



## **Homeownership Programs with Down Payment Assistance Lender Application**

### **Thank You for Your Interest**

Texas State Affordable Housing Corporation (“TSAHC”) is pleased to extend an invitation to qualified and approved lenders (each a “Lender”) to originate qualified single family mortgage loans (“Mortgage Loans”) with down payment assistance under its Home Sweet Texas and Homes for Texas Heroes Homeownership Programs (collectively, the “Programs”). The Programs will be subject to the terms set forth in the Mortgage Origination Agreement attached to this Lender Application and the Program Guidelines located on TSAHC’s website [www.tsahc.org](http://www.tsahc.org).

Each Lender will agree to sell and assign all Mortgage Loans it originates under the Programs to U.S. Bank National Association (the “Servicer”). The Servicer will purchase closed Mortgage Loans from the Lender and will service the Mortgage Loans. Additionally, each Lender will be responsible for working with TSAHC’s Single Family Compliance staff to ensure that all Mortgage Loans are Program compliant. An online reservation system will be made available to Lenders.

### **Lender Eligibility**

The Lender approval process is a shared process between TSAHC and the Servicer. Please contact U.S. Bank National Association at (800) 562-5165, option 2, or send an email to [lender.management@usbank.com](mailto:lender.management@usbank.com) to learn more about becoming an approved correspondent lender through their HFA division. Upon approval as a participating lender by the Servicer, the Lender must complete and submit to TSAHC the Lender Application detailed below.

TSAHC shall determine continued eligibility for each Lender to participate in the Programs. TSAHC will suspend or remove any Lender from the Programs if, in TSAHC’s opinion, such Lender is not satisfactorily originating Mortgage Loans per the Program Guidelines or for other factors related to Lender performance.

### **Procedure**

Upon obtaining approval from the Servicer, each Lender is required to submit to TSAHC the following items:

- 1) A \$500 Annual Participation Fee. Checks should be made payable to the *Texas State Affordable Housing Corporation*;
- 2) A completed Lender Reservation Access Form (attached), and

3) One (1) signed original of the Mortgage Origination Agreement (signature page only).

Mail the required fee, the Lender Reservation Access Form, and the signed original of the executed Mortgage Origination Agreement directly to:

Texas State Affordable Housing Corporation  
Attn: Joniel Crim  
2200 East Martin Luther King Jr. Blvd.  
Austin, Texas 78702

### **Upon Approval**

Once all documentation has been submitted and reviewed, TSAHC will notify the Lender if approved to participate in the Programs. At that time, training and loan reservation information will be provided.

We thank you for your interest in becoming a Lender in the Programs and look forward to working with you. Should you have any questions or need additional information regarding the approval process, please contact Joniel Crim at (512) 477-3561 or [jcrim@tsahc.org](mailto:jcrim@tsahc.org).

For additional information on TSAHC's programs and services, please visit [www.tsahc.org](http://www.tsahc.org).



## Lender Reservation Access Form

Please designate the following contacts at your organization to receive program correspondence from TSAHC:

- A corporate office and primary corporate contact.
- A program administrator who will be responsible for granting and setting up access to TSAHC’s online loan reservation and compliance system.
- A main branch, if different from the corporate office, and the primary contact person there.

Should the corporate contact and administrator be the same, simply leave one field blank or place “same” in the field. Representatives from each branch are encouraged to complete TSAHC’s Reservation and Compliance training before submitting Mortgage Loan reservations. If additional space is needed to list other branches, please use extra copies of this form.

<b>Corporate Office:</b>	
Company Name	
Address:	
City, State & Zip:	
Phone:	
Fax:	
Corporate Contact Name:	
Corporate Contact Email:	
Administrator Name:	
Administrator Email:	

<b>Main Branch:</b> <i>(If different from Corporate Office.)</i>	
Company Name	
Address:	
City, State & Zip:	
Phone:	
Fax:	
Contact Name:	
Contact Email:	

<b>Branch 1:</b> <i>(If there are more than two branches, please use additional copies of this form.)</i>	
Address:	
City, State & Zip:	
Phone:	
Contact Name:	
Contact Email:	



## HOMEOWNERSHIP PROGRAMS WITH DOWN PAYMENT ASSISTANCE

### MORTGAGE ORIGINATION AGREEMENT

This Mortgage Origination Agreement (this “Agreement”) is entered into, as of the date set forth below, by and between the Texas State Affordable Housing Corporation (“TSAHC” or the “Corporation”) and the lending institution executing this Agreement (a “Lender”) in connection with the origination of qualified first-lien mortgage loans and the funding of down payment and closing cost assistance under TSAHC’s Home Sweet Texas and Homes for Texas Heroes Home Loan Programs (each a “Program” and collectively the “Programs”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Program Guidelines for TSAHC Homeownership Programs (the “Program Guidelines”). The Program Guidelines may be modified from time to time by TSAHC and may be found on TSAHC’s website [www.tsahc.org](http://www.tsahc.org).

