



## **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 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 Lakeview Loan Servicing, LLC (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 Lakeview Loan Servicing, LLC by sending an email to [crm@bayviewloanservicing.com](mailto:crm@bayviewloanservicing.com) to learn more about becoming an approved correspondent lender. 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. There are no minimum production requirements to participate in our programs.

## Procedure

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

1. Submit signed agreement.

### **DPA Agreement**

### **MCC Agreement**

Submission Options:

- **Email:** [Homeownership@tsahc.org](mailto:Homeownership@tsahc.org)
- **Mail:**  
Texas State Affordable Housing Corporation  
Attn: Kayla Gillaspay  
6701 Shirley Ave.  
Austin, Texas 78752

2. Click [here](#) to complete Lender Registration and provide preferred Contact Information.

**Corporate Contact:** Receives Annual Renewal Notice and Agreements

**Web Administrator:** Creates employee logins to the LoanDock lender portal

**MCC IRS Reporting:** Receives MCC IRS reports from TSAHC

**TSAHC Expert:** Assists employees with internal LOS and processes

3. Submit payment.

Payment Options (DPA=\$600 MCC=\$400):

- **ACH Bank Transfer (no wires):**  
Bank: Frost National Bank ABA No.: 114000093  
Account No.: 591359967  
Account Name: TSAHC/Operating Attention: Betsy Aldrich  
Description: "Lender Name" Participation Fee
- **Payment by Credit Card:** [Please click here](#)
- **Mail:**  
*C/O Texas State Affordable Housing Corporation*  
Attn: Accounting  
6701 Shirley Ave.  
Austin, Texas 78752  
RE: Lender Participation Fees

## **Upon Servicer Approval**

Once the Lender has been approved by the Servicer and 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. Participants are required to take TSAHC's LoanDock Module training that pertains to their role. Click [here](#) to access our TSAHC Training Portal.

**Please note:** Upon approval, an annual renewal is required to continuously participate in TSAHC programs.

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).



# **SINGLE FAMILY HOMEOWNERSHIP PROGRAMS**

## **MORTGAGE ORIGINATION AGREEMENT**

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**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 (the “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 herein or in Appendix A have the meanings set forth in the Program guidelines established from time to time for TSAHC Homeownership Programs (collectively, the “Program Guidelines”). Program Guidelines are posted 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 (the “Non-Profit Corporations Act”) and Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”), TSAHC is authorized to establish programs to provide eligible mortgagors with 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”), or bonds backed by such mortgage-backed securities; 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, the Loan Correspondent Purchase and Sale Agreement (between the Lender and the Servicer), the applicable Program Guidelines and any other Program-related documents (collectively, the “Program Documents”);

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 the Program Documents. 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 Lakeview Loan Servicing, LLC and/or any successor or additional servicer designated by TSAHC. All Lenders must be approved by and remain in good standing with the Servicer. 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 Loan Correspondent Purchase and Sale Agreement and all other Program Documents. The Lender will execute a Loan Correspondent Purchase and Sale 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, the Non-Profit Corporations Act and all other applicable 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.

**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 Loan Correspondent Purchase and Sale Agreement and any other applicable Program Document prior to participation in the Programs. The Lender agrees to comply with the applicable Program Guidelines and acknowledges and agrees that such Program Guidelines may be modified from time to time by TSAHC in its sole discretion.

(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 Loan Correspondent Purchase and Sale 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 applicable Program Documents.

(m) The Lender shall fulfill all repurchase requirements and make-whole requirements set forth in the Loan Correspondent Purchase and Sale 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 this Agreement or 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 executed by the Lender 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 of Texas to do business in the State of Texas, 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 of Texas to do business in the State of Texas, 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) 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 Loan Correspondent Purchase and Sale Agreement or any other Program Document.

(s) 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.

(t) 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 under this Agreement or any other Program Document.

***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, if applicable under the Program Guidelines:

(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 the procedures as set forth in the Program Documents to ensure compliance with the foregoing requirements.

