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NEVADA HOUSING DIVISION  
MORTGAGE ORIGINATION AGREEMENT  
FOR THE  
SINGLE FAMILY MORTGAGE PROGRAM

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## MORTGAGE ORIGINATION AGREEMENT

THIS MORTGAGE ORIGINATION AGREEMENT (hereafter "Mortgage Origination Agreement"), dated the date set forth on the signature page hereof, by and between the NEVADA HOUSING DIVISION (together with its successors and assigns, the "Division"), a division of the Department of Business and Industry of the State of Nevada, Bank of America, N.A. (together with its successors and assigns, the "Servicer" and the lending or financial institution designated as the PARTICIPATING LENDING INSTITUTION on the signature page hereof (together with its successors and assigns, the "Participating Lending Institution").

### Preamble

WHEREAS, pursuant to the laws of the State of Nevada, particularly Chapter 319 of the Nevada Revised Statutes (together with other laws of the State applicable to the Division, the "Act"), the Division is authorized by the Act to make, participate in making and undertake commitments to make or participate in making, mortgage loans originated by mortgage lenders to finance single family residences for low and moderate income persons; and

WHEREAS, the Division has determined to implement one or more pilot Single Family Mortgage Programs, each designated as a "Single Family Mortgage Program" (each referred to herein as a "Program") to finance mortgage loans made in the State to persons and families of low or moderate income; and

WHEREAS, the Division has issued or will issue revenue bonds in an aggregate amount not to exceed \$50,000,000 (collectively, the "Bonds") to obtain or make available funds to enable the Division to finance certain qualified home mortgage loans (the "Mortgage Loans") through the acquisition of fully modified mortgage-backed pass-through securities (the "Mortgage Certificates") issued on behalf of and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association, Fannie Mae or Freddie Mac and evidencing participation interests in pools of Mortgage Loans originated under the Programs; and

WHEREAS, the Division and the Participating Lending Institution desire to set forth certain terms and conditions relating to the origination and sale of such mortgage loans by the Participating Lending Institution and the financing of such mortgage loans by the Division;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the Division and the Participating Lending Institution do hereby contract and agree as follows:

### ARTICLE I

#### DEFINITIONS

Section 1.01. Definitions. All capitalized terms used in each Program Agreement shall have the respective meanings set forth in this Section 1.01, except to the extent that any of such terms are defined in Program Supplements, in which case such terms shall have the respective meanings set forth in the applicable Program Supplement.

"Acquisition Cost" has the meaning ascribed to it in 26 U.S.C. § 143(k) and 26 C.F.R. § 6a.103A-2(b) (8).

“Act” means the Nevada Assistance to Finance Housing Law, being Chapter 319 of the Nevada Revised Statutes, as the same may be amended from time to time.

“Allocation” means, with respect to a Program, the aggregate principal amount of Mortgage Loans, if any, that the Participating Lending Institution may submit for purchase by the Servicer under such Program (or if such Participating Lending Institution is its own Servicer, the aggregate principal amount of Mortgage Loans that it may originate under the Program), other than Mortgage Loans submitted for purchase on a first-come, first-served basis, as determined by the Division and allocated to the Participating Lending Institution and as specified in the Notice of Allocation for such Program.

“Application Date” means, with respect to a Program, the first date on which the Participating Lending Institution is permitted to accept any applications for Mortgage Loans under such Program, as specified by the Division in a Notice of Allocation for such Program.

“Assignment of Note and Deed of Trust” means an assignment of all of the Participating Lending Institution’s right, title, and interest in a Note and Deed of Trust, in substantially the form provided in the applicable Lender’s Manual.

“Bond Counsel” means an attorney or firm of attorneys selected by the Division and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bonds” means the revenue bonds issued by the Division to provide amounts, directly or indirectly, to finance Mortgage Loans under the Programs.

“Business Day” means any day other than: (i) a Saturday or Sunday; (ii) a day on which banking institutions in New York, New York or the State are authorized or obligated by Law or executive order to be closed for business; or (iii) a day on which the New York Stock Exchange is closed.

“Buyer’s Affidavit” means, collectively, the Buyer’s Affidavit and Buyer’s Confirming Affidavit which shall be in the form of and contain the provisions of the Buyer’s Affidavit and the Buyer’s Confirming Affidavit provided in the applicable Lender’s Manual.

“Buyer/Seller Points” means, with respect to a Program, a fee in the amount specified in the applicable Program Supplement, which may be collected by the Participating Lending Institution as provided in Section 4.07 hereof.

“Certificate of Compliance Agent” means the certificate delivered to the Trustee and the Servicer with respect to the Mortgage Loans included in any Fannie Mae Pool, Ginnie Mae Pool or Freddie Mac Pool as applicable, required to be provided in connection with each Mortgage Loan pursuant to Section 4.12(a) hereof, in such form as may be acceptable to the Division and the Servicer.

“Certificate of Participating Lending Institution” means with respect to a Program, the certificate in the form provided in the applicable Program Supplement.

“CLD” means the correspondent lending division of Bank of America, N.A.

“CLD Loan Purchase Agreement” means that certain loan purchase agreement, executed on or before the date of this Mortgage Origination Agreement by and between the Bank of America, N.A. (CLD) and the Participating Lending Institution.

“Closing” means, with respect to a Mortgage Loan, the origination and funding of such Mortgage Loan by the Participating Lending Institution.

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

“Code” means the Internal Revenue Code of 1986, as amended.

“Commitment” means a binding written commitment by the Participating Lending Institution in the form customarily used by the Participating Lending Institution in its owner-occupied home lending practice, issued to a particular Eligible Borrower to finance the purchase of a particular Qualified Residence with a Mortgage Loan.

“Commitment Date” means, with respect to a Program, the first date or dates on which the Participating Lending Institution is permitted to issue Commitments to Eligible Borrowers for Mortgage Loans under such Program, as specified by the Division in the Notice of Allocation or the Notice of Availability of Funds, as the case may be, for such Program.

“Commitment Period” means, with respect to the Participating Lending Institution’s participation in a Program, the period so designated in the applicable Program Supplement.

“Compliance Agent” means, with respect to a Program, the Division, or any other entity (whether one or more) designated by the Division to review the Mortgage Loans to be purchased under such Program for compliance with the requirements of the applicable Program Agreement, as specified in the applicable Program Supplement.

“Compliance Agreement” means, with respect to a Program, a Compliance Agreement between the Division and a Compliance Agent pertaining to such Program, provided that such agreement shall not be applicable if the Division serves as Compliance Agent.

“Compliance Package” means the documents referred to under “Compliance Package” in the Lender’s Manual.

“Conventional Mortgage Loan” means a Mortgage Loan, other than an FHA Mortgage Loan, a VA Mortgage Loan or an RHS Mortgage Loan.

“Bank of America” means Bank of America, N.A., a national association and the Servicer pursuant to the Servicing Agreement.

“Debtor Relief Laws” means any applicable liquidation, conservatorship, bankruptcy, insolvency, rearrangement, moratorium, reorganization, or similar debtor relief laws affecting the rights of creditors generally from time to time in effect in the State or under the Laws of the United States of America.

“Deed of Trust” means an instrument, including without limitation, a deed of trust, mortgage deed, mortgage or other instrument securing a Note.

“Division” means the Nevada Housing Division, a division of the Department of Business and Industry of the State of Nevada, and its successors and assigns.

“Early Payment Default” means the circumstance set forth in Section 7.A.(4) of the CLD Loan Purchase Agreement, which circumstance shall occur if the first payment due Bank of America is not received by Bank of America, whether from the Mortgagor directly or forwarded by the Participating Lending Institution if the Mortgagor has submitted the payment to Participating Lending Institution, by the last day of the month in which it is due, and, in addition, at any time within the first twelve months after the Mortgage Loan has been purchased by Bank of America, the same Mortgage Loan is 90 days delinquent with respect to a monthly payment. For this purpose a Loan shall be considered to be 90 days delinquent on a monthly payment if it is not received by Bank of America by the last day of the third month, regardless of the number of days in the month. For example, if the Mortgagor has not made his/her January payment by the last day of March, the Loan shall be considered 90 days delinquent with respect to the January payment. Participating Lending Institution shall not have the right to advance funds for or on behalf of a Mortgagor for any delinquent payment or to otherwise make funds available to any Mortgagor to avoid or cure a default by the Mortgagor. A payment for which Bank of America deducted funds at the time it purchased the Mortgage Loan from Participating Lending Institution shall not be considered the first payment due Bank of America.

“Eligible Borrower” means a person who desires to obtain financing for the Acquisition Cost of a Qualified Residence and (i) has Household Income of not more than the Maximum Income for Eligible Borrowers for a family the size of the borrower’s family; (ii) meets the criteria for underwriting applied by the Federal Housing Administration, the Department of Veterans Affairs, the Rural Housing Service, Fannie Mae or Freddie Mac as appropriate; (iii) has assets, including, without limitation, savings accounts, stocks, bonds and equity in real property, that do not exceed 50 percent of the Acquisition Cost of the Qualified Residence, unless the borrower is disabled or elderly and the Division determines that such assets are the primary source of income for the borrower; and (iv) except as otherwise provided in this definition, has not had an ownership interest in a residence that was the principal residence of the borrower, other than a manufactured home that is not permanently affixed to real property, at any time within the 3 years immediately preceding the date on which the Mortgage Loan is originated (the provisions of this definition do not apply to a person applying to finance the purchase of a targeted area residence).

“Eligibility Guidelines” means the guidelines established by the Division and the Servicer for the origination of Mortgage Loans hereunder and the purchase thereof by the Servicer (including the eligibility, credit and security underwriting standards applicable thereto) and for the delivery of the Mortgage Loans (and the documents relating thereto) to the Servicer,

all as set forth in the Lender's Manual to be delivered to the Participating Lending Institutions by the Servicer and/or the Division, as amended from time to time.

"Eligible Lending Institution" means a bank or trust company, savings bank, mortgage company, mortgage banker, credit union, national banking association, savings and loan association, building and loan association, life insurance company, non-profit corporation or other financial or lending institution that customarily provides aids in the financing of mortgage loans on single family residential housing, or is a holding company of one or more of the foregoing; provided that such financial institution meets the requirements set forth in Chapter 319 of NRS and NAC 319.463 for participating in a program as a lending institution.

"Fannie Mae" means the Federal National Mortgage Association, a corporation organized and existing under the laws of the United States of America, or any successors or assigns.

"Fannie Mae Certificate" means a guaranteed mortgage pass-through Fannie Mae Mortgage-Backed Security, issued by Fannie Mae in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans in the related Fannie Mae Pool.

"Fannie Mae Guides" means the Fannie Mae Selling and Servicing Guides, as amended from time to time, and as modified by the Fannie Mae Pool Purchase Contract between Fannie Mae and the Servicer.

"Fannie Mae Pool" means, with respect to a Fannie Mae Certificate, the pool of Conventional Mortgage Loans represented by such Fannie Mae Certificate.

"FDIC" means the Federal Deposit Insurance Corporation, or any successor agency or instrumentality of the United States of America.

"FHA" means the United States Department of Housing and Urban Development, Federal Housing Administration, or any successor federal agency or instrumentality.

"FHA Insurance" means FHA mortgage insurance issued under Section 203(b), Section 234(c) or Section 703(b) of the National Housing Act of 1934, as amended.

"FHA Mortgage Loan" means a Mortgage Loan that is the subject of FHA Insurance.

"Freddie Mac" means the Federal Mortgage Association, a corporation organized and existing under the laws of the United States of America, or any successors or assigns.

"Freddie Mac Certificate" means a guaranteed mortgage pass-through Freddie Mac Mortgage-Backed Security, issued by Freddie Mac in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to timely payment of principal and interest by Freddie Mac and back by Conventional Mortgage Loans in the related Freddie Mac pool.

"Freddie Mac Guides" means the Freddie Mac Selling and Servicing Guides, as amended from time to time, and as modified by the Freddie Mac Pool Purchase Contract between Freddie Mac and the Servicer.

“Freddie Mac Pool” means, with respect to a Freddie Mac Certificate, the pool of Conventional Mortgage Loans represented by such Freddie Mac Certificate.

“Funding Fee” means the \$150 non-refundable fee payable by the Participating Lending Institution to the Servicer at the purchase by the Servicer of the Mortgage Loan.

“Ginnie Mae” means the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within HUD, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. §1716 et seq.), and any successor to its powers and functions.

“Ginnie Mae Certificate” means a fully-modified, mortgage-backed, pass-through security issued by a Servicer in accordance with the applicable Ginnie Mae Guide representing the beneficial ownership interest in a Ginnie Mae Pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Participating Lending Institutions under a Program and packaged by the Servicer into a Ginnie Mae Pool.

“Ginnie Mae Custodian” means, with respect to any Mortgage Loan and any Ginnie Mae Pool, the financial custodian meeting the requirements of Ginnie Mae as set forth in the Ginnie Mae Guide designated by the Servicer for such Mortgage Loan or Ginnie Mae Pool to serve as custodian of certain mortgage documents pertaining thereto.

“Ginnie Mae Guide” means, the Government National Mortgage Association Mortgage-Backed Securities Guide for Ginnie Mae Programs, Handbook Ginnie Mae 5500.3, as amended from time to time.

“Ginnie Mae Pool” means, with respect to a Ginnie Mae Certificate, the pool of Mortgage Loans represented by such Ginnie Mae Certificate.

“Household Income” means: (i) the income of the Mortgagor and any other person who will be living in the Qualified Residence and who is at least 18 years of age; and (ii) that it is determined in accordance with the provisions of 26 U.S.C. § 143(f) and the regulations adopted thereto, including but not limited to Revenue Ruling 86-124, concerning determination of income.

“HUD” means the United States Department of Housing and Urban Development, and any agency or instrumentality succeeding to such agency.