WHEREAS, TSAHC has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon’s Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”), TSAHC is authorized to establish a program to provide eligible mortgagors with low-interest home mortgage loans; and

WHEREAS, TSAHC expects to make funds available to finance certain qualified mortgage loans within the State of Texas through the acquisition and sale of fully modified mortgage backed securities issued on behalf of and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”), Federal National Mortgage Association “Fannie Mae”, or Federal Home Loan Mortgage Corporation (“Freddie Mac”); and

WHEREAS, the Lender wishes to participate in the Programs and has agreed to make Mortgage Loans to Eligible Borrowers in accordance with this Agreement and the Program Guidelines;

NOW, THEREFORE, in consideration of the promises set forth herein, the parties mutually agree as follows:

*Section 1. The Programs and the Program Guidelines.* The Lender hereby acknowledges its awareness and understanding of the Program Guidelines, and the Lender hereby covenants and agrees to originate Mortgage Loans in accordance with this Agreement, the Program Guidelines, the Participating Lender Agreement (between the Lender and the Servicer) and any other applicable Program Document. Failure by the Lender to perform its obligations under this Agreement may result in a suspension of its participation in a Program or Programs even if the Lender remains in good standing with the Servicer.

*Section 2. Servicer.* The servicer for the Programs (the “Servicer”) shall be U.S. Bank National Association. All Lenders must be approved by and remain in good standing with the Servicer, or any other successor or additional Servicer designated by TSAHC. The Servicer will purchase the Mortgage Loans and will service all Mortgage Loans. Each Lender will originate Mortgage Loans in accordance with this Agreement and the Participating Lender Agreement and all other Program Documents. The Lender will execute a Participating Lender Agreement directly with the Servicer to confirm origination, delivery and purchase terms and conditions specifically for Mortgage Loans under the Programs. Mortgage Loan purchases shall be made following receipt and review of Mortgage Loan closing documents, including evidence of compliance with the Program Guidelines, applicable Mortgage Loan underwriting requirements, applicable FHA, VA, USDA-RHS, private mortgage insurance (PMI), GNMA, Fannie Mae and/or Freddie Mac requirements, and any other applicable federal and/or state regulations.

*Section 3. Representations, Warranties and Covenants of TSAHC.* TSAHC represents and warrants that:

(a) TSAHC is a non-profit corporation, duly organized and validly existing under the Act and the laws of the State. TSAHC has full power and authority to consummate all transactions, execute all documents, and issue all instruments contemplated by this Agreement.

(b) TSAHC has found and determined that the origination of Mortgage Loans by the Lender to finance the purchase of Residences by Eligible Borrowers, the purchase of Mortgage Loans by the Servicer and the pooling and sale of the GNMA Certificates, Fannie Mae Certificates, or Freddie Mac Certificates under the terms of this Agreement, the other Program Documents and the servicing agreement between TSAHC and the Servicer, will further and fulfill the public purposes of the Act.

(c) The execution and delivery of this Agreement by TSAHC and the performance of and compliance with the terms thereof by TSAHC will not, to its knowledge, violate any applicable laws in any respect that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of this Agreement.

(d) This Agreement constitutes a valid and binding obligation of TSAHC, enforceable in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights generally and general principles of equity and by principles of sovereign immunity.

(e) In exercising the powers granted to it under the Act, TSAHC shall not actively compete with private lenders and shall not originate or make a Mortgage Loan that would be made under the same circumstances by a private lender on substantially the same or better terms within the submarket in which the Mortgage Loan is proposed to be made.

*Section 4. Representations, Warranties, and Covenants of the Lender.* The Lender represents and warrants to, and covenants with, TSAHC that:

(a) The Lender will duly execute this Agreement, the Participating Lender Agreement and any other applicable Program Document prior to participation in the Programs.

(b) The Lender is duly organized, validly existing, and in good standing under the laws governing its creation and existence, is duly authorized and qualified to do in the State any and all business contemplated by this Agreement and possesses all requisite authority, power, licenses, permits and

franchises to conduct its business and to execute, deliver and comply with its obligations under the terms of this Agreement, the execution, delivery, and performance of which have been duly authorized by all necessary action.

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

(d) The Lender shall comply, as to each FHA Mortgage Loan, with the National Housing Act, as amended and supplemented, all rules and regulations issued thereunder, and all administrative publications published pursuant thereto.

(e) The Lender shall comply, as to each VA Mortgage Loan, with the Servicemen's Readjustment Act of 1944, as amended and supplemented, all rules and regulations issued thereunder relating to VA-guaranteed home mortgage loans, and all administrative publications.

(f) The Lender shall comply, as to each USDA-RHS Mortgage Loan, with the Cranston-Gonzales National Affordable Housing Act of 1990, as amended, all rules and regulations issued thereunder relating to USDA-RHS-guaranteed home mortgage loans, and all administrative publications published pursuant thereto.

(g) The Lender shall comply, as to each Conventional Mortgage Loan, with applicable PMI requirements (if any), and the requirements of the Fannie Mae Guides or the Freddie Mac Guides, as applicable, and any other applicable rule or regulation of Fannie Mae or Freddie Mac, as applicable..

