



## **Mortgage Credit Certificate Program Lender Application**

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

Texas State Affordable Housing Corporation (“TSAHC”) is pleased to extend an invitation to qualified lenders (each a “Lender”) for participation in its Mortgage Credit Certificate Program (the “MCC Program”). The MCC Program will be subject to the terms set forth in the MCC Lender Participation Agreement attached and the MCC Program Guidelines located on TSAHC’s website [www.tsahc.org](http://www.tsahc.org).

Additionally, each Lender will be responsible for working with TSAHC’s Single Family Compliance staff to ensure Mortgage Loans are MCC Program compliant. An online reservation system will be made available to approved Lenders.

### **Lender Eligibility**

TSAHC, in its sole discretion, will determine eligibility of each Lender for participation in the MCC Program. TSAHC will suspend or terminate any Lender from the MCC Program if, in TSAHC’s opinion, such Lender is not satisfactorily originating Mortgage Loans per the MCC Program Guidelines or for other factors related to the Lender’s performance.

Each Lender must:

1. Be authorized to originate TSAHC DPA Programs by Lakeview Loan Servicing.
2. Have an audited net worth of at least \$1,000,000;
3. If it is not a financial institution, have a warehouse line of not less than \$3,000,000;
4. Have mortgage banking operations with personnel responsible for underwriting and funding loans; and
5. Maintain current Errors and Omissions and/or Fidelity Bond coverage of not less than \$300,000 (maximum deductible of \$50,000).

Additionally, each Lender must satisfy at least one of the following:

6. Be an FHA-approved mortgagee to originate FHA-insured Mortgage Loans;
7. Be approved by Fannie Mae or Freddie Mac to originate conventional Mortgage Loans;
8. Be a VA-approved mortgagee to originate VA-guaranteed Mortgage Loans; or
9. Be a USDA-RHS-approved mortgagee to originate USDA-RHS-guaranteed Mortgage Loans.

## Procedure

Each Lender is required to submit to TSAHC the following items:

Agreements Submitted by Mail	Agreements Submitted Electronically
1. A \$400 Annual Participation Fee: <i>C/O Texas State Affordable Housing Corporation</i> Attn: Accounting 6701 Shirley Ave. Austin, Texas 78752 RE: Lender Participation Fees	1. A \$400 Annual Participation Fee: <b>ACH Bank Transfer:</b> Bank: Frost National Bank ABA No.: 114000093 Account No.: 591359967 Account Name: TSAHC/Operating Attention: Betsy Aldrich Description: "Lender Name" Participation Fee  <b>Payment by Credit Card:</b> <a href="#">Please click here</a>
2. A completed Lender Reservation Access Form (attached), and	2. A completed Lender Reservation Access Form (attached), and
3. One (1) signed original of the Mortgage Credit Certificate Agreement.	3. One (1) electronically signed copy of the Mortgage Credit Certificate Agreement.
4. Mail the required items above to: Texas State Affordable Housing Corporation Attn: Kayla Gillaspy 6701 Shirley Ave. Austin, Texas 78752	4. Email the required items above to: Attn: Kayla Gillaspy <a href="mailto:Homeownership@tsahc.org">Homeownership@tsahc.org</a> Re: Lender Participation Agreement

## Upon TSAHC Approval

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

**Please note:** Upon approval, an annual renewal is required to continuously participate in TSAHC programs. **The MCC only or standalone MCC program is being discontinued indefinitely. As funding is available, the MCC will continue to be available for use in combination with the DPA program. To participate in the MCC program, a lender must also be approved to participate in the DPA program.**

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 the Homeownership Team at (877) 508-4611 or [Homeownership@tsahc.org](mailto:Homeownership@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:	
Main Phone:	
Corporate Contact Name:	
Corporate Contact Email:	
Corporate Contact Phone:	
Administrator Name:	
Administrator Email:	
Administrator Phone:	
MCC (IRS Tax) Reports Contact:	
MCC Reports Contact Email:	
MCC Reports Contact Phone:	
<b>Main Branch: (If different from Corporate Office.)</b>	
Address:	
Phone:	
Contact Name:	
Contact Email:	
<b>Branch 1: (If there are more than two branches, please use additional copies of this form.)</b>	
Branch Name:	
Address:	
City, State & Zip:	
Phone:	
Contact Name:	
Contact Email:	