“Indenture” means, the Single Family Mortgage Revenue Bond General Indenture, dated as of October 3, 2005, by and between the Division and Zions First National Bank, as Trustee as amended and supplemented from time to time, under which the Series of Bonds relating to a Program is issued and secured, as specified in the related Program Supplement.

“Invitation” means, with respect to a Program and to the extent applicable, the Invitation to Originate Mortgage Loans under such Program, including the accompanying materials and correspondence provided by the Division to the Participating Lending Institution, as described in Section 3.02 hereof.

“Law” or “Laws” means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions, or decrees of the United States of America, or any state or any political subdivision thereof.

“Lender’s Manual” means the “State of Nevada Housing Division Single Family Mortgage Revenue Bond Program Lender’s Manual,” as further designated in the Program Supplement for each Series of Bonds, as amended and supplemented from time to time.

“Maximum Income for Eligible Borrowers” means the Household Income established by the Division in accordance with the provisions of 26 U.S.C. § 143(f) that an applicant for a Mortgage Loan may earn to be an Eligible Borrower in a particular Program.

“Maximum Purchase Price” means the price established by the Division in accordance with the provisions of 26 U.S.C. § 143(e) for which a single-family residence may be purchased to meet the criteria as a Qualified Residence for a particular Program.

“Mortgage Certificate(s)” means Ginnie Mae Certificate(s), Fannie Mae Certificate(s) and/or Freddie Mac Certificates(s), as applicable.

“Mortgage Documents” means all documents listed in the Mortgage File Guide pertaining to a particular Mortgage Loan.

“Mortgage File” means a file containing the Mortgage Documents.

“Mortgage File Guide” means, with respect to a Program, the guide for preparation of the Mortgage File containing the Mortgage Documents listed and in the sequence provided in the applicable Lender’s Manual.

“Mortgage Loan” means a loan that is: (i) made to an Eligible Borrower to finance the Acquisition Cost of a Qualified Residence; (ii) evidenced by a Note; and (iii) secured by a Deed of Trust. In the case of an FHA, RHS, or VA Mortgage Loan, the Deed of Trust shall be in the form required by FHA, RHS, or VA, as applicable, with such insertions, deletions or modifications, if any, as may be required by the Ginnie Mae Guide or the applicable Program Agreement. In the case of Conventional Mortgage Loans, the Deed of Trust shall satisfy the requirements of Fannie Mae or Freddie Mac, as applicable, with such modifications as may be required by the terms of the applicable Program Agreement, Fannie Mae Guides, or the Freddie Mac Guides (particularly with respect to any restrictions on assumptions that may be as set forth therein).

“Mortgage Origination Agreement” means this Mortgage Origination Agreement, by and between the Division and the Participating Lending Institution, together with any amendments hereto.

“Mortgagee” means the original beneficiary and any successor-in-interest to the original beneficiary under a Deed of Trust securing the payment of a Note.

“Mortgagor” means the person or persons who are the makers of the Note and the grantor/trustor under the original Deed of Trust to be transferred by the Participating Lending Institution to the Servicer, and any successor in interest to such person or persons.

“Note” means a promissory note that: (i) evidences a Mortgage Loan issued by a Participating Lending Institution to an Eligible Borrower; and (ii) is secured by a Deed of Trust.

“Notice Address” means, with respect to each party, the address specified below, or such other address as may be specified by the applicable party by written notice to all other parties:

As to the Division:

Nevada Housing Division  
1535 Old Hot Springs Road, Suite 50  
Carson City, Nevada 89706  
Attention: Administrator  
Telephone: (775) 687-2040  
Fax: (775) 687-4040  
E-mail: [nhd@nvhousing.state.nv.us](mailto:nhd@nvhousing.state.nv.us)

As to the Trustee

Zions First National Bank  
10 East South Temple, Suite 1200  
Salt Lake City, UT 84111  
Attention: Bond Trustee Services  
Telephone: (801) 524-4803  
Fax: (801) 524-4838  
E-mail: [ddixon@zionsbank.com](mailto:ddixon@zionsbank.com)

As to the Servicer:

Bank of America, N.A.  
31303 Agoura Road  
Westlake Village, CA 91361  
Telephone: (818) 874-8163 / (800) 669-6065  
Fax: (818) 707-4921  
E-mail: [Mike.Awadis@bankofamerica.com](mailto:Mike.Awadis@bankofamerica.com)

As to the Participating Lending Institution:

The address set forth on the Participating Lending Institution’s signature page hereof.

“Notice of Allocation” means, with respect to a Program, a notice so designated relating to such Program sent to the Participating Lending Institution (with a copy to the Servicer) by the Division pursuant to Section 3.03 hereof.

“Notice of Availability of Funds” means, with respect to a Program, the notice or notices so designated relating to such Program to be sent to the Participating Lending Institution participating in a controlled, first-come, first-served Program (with a copy to the Servicer) by the Division pursuant to Section 3.04 hereof.

“Notice of Final Allocation” means, with respect to a Program, a notice so designated relating to such Program to be sent to the Participating Lending Institution (with a copy to the Servicer) by the Division pursuant to Section 3.04 hereof.

“Notice of Participation” means, with respect to a controlled, first-come, first-served Program, the notice so designated relating to such Program to be sent to the Participating Lending Institution (with a copy to the Servicer) by the Division pursuant to Section 3.03 hereof.

“Offer” means, with respect to a Program and to the extent applicable to a Participating Lending Institution, the Offer to Originate Mortgage Loans under such Program, including all

accompanying materials, submitted to the Division by the Participating Lending Institution in accordance with Section 3.02 hereof in response to the Invitation relating to such Program.

“Officer” means any duly authorized officer of the Participating Lending Institution involved in, or responsible for, the origination, sale, or servicing of the Mortgage Loans, whose name appears on a list furnished to the Division and the Servicer by the Participating Lending Institution, as such list may from time to time be amended or supplemented.

“Origination Fee” means, with respect to a Program, a fee in the amount, if any, specified in the applicable Program Supplement, which may be collected and retained by the Participating Lending Institution as provided in Section 4.07 hereof.

“Origination Period” means, if applicable to the Participating Lending Institution’s participation in a Program, the period so designated in the Program Supplement related to such Program.

“Participating Lending Institution” means the Eligible Lending Institution so designated on the signature page of this Mortgage Origination Agreement, and any successor to its rights, duties and obligations under a Program Agreement; provided, however, that, with respect to those Mortgage Loans for which Bank of America is the Servicer, during the term of this Mortgage Origination Agreement such Participating Lending Institution shall be approved by CLD and be bound by the terms of a current CLD Loan Purchase Agreement.

“Permitted Encumbrances” means those liens, covenants, conditions, restrictions, rights-of-way, easements, and other matters that are of public record as of the date of the recording of a Deed of Trust that are permitted under the Ginnie Mae Guide, Fannie Mae Guides, or Freddie Mac Guides, as applicable and the requirements of FHA, RHS, or VA, as applicable.

“PMI Insurer” means any private mortgage insurance company approved by Fannie Mae, or Freddie Mac and providing Private Mortgage Guaranty Insurance on Conventional Mortgage Loans.

“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 time later); 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 Qualified Residence acquires on the execution of a purchase contract; and (v) an interest in other than a Principal Residence during the previous 3 years.

“Principal Residence” means a residence that meets the criteria for a principal residence as that term is used in 26 U.S.C. § 143(c) and as set forth in 26 C.F.R. § 6a.103A-2(d) (3).

“Private Mortgage Guaranty Insurance” means a private mortgage guaranty insurance policy issued by a PMI Insurer with respect to a Conventional Mortgage Loan in accordance

with the terms hereof in a form and providing coverage in an amount as shall be approved by Fannie Mae or Freddie Mac in accordance with the Fannie Mae Guides or Freddie Mac Guides.

“Program” means any of the Division’s Single Family Mortgage Programs to provide financing for owner-occupied residences, as designated in a Program Supplement and as set forth in and implemented through the applicable Program Documents.

“Program Agreement” means, with respect to a Program, collectively, the Mortgage Origination Agreement, the applicable Program Supplement, the Compliance Agreement (if applicable) and the Servicing Agreement.

“Program Documents” means, with respect to a Program, collectively, the applicable Program Agreement, Lender’s Manual, Invitation, Offer, Notice of Allocation (if applicable), Notice of Participation (if applicable), Notice of Final Allocation (if applicable), Notice of Availability of Funds (if applicable), Indenture and all other agreements, instruments, certificates, affidavits, and exhibits attached to or contemplated by any of the foregoing.

“Program Participation Fee” means, with respect to a Program and to the extent applicable, a fee in an amount specified in the applicable Program Supplement that is to be paid by the Participating Lending Institution as provided in Section 3.02 hereof and that the Participating Lending Institution may recover as provided in Section 4.07 hereof.

“Program Supplement” means, with respect to a particular Program, the Program Supplement relating to such Program, by and between the Division and the Participating Lending Institution, together with any amendments or supplements thereto.

“Purchase Date” means, with respect to a Mortgage Loan, the date of purchase of such Mortgage Loan by the applicable Servicer from the Participating Lending Institution pursuant to Section 4.13 hereof.

“Purchase Price” means, with respect to a Program and with respect to a Mortgage Loan purchased thereunder, the price specified in the applicable Program Supplement.

“Qualified Residence” means a residential housing unit located within the State intended for occupancy by a person, persons or family, the Acquisition Cost of which does not exceed the Maximum Purchase Price.

“RHS” means the United States Department of Agriculture, Rural Housing Service, formerly known as Farmer’s Home Administration, and any successor thereto.

“RHS Guaranty” means a guaranty of a Mortgage Loan by the RHS under the Cranston-Gonzales National Affordable Housing Act of 1990.

“RHS Mortgage Loan” means a Mortgage Loan that is the subject of an RHS Guaranty.

“Reservation of Funds” means a reservation of funds under a Program for the purchase by the Servicer of a specified Mortgage Loan from the Participating Lending Institution, as approved by the Servicer and evidenced in accordance with the Reservation Procedures.

“Reservation Procedures” means the Mortgage Loan Reservation Procedures specified in the applicable Program Supplement.

“Schedule of Purchase Dates” means, with respect to a Program, the schedule so designated by the Servicer and the Division and issued pursuant to Sections 3.04 and 4.12(f) hereof setting forth the dates upon which the Servicer will purchase Mortgage Loans under such Program, as amended from time to time.

“Seller” means, with respect to a Mortgage Loan, the Seller of the residence being financed with such Mortgage Loan.

“Seller’s Affidavit” means, the Seller’s Affidavit which shall be in the form of and contain the provisions of the Seller’s Affidavit provided in the applicable Lender’s Manual.

“Series” means, with respect to a Program, the Bonds issued by the Division to provide amounts, directly or indirectly, to finance Mortgage Loans under such Program, as specified in the related Program Supplement.

“Servicer” means, with respect to a Program and as applicable, (i) any bank or trust company, savings bank, mortgage company, mortgage banker, credit union, national banking association, savings and loan association, non-profit corporation, building and loan association, life insurance company or other lending or financial institution, or a holding company of one or more of the foregoing, that is authorized to transact business in the State, that is approved by the Division to act as a servicer under such Program and that has executed a Program Administration and Servicing Agreement applicable to such Program, and (ii) any sub-servicer engaged by the Servicer to fulfill all or part of the obligations and duties of the Servicer under the Program Administration and Servicing Agreement.

“Servicing Agreement” means, with respect to a Program, the Program Administration and Servicing Agreement by and among the Division, the Trustee and a Servicer pertaining to such Program.

“Servicing Release Fee” means, with respect to a Program, the fee, if any, payable by the Servicer to the Participating Lending Institution or the Division, as the case may be, pursuant to Sections 4.07 and 4.12(k) hereof as compensation for its transfer and assignment to the Servicer of the right to service such Mortgage Loan, in the amount specified in the applicable Program Supplement.

“State” means the State of Nevada.

“Targeted Area” means such qualified census tracts or areas of chronic economic distress which are designated from time to time by the Division in accordance with 26 U.S.C. § 143(j) and 26 C.F.R. § 6a.103A-2(b)(3). With respect to each Program of the Division, the Division shall specify in its Invitation for such Program, the census tracts and/or areas of chronic economic distress, which qualify as Targeted Areas under such Program, as specified in the applicable Lender’s Manual.

“Targeted Area Mortgage Loan” means a Mortgage Loan which finances the acquisition of a Qualified Residence located in a Targeted Area.

“Targeted Area Residence” has the meaning ascribed to it in 26 U.S.C. § 143(j) and 26 C.F.R. § 6a.103A-2(b) (3).

“Tax Compliance Fee” means, with respect to a Program, a tax compliance fee in the amount specified in the applicable Program Supplement.

“Tax-Exempt Financing Rider” means the mortgage rider, in the form provided in the applicable Lender’s Manual, or in the form required by HUD, VA, RHS, Fannie Mae or Freddie Mac.

“Title Policy” means an approved mortgagee guaranty title insurance policy or binder or other evidence of title acceptable to RHS, FHA, or VA, as applicable, and as required under the Ginnie Mae Guide, the Fannie Mae Guides, or the Freddie Mac Guides.

“Treasury Regulations” means the regulations issued by the Secretary of the Treasury of the United States of America as the same may be amended from time to time.

“Trustee” means, with respect to a Program, the banking institution or trust company so designated in the applicable Program Supplement, or any successor to its duties under the related Indenture and Program Agreement.

“VA” means the United States Department of Veteran’s Affairs or any successor federal agency or instrumentality.

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

“VA Mortgage Loan” means a Mortgage Loan that is the subject of a VA Guaranty.

Section 1.02. Forms. All forms specified by the text hereof, by a Program Supplement or a Lender’s Manual shall be substantially as set forth herein, subject to such changes as do not alter the substantive rights of the parties hereto or the Servicer, or as may be required by applicable Laws hereafter enacted.