(h) The Lender shall comply with the non-discrimination provisions of the Civil Rights Act of 1965 (78 Stat. 252), the regulations issued pursuant to such Act, and Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965, in connection with the origination of Mortgage Loans under the Programs.

(i) The Lender shall not engage in any predatory or deceptive lending practices in connection with a Mortgage Loan application, including but not limited to, the extension of credit without regard for a Mortgagor's ability to repay the related Mortgage Loan, and/or the extension of credit which has no apparent benefit to the Mortgagor. Each Mortgage Loan application shall be in compliance with anti-predatory lending eligibility requirements as required by the Program Documents and any applicable federal, state and local laws, rules and regulations.

(j) No information, certificate, statement, report or affidavit submitted by the Lender to TSAHC pursuant to this Agreement or submitted to the Servicer under the Participating Lender Agreement will, to the knowledge of the Lender, contain any untrue statement of a material fact or omit to state a material fact necessary to make the information, certificate, statement, report or affidavit not misleading,

(k) Each Mortgage Loan will be eligible for pooling into a GNMA Certificate, a Fannie Mae Certificate or a Freddie Mac Certificate, as applicable.

(l) The Lender shall only originate Mortgage Loans that fully comply with the Program Documents.

(m) The Lender shall fulfill all repurchase requirements and make-whole requirements set forth in the Participating Lender Agreement, this Agreement and any other Program Document.

(n) Neither the execution and delivery of this Agreement or any other Program Document by the Lender nor the performance and compliance with the terms of any other Program Document by the Lender will (i) violate the instruments creating the Lender or governing its operations, (ii) violate any laws that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of this Agreement applicable to the Lender, or (iii) constitute a material default (or an event that, with notice or lapse of time or both, would constitute a material default) under, or result in the breach of, any material contract, agreement, or other instrument to which the Lender is a party or that may be applicable to the Lender or any of its assets.

(o) The execution and delivery of this Agreement and any other Program Document by the Lender in the manner contemplated herein and the performance and compliance with the terms hereof 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.

(p) This Agreement and each other Program Document constitutes a valid, legal, and binding obligation of the Lender, enforceable in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and general principles of equity.

(q) The Lender agrees that, so long as it shall continue to serve in the capacity of Lender, it shall remain in good standing under the laws governing its creation and existence and qualified under the laws of the State to do business in the State, it shall not dissolve or otherwise dispose of all or substantially all of its assets, and it shall not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it; *provided, however*, that the Lender may, without violating the covenant contained in this subsection, consolidate with or merge into another entity, or permit one or more entities to consolidate 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, if the surviving, resulting, or transferee entity, as the case may be, shall have a net worth equal to or greater than the net worth of the Lender immediately preceding any such merger, consolidation, or sale of assets, shall be qualified under the laws of the State to do business in the State, shall be qualified under all laws and have all necessary approvals required of the Lender to perform the Lender's duties under this Agreement, and shall demonstrate, to the reasonable satisfaction of TSAHC, its ability to perform the duties of Lender as specified in this Agreement, and shall assume in writing all of the obligations of the Lender under this Agreement. In such event TSAHC shall release the Lender in writing, concurrently with and contingent upon such assumption, from all obligations so assumed.

(r) No information, certificate, written statement, or report required hereunder or any other Program Document, delivered to TSAHC or the Servicer shall contain any untrue statement of a material fact or omit to state a material fact necessary to make the information, certificate, statement, or report not misleading.

(s) The compliance review and/or approval of a Mortgage Loan by TSAHC shall not relieve the Lender of any responsibility or liability for the performance or non-performance of any obligation under this Agreement, the Participating Lender Agreement or any other Program Document.

(t) From time to time the Lender shall report, as more fully set forth in this Agreement, information relating to the Mortgage Loans to TSAHC and the Servicer, and shall do every act and thing that may be necessary or required to perform its duties under this Agreement and all other Program Documents.

(u) The Lender shall indemnify and hold harmless TSAHC and its officers, governing board, and employees against all liability incurred by TSAHC for any and all claims, causes of action, costs, and expenses (including attorneys' fees), judgments, fines, and penalties that may be related to or arise out of any violation of law or breach of this Agreement resulting from an act or omission of the Lender hereunder.

*Section 5. Representations, Warranties, and Covenants of Lender Relating to Compliance with Program Requirements.* (a) The Lender understands that the applicable Program requirements must be met with respect to each Mortgage Loan, and the Lender agrees to take all actions reasonably necessary to ensure compliance with such requirements, including the following:

(i) that each Residence financed with a Mortgage Loan under a Program shall be located within the State of Texas and that each Mortgage Loan shall be made to an Eligible Borrower;

(ii) that each Residence financed with a Mortgage Loan under a Program shall be a Residence that, at the time of execution of the Mortgage, can reasonably be expected to become the Principal Residence of the Mortgagor within a reasonable period of time (not to exceed 60 days after the Closing Date of the Mortgage Loan);

(iii) that each Residence financed with a Mortgage Loan under a Program shall have a Purchase Price not in excess of the applicable Maximum Purchase Price;

(iv) that all Mortgage Loans must be provided to Mortgagors whose Family Income does not exceed the applicable Maximum Family Income;

(v) that, in the event of an assumption of any Mortgage Loan made under the Program, the requirements of subparagraphs (i) through (iii), inclusive, and subparagraphs (iv) and (vi) shall be met with respect to such assumption at the time of such assumption; and

(vi) that no Mortgage Loans shall be made with respect to a two (2) to four (4) family Residence unless one unit of the Residence is the Principal Residence of the Mortgagor.