(c) The Lender agrees that to the extent there are changes to the laws of the State of Texas, or any federal law (including but not limited to any federal tax law) or other applicable law, which require changes to any Program Document, this Agreement may be amended by the Corporation pursuant to Section 17.

(d) The Lender agrees that to the extent 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, this Agreement may be amended pursuant to Section 17.

***Section 6. Representations, Warranties, and Covenants Relating to the Establishment and Maintenance of the Tax-Exempt Status of the Tax-Exempt Bonds.***

(a) TSAHC and the Lender hereby each declare its understanding and intent that the interest on the Tax-Exempt Bonds must be excludable, and must remain excludable, from the gross income of the holders of the Tax-Exempt Bonds for federal income tax purposes pursuant to Section 103 of the Code. Accordingly, TSAHC and the Lender each covenant to (I) not knowingly take, permit, or fail to take any action if such action or inaction would impair such exclusion from gross income or (II) knowingly fail to take any action that would preserve such exclusion from gross income. TSAHC and the Lender each further recognize that Section 143 of the Code imposes certain eligibility requirements with respect to the

Mortgagors, the Residences and the Mortgage Loans financed under a Tax-Exempt Bond-Financed Program, including the following:

(i) each Residence shall be located within the jurisdiction of TSAHC, which is the State of Texas;

(ii) each Residence shall be a Residence that, at the time of execution of the related Mortgage Loan, 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) all of the Net Proceeds of the related issue of Tax-Exempt Bonds shall be used to finance Residences of Mortgagors who did not have 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; provided that Net Proceeds used to finance Mortgage Loans for Targeted Area Residences or Mortgage Loans for Qualified Veterans shall be deemed to have satisfied this requirement;

(iv) each Mortgage Loan shall be made only to an Eligible Borrower;

(v) each Residence shall have a Purchase Price not in excess of the applicable Maximum Purchase Price (as set forth in the applicable Program Guidelines for Tax-Exempt Bond-Financed Programs);

(vi) Net Proceeds shall not be used to acquire or replace an existing mortgage, *i.e.*, that each Mortgage Loan made under the 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 Loan, 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;

(vii) that all Mortgage Loans must be provided to Mortgagors whose Family Income does not exceed the applicable Maximum Family Income (as set forth in the applicable Program Guidelines for Tax-Exempt Bond-Financed Programs);

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

(ix) that no Mortgage Loans 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; and

(x) that Mortgage Loans originated under the Program shall be subject to the mortgage subsidy recapture tax rules set forth in Section 143(m) of the Code.

(b) TSAHC and the Lender each understand and acknowledge that Section 143 of the Code further requires that: (i) TSAHC, as issuer of the Tax-Exempt Bonds, attempts in good faith to meet all applicable requirements under Section 143 of the Code before the Mortgage Loans are executed by placing restrictions in the applicable Program Documents that permit the financing of Mortgage Loans from the Net Proceeds of Tax-Exempt Bonds 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 and the Servicer, to determine that the Mortgage Loans satisfy such requirements; (ii) 95% or more of the Net Proceeds of each issue of Tax-Exempt Bonds devoted to Residences as to which (at the time the Mortgages were executed), all such requirements were met; and (iii) that any failure to meet such requirements shall be corrected within a reasonable time after such failure is first discovered (for example, by requiring repayment in full of the nonqualifying Mortgage Loan or by replacing the nonqualifying Mortgage Loan with a Mortgage Loan meeting such requirements).

(c) TSAHC and the Lender each covenant and agree to establish and follow reasonable procedures as set forth in the applicable Program Documents to ensure compliance with the foregoing requirements.

(d) Section 143 of the Code further requires that TSAHC make proceeds available, for at least one (1) year after the date on which proceeds of an issue of Tax-Exempt Bonds are first made available to finance Mortgage Loans, to finance Residences located in Targeted Areas, and that TSAHC attempt with reasonable diligence (including appropriate advertising) to place such proceeds in Mortgage Loans for such Residences. In order to satisfy this requirement, TSAHC covenants to make Mortgage Loans continuously available in an amount equal to the applicable Targeted Area Reservation Amount, to be used only to finance Targeted Area Mortgage Loans, until a date which is one year after the related Bond Closing Date.