Section 1.03. Recitals, Table of Contents, Titles and Headings. The terms and phrases used in the recitals hereof and of each Program Supplement have been included for convenience of reference only and the meaning, construction, and interpretation of such words and phrases shall be determined solely by reference to Section 1.01 hereof and to the definitions set forth in such Program Supplement. The table of contents, titles and headings of the articles and sections hereof and of each Program Supplement have been inserted for convenience of reference only and are not to be considered a part hereof or of such Program Supplement and shall not in any way modify or restrict any of the terms or provisions hereof or of such Program Supplement and shall never be considered or given any effect in construing this Mortgage Origination Agreement or such Program Supplement, or any provision hereof or such Program Supplement, or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. References to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignations for codification purposes. This Mortgage Origination Agreement and each Program Supplement and all the terms and provisions hereof shall be liberally

construed to effectuate the purposes set forth herein and to sustain the validity hereof and thereof.

## ARTICLE II

### REPRESENTATIONS

Section 2.01. Survival of Representations, Warranties and Covenants. The representations, warranties and covenants of each of the parties to this Mortgage Origination Agreement shall survive and remain enforceable with respect to each Program for so long as such Program continues and for so long as any Bonds of the Series issued to implement such Program or Mortgage Certificates purchased under such Program remain outstanding.

Section 2.02. Representations, Warranties, and Covenants of the Division. The Division, with respect to each Program in which the Participating Lending Institution participates, represents and warrants to, and covenants with the Participating Lending Institution that:

(a) The Division is a division of the Department of Business and Industry of the State of Nevada, duly organized and validly existing under the Act and the Laws of the State. The Division is in compliance with all of the provisions of the Constitution and Laws of the State including the Act, and has full power and authority to consummate all transactions, execute all documents, and issue all instruments contemplated by the applicable Program Documents.

(b) The Division has found and determined that origination of Mortgage Loans under such Program and the purchase of the related Mortgage Certificates by the Trustee to finance the acquisition by Eligible Borrowers of Qualified Residences will further and fulfill the public purposes of the Act.

(c) The execution and delivery by the Division of the applicable Program Documents and the performance under and compliance by the Division with the terms thereof, and the issuance of Bonds by the Division and the purchase of Mortgage Certificates in the manner contemplated by the applicable Program Documents will not violate: (i) the Act; (ii) the Division's rules and regulations or the instruments governing its operations in any respect; or (iii) any Laws that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of such Program Documents.

(d) The applicable Program Documents, and all documents and instruments contemplated thereby, when executed and delivered by the Division, will constitute valid, legal, and binding obligations of the Division, enforceable in accordance with their terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws or equitable principles affecting the enforcement of creditors' rights generally.

(e) The Division has issued or will use its best efforts to issue Bonds and, upon such issuance, the proceeds thereof will be applied according to the terms and conditions of the related Program Documents, including the related Indenture.

Section 2.03 Representations, Warranties, and Covenants of the Participating Lending Institution; Generally. The Participating Lending Institution, with respect to each Program in which the Participating Lending Institution participates, represents and warrants to and covenants with the Division and the Servicer that:

(a) The Participating Lending Institution is duly organized, validly existing, and in good standing under the Laws governing its creation and existence, and is duly authorized and qualified to transact in the State any and all business contemplated by the applicable Program Documents, 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 the applicable Program Documents, the execution, delivery, and performance of which have been or will be duly authorized by all necessary action.

(b) The execution and delivery of the applicable Program Documents by the Participating Lending Institution in the manner contemplated herein and the performance and compliance with the terms hereof by it will not violate: (i) the instruments creating the Participating Lending Institution or governing its operations; or (ii) any Laws that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of such Program Documents applicable to the Participating Lending Institution, and will not 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 Participating Lending Institution is a party or that may be applicable to the Participating Lending Institution or any of its assets.

(c) The execution and delivery of the applicable Program Documents by the Participating Lending Institution in the manner contemplated therein and the performance and compliance with the terms thereof by it do not require the consent or approval of any governmental authority or, if such consent or approval is required, it has been obtained.

(d) The applicable Program Documents, and all documents and instruments contemplated thereby, which are executed and delivered by the Participating Lending Institution, will constitute valid, legal, and binding obligations of the Participating Lending Institution, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws or equitable principles affecting the enforcement of creditors' rights generally.

(e) The Participating Lending Institution will be: (i) at the time of origination of any FHA Mortgage Loan under a Program, and at all times thereafter for so long as the Participating Lending Institution shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents, an FHA-approved mortgagee in good standing; (ii) at the time of origination of any VA Mortgage Loan under a Program, and at all times thereafter for so long as the Participating Lending Institution shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents, an eligible lender in good standing for mortgages guaranteed by the VA; (iii) at the time of origination of any RHS Mortgage Loan under a Program, and at all times thereafter for so long as the Participating Lending Institution shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents, an eligible lender in good standing for mortgages guaranteed by the RHS; and (iv) at the time of origination of any Conventional Mortgage Loan, and at all times thereafter for so long as the Participating Lending Institution shall continue to serve in the

capacity contemplated under the terms of the applicable Program Documents, approved by Fannie Mae or Freddie Mac and the Servicer, to sell and service Conventional Mortgage Loans.

(f) The Participating Lending Institution will comply: (i) as to all Mortgage Loans, with all applicable rules and requirements of Ginnie Mae, the Ginnie Mae Guide, Fannie Mae, the Fannie Mae Guides or Freddie Mac and the Freddie Mac Guides, as applicable, all requirements of the Program Documents and all applicable Laws governing or regulating the origination of mortgage loans, including but not limited to any applicable truth in lending or disclosure laws; (ii) as to each FHA Mortgage Loan, with the National Housing Act of 1934, as amended and supplemented, all rules and regulations issued thereunder and all applicable administrative publications; (iii) as to each VA Mortgage Loan, with the Servicemen's Readjustment Act, as amended and supplemented, with all rules and regulations issued thereunder and all applicable administrative publications; (iv) as to each RHS Mortgage Loan, with the Cranston-Gonzales National Affordable Housing Act of 1990, as the same is amended and supplemented, all rules and regulations issued thereunder and all applicable administrative publications; and (v) as to a Mortgage Loan insured by a PMI Insurer, with all guidelines and requirements applicable to such insurer. In connection with each VA Mortgage Loan purchased by the Servicer under a Program, the Participating Lending Institution will obtain a Notice to Buyers, as set forth in the Lender's Manual, in such form as shall be acceptable to the VA.

(g) The Participating Lending Institution will comply with the non-discrimination provisions of the Act, the Civil Rights Act of 1964 (78 Stat. 252), the regulations pursuant to such Act, and Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965 and all other similar laws of the State and the United States of America. The Participating Lending Institution will comply with all applicable federal and State Laws governing or regulating the origination and servicing of mortgage loans.

(h) From time to time the Participating Lending Institution will report, as more fully set forth in the applicable Program Documents, information relating to the Mortgage Loans to the Division, the Servicer and the Compliance Agent, and will do every act and thing which may be necessary or required to perform its duties under the applicable Program Documents.

(i) The Participating Lending Institution agrees that so long as it shall continue to serve in the capacity contemplated under the terms of the applicable Program Documents it will remain in good standing under the Laws governing its creation and existence, will remain qualified under the Laws of the State to do business in the State, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it, except as expressly permitted by Section 6.02 hereof.

(j) The Participating Lending Institution 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 lending or financial institution which customarily provides service or otherwise aids in the financing of mortgages on single family residential housing located within the State, or a holding company of any of the foregoing. The Participating Lending Institution maintains an office in the State.

(k) The Participating Lending Institution has been approved by the Servicer; provided, however, that, with respect to those Mortgage Loans for which Bank of America is the

Servicer, the Participating Lending Institution shall have been approved by CLD and, during the term of this Mortgage Origination Agreement, shall have executed and delivered a CLD Mortgage Purchase Agreement, and shall be currently performing its obligations thereunder.

(l) The Participating Lending Institution is the beneficiary of a paid up ALTA policy of title insurance issued by a company acceptable to the Mortgage Insurer or in the absence of Mortgage Insurance, Fannie Mae or Freddie Mac, as applicable, in an amount at least equal to the outstanding principal balance of the Mortgage Loan, and which provides that the benefits of the title insurance will inure to the Division upon the sale of the Mortgage Loan from the Participating Lending Institution to the Division; and the Participating Lending Institution has committed no act or omission and has no knowledge of any act or omission which would impair the coverage afforded under the title insurance policy.

(m) Unless provided for otherwise in the Program Documents, the Participating Lending Institution shall not sell, transfer or use any information relating to the Eligible Borrowers and shall not delegate or transfer its rights under the Program Documents.

Section 2.04. Representations, Warranties, and Covenants Relating to the Mortgage Loans. The Participating Lending Institution, with respect to each Mortgage Loan in which the Participating Lending Institution originates, represents and warrants to and covenants with the Division and the Servicer that:

(a) Each Mortgage Loan will be underwritten in a manner consistent with the Participating Lending Institution's customary underwriting standards, or such higher standards as specified herein, and, except for the interest rate, would be a loan the Participating Lending Institution would otherwise originate.

(b) The Participating Lending Institution will comply with all of the requirements of the applicable Program Documents relating to the origination of Mortgage Loans, with only such reservations and priorities as are provided for therein.

(c) The sale of the Mortgage Loan pursuant to this Mortgage Origination Agreement and the Program Supplement will be in the ordinary course of business of the Participating Lending Institution and will not result in the breach of any term or provision of the charter, articles of incorporation or bylaws of the Participating Lending Institution or result in the breach of any term or provision of, or conflict with or constitute a default or result in the acceleration of any obligation under, any agreement, indenture, loan or credit agreement or other instrument to which the Participating Lending Institution or any of its property is subject, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Participating Lending Institution or any of its property is subject.

(d) No approval by any Federal or state regulatory authority is required for the sale of the Mortgage Loan to the Servicer or if any is required, it has been obtained; no actions or proceedings are pending or threatened against the Participating Lending Institution which, if adversely determined, would adversely affect its ability to perform its obligations under this Mortgage Origination Agreement and the Program Supplement.

(e) All payments under the Mortgage Loan are current; no payments under the Mortgage Loan have ever been more than thirty (30) days in arrears; there has been no default, breach, violation or event of acceleration under the terms of the Note or Deed of Trust; in the

exercise of due diligence and to the best of the knowledge of the Participating Lending Institution it is not aware of any event which, after notice or passage of time or both, would constitute a default, breach, violation or event of acceleration; there is no existing, pending or threatened litigation that might affect the validity or enforceability of the Note or Deed of Trust; all costs, fees, and expenses incurred in making, closing, assigning and recording the Note or Deed of Trust have been paid or will be paid; and within the three month period preceding the submission of the Mortgage Loan by the Participating Lending Institution to the Division for purchase, there has not been, and there are no additional advance of funds, other than buy down funds, by the Participating Lending Institution, or by any other party at the request of the Participating Lending Institution, to or on behalf of the Mortgagor to be used by the Mortgagor for the payment of any monthly installment of principal, interest, taxes, or insurance which is payable under the Mortgage Loan.

(f) The Mortgage Loan provides that: (i) the Mortgagor must pay monthly Escrow Payments (referred to herein as the "Escrow Payments") to the Mortgagee in an amount sufficient to pay when due all taxes, assessments, including local improvement district assessments and special improvement district assessments, dues, water rights, ground rights, sewer rights, common area expenses, hazard and casualty insurance premiums (to the extent required by the Mortgage Loan), premiums payable for Mortgage Insurance, and payments for other charges to the extent actually charged or assessed, and any liens assessed or levied against the Qualified Residence; (ii) in the case of a default in the payment of any of the foregoing, when the same shall be due and payable, the Mortgagee may pay the same, in which case the monies paid by the Mortgagee shall be added to the principal balance of the Mortgage Loan, with interest thereon; (iii) investment income, if any, received on any Escrow Payments shall be rebated to the Mortgagor or credited to future Escrow Payments in the manner and to the extent required by applicable law; (iv) the Mortgage Loan may become due in its entirety upon any uncured default under the Mortgage Loan, including without limitation, any sale or transfer of the Qualified Residence to any person other than a person or persons who qualifies as an Eligible Borrower; (v) late payment charges may be assessed on delinquent payments as prescribed by the Mortgage Insurer or in the absence of Mortgage Insurance, Fannie Mae or Freddie Mac, as applicable, but not in excess of any limitations described by applicable law; and (vi) the Mortgage Loan is subject to no prepayment penalty.