(b) The Lender hereby covenants and agrees to establish and follow reasonable procedures as set forth in the Program Documents to ensure compliance with the foregoing requirements.

(c) The Lender agrees that to the extent (i) there are changes to State law which requires changes to any Program requirements, or (ii) Mortgage Loans are financed in whole or part from the proceeds of qualified mortgage bonds under Section 143 of the Internal Revenue Code of 1986, as

amended, the Lender will enter into amendments to this Agreement and any other that incorporates such amendments into this Agreement.

*Section 6. Program Participation.*

(a) *Participation Generally.* The Lender will submit all items required by TSAHC and the Servicer to participate in the Programs, and will use its best efforts to originate Mortgage Loans, and sell such Mortgage Loans to the Servicer, in accordance with the requirements of the applicable Program(s) and the Program Documents.

(b) *Funding Availability.* There will be no general limitation on funding availability for the Programs. All available funding for the Programs will be made available to the Lender on a first-come, first-served basis. TSAHC and/or the Servicer may add new Lenders to the Programs.

(c) *Limitation on Permitted Types of Mortgage Loans.* Only Mortgage Loans that are FHA Mortgage Loans, VA Mortgage Loans, USDA-RHS Mortgage Loans, or Conventional Mortgage Loans may be originated under this Agreement.

(d) *Timelines for Delivery and Purchase of Mortgage Loans and Compliance Review.* (i) The Lender must have a fully executed sales contract for a Residence before a Mortgage Loan reservation may be submitted to TSAHC.

(ii) Each Mortgage Loan must be certified by an underwriter (“underwriter certified”) within the period specified in the Program Guidelines (initially within fifteen (15) calendar days of Mortgage Loan reservation).

(iii) Each Mortgage Loan must be closed, funded and delivered to the Servicer within the period specified in the Program Guidelines (initially, Mortgage Loans must be delivered to the Servicer within forty-five (45) calendar days of loan reservation).

(iv) Each Mortgage Loan must be reviewed and approved for compliance with applicable Program requirements by TSAHC before the Mortgage Loan will be eligible for purchase by the Servicer.

(v) The Lender must submit a Pre-Closing Compliance Package and a Post-Closing Compliance Package to TSAHC for review of the eligibility criteria established for the Program(s). The Lender must submit the Pre-closing Compliance Package at least ten (10) calendar days prior to Closing (or such other period specified in the Program Guidelines). Upon approval of the Pre-Closing Compliance Package, the Lender will have the ability to generate and print a preliminary approval (through a Compliance Commitment Letter) through the Lender Portal. To complete the compliance approval process, Lenders must submit the Post-Closing Compliance Package to TSAHC at least ten (10) calendar days prior to the Commitment Expiration Date. Upon approval of the Post-Closing Compliance Package, the status code of the applicable Mortgage Loan will reflect “Approved” in the Lender Portal and the Mortgage Loan will be eligible for purchase by the Servicer provided all Servicer conditions have been met.

(vi) Mortgage Loans must be purchased by the Servicer within the period specified in the Program Guidelines (which shall initially be seventy (70) calendar days from Mortgage Loan reservation; provided that Lenders may elect a one-time 30-day extension for an extension fee

of \$375 (such time period and such fee amount being subject to change at the discretion of TSAHC)). The extension fee is due regardless of whether or not the Mortgage Loan is actually purchased by the end of such extension period. The extension fee will be deducted from the Mortgage Loan Purchase Price (or if the Mortgage Loan is not purchased, the Lender will be billed for the extension fee by TSAHC). If the (extended) Mortgage Loan is not purchased within 100 calendar days from loan reservation, the Mortgage Loan will become ineligible for purchase.

(e) *Down Payment Assistance.* (i) TSAHC may, in its sole discretion, make funds available to provide Down Payment Assistance for each Mortgage Loan made under the Program. Such Down Payment Assistance will be in the amount specified in the Program Guidelines and will be a percentage of the initial principal amount of a Mortgage Loan. Such Down Payment Assistance shall be paid to the Mortgagor at Closing except as otherwise specified by TSAHC. Down Payment Assistance may be used only to pay all or a portion of the down payment and closing costs (as defined in Section 6(e)(ii) and (iii)) associated with each Mortgage Loan. TSAHC will remit funds for down payment and closing cost assistance directly to the applicable title company or escrow officer on the loan closing date according to the procedures outlined in the Program Guidelines.

(ii) Closing costs mean prepaid taxes and insurance premiums, guaranty fees, credit report fees, survey fees, appraisal fees, inspection fees, title insurance premium, abstract and attorney's fees, escrow and courier fees, recording fees, and similar fees.

