer. Late charges, which are five percent (5%) of the delinquent monthly payment, shall be assessed 10 days after the due date.

Should the Servicer suspect a mortgaged property is vacant or abandoned, it will notify the Originator of the Servicer's concerns and request an inspection of the property, verify occupancy and request that contact be made with the Mortgagor. The Servicer may obtain an independent inspection on the property. This fee will be assessed to the Mortgagor. (\$20 as of April 1, 2010)

Collection functions will be assigned by the Servicer to the Originator on the first day of the third month of a loan delinquency. Customary servicing of the loan will be resumed by the Servicer when the loan account is current (due for the current payment or prepaid). If the Originator agrees to extended arrangements (repayment plans, forbearance agreements, etc.) with a delinquent Mortgagor, payments received by the Originator pursuant to such arrangements shall be promptly delivered to the Servicer for application to the account to ensure timely and correct application and credit bureau reporting.

The Servicer will provide the Originator with a monthly status report of loans that are referred by the Servicer to the Originator for collection efforts. Servicing duties will remain with the Servicer, and collection efforts shall be the responsibility of the Originator.

The Servicer will provide monthly reports concerning the servicing of all loans that are not in default. The Originator shall notify the Servicer of any status changes in a defaulted loan to ensure appropriate credit reporting. When a delinquent loan is reinstated by the Originator, the Servicer shall receive all payments owed, and the applicable late charges, with instructions to return the loan to customary servicing upon receipt of the funds.

Foreclosure functions are the responsibility of the Originator. The Servicer shall have no obligation to commence, recommend or otherwise have responsibility for foreclosing on any mortgaged property. The Servicer will notify the Originator of any Mortgagor bankruptcy filings of which the Servicer is notified; likewise, if the Originator is first notified of a Mortgagor bankruptcy, the Servicer shall be made aware of the filing to allow proper handling and coding of the loan. Any funds received by the Originator through the bankruptcy process shall be promptly delivered to the Servicer to ensure timely and correct application and credit bureau reporting. Foreclosure reinstatement payments shall be by wire transfer to the Servicer or official bank check, with accompanying instructions for posting.

CORPORATE ADVANCES:

Corporate advances are the responsibility of the Originator. The Servicer shall have no obligation to advance or otherwise have responsibility for any corporate advances on any mortgaged property. Should the Servicer become aware of the need for a corporate advance to protect the mortgaged property, the Servicer will promptly notify the Originator of such need. The Servicer will provide copies of all applicable documents and other information so the Originator can make timely payment (e.g. weed liens, property preservation issues or fire dues).

CREDIT REPORTING:

The Servicer will be responsible for monthly reporting to the credit bureau. Therefore, any funds received by the Originator should be immediately forwarded to the Servicer for application to the account to ensure timely and correct application and credit bureau reporting.

FEE STRUCTURE:

All Ancillary Fees paid will be retained by the Servicer. Fees payable by the Mortgagor as of April 1, 2010, for additional items provided by the Servicer, as applicable, are:

- \$15 Amortization schedule
- \$10 /doc. Document copy (note, mortgage, title policy, etc.)
- \$30 NSF fee
- \$20 Verification of mortgage
- \$5 Payoff fax fee
- \$5 Pay history (per year)
- \$5 Duplicate 1098
- Free Mortgagors are encouraged to obtain certain items online, such as amortization schedule, 1098, pay history or payoff statement

The Servicer will charge a 50-basis-point fee for servicing the loans on behalf of the Originator. This fee is payable to the Servicer for its servicing duties in an amount equal to a monthly fee of one-twelfth of one-half of one percent (.50%) of the unpaid principal balance. This fee will be deducted from the remittance amounts sent

to the Originator on the eleventh and twenty-sixth of each month based on the tenth and twenty-fifth cutoff each month.

The Servicer will charge an initial setup fee of \$50 for each loan setup onto the servicing system. Should a loan be removed from the Servicer's system due to any reason other than refinance, payoff, or foreclosure, an early termination fee of \$100 will be imposed.

In the event the loans are transferred to another Originator, a transfer fee of \$2.50 per loan will be charged to the transferor.

ORIGINATORS ARE REMINDED THAT THESE PROGRAM GUIDELINES ARE A BRIEF DESCRIPTION OF THE PROGRAM. ORIGINATORS ARE REFERRED TO THE AGREEMENT AND THE SERVICING MANUAL FOR A FULL DESCRIPTION OF THEIR RIGHTS, DUTIES AND OBLIGATIONS UNDER THE PROGRAM. ORIGINATORS ARE FURTHER REMINDED THAT THE SERVICER RESERVES THE RIGHT TO MODIFY THE TERMS AND PROVISIONS OF THESE PROGRAM GUIDELINES AND/OR THE AGREEMENT AND/OR ANY OTHER PROGRAM DOCUMENT AT ANYTIME, UPON NO LESS THAN FIVE (5) BUSINESS DAYS ADVANCE WRITTEN NOTICE BY THE SERVICER TO THE ORIGINATOR.