(g) The Participating Lending Institution represents that the Mortgage Loan complies or shall comply with the following:

1. Within one hundred twenty (120) days following the purchase of a Mortgage Loan, the Mortgage Loan will be insured by FHA, guaranteed by the VA, or guaranteed by RHS, in an amount that is equal to the full entitlement permitted by law, or insured by private mortgage insurance by a Mortgage Insurer;

2. The Mortgage Loan provides for substantially equal monthly payments of principal and interest which commence not later than sixty (60) days following the origination of the Mortgage Loan;

3. The Mortgage Loan bears interest at a rate not in excess of the maximum Mortgage Rate, as specified in the applicable Certificate Regarding Purchase Prices;

4. The Mortgage Loan was made to an Eligible Borrower who has the financial ability to repay the Mortgage Loan; and the original principal balance of the Mortgage Loan does not exceed the Acquisition Cost of the Qualified Residence; and
5. The Mortgage Loan has a term of not less than twenty-nine (29) years and eleven (11) months or more than thirty (30) years.
  - (h) The Participating Lending Institution has assisted in the completion of, obtained and examined with reasonable care the Buyer's Affidavit, the Seller's Affidavit and all other related documents, made reasonable inquiry with respect to the information contained therein, and compared such information with the information contained in the appraiser's report. In the exercise of due diligence the Participating Lending Institution has no knowledge that:
    1. The Mortgaged Premises is located outside of the State;
    2. The Acquisition Cost of the residence exceeds the applicable Maximum Purchase Price whether by virtue of its location, prior occupancy, reasonably anticipated additions or completions or its inclusion of space, land or outbuildings intended for any trade or business use or land in excess of that reasonably necessary to maintain its basic livability;
    3. The Household Income of the Mortgagor exceeds the Maximum Income for Eligible Borrowers;
    4. The Mortgagor(s) does not intend to occupy the residence as his/her (their) principal residence within thirty (30) days after the date of the Mortgage Loan and permanently thereafter;
    5. Except in the case where the Mortgage Loan is a Targeted Area Mortgage Loan, the Mortgagor has had a "present ownership interest," as defined in Section 143 of the Code and the corresponding Treasury Regulations, in a principal residence (other than a manufactured home that is not permanently affixed to real property) during the three years prior to the origination of the Mortgage Loan;
    6. The Mortgagor will use all or any portion of the Mortgaged Premises, including the land and any improvements, for any trade or business use;
    7. The Mortgage Loan contains a mandatory arbitration clause;
    8. Any information, affidavit, certificate of an Officer, statement furnished in writing, or report required hereunder, delivered to the Division, the Servicer or the Compliance Agent contains any untrue statement of a material fact or omit a material fact necessary to make the information, affidavit, certificate of an Officer, statement, or report, in light of the circumstances under which they were made, not misleading; and
    9. The Mortgaged Premises is subject to an environmental hazard which under applicable federal or state law would impair the value of the Mortgaged Premises or would have to be eliminated before the Mortgaged Premises could be sold or which would subject the owner of the Mortgaged Premises or a lender secured by such Mortgaged Premises to liability under federal or state law for the cost of eliminating such environmental hazard; or that the Mortgage Loan at the time it was originated failed to comply with all applicable local, state, and federal laws, rules and regulations relating to environmental hazards.

(i) In connection with the origination of the Mortgage Loan, the Participating Lending Institution has not charged an origination fee and discount points, in excess of the origination fee and discount points authorized under the Invitation. No other fees, charges or enumeration were received directly or indirectly by the Participating Lending Institution in connection with the sale of the Mortgage Loan to the Division, unless specifically authorized in writing by the Division. The closing costs incurred in connection with the origination of the Mortgage Loan do not exceed the aggregate of the following:

1. The actual amounts expended for title insurance, any required title insurance policy endorsements, any premiums for Mortgage Insurance, surveys, credit checks, escrow agents fees, appraiser's fees, filing and recording fees, transfer taxes and document preparation (to the extent charges are normal and customary in the origination of residential mortgage loans) and such other reasonable and customary closing costs; and

2. The actual amounts paid in connection with any buy down arrangement or escrow deposits for taxes, insurance and other charges; provided, however, that no such amount shall exceed the amount that would have been paid for such items if the Mortgage Loan was not financed under the Program of the Division.

(j) The Mortgage Loan conforms to all applicable terms and conditions set forth in the Act, the Regulations, Section 143 of the Code and any other applicable provisions of the Code, the corresponding Treasury Regulations, this Mortgage Origination Agreement and the Program Supplement.

Section 2.05. Representations, Warranties, and Covenants Relating to the Note and Deed of Trust. The Participating Lending Institution, with respect to each Mortgage Loan in which the Participating Lending Institution originates, represents and warrants to and covenants with the Division and the Servicer that:

(a) The Deed of Trust creates a valid and existing first lien against a Qualified Residence subject only to: (i) the lien of current and future real property taxes and assessments; and (ii) covenants, conditions and restrictions, rights-of-way, easements and other matters of public record, as of the date the Deed of Trust was executed. The Deed of Trust and any other documents required to be recorded in a public office to perfect such lien have been recorded by the Participating Lending Institution in the proper public office in order to perfect the lien created by the Deed of Trust against all third parties, including, without limitation, subsequent purchasers and encumbrances.

(b) Immediately prior to the transfer of the Mortgage Loan to the Servicer, the Participating Lending Institution had good and marketable title to, and is the sole beneficial owner of the Mortgage Loan, free and clear of all liens, security interests and other encumbrances, subject only to the provisions of (i) and (ii) of the foregoing paragraph and immediately upon the transfer and conveyance of the Mortgage Loan to the Servicer, the Participating Lending Institution shall have taken all steps necessary so that the Servicer will have good and marketable title to, and will be the sole beneficial owner of, the Mortgage Loan, free and clear of all liens, security interests and other encumbrances, subject only to the provisions of subsections (i) and (ii) of the foregoing paragraph.

(c) The terms of the Note and the Deed of Trust have not been waived, altered, or modified in any respect; no instrument has been executed which would effect any

such waiver, alteration or modification; and no agreement, either oral or written, has been entered into for the purpose of releasing the Mortgagor in whole or in part from his obligations under the Note or Deed of Trust.

(d) The Note and Deed of Trust were duly authorized and executed and either alone or together with a separate assignment of lease and/or security agreement provide for an assignment of rental income from the Qualified Residence, and customary rights and remedies for the realization against the Qualified Residence of the benefits of the security intended to be afforded by the Deed of Trust, including a right of judicial foreclosure and a power of sale and a right to the appointment of a receiver to collect the rents from the Qualified Residence after the occurrence of a material default; and each Deed of Trust properly designates a duly qualified trustee to serve thereunder and provides that no fees or expenses are payable by the beneficiary under such Deed of Trust to the trustee except in connection with a trustee's sale after a default by the Mortgagor.

(e) There is no valid offset, defense, or counterclaim to the Note or Deed of Trust.

(f) The Note and/or Deed of Trust provide that the Mortgage Loan is due on sale if the Mortgaged Premises are sold or transferred to any person or persons other than an Eligible Borrower.

(g) The Note and Deed of Trust are forms which have been approved by FHA, RHS, or VA, as the case may be, with such insertions, deletions or modifications, if any, as may be required by the Ginnie Mae Guide and in the case of Conventional Mortgage Loans shall satisfy the requirements of Fannie Mae or Freddie Mac, as applicable, with such modifications as may be required by the terms or the applicable Program Agreement, the Fannie Mae Guides or the Freddie Mac Guides, and the Deed of Trust has attached to it the Tax Exempt Financing Rider in the form of Exhibit J in the Lender's Manual.

Section 2.06. Representations, Warranties, and Covenants Relating to the Qualified Residence. The Participating Lending Institution, with respect to each Mortgage Loan in which the Participating Lending Institution originates, represents and warrants to and covenants with the Division and the Servicer that:

(a) The Qualified Residence is free of damages and in good repair and there is no proceeding, existing, pending or threatened, for a total or partial condemnation the Qualified Residence;

(b) There is no mechanic's lien or claim for work, labor or materials affecting the Qualified Residence which is or may be a lien prior to or equal with the lien created under the Deed of Trust, except those which are insured against by the title insurance policy referred to in Section 2.05(b);

(c) In the event the Mortgage Loan was made to finance the purchase of a newly constructed home, said home was constructed in accordance with all applicable building codes and standards, and any required certificate of occupancy has been issued, and the builder has warranted all materials, workmanship and mechanicals for a minimum period of one year;

(d) The Acquisition Cost of the Qualified Residence does not exceed the Maximum Purchase Price;

(e) The Mortgage Loan requires: (i) that the Qualified Residence be insured against loss or damage from fire, hazards of extended coverage, and such other insurable hazards and risks as may be required by the Division, in an amount equal to the maximum insurable value of the improvements based on guaranteed or extended replacement costs; and (ii) if the Qualified Residence is located in an area identified by the Federal Emergency Management Agency ("FEMA"), as being a special flood hazard area, a policy insuring against loss by flooding; (iii) that the Mortgagor is obligated to reimburse the Mortgagee for any insurance premiums paid by the Mortgagee as a result of the Mortgagor's failure to make such payments; and (iv) the Mortgage Loan requires that the Mortgagee be designated on such policy or policies as a loss payee to the extent of its interest in the Mortgage Loan. Each policy or policies in existence on the date the Mortgage Loan is purchased by the Division shall provide that the benefits of such policy or policies will inure to the Division; and

(f) The Mortgage Loan was not used to (i) refinance, directly or indirectly, an existing loan of the Mortgagor on the Qualified Residence (other than a construction period loan or a bridge or other interim loan having a term not more than twenty-four (24) months); (ii) finance, directly or indirectly, the purchase of a Qualified Residence which, at the time the Mortgagor applied for the Mortgage Loan, was being purchased by such Mortgagor pursuant to a conditional sales contract; or (iii) pay the cost of any items not taken into account in determining the Acquisition Cost of the Qualified Residence.

Section 2.07. Representations, Warranties, and Covenants Relating to the Tax-Exempt Status of Bonds.

(a) The Division and the Participating Lending Institution hereby declare their understanding and intent that the interest on the tax-exempt Bonds shall be excludable from gross income for purposes of federal income taxation pursuant to applicable federal income tax law, and hereby severally covenant not to knowingly take or permit any action which would impair such exclusion.

(b) The Division and the Participating Lending Institution further recognize that, except to the extent provided in the applicable Program Supplement, Section 143 of the Code imposes certain mortgage eligibility requirements applicable to each Program, including the following:

1. The requirement that each Qualified Residence financed with a Mortgage Loan under a Program shall be located within the State;

2. The requirement that each Qualified Residence financed with a Mortgage Loan under a Program shall be a single-family residence which, at the time of execution of the Deed of Trust, can reasonably be expected to become the Principal Residence of the Mortgagor within a reasonable time after such financing is provided;

3. The requirement that each person or persons who obtains a Mortgage Loan under a Program have a Household Income not in excess of the amount permitted under Section 143(f) of the Code, as specified in the applicable Lender's Manual, including in an exhibit thereto;

4. The requirement that 100% of the net proceeds of the Series of Bonds relating to each Program (exclusive of any such proceeds used to finance Targeted Area Residences) shall be used to finance Qualified Residences of Mortgagors who have not had a Present Ownership Interest in a Principal Residence at any time during the three-year period ending on the date of execution of the Deed of Trust;

5. The requirement that each Qualified Residence financed with a Mortgage Loan under a Program shall have an Acquisition Cost not in excess of the amount permitted under Section 143(e) of the Code, as specified in the applicable Lender's Manual, including in an exhibit thereto;

6. The requirement that no part of the proceeds of tax-exempt Bonds may be used to acquire or replace an existing mortgage, i.e., that each Mortgage Loan made under a Program shall be made to a person who did not have an existing mortgage (whether or not paid off) on the Qualified Residence securing such Mortgage Loan at any time prior to the execution of the Deed of Trust, except for a mortgage securing a construction period loan, a bridge loan, or similar temporary initial financing having a term of 24 months or less;

7. The requirement that, in the event of an assumption of any Mortgage Loan made under a Program, the requirements of subparagraphs (1) through (5) above, both inclusive, shall be met with respect to such assumption at the time of such assumption;

8. The requirement that certain reports be filed initially as required under Section 1.103A-2(k)(2)(i) of the Treasury Regulations, and annually as required under Section 1.103A-2(k)(2)(ii) of the Treasury Regulations; and

9. The requirement that none of the net proceeds of tax-exempt Bonds be used in the trade or business of any person other than use as a member of the general public or use by a governmental unit. For purposes of this subparagraph, the term "person" includes any individual, corporation, partnership, unincorporated association or any other entity capable of carrying on a trade or business; and the term "trade or business" means, with respect to any natural person, any activity regularly carried on for profit and, with respect to persons other than natural persons, means any activity other than an activity carried on by a governmental unit.

10. The Division and the Participating Lending Institution acknowledge that Section 143 of the Code, to the extent applicable, requires that: (i) the Division attempt in good faith to meet all such requirements before the Deeds of Trust are executed by placing restrictions in the Program Documents that permit the financing of Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including reasonable investigations by the Division, the Servicer and the Participating Lending Institution to determine that the Mortgage Loans satisfy such requirements; (ii) 100% of the lendable proceeds of the tax-exempt Bonds that are devoted to financing under a Program shall be devoted to Qualified Residences as to which, at the time the Deeds of Trust are executed, all such requirements are met; and (iii) any failure to meet such requirements shall be corrected within a reasonable time after such failure is discovered 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) The Participating Lending Institution represents, warrants and covenants that neither the Participating Lending Institution nor any "related person" as defined in Section

147(a) (2) of the Code, has or will acquire, pursuant to an arrangement, formal or informal, tax-exempt Bonds in an amount related to the amount of Mortgage Loans to be originated or Mortgage Certificates to be issued under the related Program.

(d) The Division and the Participating Lending Institution agree that, to the extent that the Code or applicable Treasury Regulations are amended and such amendments apply to any Program, each of such parties will enter into an agreement amending this Mortgage Origination Agreement and the applicable Program Supplement that incorporates such amendments into the Program Agreement.

(e) The Division and the Participating Lending Institution each hereby covenant and agree to establish and follow reasonable procedures as set forth in the Program Documents for each Program to ensure compliance with the foregoing requirements.

(f) The Division covenants that, to the extent applicable, no amount of the proceeds of any Series of tax-exempt Bonds in excess of 2% of the proceeds of such Series of tax-exempt Bonds will be expended to pay costs of issuing Bonds.

(g) The Participating Lending Institution represents, warrants and covenants that it will comply with the requirements of Section 143(m) of the Code regarding certain notices to be provided to prospective Mortgagors describing potential recapture on the disposition of a Qualified Residence.

(h) The Participating Lending Institution represents, warrants and covenants that it will notify each prospective Mortgagor prior to settlement of a Mortgage Loan regarding the disallowance of interest deductions that may result from a change in use of the Qualified Residence under Section 150(b)(1) of the Code.

(i) The Participating Lending Institution represents, warrants and covenants that the Participating Lending Institution has provided to the Mortgagor a Recapture Tax Notice, in the form of the Notices attached as Exhibit N and Attachment 11 in the Lender's Manual, and all information required to be provided to the Mortgagor pursuant to § 143(m) of the Code has been provided.