(e) TSAHC and the Lender each agree that no portion of the proceeds of an issue of Tax-Exempt Bonds may be used to provide any airplane, sky box or other private luxury box, health club facility, facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(f) TSAHC and the Lender each agree that, to the extent that any Code or Treasury regulations are amended, or any final IRS revenue rulings, revenue procedures, announcements, notices or other IRS pronouncements are made that affect any term of this Agreement, this Agreement shall be amended by TSAHC in its discretion pursuant to Section 17 hereof.

(g) The covenants and requirements set forth in this Section 6 are intended to establish compliance of each Tax-Exempt Bond-Financed Program with the requirements of Section 143 of the Code. TSAHC may impose additional restrictions for such programs provided that such restrictions are not inconsistent with the requirements of Section 143 of the Code.

(g) With respect to any Tax-Exempt Bond-Financed Program, if any provision of this Agreement conflicts with any provision of this Section 6, the provisions of this Section 6 shall control.

(h) The Lender agrees to maintain records relating to Mortgage Loans originated by such Lender under a Tax-Exempt Bond-Financed Program in accordance with the applicable record-keeping rules of the Internal Revenue Code, as set forth in the Program Guidelines. The Lender may transfer records in electronic form to the Corporation in accordance with the Program Guidelines.

***Section 7. 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 Documents.

In connection with the issuance of Tax-Exempt Bonds and the related Tax-Exempt Bond-Financed Program(s), TSAHC will provide one or more Notices of Availability of Funds to the Lenders setting forth various terms of the applicable Tax-Exempt Bond-Financed Program(s).

(b) *Funding Availability.* There will be no general limitation on funding availability for the Programs; provided, however, that if a Program is funded from bonds, there may be a limitation on funding availability. 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 in their discretion 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 applicable Program Guidelines.

(iii) Each Mortgage Loan must be closed, funded and delivered to the Servicer within the period specified in the applicable Program Guidelines

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

(v) The Lender must submit a Pre-Closing Compliance Package to TSAHC and a Post-Closing Compliance Package to the Servicer for review of the eligibility criteria established for the Programs, in accordance with the applicable Program Guidelines. The Lender must submit the Pre-closing Compliance Package at least five (5) calendar days prior to Closing. 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. After closing, Lenders must submit the TSAHC Post-Closing Compliance Package with the complete credit and closing file to the Servicer within five (5) calendar days following the Closing Date (or such other period specified in the applicable Program Guidelines).

Upon approval of the Post-Closing Compliance Package, the Mortgage Loan will be eligible for purchase by the Servicer provided all Servicer conditions have been met. The foregoing provisions of this subparagraph (v) are subject to modification by TSAHC under the Program Guidelines.

(vi) Mortgage Loans must be purchased by the Servicer within the period specified in the applicable Program Guidelines (sixty (60) calendar days from Mortgage Loan reservation; provided that Lenders may elect to extend the number of days allowed for purchase of the Mortgage Loan in accordance with the Servicer's Rate Lock Extension Fee Schedule and any applicable per diem fees (such time periods and such fee amounts being subject to change at the discretion of the Servicer)). The extension fee will be deducted from the Mortgage Loan Purchase Price. The foregoing provisions of this subparagraph (vi) are subject to modification by TSAHC under the Program Guidelines.

(e) *Down Payment Assistance.* (i) TSAHC may, in its sole discretion, make funds available to provide down payment and closing cost assistance ("Down Payment Assistance") for Mortgage Loans originated by the Lenders under the Programs. Down Payment Assistance will be in the form of a grant or a second loan as set forth in the Program Guidelines. Down Payment Assistance will be in the amount or amounts specified in the Program Guidelines. Down Payment Assistance may be used only to pay all or a portion of the down payment and closing costs (as defined in Section 7(e)(iv) and (v) below) associated with each Mortgage Loan, unless otherwise provided in the Program Guidelines. Down Payment Assistance shall be provided to the Mortgagor at Closing in accordance with the following paragraphs.