(iii) The Down Payment Assistance shall be paid to the Mortgagor (unless otherwise specified by TSAHC) and shall be applied only for the following purposes, and in the following order of priority: (i) to pay for any costs collected by the Lender under the preceding paragraph (ii) or under Section 7(c) and (ii) to pay for any portion of the Purchase Price or Appraised Value of the Residence due and payable at Closing which is not funded by the Mortgage Loan (i.e., any portion of the "down payment" for the Residence). Down Payment Assistance shall not be applied by the Mortgagor for any other purpose without the consent of TSAHC or the Servicer.

The Lender shall issue a Commitment to each Eligible Borrower for the related Mortgage Loan and sell such Mortgage Loan to the Servicer as soon as practicable after the related Closing. Each Commitment shall specify a Closing Date that is on or prior to the Commitment Expiration Date.

If, at any time subsequent to a reservation for a Mortgage Loan, it shall become apparent to the Lender that a Mortgage Loan will not proceed to Closing for any reason, including, but not limited to the fact that such Mortgage Loan will not meet the requirements of this Agreement or the applicable Program Guidelines, the Lender shall promptly cancel such Mortgage Loan by contacting TSAHC. Once a Mortgage Loan is cancelled through the Lender Portal, the Lender will be unable to submit a new reservation for the related Borrower for a period of sixty (60) calendar days after such cancellation. Requests for a re-reservation of a Mortgage Loan within the sixty (60) day lockout period may be granted by TSAHC in its sole discretion if extenuating circumstances exist regarding the cancellation of the Mortgage Loan.

(f) *Homebuyer Education.* To qualify for a Mortgage Loan under a Program, each Eligible Borrower must complete a homebuyer education course before the Closing. The homebuyer education requirement may be met by attending an in-person or online counseling course listed at [www.texasfinancialtoolbox.com](http://www.texasfinancialtoolbox.com).

*Section 7. Origination Procedures and Mortgage Loan Terms.* All Mortgage Loans originated by a Lender hereunder shall comply in all respects with all terms and provisions of this Agreement, including those set forth in this Section 7 and the Program Guidelines.

(a) *Origination Standards.* The Lender shall originate all Mortgage Loans in accordance with the loan origination, eligibility and credit underwriting standards of FHA, VA, USDA-RHS and/or GNMA, Fannie Mae or Freddie Mac, as applicable. The Lender is permitted to accept cosigners and guarantors on behalf of Eligible Borrowers in accordance with this Agreement, *provided* that all the requirements of FHA, VA, USDA-RHS and/or GNMA, Fannie Mae or Freddie Mac, as applicable, are met, and the applicable Program Guidelines are met.

(b) *Mortgage Loan Terms.* Each Mortgage Loan:

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

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

(iii) shall bear interest at the applicable Mortgage Loan interest rate as specified on the TSAHC website and/or the Lender Portal;

(iv) shall provide for level monthly payments of principal and interest representing the amount necessary to fully amortize the Mortgage Loan over a thirty (30) year term;

(v) shall provide for payments to be due and payable on the first day of each month and for an initial principal 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 and late payment charges in amounts not in excess of the customary charges permitted by the FHA, VA, USDA-RHS and/or GNMA, Fannie Mae, or Freddie Mac, as applicable;

(vi) shall be in a principal amount not exceeding such amount as conforms to the eligibility and credit underwriting standards specified herein and the applicable limitations of FHA, VA, USDA-RHS and/or GNMA, Fannie Mae or Freddie Mac, as applicable;

(vii) shall be the subject of FHA Insurance, VA Guaranty, USDA-RHS Guaranty, or PMI insurance, as applicable, and shall conform in all respects to the eligibility and credit underwriting standards specified by FHA, VA, USDA-RHS and/or GNMA, Fannie Mae or Freddie Mac, as applicable. The Program Affidavit shall be used in connection with the origination of the Mortgage Loans;

(viii) shall restrict the assumption thereof to Eligible Borrowers under terms and conditions meeting the assumption requirements of this Agreement;

(ix) shall be the subject of a Title Policy or a valid commitment for issuance of a Title Policy;

(x) shall be current in payments of principal, interest, taxes and insurance;

(xi) shall relate to a Residence the Purchase Price of which is not in excess of the applicable Maximum Purchase Price;

(xiii) shall comply in all respects with this Agreement, the Program Guidelines, the Participating Lender Agreement, the GNMA Guide, the Fannie Mae Guides or the Freddie Mac Guides, as applicable, and FHA, VA or USDA-RHS rules and regulations, as applicable; and

(xiv) shall be eligible for pooling into GNMA Certificates, Fannie Mae Certificates or Freddie Mac Certificates.