### ARTICLE III

#### PARTICIPATION IN PROGRAMS

Section 3.01. Mortgage Origination Agreement. As conditions precedent to participation in a Program, the Participating Lending Institution: (i) with the Division's approval, shall have executed and delivered this Mortgage Origination Agreement and the applicable Program Supplement; (ii) shall have provided to the Division certain other materials requested by the Division in connection therewith; (iii) shall have been approved by CLD; (iv) shall have executed and delivered a CLD Mortgage Purchase Agreement; and (v) during the term of this Mortgage Origination Agreement, shall be performing its obligations thereunder.

Section 3.02. Invitation and Offer. Unless provided otherwise in the Program Supplement, the Division has provided or will cause to be provided to the Participating Lending Institution the Invitation relating to each Program, along with the form of the Offer, the Program Agreement and certain other materials relating to such Program. If the Participating Lending

Institution desires to participate in a Program, the Participating Lending Institution shall submit to the Division an Offer relating to such Program, along with the Program Participation Fee (if required under the applicable Program Supplement), an executed counterpart of the applicable Program Agreement and certain other materials relating to such Program.

Section 3.03. Allocation and Notice of Allocation; Notice of Participation. The Division shall specify or cause to be specified in the applicable Program Supplement the method by which the Division will make funds available to Participating Lending Institutions under the related Program, which method shall be either (i) an Allocation of amounts to Participating Lending Institutions and/or (ii) a reservation of amounts to Participating Lending Institutions on a controlled, first-come, first-served basis in accordance with reservation procedures specified in the applicable Lender's Manual. If the Allocation method is used, the Division shall determine the amount of the Participating Lending Institution's Allocation under each Program and shall send the Participating Lending Institution a Notice of Allocation specifying the amount of such Allocation, the Application Date and certain other information relating to such Program. If a controlled, first-come, first-served system is used, the Division will notify each Participating Lending Institution of its participation in such Program pursuant to a Notice of Participation and will notify each Participating Lending Institution that amounts are available for reservation by the Participating Lending Institution pursuant to a Notice of Availability of Funds.

Section 3.04. Notice of Final Allocation; Notice of Availability of Funds. The Division shall send to the Participating Lending Institution, with respect to each Program in which the Participating Lending Institution participates, a Notice of Final Allocation and/or a Notice of Availability of Funds, which notices shall specify the Commitment Date, Commitment Period and certain other information relating to such Program, including Purchase Dates. As soon as may be practicable, the Division shall provide the Participating Lending Institution with a fully executed counterpart of the Program Supplement relating to such Program.

Section 3.05. Refund of Program Participation Fee. If the Division has not issued the Notice of Final Allocation relating to a Program using the Allocation system by the date specified in the Invitation relating to such Program, any Program Participation Fee paid by the Participating Lending Institution in connection with such Program shall be fully refunded to the Participating Lending Institution, without interest. The Division shall use reasonable efforts to cause the Bonds relating to such Program to be issued or remarketed and to issue such Notice of Final Allocation, but its sole obligation to the Participating Lending Institution, in the event the Bonds relating to such Program are not issued or remarketed, shall be to refund any Program Participation Fee paid by the Participating Lending Institution in connection with such Program.

#### ARTICLE IV

#### ORIGINATION, SALE AND PURCHASE OF MORTGAGE LOANS

Section 4.01. Agreement to Originate and Sell; Agreement to Purchase. The Participating Lending Institution hereby agrees to use its best efforts, during the Commitment Period for each Program, to issue Commitments, and to originate and sell to the Servicer as soon as practicable, at the related Purchase Price, Mortgage Loans, upon the terms and conditions set forth herein, and, if applicable, in an aggregate principal amount equal to the amount of the Participating Lending Institution's Allocation for such Program. The Participating Lending Institution further agrees that all Mortgage Loans originated by the Participating Lending Institution under each Program will be eligible to be used for Ginnie Mae Pools, Fannie Mae

Pools, or Freddie Mac Pools to back Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates respectively, sold to the Division.

Section 4.02. Issuance of Commitments. During the Commitment Period for each Program, the Participating Lending Institution shall issue Commitments to Eligible Borrowers for Mortgage Loans meeting the requirements of the applicable Program Agreement. Each Commitment shall (i) specify a Closing Date which shall permit the sale of the Mortgage Loan to the Servicer during the applicable Commitment Period and in accordance with the applicable Schedule of Purchase Dates, and (ii) specify the rate of interest the Mortgage Loan will bear, the term of the Mortgage Loan, and any conditions precedent to the funding of such Mortgage Loan by the Participating Lending Institution.

Section 4.03. [Reserved]

Section 4.04. Transfers and Termination of Allocation.

(a) During the Commitment Period for a Program, the Participating Lending Institution, with the written consent of the Division, may transfer all or a portion of its Allocation for such Program to one or more other lending or financial institutions for the purpose of ultimately fulfilling its obligation to the Division, complying with the requirements of the applicable Program Agreement, or for such other reasonable purposes which shall be specified in the Participating Lending Institution's request submitted to the Division. A request for the Division's consent to such transfer shall set forth the terms and conditions of the transfer and the proposed transferee, all of which must be acceptable to the Division. The Division shall advise the affected Participating Lending Institution of its decision with respect to any requested transfer by sending a notice in writing to the Participating Lending Institution, with a copy to the Servicer. In no event may the Participating Lending Institution charge or receive any fee or remuneration from the transferee in excess of the amount of the Program Participation Fee paid by the Participating Lending Institution to the Division applicable to the amount of the Allocation being transferred.

(b) During the Commitment Period for each Program, the Division reserves the right to transfer all or a portion of the Participating Lending Institution's Allocation under such Program if the Division determines that the Participating Lending Institution has not diligently attempted to originate Mortgage Loans under such Program. In such event, the Division shall give the Participating Lending Institution and the Servicer at least 30 days' advance written notice of such transfer specifying the reasons for such transfer and the effective date of such transfer.

(c) Following the end of the Commitment Period, for a specific Participating Lending Institution, for each Program and continuing until the end of the Origination Period (if different from the Commitment Period) for such Program, the Division shall have the right to transfer to another lending or financial institution all or a portion of the Participating Lending Institution's Allocation under such Program to the extent that such Allocation or portion thereof is not then the subject of a Commitment. In such event, the Division shall give the Participating Lending Institution and the Servicer at least 30 days' advance written notice of such transfer specifying the effective date of such transfer. In lieu of such transfer, the Division, in its discretion, may extend the Commitment Period for such Program and, in its discretion, permit the Participating Lending Institution to continue to attempt to utilize any unused portion of its Allocation under such Program to originate Mortgage Loans for purchase under such Program.

(d) The Division reserves the right to extend the Commitment Period and Origination Period for all or any portion of the Participating Lending Institution's participation in the Program. The determination as to the duration of, and the Participating Lending Institutions benefiting from any such extension (the "Designated Participating Lending Institutions"), shall be made by the Division in its sole discretion. The Division is not required to make: (i) any such extension uniform with respect to all Designated Participating Lending Institutions; and (ii) the Participating Lending Institution is a Designated Participating Lending Institution with respect to any such extension.

(e) Upon the later to occur of the termination of the Origination Period or the termination of the Commitment Period for each Program, any unused portion of the Participating Lending Institution's Allocation for such Program shall terminate. Nothing in the Program Documents shall be construed to permit the origination or purchase of any Mortgage Loan under a Program following the end of the Origination Period for such Program.

(f) Any Participating Lending Institution whose Allocation is transferred or terminated in whole or in part under Section 4.04(b), (c) or (e) hereof shall not be entitled to any refund or reimbursement of any portion of any Program Participation Fee paid by such Participating Lending Institution to the Division.

#### Section 4.05. Origination Procedures and Standards.

(a) All Mortgage Loans originated by the Participating Lending Institution for purchase by the Servicer under a Program shall comply in all respects with all terms and provisions of the applicable Program Agreement, including those set forth in Article IV.

(b) The Participating Lending Institution shall originate all Mortgage Loans under each Program in accordance with the loan origination, eligibility, and credit underwriting standards of the Participating Lending Institution in effect during the Origination Period (or the Commitment Period if there is no Origination Period applicable to the Program) for such Program, and the requirements of (i) FHA, VA, or RHS, as applicable, (ii) the Ginnie Mae Guide, the Fannie Mae Guides or Freddie Mac Guides, as applicable, (iii) the applicable Program Agreement, and (iv) the Eligibility Guidelines ("Lender's Manual").

#### Section 4.06. Mortgage Loan Terms. Each Mortgage Loan:

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

(b) shall be evidenced by a Note and secured by a Deed of Trust creating a first lien on such Qualified Residence, subject to Permitted Encumbrances;

(c) shall bear interest for the term thereof specified in the related Notice of Final Allocation or Notice of Availability of Funds or at such other rate as may be authorized by the Division, which interest shall be payable in arrears;

(d) shall have the term specified in the applicable Program Supplement and shall provide for level monthly payments and full amortization over the term thereof;

(e) 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;

(f) shall be in a principal amount and have a loan-to-value ratio not exceeding such amounts as conform to the eligibility and credit underwriting standards specified herein and the limitations of FHA, RHS, VA, Fannie Mae, Freddie Mac or a PMI Insurer, as applicable, and the Ginnie Mae Guide or, in the case of a Conventional Mortgage Loan, the Fannie Mae Guides or the Freddie Mac Guides as of the Closing Date;

(g) shall be the subject of FHA Insurance, a VA Guaranty in the maximum amount allowable by VA regulations, an RHS Guaranty in the maximum amount allowable by RHS regulations, or, in the case of a Conventional Mortgage Loan, Private Mortgage Guaranty Insurance if required under the Fannie Mae Guides or the Freddie Mac Guides;

(h) shall comply in all respects with the requirements of the Ginnie Mae Guide, Fannie Mae Guides or Freddie Mac Guides, as applicable, so as to permit inclusion in a Ginnie Mae Pool, a Fannie Mae Pool or a Freddie Mac Pool;

(i) shall be the subject of a Title Policy;

(j) shall pertain to mortgaged property that is covered as of the Closing Date by any required standard hazard insurance policy and flood insurance policy, in such amounts and meeting the applicable requirements of FHA, VA, RHS, a PMI Insurer, Ginnie Mae, Fannie Mae or Freddie Mac;

(k) shall have the Tax-Exempt Financing Rider attached to the Deed of Trust and duly executed by the Mortgagor;

(l) shall meet all the requirements set forth in Section 2.04 hereof; and

(m) shall have such other terms and conditions as may be required by the applicable Program Supplement.

#### Section 4.07. Fees and Charges.

(a) In connection with each Mortgage Loan, the Participating Lending Institution may charge and collect from the Mortgagor or the Seller of a Qualified Residence the appropriate Origination Fee and the appropriate Buyer/Seller Points, as specified in the applicable Program Supplement.

(b) In addition, the Participating Lending Institution may collect from the Mortgagor and/or the Seller all reasonable and customary settlement or financing costs that are permitted to be so collected by FHA, VA, RHS, a PMI Insurer, Ginnie Mae, Fannie Mae or Freddie Mac, as applicable, and other applicable Laws, but only to the extent such charges do not exceed the reasonable and customary amounts charged in the area in which the Qualified Residence is located in cases where owner financing is not provided through tax-exempt mortgage revenue bond financing. Such reasonable and customary settlement or financing costs shall include, among other things, a Funding Fee not to exceed \$150, a Compliance Fee not to exceed \$75, a Tax Service Fee not to exceed \$81, a Flood Certification Fee not to exceed \$10, the total estimated costs of a credit report on the applicant and an appraisal of the property to be

financed by the Mortgage Loan, payable to the Participating Lending Institution at or within ten (10) days of the application for a Mortgage Loan, title and transfer fees, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and expenses, credit report fees, FHA insurance premiums, Private Mortgage Guaranty Insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, abstract fees, tax service fees, recording or registration fees, escrow fees, file preparation fees and other similar costs.

(c) To the extent provided in the applicable Program Supplement, on the Purchase Date the Division and/or Participating Lending Institution, as appropriate, also shall receive the Servicing Release Fee, as described in Section 4.12(q) hereof.

(d) The fees and expenses described above are the only fees, charges or remuneration that the Participating Lending Institution may collect in connection with any Mortgage Loan (except as may be provided otherwise in the applicable Program Supplement), and none other may be recovered by or on behalf of the Participating Lending Institution from any person in connection with a Mortgage Loan under the Program. In particular, the Participating Lending Institution may not charge any warehousing or similar fee for the period prior to purchase of the Mortgage Loan by the Servicer.

(e) It is expected that the Participating Lending Institution will disburse Mortgage Loan proceeds on or about the date the Note is executed. The Participating Lending Institution may not charge interest to a Mortgagor until the Mortgage Loan proceeds have been disbursed.