(ii) For Down Payment Assistance in the form of grants reserved on and after August 20, 2018, the Lender will fund the Down Payment Assistance on behalf of TSAHC to the Eligible Borrower at Closing, in accordance with the procedures set forth in the Program Guidelines. The Lender will be reimbursed by the Servicer for the Down Payment Assistance upon the sale of the related Mortgage Loan by the Lender to the Servicer; provided that:

(a) if the Mortgage Loan is prepaid prior to the Lender's sale of such Mortgage Loan to the Servicer, TSAHC will only reimburse the Lender for its advance of the Down Payment Assistance upon payment by the Lender to TSAHC of a non-delivery fee equal to the amount of such Down Payment Assistance; and

(b) if a Mortgage Loan is not eligible for purchase by the Servicer for any reason, TSAHC will only reimburse the Lender for its advance of the Down Payment Assistance upon payment by the Lender to TSAHC of a non-delivery fee equal to the amount of such Down Payment Assistance; and

(c) if the Mortgage Loan is prepaid after such Mortgage Loan is sold to the Servicer, but prior to the sale of the related mortgage-backed security by the Servicer, the Lender (who has been previously reimbursed by the Servicer for the Down Payment Assistance) shall pay a non-delivery fee to TSAHC equal to the amount of such Down Payment Assistance.

(iii) For Down Payment Assistance in the form of a subordinate lien loan, which is reserved on and after August 20, 2018:

(a) The Lender will fund the Down Payment Assistance at Closing on behalf of TSAHC, to the Eligible Borrower in the form of a subordinate lien mortgage loan (the "DPA Second Loan") from TSAHC to the Eligible Borrower, in accordance with the document forms provided by TSAHC and any further requirements and procedures set forth in the Program Guidelines. The Lender shall record or cause to be recorded the DPA Second Loan deed of trust at the Closing of the Mortgage Loan. The lender must submit the DPA Second Loan TSAHC Post-Closing Compliance Package with the complete credit and closing file to the Servicer no later than 5 days after Closing of the Mortgage Loan and in accordance with the Program Guidelines. TSAHC shall reimburse the Lender for the funding of the DPA Second Loan in accordance with Section 8(c) of this Agreement; provided that:

1. If the related Mortgage Loan is prepaid in full prior to the Lender's sale of such Mortgage Loan, TSAHC shall assign any repayment proceeds of the related DPA Second Loan to the Lender and shall release the lien of the DPA Second Loan; and
2. If, after sale of the related Mortgage Loan to the Servicer, the Lender is required to repurchase such Mortgage Loan in accordance with any Program Document, then the Lender shall repurchase the related DPA Second Loan from TSAHC (or other holder of the DPA Second Loan) at a price equal to the outstanding principal amount thereof.

(b) The Lender will originate the DPA Second Loan in accordance with applicable law and the Program Documents. As of the date of funding of the related Down Payment Assistance, the Lender represents that there has been no fraud with respect to the DPA Second Loan by Lender

(c) As of the date of funding of the DPA Second Loan, the Lender makes each of the representations and warranties, and provides each of the covenants, in Sections 4(h), (i), (j), (l), (m), (r) and (s), Section 5, Section 7(a), Section 9, and Section 10 of this Agreement, as if the DPA Second Loan were a "Mortgage Loan".

(d) Lender shall deliver all documents and information with respect to the DPA Second Loans to the Servicer or a designated purchaser, notices of transfer to Eligible Borrowers or other applicable parties, and take all other steps regarding the transfer of the DPA Second Loans and the servicing thereof, in accordance with the Program Documents, and as if the DPA Second Loan were subject to the Loan Correspondent Purchase and Sale Agreement with the Servicer.