(c) *Fees and Charges.* Upon receipt of an application for a Mortgage Loan, a Lender may charge reasonable and customary fees, but only to the extent permitted by applicable laws and regulations. The Lender may not charge an Origination Fee, Discount Fee or Discount Points. At the Closing, a Lender may collect from either the Eligible Borrower or Seller the Funding Fee, the Compliance Review Fee, and all other reasonable and customary charges paid or incurred by the Lender for hazard or mortgage insurance premiums, life of loan flood monitoring fee as specified in the Lender Guide, any FHA Insurance fee, VA Guaranty fee, USDA-RHS Guaranty fee, survey, title insurance, appraisal fees, abstract and attorneys' fees, recording or registration charges, escrow fees, file preparation fees, credit reports, and similar charges, but only to the extent permitted by applicable laws and regulations. Any amounts collected by the Lender with respect to a Mortgage Loan prior to the Closing Date from either the Eligible Borrower or the Seller shall be credited to the proper party at the Closing. No other fees, charges, or remuneration of any kind may be received by or on behalf of any Lender from any person in connection with a Mortgage Loan under this Program other than a reimbursement by the Servicer of any Down Payment Assistance advanced to a Mortgagor by the Lender, which reimbursement is included in the Mortgage Loan Purchase Price.

(d) *Verification of Mortgage Eligibility Requirements.* In order to ensure that each Mortgage Loan is made to an Eligible Borrower to finance a Residence in accordance with the applicable Program rules, the Lender shall use good faith efforts and diligence in carrying out the following procedures with respect to each Mortgage Loan:

(i) the Lender shall obtain a Program Affidavit duly executed by the Mortgagor and the Lender and shall review, verify and certify that the requirements of Sections 5 and 7(b) are satisfied;

(ii) the 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 and the Seller, examination of canceled checks or receipts evidencing payment of rent, review of employment and utility records, review of the purchase contract for the Residence to determine the Purchase Price, and review of title information to verify the absence of any existing permanent mortgage on the Residence executed by the Mortgagor) to verify that the applicable Maximum Purchase Price limit is satisfied as of the date of the execution of the Mortgage Loan;

(iii) the Lender shall review the draft settlement statement to assure that all fees and charges and settlement and financing costs comply with the requirements of this Agreement;

(iv) the Lender shall prepare, execute, and deliver the Program Affidavit;  
and

(v) the Lender shall carry out such additional verification procedures as may be reasonably requested by TSAHC or the Servicer.

The obligations of the Lender pursuant to this paragraph 7(d) shall inure to the benefit of TSAHC and the Servicer.

(e) *Notice to TSAHC by Lender of Invalid Representation, Warranty or Covenant.* If, at any time, any representation, warranty or covenant of the Lender set forth in this Agreement or any other Program Document would not be true and correct in all respects if made by the Lender at such time (regardless of whether such representation or warranty is actually made, deemed to be made, or required to be made at such time), the Lender shall immediately notify TSAHC of such fact and provide a full and accurate explanation thereof.

*Section 8. Prohibition of Discrimination.* The Lender shall not arbitrarily reject an application for a Mortgage Loan because of the location and/or age of the property, or in the case of a proposed Mortgagor, arbitrarily vary the terms of a loan or the application procedures therefor or reject a Mortgage Loan applicant because of the race, color, religion, national origin, age, sex or marital status of such applicant. In accepting, evaluating, and acting upon such applications, the Lender shall comply, if applicable, with the Federal Fair Housing Act and with the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder. All applications for Mortgage Loans and evidence of actions taken with respect thereto shall be retained by the Lender until the Mortgage Loan is fully paid.

*Section 9. Mortgage Loan Submission and Purchase; Compliance Package Submission.* (a) The Servicer has no obligation to purchase a Mortgage Loan from the Lender unless the Mortgage Loan meets all the requirements set forth in the Program Documents. Each Mortgage Loan must be current as to payments of principal, interest, taxes and insurance at the time of purchase by the Servicer.

The Lender shall use the Lender Portal to register each Mortgage Loan. The Mortgage File shall be submitted in the order described in the applicable Mortgage File Checklist of the Lender Guide. The Lender hereby warrants that all copies submitted to the Servicer or TSAHC (if permitted) will be true and accurate copies of the respective original documents and instruments.

(b) Prior to the delivery of the Mortgage File to the Servicer in connection with the purchase of a Mortgage Loan, the Lender shall record or file for recording an Assignment of Mortgage Note and Mortgage for the related Mortgage Loan in all offices necessary to perfect the assignment of the Mortgage to the Servicer under the laws of the State. All notices to insurers or Mortgagors under any insurance policies maintained with respect to a Mortgage Loan for the assignment to the Servicer of the servicing of such Mortgage Loan shall be given by the Lender prior to purchase by the Servicer. Immediately upon Purchase, written notice shall be given by the Lender to the Mortgagor that servicing has been assigned to the Servicer and that future payments on the Mortgage Loan shall be made to the Servicer. The Lender shall also provide to the Servicer or TSAHC such other reports or information

regarding the Mortgage Loan being sold by such Lender as may be reasonably requested by either of them.