Section 4.08. Verification of Mortgage Eligibility and Program Compliance Requirements. In order to ensure that each Mortgage Loan is made to an Eligible Borrower to finance a Qualified Residence in accordance with Section 143 of the Code, unless otherwise provided in the Program Supplement, the Participating Lending Institution shall utilize good faith and all due diligence in carrying out the following procedures with respect to each Mortgage Loan:

(a) The Participating Lending Institution shall obtain a Buyer's Affidavit, duly executed by the Eligible Borrower, and a Seller's Affidavit, duly executed by the Seller;

(b) The Participating Lending Institution shall review the contents of the Buyer's Affidavit and the Seller's Affidavit with the Eligible Borrower or the Seller, respectively, prior to the execution thereof;

(c) The Participating Lending Institution shall obtain signed or certified copies of the Eligible Borrower's federal income tax returns for the three years preceding the date of application for the Mortgage Loan and shall review the same to verify, with the exception of an Eligible Borrower purchasing a Qualified Residence in a Targeted Area, that the Eligible Borrower did not claim deductions for taxes or interest on indebtedness with respect to real property constituting his or her Principal Residence except as permitted with respect to interest on temporary financing and taxes on the Qualified Residence itself for the period of the temporary financing; provided, however, that, in lieu of such tax returns for any one or more of such years, the Participating Lending Institution may accept: (i) a confirmation letter from the Internal Revenue Service stating that the Eligible Borrower filed Form 1040A or 1040EZ or other similar short form during such year; or (ii) the No Required Tax Return Affidavit as set forth on Exhibit Q of the applicable Lender's Manual certifying that the Eligible Borrower was

not required to file such a return in accordance with Section 6012 of the Code during one or more of the preceding three years;

(d) The Participating Lending Institution shall perform such additional investigation as may be appropriate under the circumstances (such as personal or telephonic interviews with the Eligible Borrower 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 Qualified Residence to determine the Acquisition Cost, and review of title information to verify the absence of any existing permanent mortgage on the Qualified Residence executed by the Eligible Borrower to verify that the requirements of Section 143 of the Code, as described in Section 2.04 hereof, are satisfied as of the date of the execution of the Deed of Trust;

(e) The Participating Lending Institution shall review the draft settlement statement to assure that all fees and charges and settlement and financing costs comply with the requirements of Section 4.07 of this Mortgage Origination Agreement and with the provisions of the applicable Program Supplement;

(f) The Participating Lending Institution shall prepare, execute and deliver the Certificate of Participating Lending Institution;

(g) The Participating Lending Institution shall carry out such additional verification procedures as may be reasonably requested by the Division, the applicable Compliance Agent or the applicable Servicer; and

(h) The Participating Lending Institution shall submit in writing all information concerning compliance of each Mortgage Loan with the applicable requirements of the Code to the applicable Compliance Agent as required by Section 4.12 hereof, including without limitation the results of any investigation, verification or procedure carried out under this Section.

(i) The obligations of the Participating Lending Institution pursuant to this Section shall inure to the benefit of the Division, the applicable Servicer, the applicable Compliance Agent, the applicable Trustee and any person interested in the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 4.09. Special Requirements Regarding Condominium Developments and Planned Unit Developments.

(a) If a Mortgage Loan for a Qualified Residence is for financing either: (i) a unit in a condominium development, meaning a real estate development which is: (A) formed pursuant to the condominium statutes of the State and a recorded declaration and other constituent documents; (B) the unit owners of which have title to a unit in a building, an undivided interest in the common areas of the development, and may have the right to the exclusive use of certain limited common areas; and (C) the common areas of which are administered and maintained but not owned by an owners association, which may levy assessment against each unit estate; or (ii) a unit in a planned unit development, meaning a real estate development of separately owned lots with: (A) contiguous or noncontiguous areas or facilities usually owned by an owners association in which the owners of the lots have a stock or membership interest; (B) title to the real estate under the dwelling units being held by the

individual lot owners and not by the owners association; (C) the association having title to and administering the common areas, and levying monthly charges against the lot owners for common area expenses; and (D) membership in the owners' association not being severed from the ownership of an individual unit, then the Mortgage Loan shall be eligible for purchase under a Program if the Mortgage Loan meets all the requirements of FHA, VA, RHS, a PMI Insurer, Fannie Mae or Freddie Mac, as applicable, and is eligible for inclusion in a Ginnie Mae Pool, Fannie Mae Pool or Freddie Mac Pool under the Ginnie Mae Guide, Fannie Mae Guides or Freddie Mac Guide applicable to such Program.

(b) Notwithstanding the foregoing, the term "planned unit development" shall not include: (i) a planned unit development comprised of a parcel of land that contains common property and improvements owned and maintained by a homeowner's association, corporation or trust (which requires automatic, nonseverable membership of each individual development unit owner, with mandatory assessments) for the benefit and use of individual one-to-four-family dwelling units within such parcel of land, if such common property and improvements have relatively insignificant influence on the enjoyment of the premises or have little or no effect on the value of the property securing the mortgage on any unit in the planned unit development; or (ii) a planned unit development 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 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 or 1% of the sales price of the Qualified Residence, as indicated in the contract of sale, exclusive of any closing costs.

Section 4.10. Special Requirements Regarding Seller Buydowns. The Participating Lending Institution may permit the Seller of a Qualified Residence being financed with a Mortgage Loan (other than Conventional Mortgage Loans, which are not subject to buydowns) under any Program to buy down the interest rate on such Mortgage Loan as an inducement to an Eligible Borrower to purchase such Qualified Residence, but only in accordance with the following conditions:

(a) The buydown and all terms thereof, shall conform to the applicable requirements of FHA, RHS, or VA and the Ginnie Mae Guide;

(b) The Note and Deed of Trust shall make no reference to the buydown and the interest rate and monthly payments provided for in the Note shall not take the buydown into account;

(c) The Seller shall deposit moneys in an amount sufficient to effectuate the buydown into an escrow account with scheduled monthly releases which shall serve to supplement the Mortgagor's payments on the Mortgage Loan during the period of the buydown and such escrow account shall be established, held, administered and disbursed in accordance with applicable VA, FHA, RHS, Ginnie Mae and Freddie Mac requirements; and

(d) Any amount held in a buydown escrow account shall be transferred to the Servicer on or before the Purchase Date for the related Mortgage Loan for the establishment by the Servicer of a buydown escrow account for the same purpose.

Section 4.11. [Reserved]

#### Section 4.12. Mortgage Loan Submission and Purchase.

(a) In order to comply with the requirements of Section 4.08(h) hereof, as required by the applicable Program Supplement, prior to the Closing of a Mortgage Loan, the Participating Lending Institution, at the Participating Lending Institution's expense, shall deliver to the applicable Compliance Agent copies of the Mortgage Loan documents specified in the Compliance Package for such Program, and such other documents relating to the Mortgage Loan application as may be required by the Compliance Agent in connection with the review of the proposed Mortgage Loan. The applicable Compliance Agent will be required to review such documents and, to the extent provided in the applicable Compliance Agreement (if applicable), provide to the Trustee, the Certificate of Compliance Agent, or the Participating Lending Institution, a written explanation of why such proposed Mortgage Loan has not been approved for purchase under the Program.

(b) The Compliance Package must be submitted to the applicable Compliance Agent for preliminary approval for purchase by the Servicer prior to a Mortgage Loan Closing, pursuant to procedures established by the Compliance Agent. The Compliance Agent will, within two (2) Business Days of receipt of the Compliance Package, send notice to the Participating Lending Institution approving or rejecting the Mortgage Loan or stating the items to be reconciled.

(c) The Servicer has no obligation to purchase Mortgage Loans pursuant to Section 4.13 hereof unless and until: (i) such Mortgage Loans are eligible for inclusion in a Ginnie Mae Pool, Fannie Mae Pool or Freddie Mac Pool, as applicable; (ii) amounts are available under the related Program to purchase the Ginnie Mae Certificates, Fannie Mae Certificates or Freddie Mac Certificates, as applicable, representing a beneficial ownership interest in the Ginnie Mae Pool, Fannie Mae Pool or Freddie Mac Pool of such Mortgage Loans; and (iii) Mortgage Loans in an aggregate principal amount of at least the minimum amount necessary to form a Ginnie Mae Pool for a Ginnie Mae Certificate under the Ginnie Mae Guide, a Fannie Mae Pool for a Fannie Mae Certificate under the Fannie Mae Guides or a Freddie Mac Pool for a Freddie Mac Certificate under the Freddie Mac Guides are available for purchase under the Program on a Purchase Date or are owned by the Servicer and have not previously been included in a Ginnie Mae Pool, Fannie Mae Pool or Freddie Mac Pool and used to back a Ginnie Mae Certificate, Fannie Mae Certificate or Freddie Mac Certificate.

(d) All Mortgage Loans must be current in the payment of principal, interest, taxes and insurance at the time of purchase by the Servicer.

(e) The Participating Lending Institution shall, within twenty (20) days of the Mortgage Loan Closing, deliver to the Servicer all the Mortgage Loan documents described in the Mortgage File Guide. The Participating Lending Institution hereby warrants that all permitted copies will be true and accurate copies of the respective original documents and instruments.

(f) The Servicer will review such documents and instruments and will, prior to the Purchase Date, return to the Participating Lending Institution, for appropriate curative action, pursuant to Section 4.14 hereof, any such document or instrument that is defective in any material respect.

(g) Any Mortgage File or Compliance Package held by the Servicer for more than thirty (30) days without curative action having been taken by the Participating Lending Institution shall be returned to the Participating Lending Institution or, at the election of the Servicer, the Participating Lending Institution may be charged a \$100.00 late fee.

(h) The Participating Lending Institution shall pay all costs of preparing and furnishing the Mortgage File to the Servicer.

(i) The Servicer shall not be obligated to purchase Conventional Mortgage Loans from a Participating Lending Institution in the event such Participating Lending Institution is not performing its duties hereunder with respect to Conventional Mortgage Loans in accordance with Fannie Mae guidelines or Freddie Mac guidelines, as applicable.

(j) Prior to the delivery of the Mortgage File to the Servicer in connection with the purchase of a Mortgage Loan, the Participating Lending Institution shall endorse the Note and shall record an assignment of the Deed of Trust in all offices necessary to perfect the assignment of the Deed of Trust on behalf of the Servicer under the Laws of the State. All notices to insurers under any insurance policies maintained with respect to a Mortgage Loan of the assignment to the Servicer of the servicing of such Mortgage Loan shall be given by the Participating Lending Institution prior to purchase by the Servicer. The Participating Lending Institution also shall provide to the Servicer on behalf of the Division such other reports or information regarding the Mortgage Loan being sold by the Participating Lending Institution as may be reasonably requested by either of them.

(k) Notwithstanding the delivery procedures of this Section 4.12, the applicable Servicer, in its discretion, may accept Mortgage Files that contain certified copies of the Deed of Trust and the assignment of Deed of Trust in lieu of the originals of same and a valid commitment for the issuance of a Title Policy in lieu of a final Title Policy and may approve the particular Mortgage Loan for purchase without such originals or certificates if the Mortgage File otherwise is complete, all other Mortgage Documents are present, the requirements of the Ginnie Mae Guide, Fannie Mae Guides or Freddie Mac Guides, as applicable, with respect to the Mortgage Loan documentation are satisfied and the Mortgage Loan satisfies in all respects the terms and conditions of the applicable Program Agreement. The original recorded Deed of Trust and original recorded assignment of Deed of Trust, the Title Policy and the certificate evidencing the FHA Insurance, VA Guaranty, RHS Guaranty or Private Mortgage Guaranty Insurance must be submitted to the Servicer within ninety (90) days from the Purchase Date of the Mortgage Loan. To the extent provided in the applicable Program Supplement, a fine may be imposed upon the Participating Lending Institution by the Servicer if such original documents are not delivered within one hundred twenty (120) days from the Purchase Date of the Mortgage Loan.

(l) The purchase of Mortgage Loans hereunder shall take place on each Purchase Date. The Servicer has no obligation to purchase Mortgage Loans unless: (i) such Mortgage Loans are eligible hereunder and conform to all requirements of the Program Agreement and the Eligibility Guidelines; and (ii) in the event that the Participating Lending Institution is in breach or violation of any representation, warranty or covenant under the Program Agreement, which materially and adversely affects the ability of the Servicer to pool Mortgage Loans originated by the Participating Lending Institution into Ginnie Mae Certificates,

Fannie Mae Certificates or Freddie Mac Certificates the Participating Lending Institution delivers in writing to the Servicer satisfactory evidence of its cure of such breach or violation.

(m) All notices to FHA, VA, RHS, a PMI Insurer, Fannie Mae, Ginnie Mae or Freddie Mac that are required to be given under applicable FHA, VA, RHS, PMI Insurer, Fannie Mae, Ginnie Mae or Freddie Mac requirements, shall be given by the Participating Lending Institution prior to purchase of the Mortgage Loan by the Servicer. The Participating Lending Institution also shall notify the Mortgagor in writing that checks, money orders or other remittances in payment of the Mortgage Loan must be paid to the order of the Servicer following purchase of the Mortgage Loan.

(n) The Participating Lending Institution shall deliver the original executed Note, Deed of Trust and Assignment of Deed of Trust to the Servicer in the following manner: (i) the Note shall bear the endorsement required by the Ginnie Mae Guide, Fannie Mae Guides or Freddie Mac Guides as applicable; and (ii) the original related Deed of Trust, together with the Assignment of Deed of Trust or a true and correct copy of such executed Deed of Trust and Assignment of Deed of Trust, and assurance, as may be required under the Eligibility Guidelines, that the originals thereof have been delivered for recording in the office of the county clerk of the county in which the Qualified Residence is located to evidence the Servicer's ownership of the Deed of Trust.

(o) The Participating Lending Institution shall further perform any other action or deed as the Servicer may direct to cause the proper: (i) transfer of the Note and Deed of Trust from the Participating Lending Institution to the Servicer; and/or (ii) filing or recording of the Deed of Trust and the Assignment of Deed of Trust in such other places and in such other manner, form or condition satisfactory to the Servicer as is necessary to perfect the Servicer's interest in each such Deed of Trust. The delivery of the Deed of Trust shall be accompanied by all applicable documentary stamp and other excise taxes, all intangible taxes and all recording fees or the Mortgage File shall reflect that such taxes and fees have been paid.

(p) For Mortgage Loans that are pooled into a Ginnie Mae Pool, the Ginnie Mae Custodian will retain: (i) the original Note, as endorsed; (ii) the recorded Assignment of Deed of Trust; (iii) the original recorded Deed of Trust; (iv) all intervening recorded Assignments of Deed of Trust; (v) the Title Policy, and (vi) the applicable certificate evidencing the FHA Insurance, RHS Guaranty, VA Guaranty or relating to such Mortgage Loans. With respect to any Mortgage Loan included in a Fannie Mae Pool, the applicable custodian therefor will retain the items specified in clauses (i) and (ii). With respect to any Mortgage Loan included in a Freddie Mac Pool, the applicable custodian therefor will retain the items specified in clauses (i) and (ii).