(e) TSAHC shall have the right to sell, assign or otherwise transfer the DPA Second Loans to a related or unrelated party and in connection with any such transfer TSAHC shall have the right to assign to any such transferee all of TSAHC's rights and remedies under this Agreement under this Section 7(e) or any other provisions of this Agreement with respect to such DPA Second Loans.

(iv) 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, and any other costs

permitted under the applicable Program Guidelines.

(v) Down Payment Assistance shall be applied only for the following purposes, and in the following order of priority: (a) to pay for any costs collected by the Lender under the preceding subparagraph (ii) or under Section 8(c), (b) 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), and (c) for any other purpose permitted under the applicable Program Guidelines. The Lender agrees that it will not permit Down Payment Assistance to be applied by the Mortgagor for any other purpose.

(vi) 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 and is consistent with the related Program Guidelines.

(vii) If, at any time after 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 thirty (30) calendar days after such cancellation.

(a) *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 8. 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 8, the applicable Program Guidelines and all other Program Documents.

(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.* Subject to the terms of the applicable Program Guidelines, 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 in this Agreement and the Program Guidelines and to 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;

(viii) shall restrict the assumption thereof to Eligible Borrowers under terms and conditions meeting the assumption requirements of this Agreement, the Program Guidelines, and the Loan Correspondent Purchase and Sale 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 applicable Program Guidelines (including any provisions thereof that modify any of the subparagraphs of this paragraph (b)), the Loan Correspondent Purchase and Sale 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 except as may be provided in the Program Guidelines. At the Closing, a Lender may collect from either the Eligible Borrower or Seller the Funding Fee, the Compliance Review Fee, Tax Service 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. The terms of this paragraph (c) may be modified by Program Guidelines.

(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 8(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 8(d) shall inure to the benefit of TSAHC and the Servicer. The terms of this paragraph (d) may be modified by Program Guidelines.

(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 9. 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 10. 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 accordance with the Program Documents. 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 as specified in the Loan Correspondent Purchase and Sale Agreement. 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, as applicable, 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. 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 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 not purchased by the Servicer.

(e) The foregoing provisions of this Section 10 may be modified by Program Guidelines.

**Section 11. 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 Loan Correspondent Purchase and Sale 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 12. 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 right of the Lender to participate in the Programs is being terminated and the date on which such termination shall be effective. Prior to terminating a Lender, the Servicer or TSAHC shall advise TSAHC or the Servicer, respectively, by electronic message.

**Section 13. Lender's Resignation; Continuing Obligations; Assignment.** The Lender shall have the right to terminate its participation in any Program but shall continue to be subject to the obligations and duties imposed on it under the Program Documents with respect to any Mortgage Loans which have been reserved by the Lender.

Except as permitted by Section 4(l), the Lender shall not have the right or privilege to assign or transfer its rights and duties hereunder without the consent of TSAHC and the Servicer.

**Section 14. Involuntary Termination of Lender.** 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 to TSAHC under this Agreement or any other Program Document, or to the Servicer under the Loan Correspondent Purchase and Sale Agreement or any other Program Document, shall be false in any material respect;

(b) Failure of the Lender to comply in all respects with its obligations under this Agreement, the Loan Correspondent Purchase and Sale 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 14(a) or (b), for a period of thirty (30) days after a written notice to the Lender from either TSAHC 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 14;

(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 Loan Correspondent Purchase and Sale Agreement or any other Program Document.

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 15. 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 16. 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 17. Amendments and Revisions.** This Agreement is subject to amendment and revision by TSAHC in its discretion with prior notice by TSAHC to the Lender. No such amendment or revision shall adversely affect any Mortgage Loan for which a Mortgage Loan reservation has been previously made by the Lender.

**Section 18. 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, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws.

**Section 19. Notices.** All notices, certificates, or other communications hereunder shall be deemed given: (i) when delivered, (ii) five (5) Business Days after mailing by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address, or (iii) when transmitted or sent by email to the most recent email address provided by the Lender or TSAHC to the other party. TSAHC or the Lender may, by notice given hereunder, designate any further or different address (including email address) to which subsequent notices, certificates, and other communications shall be sent.