## **MORTGAGE CREDIT CERTIFICATE PROGRAM**

### **LENDER PARTICIPATION AGREEMENT**

This MCC Lender Participation Agreement (this “Agreement”) is entered into, as of the date set forth below, by and between the Texas State Affordable Housing Corporation (“TSAHC”) and the lending institution executing this Agreement (the “Lender”) in connection with TSAHC’s Mortgage Credit Certificate Program (the “MCC Program”). Capitalized terms used herein and not otherwise defined have the meanings set forth in 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 has determined to implement the MCC Program to assist Eligible Borrowers to afford the costs of acquiring and owning decent, safe and sanitary housing within the State and in connection therewith, has made an election under Section 25 of the Code to exchange its bond authority for the authority to issue mortgage credit certificates (“MCCs”) to qualified persons; and

WHEREAS, the Lender wishes to participate in the MCC Program and has agreed to make Mortgage Loans to Eligible Borrowers in full compliance 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. Covenant to Originate Mortgage Loans with an MCC.* The Lender hereby acknowledges its awareness and understanding of the Program Guidelines, and the Lender hereby covenants and agrees to originate Mortgage Loans for which MCCs are issued in accordance with this Agreement and the Program Guidelines. Failure by the Lender to perform its obligations under this Agreement and the Program Guidelines may result in a suspension or termination of its participation in the MCC Program.

*Section 2. 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 MCCs by the Lenders to assist in the purchase of Residences by Eligible Borrowers 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.

*Section 3. 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 and any other applicable MCC Program Document prior to participation in the MCC Program.

(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 of Texas 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) Neither the execution and delivery of this Agreement by the Lender nor the performance and compliance with the terms hereof 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.

(d) The execution and delivery of this Agreement 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.

(e) This Agreement 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 liquidation,

conservatorship, bankruptcy, insolvency, rearrangement, moratorium, reorganization and other similar laws affecting creditors' rights generally and general principles of equity.

(f) The Lender will 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 MCC Program.

(g) No information, certificate, statement, report or affidavit submitted by the Lender to TSAHC pursuant to this Agreement or the Program Guidelines shall, 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,

(h) 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.

(i) 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.

(j) The Lender shall not engage in any predatory or deceptive lending practices in originating any Mortgage Loan, 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, will be employed in connection with the Mortgage Loan application. Each Mortgage Loan application is in compliance with anti-predatory lending eligibility requirements of the MCC Program Documents and any applicable federal, state and local laws, rules and regulations.

(k) The compliance review of an MCC 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 MCC Program Document.

(l) The Lender shall do every act and thing that may be necessary or required to perform its duties under this Agreement, the Program Guidelines and all other MCC Program Documents.

*Section 4. Representations, Warranties and Covenants Relating to MCC Program Generally.* TSAHC and the Lender hereby declare their understanding and intent that the MCCs entitle the holders thereof to credits against their federal income taxes under Section 25 of the Code, and hereby each covenant to take such actions as are necessary to maintain such entitlement and not to knowingly take or permit or omit to take any action that would impair such entitlement. Without limiting the foregoing, TSAHC and the Lender each further recognize that Section 25 of the Code imposes certain eligibility requirements with respect to the Residences and the Mortgagors eligible to receive MCCs, including those set forth in this Agreement and in the Program Guidelines.

Section 25 of the Code requires that TSAHC attempt in good faith to meet all such requirements by promulgating guidelines for the issuance of MCCs only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including reasonable investigations by TSAHC or its agents, including the Lender, to determine that such requirements are satisfied.

TSAHC and the Lender each hereby covenant and agree to establish and follow reasonable procedures as set forth herein and in the Program Guidelines to ensure compliance with the foregoing requirements.