(q) To the extent and under the circumstances provided in the applicable Program Supplement, upon the purchase of a Mortgage Loan, the Servicer shall pay or cause to be paid the Servicing Release Fee to the Participating Lending Institution as compensation for the release of servicing by the Participating Lending Institution.

(r) Neither the review of a Mortgage File by the Compliance Agent nor the purchase of a Mortgage Loan by the Servicer will relieve the Participating Lending Institution from responsibility for compliance of the Mortgage Loan with the requirements of this Mortgage Origination Agreement and the other Program Documents, including the Participating Lending

Institution's responsibility to repurchase the applicable Mortgage Loan if required by Section 4.14.

(s) The Participating Lending Institution shall further perform any other action or deed as the Servicer may direct to cause the proper (i) transfer of the Note and Deed of Trust from the Participating Lending Institution to the Servicer, and/or (ii) filing or recording of the Deed of Trust and the Assignment of the Deed of Trust in such other places and in such other manner, form or condition satisfactory to the Servicer as is necessary to perfect the Division's interest in each such Deed of Trust. The delivery of the Deed of Trust shall be accompanied by all applicable documentary stamps and other excise taxes, all intangible taxes and all recording fees or the Mortgage File shall reflect that such taxes and fees have been paid.

#### Section 4.13. Purchase of Mortgage Loans and Assignment of Servicing.

(a) For each Mortgage Loan originated by the Participating Lending Institution: (i) which is in compliance with all the terms and conditions of this Mortgage Origination Agreement and the applicable Program Supplement, and the requirements of FHA, VA, RHS, the Fannie Mae Guides, the Ginnie Mae Guide and the Freddie Mac Guides, as applicable; (ii) for which payments of principal, interest, taxes and insurance are current; (iii) for which the Mortgage File and other documents have been prepared and presented to the Servicer in the forms required hereby; (iv) for which amounts are available for the purchase of a Ginnie Mae Certificate, Fannie Mae Certificate or Freddie Mac Certificate representing a beneficial ownership interest in the Ginnie Mae Pool, the Fannie Mae Pool or the Freddie Mac Pool, respectively, into which such Mortgage Loan has been or will be pooled; and (v) for which all of the other applicable conditions of this Mortgage Origination Agreement and the applicable Program Supplement have been fulfilled, the Servicer shall pay to the Participating Lending Institution, under the terms and conditions specified herein and in the Offer, on the applicable Purchase Date for each such Mortgage Loan, the Purchase Price. Only Mortgage Loans submitted in accordance with this Section and that conform to the requirements of this Mortgage Origination Agreement and the applicable Program Supplement will be purchased or reimbursed by the Servicer on any Purchase Date.

(b) All Mortgage Loan payments on account of taxes or insurance collected by the Participating Lending Institution with respect to a Mortgage Loan prior to the purchase of such Mortgage Loan shall be held in trust by the Participating Lending Institution in the Mortgage escrow account and shall be applied on behalf of the Mortgagor, as required. On or prior to the Purchase Date, taxes and insurance deposits held in the Mortgagor's escrow account shall be transferred by the Participating Lending Institution to the Servicer.

(c) On the Purchase Date, the Participating Lending Institution shall assign and transfer each Mortgage Loan to the Servicer in exchange for payment as provided herein and in the applicable Program Supplement. On and after the Purchase Date, the Servicer will perform all servicing functions relating to each Mortgage Loan purchased by it from the Participating Lending Institution.

#### Section 4.14. Defective Mortgage Loans and Repurchase Obligation.

(a) Following the purchase of any Mortgage Loan under a Program, and notwithstanding the review of the Mortgage Loan File by the Servicer pursuant to Sections 4.12 or 4.13 hereof, by the Compliance Agent pursuant to Section 4.12(a) hereof, or by any other

person: (i) if any Mortgage Documents, in the judgment of the Division, the Compliance Agent, the Servicer, Ginnie Mae, Fannie Mae or Freddie Mac, are defective or inaccurate in any material respect; or (ii) if the Participating Lending Institution is in breach or violation of any representation, warranty or covenant of the Participating Lending Institution, which in the judgment of the Division, the Compliance Agent or the Servicer, materially affects such Participating Lending Institution's performance hereunder or the Mortgage Loans purchased hereunder, the Participating Lending Institution shall cure the defect within: (1) a period of 30 days from the time it receives notice of the existence of the defect or inaccuracy; (2) such shorter period as may be required by Law; or (3) such longer period as the Division and the Servicer agree is necessary to effect such cure and which may be given without adversely affecting their respective positions.

(b) The Participating Lending Institution hereby agrees that if: (i) any material defect or inaccuracy described in the immediately preceding sentence is not cured within the applicable cure period described above; (ii) the Mortgagor fails to make his first payment due under the Mortgage Loan or the first payment due thereunder to the Servicer following purchase of the Mortgage Loan by the Servicer or any other payment due under the Mortgage Loan prior to its pooling into a Mortgage Certificate and sale of the Mortgage Certificate to the Trustee; (iii) an Early Payment Default shall have occurred; or (iv) the Servicer, because of any defect which is attributable to the Participating Lending Institution, is required by Fannie Mae, Ginnie Mae or Freddie Mac, as applicable, to repurchase or withdraw any Mortgage Loan from a Fannie Mae Pool, Ginnie Mae Pool or Freddie Mac Pool, respectively, the Participating Lending Institution will, no later than 10 days after the end of the applicable cure period, repurchase the related Mortgage Loan from the Servicer at a price equal to 100% of the unpaid principal balance of such Mortgage Loan, plus any accrued and unpaid interest at the annual rate borne by the Note to the end of the month following the date of the repurchase, plus any fees charged the Servicer by Ginnie Mae, Fannie Mae, or Freddie Mac for repurchase or withdrawal of the Mortgage Loan out of a Ginnie Mae Pool, a Fannie Mae Pool or a Freddie Mac Pool, as applicable, plus the Servicing Release Fee pertaining to such Mortgage Loan, if already paid to the Division, plus if such repurchase is made necessary by the willful misfeasance or bad faith on the part of the Participating Lending Institution or by reason of the Participating Lending Institution's reckless disregard of its obligations hereunder, an amount equal to 0.3% of the unpaid principal amount of such Mortgage Loan.

(c) In all cases, whether or not the Mortgage Loan has been repaid or otherwise satisfied, the Participating Lending Institution will indemnify and hold harmless the Division, the Compliance Agent and the Servicer for any loss, damage, forfeiture, penalty, or expenses (including reasonable attorney's fees) incurred by them in connection with the defective Mortgage Loan. Provided, however, that for the purpose of this paragraph the falsity of a representation by an Eligible Borrower respecting some fact or facts: (i) upon which the Participating Lending Institution is entitled to rely under the provisions of the applicable Program Agreement; (ii) that does not pertain to the creditworthiness of such Eligible Borrower or the security of the Mortgage Loan; (iii) that is of such nature that although false, security for any particular payment of the pertinent Mortgage Loan is not thereby adversely affected; (iv) that is relied upon by the Participating Lending Institution in good faith; and (v) that in the opinion of Bond Counsel, does not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any tax-exempt Bonds, shall not be deemed a material defect or inaccuracy unless Ginnie Mae, Fannie Mae or Freddie Mac, as applicable, requires a purchase or withdrawal of the Mortgage Loan from the applicable Fannie Mae Pool, Ginnie Mae Pool or

Freddie Mac Pool. The Participating Lending Institution hereby expressly agrees that a Mortgage Loan shall be deemed to be materially defective for purposes of this Section if the Ginnie Mae Custodian, Fannie Mae or Freddie Mac fails to approve such Mortgage Loan for inclusion in a Ginnie Mae Pool, a Fannie Mae Pool or Freddie Mac Pool, respectively, or if such Mortgage Loan is otherwise determined not to satisfy the requirements of the Ginnie Mae Guide, the Fannie Mae Guides or the Freddie Mac Guides, as applicable. The Participating Lending Institution hereby waives any statute of limitations or other Law that might otherwise be raised in defense to any repurchase hereunder.

(d) THE PARTICIPATING LENDING INSTITUTION ACKNOWLEDGES THAT IT MAY BE REQUIRED TO REPURCHASE MORTGAGE LOANS IN ACCORDANCE WITH THIS SECTION 4.14, AND AGREES THAT IT WILL HAVE NO RECOURSE AGAINST THE DIVISION, THE COMPLIANCE AGENT OR THE SERVICER IN THE EVENT THAT IT IS REQUIRED TO REPURCHASE ANY MORTGAGE LOAN.

Section 4.15. Prohibition of Discrimination.

(a) Except as may be otherwise provided in an applicable Program Supplement with respect to certain permitted reservations, the Participating Lending Institution shall not enter into any agreement or arrangement with any person, firm, or corporation to prefer any applicant or group of applicants for Mortgage Loans over any other applicant or group of applicants for such Mortgage Loans, and the Participating Lending Institution will consider all applications for Mortgage Loans. The Participating Lending Institution shall treat separately and on a first-come, first-served, fair and equal basis, applications for Mortgage Loans. The Division may request from the Participating Lending Institution periodic reports of the persons who have applied for Mortgage Loans, which reports may include, among other things, the times at which such persons applied for Mortgage Loans.

(b) The Participating Lending Institution may not accept an application from any of its employees nor any spouse or person related within the third degree of affinity (marriage) or consanguinity (blood) to any employee of the Participating Lending Institution unless the Mortgage Loan is originated pursuant to a reservation of the Participating Lending Institution's allocation to a builder, real estate agent or other person.

(c) The Participating Lending Institution shall not arbitrarily reject an application because of the location and/or age of the property, or in the case of a proposed Eligible Borrower, arbitrarily vary the terms of a Mortgage 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 Participating Lending Institution shall comply with all Laws that may affect such applications.

(d) Records of all applications for Mortgage Loans under each Program and evidence of actions taken with respect thereto shall be retained by the Participating Lending Institution for at least three years after the end of the Commitment Period or Origination Period (if different from the Commitment Period) for such Program and furnished at the Participating Lending Institution's expense to the Division upon request.

Section 4.16. Commitments After the Commitment Period. The Participating Lending Institution may not issue any Commitments for Mortgage Loans to be purchased under a

Program after the end of the Commitment Period for such Program without the prior written approval of the Division. The Division, in its discretion, may authorize the Participating Lending Institution to issue such Commitments after the end of the Commitment Period for such Program and before the end of the Origination Period (if different from the Commitment Period) for such Program under the following circumstances: (i) if and to the extent that Commitments issued by the Participating Lending Institution under such Program during the Commitment Period for such Program expire or otherwise terminate without Closing into Mortgage Loans; and (ii) if and to the extent that the Division reallocates available funds under the Program pursuant to the applicable Program Agreement. Nothing in this Section 4.16 requires the purchase of a Mortgage Loan by the Servicer after the end of the relevant Origination Period.

Section 4.17. Participating Lending Institution as Servicer. In the event that the Participating Lending Institution is also the applicable Servicer under any Program, the requirements of the Program Agreement with respect to sale and transfer of Mortgage Loans by the Participating Lending Institution to the Servicer or the assignment of servicing of Mortgage Loans by the Participating Lending Institution to the Servicer shall be deemed to be satisfied without further formality if no such sale, transfer or assignment, or no actual transfer of funds or instruments, is necessary to vest in the Participating Lending Institution, as Participating Lending Institution or Servicer, the rights required to be transferred or vested hereunder. Nothing in this Section, however, shall relieve the Participating Lending Institution, in its capacity as Participating Lending Institution or Servicer under the applicable Program Agreement, from any duty to maintain records or files, submit reports, obtain or document required approvals or provide information or documentation as required thereunder to the Division, the Trustee or the applicable Compliance Agent.

## ARTICLE V

### DUTIES OF THE DIVISION

Section 5.01. Issuance of Notices. The Division hereby agrees to issue the Notice of Allocation, the Notice of Participation, the Notice of Final Allocation and the Notice of Availability of Funds for each Program, each as applicable, and such other notices as may be necessary to fulfill the obligations of the Division under the applicable Program Agreement or to effectuate the purposes of such Program.

Section 5.02. Purchase of Mortgage Loans and Certificates. The Division hereby agrees to cause the applicable Servicer to purchase (but solely to the extent that amounts are available under the applicable Indenture to purchase the corresponding Ginnie Mae Certificates, Fannie Mae Certificates or Freddie Mac Certificates, as applicable) Mortgage Loans from the Participating Lending Institution in accordance with the terms and subject to the conditions of the applicable Program Agreement and to cause the applicable Trustee to purchase, but solely from amounts available for such purpose under the applicable Indenture, Ginnie Mae Certificates, Fannie Mae Certificates or Freddie Mac Certificates, as applicable, representing the beneficial ownership interest in the Ginnie Mae Pools, Fannie Mae Pools or Freddie Mac Pools, as applicable, of Mortgage Loans originated under and in accordance with this Mortgage Origination Agreement and the applicable Program Supplement.

Section 5.03. Review of Participating Lending Institution's Performance. The Division shall periodically review the performance of the Participating Lending Institution, as reflected by the reports and recommendations of the Servicer and the Compliance Agent and such other

evidence as may be presented to the Division, to determine if the Participating Lending Institution is performing in accordance with the standards required by the Program Agreement. If the Division determines that the Participating Lending Institution is not performing in accordance with such standards, the Division (or the Servicer at the request of the Division) shall notify the Participating Lending Institution of any such deficiency. If such deficiency is sufficient to warrant termination of the Participating Lending Institution pursuant to Section 7.01 hereof, then the Division (or the Servicer at the request and as the agent of the Division) shall notify the Participating Lending Institution that the services of the Participating Lending Institution are being terminated and the date on which such termination shall be effective.