**Section 20. 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 21. 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 22. Term of Agreement.** This Agreement shall continue in full force and effect until TSAHC provides written notice to the Lender that all Programs related to the Lender have been terminated. At such time the Lender shall cease reserving and originating Mortgage Loans, but this Agreement shall remain in effect for Mortgage Loans for which reservations have been made.

**Section 23. No Rights Conferred on Others.** Nothing in this Agreement shall confer any right upon any persons other than TSAHC and the Lender, except where specifically provided with respect to the Servicer.

**Section 24. Limited Liability Provisions.** Each party to this Agreement shall be liable under this Agreement only to the extent that obligations are explicitly imposed upon such party.

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. 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 TSAHC is entitled to indemnification hereunder, the officers, directors, employees, and agents of TSAHC shall also be entitled to indemnification hereunder to the same extent and under the same circumstances as such party.

No director, officer, employee or agent of a party to this Agreement shall be personally liable for the obligations of such party under this Agreement, or for any action taken by such director, officer, employee or agent, or any such person refraining to take any action pursuant to this Agreement, or for errors in judgment by any such person.

In addition to the foregoing provisions of this Section 24, and notwithstanding any provision of this Agreement to the contrary, and in accordance with Section 2306.561 of the Act (a) the directors, officers, and employees of TSAHC are not personally liable for bonds or other obligations issued or contracts, guaranties, or insurance executed by TSAHC, or for any other action taken in accordance with the powers and duties authorized by Subchapter Y or in the good faith belief that that action was taken in accordance with the powers and duties authorized by Subchapter Y, (b) the directors and officers of TSAHC are immune from civil liability to the same extent that a volunteer who serves as an officer, director, or trustee of a charitable organization is immune from civil liability under Chapter 84, Texas Civil Practice and Remedies Code; (c) the civil liability of an employee of TSAHC is limited to the same extent that the civil liability of an employee of a charitable organization is limited under Chapter 84, Texas Civil Practice and Remedies Code, and (d) the limitations on liability contained in this section do not limit or impair the limitations on liability otherwise available to the corporation's directors, officers, and employees.

**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 7(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 of Texas 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 or executive order 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 employs attorneys or incurs 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 that it will pay or reimburse TSAHC, on demand, the reasonable fees 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. 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 30. 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 an authorized representative of the Lender, respectively.

Texas State Affordable Housing Corporation

Signature:

Name:

Title:

\_\_\_\_\_

David Long

\_\_\_\_\_

President

Lender Name:

Authorized Representative Signature:

Authorized Representative Name [Printed]:

Title of Authorized Representative:

Email:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## APPENDIX A

### DEFINITIONS

“Average Area Purchase Price” means with respect to a Residence, the safe harbor average area purchase price figures most recently published by the Department of the Treasury pursuant to Section 143(e) of the Code for the statistical area (i.e., “metropolitan statistical area” as defined by the Secretary of Commerce, or county (or portion of a county) that is not within a metropolitan statistical area) in which such Residence is located, or such other average area purchase price figures that are based on more accurate and comprehensive data, as confirmed by the Internal Revenue Service or approved by Bond Counsel, than that used in calculating the safe harbor figures. Such figures may change from time to time.

“Bond Closing Date” means the date for on which the related issue of Tax-Exempt Bonds is issued and delivered.

“Closing” means the execution of a Mortgage Note and Mortgage by an Eligible Borrower and the concurrent origination and funding of a Mortgage Loan by a Lender pursuant to the Existing Agreement.

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

“Code” means the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

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

“de minimus PUD” means: (i) a planned unit development that meets the definition of a “de minimus PUD,” as defined in the Fannie Mae Conventional Home Mortgage Selling Contract Supplement or any applicable Freddie Mac document; or (ii) a planned unit development (a) whose organizational or other relevant documents provide that the lien for any homeowner assessment or charge is subordinate to the lien of any purchase money mortgage, and (b) the maximum permissible annual homeowner assessments and/or charges with respect to the property being financed, as of the Closing Date of the Mortgage Loan, is no greater than the lesser of \$600.00 or 1% of the Sales Price. “Sales Price” means the price of a Residence as indicated in the contract of sale, including any collateral agreements attached to or made a part of the sales contract between the Eligible Borrower and the Seller of the Residence, exclusive of any closing costs.