(c) The Lender shall pay all costs of preparing and furnishing the Mortgage File to the Servicer and the Compliance Package to TSAHC and shall pay the Funding Fee, Tax Service Fee and the Compliance Review Fee, if any, to the Servicer. The Lender shall service each Mortgage Loan originated by it from the Closing Date to the Purchase Date for such Mortgage Loan, which servicing shall include processing, posting payments and paying taxes and insurance with respect thereto. The Lender shall be obligated to pay any fees or penalties associated with late payment of taxes and/or insurance that were due with respect to a Mortgage Loan during the period prior to the Servicer's purchase thereof. The Mortgage File shall be reviewed by the Servicer pursuant to procedures established by the Servicer prior to the Purchase Date. A Lender must submit a Pre-Closing Compliance Package to TSAHC for preliminary review at least ten (10) calendar days prior to the Closing Date (or such other time period set forth in the Program Guidelines). Preliminary review and approval shall not assure the subsequent purchase by the Servicer if factual changes occur with respect to the Mortgage File or the Program between the date of the preliminary approval and the Purchase Date. Any Mortgage Loan with respect to which the Compliance Package or the Mortgage File is deemed to be defective will be returned to the Lender by the Servicer. To be purchased, such defective Mortgage Loan must be resubmitted in accordance with the procedures of this Section; *provided, however*, that the Servicer in its discretion may hold such documents pending curative action. Any Mortgage File held by the Servicer for more than thirty (30) days without curative action having been taken by the Lender shall be returned to the Lender. Neither the examination nor the acceptance of a Mortgage File by the Servicer or the related Compliance Package by TSAHC, shall constitute a waiver of any warranty, representation or covenant by the Lender or the Mortgagor with respect to the related Mortgage Loan. Any review or approval by the Servicer or TSAHC of any Mortgage Loan, or the credit or tax compliance information in connection therewith, or the issuance by TSAHC of a Commitment Letter hereunder, shall not relieve the Lender of responsibility or liability for the performance or nonperformance of its obligations hereunder.

(d) The Lender agrees to reimburse TSAHC the Down Payment Assistance provided for any Mortgage Loan that is deemed not purchasable by the Servicer.

*Section 10. Defective Mortgage Loans and Repurchase of Mortgage Loans.* Each Lender agrees to repurchase any defective Mortgage Loan from the Servicer in accordance with the provisions of the Participating Lender Agreement and any other applicable Program Document. Additionally, each Lender agrees to reimburse TSAHC the Down Payment Assistance provided for each such defective Mortgage Loan.

*Section 11. Review of Lender's Performance.* TSAHC and the Servicer shall each have the right to review the performance of the Lender, and TSAHC's review may include the reports and recommendations of the Servicer and such other evidence as may be presented to TSAHC regarding the Lender, to determine if the Lender is performing in accordance with the standards required by this Agreement.

If TSAHC or the Servicer determines that the Lender is not performing in accordance with such standards, TSAHC or the Servicer shall notify the Lender of any such deficiency, and if such deficiency is sufficient to warrant termination of the Lender by TSAHC or the Servicer, then TSAHC or the Servicer, as applicable, shall notify the Lender that the services of the Lender are being terminated and the date on

which such termination shall be effective. Any notice so provided to a Lender by TSAHC or the Servicer shall be provided at the same time to the Servicer or TSAHC, respectively.

*Section 12. Lender Not to Resign.* The Lender shall not have the right to resign from the obligations and duties imposed on it under the Program Documents. Except as permitted by Section 4(l), no Lender shall have the right or privilege to assign or transfer its rights and duties hereunder without the consent of TSAHC and the Servicer.

*Section 13. Involuntary Termination of Lender.* TSAHC may terminate this Agreement with respect to the Lender upon the happening of any one or more of the following events:

(a) Any representation, warranty or covenant of the Lender to TSAHC under this Agreement or to the Servicer under the Participating Lender Agreement shall be false in any material respect;

(b) Failure of the Lender to comply in all respects with its obligations under this Agreement and/or the Participating Lender Agreement or any other Program Document;

(c) Failure of the Lender to duly observe or perform in any material respect any other covenant, condition, or agreement herein to be observed or performed by the Lender other than as referred to in Sections 13(a) or (b), for a period of thirty (30) days after a written notice to the Lender from either TSAHC, the Trustee, or the Servicer, specifying such failure and requesting that it be remedied; *provided, however*, that if the failure stated in such notice cannot be corrected within the applicable period, the person giving such notice shall consent to a reasonable extension of time if corrective action is instituted by the Lender within the applicable period and diligently pursued until fully corrected; *provided further*, that if the failure cannot be corrected within such period, the Lender may be terminated pursuant to this Section 13;

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

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

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

(g) Failure by the Lender to repurchase a Non-Qualifying Mortgage Loan purchased by the Servicer pursuant to the Participating Lender Agreement or any other Program Document or pursuant to any prior program agreement offered by TSAHC; or

If any of the events specified in (d), (e), or (f) shall occur, the Lender shall provide written notice of such occurrence to TSAHC immediately upon the happening of such event (and in no event more than two (2) Business Days after such event).