In the event requirements or procedures, other than those stated herein or in the Program Guidelines, should become applicable to the MCCs and such requirements or procedures must be met in order to assure the validity of any of the MCCs, TSAHC and the Lender each hereby covenant and agree to meet such requirements or procedures.

*Section 5. MCC Program Participation.*

(a) *General.* The Lender will originate MCCs and related Mortgage Loans in accordance with the requirements of this Agreement and the Program Guidelines, and will submit all items required by TSAHC to participate in the MCC Program.

(b) *MCC Funding Availability.* There may be limitations on the funding availability for MCCs under the MCC Program, which limitations will be announced to Lenders from time to time by TSAHC under the Program Guidelines or by other means of notification. All funding amounts under the MCC Program will be made available to Lenders on a first-come, first-served basis. TSAHC may add new Lenders to the MCC Program at TSAHC's sole discretion.

(c) *Timeline for MCC Compliance Review.* (i) The Lender must have a fully executed sales contract for a Residence before an application for an MCC may be submitted to TSAHC.

(ii) Mortgage Loans must be closed and funded within the period specified in the Program Guidelines.

(iii) Mortgage Loans must be reviewed and approved for compliance with applicable MCC Program requirements by TSAHC before the MCC certificate will be issued to the Eligible Borrower.

(iv) The Lender must submit both a Pre-Closing Compliance Package and a Post-Closing Compliance Package to TSAHC for review of the eligibility criteria established for the MCC Program. 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 applicable Program Guidelines). Upon approval of the Pre-Closing Compliance Package, the Lender will be provided a Compliance Commitment Letter (evidencing preliminary compliance approval) through the Lender Portal. To complete the compliance approval process, the Lender must submit the Post-Closing Compliance Package to TSAHC within ten (10) calendar days following loan Closing (or such other period specified in the applicable Program Guidelines), but in no event after the Commitment Expiration Date. Upon approval of the Post-Closing Compliance Package, the status code of the applicable MCC application will reflect "Approved" in the Lender Portal and

an MCC Certificate will be mailed to the Eligible Borrower. Once the MCC Certificate is mailed to the Borrower, the status code will reflect "MCC Issued".

(d) *Down Payment Assistance Permitted.* MCCs may be issued with respect to Mortgage Loans for which TSAHC's down payment assistance is made available.

(e) *Processing of MCC Applications by Lender.* The Lender shall process borrower applications for MCCs on a first-come, first-served basis.

(f) *Notice of Failure to Close Mortgage Loan or to Meet MCC Criteria.* If the Lender becomes aware that a Mortgage Loan will not proceed to Closing for any reason (and therefore no MCC will be issued), or if the Lender becomes aware prior to Closing that the Mortgagor no longer qualifies under the MCC issuance criteria set forth herein and in the Program Guidelines, the Lender shall promptly cancel the MCC reservation on the Lender Portal.

(g) *Homebuyer Education.* To qualify for an MCC under the MCC Program, each Eligible Borrower must complete a homebuyer education course before 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 6. MCC Program Fees and Charges.*

The MCC Program fees and charges will be set forth in detail in the Program Guidelines and are subject to change at the discretion of TSAHC from time to time. Initially, each Eligible Borrower who obtains an MCC will be charged a \$500 issuance fee, except that the \$500 issuance fee will not be charged to an Eligible Borrower who obtains a Mortgage Loan under the Homes for Texas Heroes Home Loan Program in combination with the MCC. In addition, for the MCC compliance review, a fee of \$200 will be charged, which fee may be charged by the Lender to the Eligible Borrower at Closing. If the Eligible Borrower obtains a Mortgage Loan under a TSAHC Homeownership Loan Program in conjunction with a TSAHC provided MCC, then only one \$200 compliance fee shall be charged to the Eligible Borrower.