“Eligible Borrower” means a borrower permitted under the applicable provisions of the Code and Act and is described in the Program Guidelines for the Tax-Exempt Bond Programs.

“Eligible Loan Area” means the geographical area within the State of Texas.

“Maximum Purchase Price” means the applicable amount specified in the Program Guidelines for Non-Targeted Areas and Targeted Areas, determined in accordance with the requirements of Section 143(e) of the Code (or any successor provision). As new Average Area Purchase Price figures are determined, the Maximum Purchase Price will equal 90% of the Average Area Purchase Price applicable to the size of

the Residence for Non-Targeted Areas and 110% of the Average Area Purchase Price applicable to the size of the Residence for Targeted Areas. The Maximum Purchase Price amounts shall be subject to adjustment from time to time in accordance with the applicable provisions of the Code and the Act.

“Maximum Family Income” means the applicable amount set forth in the Program Guidelines for Non-Targeted Areas and Targeted Areas determined in accordance with Section 143(f) of the Code. The Maximum Family Income amounts shall be subject to adjustment from time to time in accordance with the applicable provisions of the Code and the Act.

“Mortgage Loan” means a qualified first lien mortgage loan originated by a Lender under the Program to an Eligible Borrower evidenced by a Mortgage Note and secured by a related Mortgage on a Residence located in the Eligible Loan Area, satisfying the requirements of this Agreement and the other Program Documents.

“Mortgage Loan Funding Price” means the funding amount from the Lender to the Eligible Borrower, including Down Payment Assistance provided to the Borrower in the form of a grant, expressed as a percentage of the initial principal amount of the Mortgage Loan, as set forth in the related Notice of Availability of Funds.

“Mortgage Loan Sale Price” means the amount paid by the Servicer to the Lender for the purchase of a Mortgage Loan, as set forth in the related Notice of Availability of Funds.

“Net Proceeds” means the proceeds of the Tax-Exempt Bonds reduced by amounts in a reasonably required reserve or replacement fund, if any.

“Non-Targeted Area” means all areas of the Eligible Loan Area except the Targeted Areas.

“Non-Targeted Area Mortgage Loan” means a Mortgage Loan to provide financing for the acquisition of a Residence that is in a Non-Targeted Area.

“Notice of Availability of Funds” means each notice sent by TSAHC to the Lenders relating to an issue of Tax-Exempt Bonds, in the form set forth in Appendix B or such other form established by TSAHC.

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

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

of a purchase contract; or (v) an interest other than an interest in a Principal Residence during the previous three years. A Present Ownership Interest in a mobile home or other factory made housing that was permanently affixed to real property owned by the loan applicant constitutes a Present Ownership Interest in a Principal Residence.

“Principal Residence” means a Residence (or the unit in a two (2) to four (4) family Residence) that can reasonably be expected to be occupied by the Mortgagor as the principal Residence of the Mortgagor. The term “Principal Residence” does not include a home used as an investment property or as a recreational home, factory made housing or a home that is primarily intended to be used in a trade or business, as evidenced by the use of more than 15% of the total area in a trade or business. Any use of a home that does not qualify for a deduction allowable for certain expenses incurred in connection with the business use of a home under section 280A of the Code shall not be considered as a use in a trade or business.

“Purchase Price” means the “acquisition cost” of acquiring a Residence as described in Section 143(e)(1) of the Code and Temporary Treasury Regulation section 6a.103A-2(b)(8), or any successor Code or regulatory provision, and any Internal Revenue Service ruling or other pronouncement. A description of “Purchase Price” shall be set forth in the Program Guidelines that is consistent with the foregoing provisions.

“Qualified Veteran” means a person who is a “veteran” (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran’s exception to the three (3) year requirement set forth in Section 143(d)(2)(D) of the Code.