*Section 14. Lender's Excused Nonperformance.* Notwithstanding anything in this Agreement to the contrary, there shall be no termination of, and no liability under, this Agreement with respect to the Lender for its failure to duly observe or perform in any material respect any covenant, condition, or agreement to be observed or performed by the Lender, if such failure on the part of the Lender is directly caused by the failure of the Servicer, or TSAHC to duly observe or perform in any material respect any covenant, condition, or agreement to be observed or performed by the Servicer or TSAHC.

*Section 15. Access to Lender's Records.* TSAHC and its respective agents may from time to time request a Lender to allow the inspection of any of the Lender's books and records pertaining to the Program and the Lender shall allow such inspections and access to such books and records at reasonable times during the Lender's normal business hours and upon reasonable terms.

*Section 16. Amendments and Revisions.* This Agreement is subject to amendment and revision with prior notice to the Lenders. No such amendment or revision shall adversely affect any Mortgage Loan for which a Commitment has been previously made.

*Section 17. Governing Law.* This Agreement shall be governed by and construed in accordance with the Laws of the State, without regard to conflict of law principles, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such Laws.

*Section 18. Notices.* All notices, certificates, or other communications hereunder shall be deemed given when delivered or five (5) Business Days after mailing by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. TSAHC or the Lender may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates, and other communications shall be sent.

*Section 19. Severability.* If one or more provisions of this Agreement, or the applicability of any such provision or provisions under any set of circumstances, shall be determined to be invalid or ineffective for any reason, such determination shall not affect the validity and enforceability of the remaining provisions of this Agreement or the applicability of the provisions found to be invalid or ineffective for a specific set of circumstances to other circumstances.

*Section 20. Further Assurances and Corrective Instruments.* The Lender agrees that it 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 or appropriate to further express the intention, or to facilitate the performance, of this Agreement.

*Section 21. Term of Agreement.* This Agreement shall continue in full force and effect until TSAHC provides written notice to the Lender that the Programs are terminated. At such time the Lenders shall cease originating Mortgage Loans, but this Agreement shall remain in effect for Mortgage Loans for which reservations have been made.

*Section 22. No Rights Conferred on Others.* Nothing in this Agreement shall confer any right upon any persons other than TSAHC and the Lender.

*Section 23. Limitation on Liability of Parties.* Each party to this Agreement shall be liable under this Agreement only to the extent that obligations are explicitly imposed upon and undertaken by the party against whom enforcement is sought. TSAHC shall not be held liable for any expenses incurred by the Lender under the Program. TSAHC shall not be liable to the Lender, or any other person, for the

taking of any action, or for refraining to take any action, in good faith pursuant to this Agreement, or for errors in judgment. In addition, in the event any party to this Agreement is entitled to indemnification hereunder, the officers, directors, employees, and agents of such party shall also be entitled to indemnification hereunder to the same extent and under the same circumstances as such party.

*Section 24. Limitation on Liability of Directors, Officers, Employees, and Agents of a Party.* No director, officer, employee, agent or governmental official of any party to this Agreement shall be individually liable to any other party for the taking of any action, or for refraining to take any action, pursuant to this Agreement, or for errors in judgment.

*Section 25. Survival of Obligations and Covenants.* Notwithstanding anything to the contrary herein, the expiration of this Agreement or the termination or resignation of any Lender under this Agreement shall not affect any obligations of such Lender under this Agreement, including, without limitation, obligations under Section 6(c). The representations, warranties, and covenants of Lender under Sections 4 and 5 shall continue without regard to any termination of Lender hereunder. Any indemnities in this Agreement shall survive the termination of a Lender hereunder.

*Section 26. Reports and Payments Due on Weekends and Holidays.* Any report, certificate, or payment required hereunder falling due on a Saturday, Sunday, or other day on which banking institutions in the State are authorized or obligated by Law or executive order to close shall be due on the next succeeding day which is not a Saturday, Sunday, or a day on which banking institutions are authorized or obligated by law of Texas to close.

*Section 27. Attorney Fees.* In the event the Lender should fail to materially perform its obligations under any of the provisions of this Agreement or any other Program Document, and TSAHC should employ attorneys or incur other expenses for the enforcement of performance or observance of any material obligation or agreement on the part of the Lender herein or therein contained, the Lender agrees that to the extent permitted by law they will pay or reimburse TSAHC, on demand, the reasonable fee of such attorneys and such other reasonable expenses incurred in connection with the Lender's material failure to perform its obligations hereunder.

*Section 28. Counterparts.* This Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

*Section 29. Limited Liability.* All monetary obligations of TSAHC incurred hereunder, and any remedies arising against TSAHC by reason of its default, shall be payable solely out of, and all liability of TSAHC shall be limited to, revenues and receipts derived from the transactions contemplated and performed pursuant to the Program Documents.

THIS AGREEMENT has been executed as of \_\_\_\_\_, 2016 and is signed by an authorized representative of TSAHC and an authorized representative of the Lender, respectively.

Texas State Affordable Housing Corporation

Signature:

Name [Printed]:

Title:

\_\_\_\_\_

David Long

\_\_\_\_\_

President

\_\_\_\_\_

Lender Name:

Designated Representative Signature:

Designated Representative Name [Printed]:

Title of Designated Representative:

Email:

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