*Section 7. Representations, Warranties and Covenants of Lender Relating to Compliance with MCC Program Requirements.* (a) The Lender understands that the MCC 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 the MCC Program shall be located within the State of Texas and shall be made to an Eligible Borrower;

(ii) that each Residence financed with a Mortgage Loan under the MCC 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, except as provided in the definition of Eligible Borrower, the Mortgagors shall not have had a Present Ownership Interest in a Principal Residence (other than the Residence being financed with the Mortgage Loan) at any time during the three (3) year period



ending on the Closing Date (proceeds used to finance Targeted Area Residences and Mortgage Loans to Qualified Veterans shall be deemed to have satisfied this requirement);

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

(v) that the proceeds of each Mortgage Loan under the MCC Program shall not be used to acquire or replace an existing mortgage, i.e., that each Mortgage Loan made under the MCC Program shall be made to a person who did not have a mortgage (whether or not paid off) on the Residence securing such Mortgage Loan at any time prior to the execution of the Mortgage, except for certain temporary initial financing for a mortgage securing a construction period loan, a construction bridge loan, or similar temporary initial construction financing initially incurred for the sole purpose of acquiring the Residence and initially incurred within twenty four (24) months of the Closing Date, having an original term of twenty four (24) months or less, and not providing for scheduled payments of principal during such term;

(vi) that each Mortgage Loan under the MCC Program must be provided to a Mortgagor or Mortgagors whose Family Income does not exceed the applicable Maximum Family Income;

(vii) that, in the event of an assumption of any Mortgage Loan originally made under the MCC 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

(viii) that no Mortgage Loan under the MCC Program shall be made with respect to a two (2) to four (4) family Residence unless (A) one unit of the Residence is the Principal Residence of the Mortgagor and (B) the Residence is an Existing Residence that was first occupied for residential purposes at least five years before the Mortgage Loan is executed. The requirement of clause (B) does not apply in the case of a two (2) family residence that is a Targeted Area Residence. No more than 13% of the aggregate principal amount of the Mortgage Loans made by any Lender shall be made with respect to two to four family Residences.

(b) The Lender covenants and agrees to establish and follow reasonable procedures as set forth in this Agreement, the Program Guidelines and any other MCC Program Document to ensure compliance with the foregoing requirements.

(c) The Lender covenants and agrees that to the extent there are changes to federal, state or local law which require changes to any MCC Program requirements, the Lender will enter into amendments to this Agreement and any other that incorporates such amendments into this Agreement.

*Section 8. Verification of MCC Eligibility Requirements.* In order to ensure that each Mortgage Loan is made to an Eligible Borrower to finance a Residence in accordance with the MCC 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 an MCC Program Affidavit duly executed by the Mortgagor, and the Lender shall review, verify and certify that the requirements of this Agreement and the Program Guidelines are met;

(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 Purchase Price Limit is satisfied as of the date of the execution of the Mortgage Loan;

(iii) the Lender shall review the draft Closing Disclosure to assure that all fees and charges comply with the requirements of this Agreement and the Program Guidelines;

(iv) the Lender shall prepare, execute and deliver the MCC Program Affidavit and all additional required program documentation; and

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

If, at any time, any representation, warranty or covenant of the Lender set forth in this Agreement or any other MCC 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 9. Compliance with Program Guidelines.* The Lender shall strictly follow and observe all procedures contained in the Program Guidelines regarding the origination of Mortgage Loans under the MCC Program, the verification of information regarding Eligible Borrowers and the submission of documentation to TSAHC with respect thereto. The Lender understands that it is not entitled to a specific allocation of MCCs and that MCCs will be issued by TSAHC in accordance with the Program Guidelines to Eligible Borrowers on a first-come, first-served basis. The Lender also acknowledges that TSAHC may, in its discretion, include a lending institution in the MCC Program who agrees to abide by the procedures set forth in the Program Guidelines by entering into this Agreement with TSAHC and who pays the MCC Participation Fee then in effect.

*Section 10. Amendments and Revisions to the MCC Program.* This Lender Participation Agreement (including the Program Guidelines) is subject to change with prior notice to the Lender. No such amendment or revision shall adversely affect any Mortgage Loan for which a commitment has been previously made.