“Residence” means real property and improvements permanently affixed thereon (but does not include manufactured housing or property not constituting “fixtures” under State law) (i) that is located within the Eligible Loan Area; (ii) that consists of a single family detached or attached structure consisting of not more than four (4) connected dwelling units intended for residential housing for one family or a single unit in a Condominium Development, Planned Unit Development, or de minimus PUD, a single unit in a duplex, triplex, or fourplex, or an entire duplex, triplex, or fourplex to be financed, provided that one of the units will be occupied by the Mortgagor and the Residence was first occupied for residential purposes at least five (5) years prior to origination of the Mortgage Loan (however, this five (5) year requirement does not apply in the case of a two (2) family Residence that is a Targeted Area Residence) or a single unit in a duplex (but not including a mobile home or any personal property); and (iii) the Purchase Price of which does not exceed the Maximum Purchase Price; provided, however, that land appurtenant to a Residence shall be considered as part of such Residence only if such land reasonably maintains the basic liability of such Residence and does not provide, other than incidentally, a source of income to the Mortgagor. No portion of a Residence shall consist of a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises.

“Targeted Area” means that part of the Eligible Loan Area that has been or may be designated from time to time as a qualified census tract or an area of chronic economic distress in accordance with section 143(j) of the Code. The Targeted Areas are set forth in Program Guidelines.

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

“Targeted Area Reservation Amount” means an amount equal to 20% of the sale proceeds of an issue of Tax-Exempt Bonds.

“Targeted Area Residence” means a Residence that is located within a Targeted Area.

**APPENDIX B  
FORM OF NOTICE OF AVAILABILITY OF FUNDS (TO LENDERS)**

\$ \_\_\_\_\_  
**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**Single Family Mortgage Revenue Bonds**  
**Series \_\_\_\_\_**

Pursuant to the Mortgage Origination Agreement, as amended, the Texas State Affordable Housing Corporation (TSAHC) hereby establishes the following terms for the above-captioned series of Tax-Exempt Bonds and the following TSAHC Program:

**TSAHC Program(s):**

**MORTGAGE LOAN ORIGINATION PERIOD TERMS — NON-TARGETED AREAS AND TARGETED AREAS**

Total Program Funds Available:	
Mortgage Loan Reservation Basis:	First-Come First-Served
First Date to Take Mortgage Loan Reservations:	
First Date to Close Mortgage Loans:	
Final Mortgage Loan Reservation Date:	
Final Mortgage Loan File Submission Date:	
Final Mortgage Loan Sale Date:	
Note: the foregoing "Final" dates are subject to extension at the direction of TSAHC	

**MORTGAGE LOAN ORIGINATION PERIOD TERMS — TARGETED AREAS ONLY**

Total Program Funds Available:	Up to \$ _____*
Mortgage Loan Reservation Basis:	First-Come First-Served
First Date to Take Mortgage Loan Reservations:	
First Date to Close Mortgage Loans:	
Final Mortgage Loan Reservation Date:	
Final Mortgage Loan File Submission Date:	
Final Mortgage Loan Sale Date:	
Note: the foregoing "Final" dates are subject to advancement if \$ _____ [Total Program Funds Available] of Mortgage Loans have been reserved prior to the Final Mortgage Loan Reservation Date	

**MORTGAGE LOAN AND RELATED TERMS**

Type of Loan:	
Mortgage Loan Interest Rate:	
Mortgage Loan Term:	
Origination Fee:	
Discount Fee:	
Form of Down Payment Assistance:	
Down Payment Assistance:	
Mortgage Loan Funding Price (Lender to Borrower):	
Mortgage Loan Sale Price (Servicer to Lender):	
Lender Compensation:	

Dated: \_\_\_\_\_, 20\_\_

**Texas State Affordable Housing Corporation**

\* Available to the extent less than \$ \_\_\_\_\_ principal amount of Mortgage Loans for Residences in Targeted Areas have been reserved on or before \_\_\_\_\_, 20\_\_ .