Section 5.04. Review of Servicer's Performance. The Division may also periodically review the performance of each Servicer under the applicable Servicing Agreement, as set forth in such Servicing Agreement. In the event that the applicable Servicer is terminated pursuant to the terms of the applicable Servicing Agreement during the Commitment Period or the Origination Period for any Program, the Division will so notify the Participating Lending Institution and will notify the Participating Lending Institution of the name and address of the successor Servicer assigned by the Division to the Participating Lending Institution for purposes of such Program, and the date as of which such assignment is effective.

## ARTICLE VI

### GENERAL DUTIES AND LIABILITIES OF THE PARTICIPATING LENDING INSTITUTION

Section 6.01. Limitation on Liability of Participating Lending Institution. Except as provided otherwise herein or in the Program Documents, including but not limited to Section 4.14 and Article VII hereof, neither the Participating Lending Institution nor any director, officer, employee or agent of the Participating Lending Institution shall be under any liability to the Servicer, the Trustee, the Compliance Agent or the owners of any Bonds for any action taken or for refraining from the taking of any action in good faith pursuant to this Mortgage Origination Agreement, or for errors in judgment. The Participating Lending Institution may, in its discretion, undertake such action it may deem necessary or desirable with respect to this Mortgage Origination Agreement and the rights and duties of the parties hereto and the interests of the owners of the Bonds. In such event, the legal expenses and costs of such action shall be the sole responsibility of the Participating Lending Institution.

Section 6.02. Merger or Consolidation of Participating Lending Institution.

(a) The Participating Lending Institution agrees and covenants that, during the term of this Mortgage Origination Agreement, it will: (i) remain a lending or financial institution subject to supervision and examination by federal and state authorities, where applicable; (ii) to the extent it is originating FHA Mortgage Loans, remain an FHA-approved mortgagee in good standing; (iii) to the extent it is originating VA or RHS Mortgage Loans, remain an eligible lender in good standing for mortgages guaranteed by VA or RHS, as applicable; (iv) and to the extent it is originating Conventional Mortgage Loans, remain a lender approved by Fannie Mae or Freddie Mac, as applicable, to sell and service Conventional Mortgage Loans; and (v) remain in good standing and qualified to do business under the Laws of its jurisdiction of organization and of the State, and will not dissolve or otherwise dispose of all or substantially all of its assets,

will not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it.

(b) The Participating Lending Institution, without violating this section, may consolidate with or merge into another lending or financial institution, or permit one or more lending or financial institutions to consolidate with or merge into it, or sell or otherwise transfer to another such lending or financial institution all or substantially all of its assets and thereafter dissolve, provided that the surviving, resulting or transferee lending or financial institution, as the case may be: (i) shall be subject to the supervision and examination of federal and state authorities to the same extent as the Participating Lending Institution, where applicable; (ii) shall be an FHA-approved mortgagee in good standing, and/or an eligible lender in good standing for mortgages guaranteed by the VA or RHS, to the extent it is originating such loans; (iii) shall be approved by Fannie Mae or Freddie Mac, as applicable, to sell and service Conventional Mortgage Loans, to the extent it is originating such loans; (iv) shall have a net worth, after giving effect to such transaction, at least equal to that of the Participating Lending Institution immediately prior to such transaction; (v) shall assume in writing all the obligations of the Participating Lending Institution under the Program Agreement; and (vi) shall obtain the written consent of the Division to serve as a Participating Lending Institution. In the case of a sale of all or substantially all of the Participating Lending Institution's assets, the Division shall release the Participating Lending Institution in writing, concurrently with and contingent upon such assumption, from all liability hereunder.

Section 6.03. Participating Lending Institution Not to Resign. The Participating Lending Institution shall not resign from the obligations and duties imposed on it hereby, except upon determination that its duties hereunder are no longer permissible under applicable Law. Any such determination permitting the resignation of the Participating Lending Institution shall be evidenced by an opinion of counsel to such effect delivered and satisfactory to the Servicer and the Division. No such resignation shall become effective until one or more other Participating Lending Institutions shall have assumed the Participating Lending Institution's responsibilities and obligations hereunder with respect to the origination of Mortgage Loans.

Section 6.04. Indemnification by Participating Lending Institution. If at any time any action or any other legal proceeding should be instituted against the Division, the Compliance Agent and/or the Servicer by reason of or in connection with any act or failure to act on the part of the Participating Lending Institution, the Participating Lending Institution shall indemnify and save the Division, the Compliance Agent and/or the Servicer harmless of and from any and all loss, damage and/or expense that the Division, the Compliance Agent and/or the Servicer may sustain or incur by reason thereof including, without limitation, the amount of any judgment, plus any costs and interest thereon, that may be entered against the Division, the Compliance Agent and/or the Servicer in any such action or proceeding as well as any and all attorneys' fees and other disbursements paid or incurred by the Division, the Compliance Agent and/or the Servicer in connection therewith.

Section 6.05. Jurisdiction Over Participating Lending Institution. The Participating Lending Institution hereby submits to the jurisdiction of the First Judicial District Court of the State in any action or proceeding arising out of, or as a result of, this Mortgage Origination Agreement or the alleged or anticipated breach of any of the provisions, representations or warranties contained herein.

Section 6.06. Notifications. The Participating Lending Institution shall deliver to the Servicer copies of all reports, correspondence, statements, notices or other written communications of the Participating Lending Institution delivered to the Trustee, the Ginnie Mae Custodian, Fannie Mae, Freddie Mac or the Division pursuant to the applicable Program Agreement at the time so delivered to such other party. The Servicer shall be entitled to rely upon such written communications of the Participating Lending Institution.

Section 6.07. Annual Review. The Participating Lending Institution shall submit to the Servicer information to allow the Servicer to review annually the Participating Lending Institution's financial statements and quality control systems to ensure that they are in conformance with Fannie Mae's or Freddie Mac's requirements, as applicable, and the Participating Lending Institution shall certify such conformance to the Servicer annually. In the case of the Participating Lending Institution's failure to conform to Fannie Mae's or Freddie Mac's, as applicable, requirements, the Servicer shall not be required thereafter to purchase Mortgage Loans originated by such Participating Lending Institution. Each Participating Lending Institution shall also submit to the Division, upon the request of the Division, information regarding all loan applications denied or withdrawn under the Program.

## ARTICLE VII

### TERMINATION

Section 7.01. Involuntary Termination of Participating Lending Institution. The Division may terminate the rights of a Participating Lending Institution under a Program Agreement upon the happening of any one or more of the following events:

(a) Any representation or warranty of the Participating Lending Institution to the Division, the Compliance Agent or the Servicer shall be false in any material respect;

(b) Failure of the Participating Lending Institution to duly observe or perform in any material respect any covenant, condition, or agreement in any Program Agreement required to be observed or performed by the Participating Lending Institution for a period of 30 days after a written notice is given to the Participating Lending Institution by the Division or the applicable Servicer specifying such failure and requesting that it be remedied; provided, however, that if the failure stated in the 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 Participating Lending Institution within the applicable period and diligently pursued until fully corrected;

(c) Entry or issuance of a decree or an 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 Participating Lending Institution or all 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 60 days;

(d) Consent by the Participating Lending Institution 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 Participating Lending Institution or all or substantially all of its properties; or

(e) Admission in writing by the Participating Lending Institution of its inability to pay its debts generally as they mature, or the filing of a petition to take advantage of any applicable bankruptcy or insolvency statute, or the making of an assignment for the benefit of creditors.

If any of the events specified in (c), (d) or (e) above shall occur, the Participating Lending Institution shall give written notice of such occurrence to the Division and the applicable Servicer within two (2) Business Days of the happening of such event. The Participating Lending Institution's responsibility for compliance of Mortgage Loans with the requirements of this Mortgage Origination Agreement and the other Program Documents and the Participating Lending Institution's responsibility to repurchase Mortgage Loans in accordance with Section 4.14 shall survive any termination of the Participating Lending Institution's rights under this Mortgage Origination Agreement.

Section 7.02. Transfer of Terminated Participating Lending Institution's Duties. At the time the Participating Lending Institution receives a notice of termination under a Program Agreement, the Division may appoint another lending or financial institution approved by the Servicer to succeed to all rights of the Participating Lending Institution thereunder. As compensation therefor, such entity shall be paid such compensation as was available to the replaced Participating Lending Institution; provided, however, that such fee shall be payable only from moneys the Participating Lending Institution would have been entitled to receive if the Participating Lending Institution had continued to act hereunder.

Section 7.03. Participating Lending Institution's Excused Nonperformance. Notwithstanding anything in a Program Agreement to the contrary, there shall be no termination of, and no liability under, the rights of a Participating Lending Institution under a Program Agreement for its failure to duly observe or perform in any material respect any covenant, condition, or agreement to be observed or performed by the Participating Lending Institution, if such failure on the part of the Participating Lending Institution is directly caused by the failure of the Division or the Servicer to duly observe or perform in any material respect any covenant, condition, or agreement to be observed or performed by the Division or the Servicer, as the case may be.

Section 7.04. Agreement to Pay Attorneys' Fees. If the Division, the Compliance Agent and/or the Servicer shall employ attorneys or incur other expenses for the enforcement, performance, or observance of the terms of a Program Agreement on the part of the Participating Lending Institution, then the Division, the Compliance Agent and/or the Servicer, to the extent permitted by Law, shall be reimbursed by the Participating Lending Institution on demand, for reasonable attorneys' fees and other out-of-pocket expenses.

Section 7.05. No Liability for Removal of the Participating Lending Institution. Notwithstanding any provision in a Program Agreement to the contrary, the Division, the Servicer, and the Compliance Agent shall not be liable in any respect for the termination of the Participating Lending Institution for cause, or owe any duty to the Participating Lending Institution if terminated for cause.

Section 7.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under a Program Agreement or existing at Law or in equity. No delay or omission to exercise any right or power accruing under

a Program Agreement shall impair any such right or power, or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

Section 8.01. Amendments, Changes and Modifications. A Program Agreement may not be amended, changed, modified, or altered except with the written consent of the Division, and the Servicer with respect to amendments that adversely affect the Servicer, by an instrument in writing which specifically refers to such Program Agreement and which is executed by all parties adversely affected by such amendment, change, modification, or alteration.

Section 8.02. Limitation on Rights of Owners of Bonds. No owner of any Bond shall have any right to institute a suit with respect to a Program Agreement except as provided in the applicable Indenture.

Section 8.03. Governing Law. Each Program Agreement shall be construed in accordance with the Laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such Laws.

Section 8.04. Notices. All notices, certificates, or other communications hereunder shall be deemed given when delivered, or five days after mailing by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. The Division or the Participating Lending Institution may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates, and other communications shall be sent.

Section 8.05. Severability. In the event any provision of a Program Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof. Such invalid or unenforceable provision shall be amended, if possible, in accordance with Section 8.01 hereof in order to accomplish the purposes of such Program Agreement.

Section 8.06. Further Assurances and Corrective Instruments.

(a) To the extent permitted by law, the Division and the Participating Lending Institution agree that each 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 reasonably may be required or appropriate to further express the intention or to facilitate the performance of this Agreement.

(b) The Division reserves the right to unilaterally amend a Program Agreement if, in the opinion of Bond Counsel, such amendment is necessary in order for the interest on any Bonds to be excludable from gross income for purposes of federal income taxation. Any such amendment shall be binding upon the Servicer and the Participating Lending Institution upon their receipt of notice thereof from the Division.

Section 8.07. Term of Agreement. Each Program Agreement shall continue in full force and effect so long as any related Bonds are outstanding or the Trustee shall own any Ginnie Mae Certificates, Fannie Mae Certificates or Freddie Mac Certificates representing a beneficial ownership interest in Ginnie Mae Pools, Fannie Mae Pools or Freddie Mac Pools, respectively, of Mortgage Loans made under a Program, whichever is later, or until the rights of a Participating Lending Institution under such Program Agreement are terminated pursuant to Article VII hereof.

Section 8.08. No Rights Conferred on Others. Nothing in a Program Agreement shall confer any right upon any person other than the Division, the Participating Lending Institution, the Servicer, the Compliance Agent, Ginnie Mae, Fannie Mae, Freddie Mac and the applicable Trustee; provided, however, that the owners of the applicable Bonds may, subject to the limitations of the applicable Indenture, enforce any of the rights of the applicable Trustee hereunder.

Section 8.09. Limitation on Liability of Parties. Each party to a Program Agreement shall be liable under such Program Agreement only to the extent that obligations are explicitly imposed upon and undertaken by the party against whom enforcement is sought.

Section 8.10. Limitation on Liability of Directors, Officers, Employees, and Agents of a Party. No director, officer, employee or agent of any party to a Program Agreement shall be individually liable to any other party or to the owners of any Bonds for the taking of any action or for refraining to take any action in good faith pursuant to such Program Agreement, or for errors in judgment.

Section 8.11. Survival of Obligations and Covenants. Notwithstanding anything to the contrary herein, the expiration of a Program Agreement or the termination or resignation of the Participating Lending Institution under such Program Agreement shall not affect any obligations of the Participating Lending Institution under such Program Agreement, including, without limitation, obligations under Section 4.14, 6.04 and 7.05 hereof.

Section 8.12. Counterparts. Each Program Agreement may be executed in any number of counterparts, each of which shall be an original, however, all such counterparts shall together constitute one and the same instrument.

(EXECUTION PAGE FOLLOWS)

IN WITNESS WHEREOF, this Mortgage Origination Agreement has been executed as of \_\_\_\_\_, 20\_\_.

DIVISION:

NEVADA HOUSING DIVISION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PARTICIPATING LENDING  
INSTITUTION:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Participating Lending Institution's Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SERVICER:

BANK OF AMERICA, N.A.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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