*Section 11. TSAHC Review of Lender's Performance.* (a) TSAHC at any time, and from time to time, shall have the right to review the performance of the Lender to determine if the Lender is performing in accordance with the requirements of this Agreement and the Program Guidelines.

If TSAHC determines that the Lender is not performing in accordance with such standards, TSAHC shall notify the Lender of any such deficiency, and if such deficiency is sufficient to warrant termination of the Lender by TSAHC, then TSAHC shall notify the Lender that it is being terminated under the MCC Program and the date on which such termination shall be effective.

*Section 12. Involuntary Termination of Lender.* In addition to its termination rights under Section 11, TSAHC may terminate this Agreement with respect to the Lender upon the occurrence of any one or more of the following events:

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

(b) Any failure of the Lender to comply in all respects with its obligations under this Agreement, the Program Guidelines or any other MCC 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 12(a) or (b), for a period of thirty (30) days after a written notice to the Lender from TSAHC 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 12;

(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; or

(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.

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 13. Prohibition of Discrimination.* With respect to each Mortgage Loan under the MCC Program, the Lender shall not arbitrarily reject an application 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 14. Resignation by Lender.* The Lender may resign from the obligations and duties imposed on it pursuant to this Agreement provided that any Mortgage Loan for which an MCC reservation has been granted prior to the effective date of the Lender's resignation shall, to the extent such Mortgage Loan meets the terms and conditions of this Agreement, be closed under the MCC Program.

*Section 15. 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 any Lender may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates, and other communications shall be sent.

*Section 16. 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 17. 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 18. Term of Agreement.* This Agreement shall continue in full force and effect until TSAHC provides written notice to the Lender that the MCC Program is terminated. At such time the Lender shall cease originating Mortgage Loans with MCCs, but this Agreement shall remain in effect for Mortgage Loans with MCCs for which reservations have been made.

*Section 19. No Rights Conferred on Others.* Nothing in this Agreement shall confer any right upon any persons other than TSAHC and the Lender.

*Section 20. 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 MCC 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 21. 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 22. 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. The representations, warranties, and covenants of Lender under Sections 3 and 4 shall continue without regard to any termination of the Lender hereunder. Any indemnities in this Agreement shall survive the termination of the Lender hereunder.

*Section 23. 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 24. 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 MCC 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 25. 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 MCC Program Documents.

*Section 26. No Liability for Termination.* Notwithstanding any provision in this Agreement to the contrary, TSAHC shall not be liable in any respect for the termination of this Agreement or owe any duty to the Lender if this Agreement is terminated pursuant thereto.

*Section 27. Access to Lender's Records.* TSAHC and its respective agents may from time to time request the Lender to allow the inspection of any of the Lender's books and records pertaining to the MCC 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 28. Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict of law principles.

*Section 29. 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 30. 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 31. Amendment and Restatement.* This Agreement amends, restates and replaces, but does not satisfy nor act as a novation of the obligations under, relating to, or in connection with any prior Mortgage Origination Agreement by and between Lender and TSAHC, as such may have been amended from time to time prior to the date hereof.

*Section 32. Electronic Records and Signatures.* This Agreement and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement (each a "Communication"), including Communications required to be in writing, may, if agreed by TSAHC, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The parties hereto agree that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the parties hereto to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the parties hereto enforceable against such parties in accordance with the terms thereof to the same extent as if it had a manually executed original signature. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by TSAHC of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. TSAHC may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of TSAHC's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, TSAHC is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by TSAHC pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent TSAHC has agreed to accept such Electronic Signature, TSAHC shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any party without further verification and (b) upon the request of TSAHC any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

*[Remainder of Page Intentionally Left Blank]*

THIS AGREEMENT has been executed as of \_\_\_\_\_, 20\_\_ and is signed by an authorized representative of TSAHC and the Lender, respectively.

Texas State Affordable Housing Corporation

Signature:

Name [Printed]:

Title:

\_\_\_\_\_  
David Long

\_\_\_\_\_  
President

Lender Name:

Signature:

Name [Printed]:

Title:

Email:

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