



Home Loan Program

The Arizona Department of Housing (ADOH) "Home Plus" Home Loan Program provides an attractive 30-year fixed-rate mortgage with a down payment assistance grant to qualifying borrower(s) purchasing homes throughout the State of Arizona (excluding Pima Counties). The homebuyer must work through one of the ADOH approved and participating lenders to obtain a FHA, VA, USDA Freddie Mac HFA Advantage or Fannie Mae HFA Preferred, 30-year fixed rate purchase money loan. The down payment grant is a non-repayable grant that can be used for the down payment and closing costs. The amount of the grant is equal to a percentage of the principal balance of the new mortgage loan, ranging from 2% - 5% based on the underlying mortgage type.

To become a ADOH participating lender, your company must be approved by our master servicer, US Bank under their Home Mortgage Housing Finance Agency Division (formerly known as MRBP Division) and execute a Mortgage Origination Agreement with ADOH. The Mortgage Origination Agreement is attached and a link to the Program Guidelines and supporting information can be found at our website, www.azhousing.gov, in the Home Plus section under Programs for Homebuyers.

If your company is already approved as a participating lender with U.S. Bank Home Mortgage Housing Finance Agency Division (MRBP bond program), you are pre-approved to participate in the ADOH program. Please provide a copy of your U.S. Bank approval letter with the signed Mortgage Origination Agreement.

There is no application fee to sign up to become a participating lender in the ADOH DPA Program.

Once approved, all loan officers, underwriters and other staff members that will be utilizing the ADOH DPA program must take program and system training. The lender training is done on-line through eHousingPlus, and is usually completed with 60 minutes. The link to this training is:

<http://www.ehousingplus.com/available-programs/arizona/arizona-hfa/>

Following completion of the training, eHousingPlus, will send a notification with directions to access the reservation system to those who have completed the lender training. Current interest rates and Program Guidelines can also be found at this link.

If you have any questions, would like an on-site program presentation, or any other support, please contact Dirk Swift, Homeownership Programs Administrator, at dirk.swift@azhousing.gov or 602 771-1091.

Thank you for your interest in the ADOH DPA program.



The Arizona Department of Housing focuses on providing affordable housing opportunities to all Arizonans. ADOH raises funds for our down payment assistance program in the national capital markets and forms partnerships with banking and lending institutions to facilitate our Home Plus down payment assistance program throughout the State.



**ARIZONA DEPARTMENT OF HOUSING
(acting on behalf of the Arizona Industrial Development Authority)**

**“HOME PLUS” MORTGAGE LOAN PROGRAM
MORTGAGE ORIGINATION AGREEMENT**

This Mortgage Origination Agreement (this “Agreement”) is entered into, as of the date set forth below, by and between the Arizona Department of Housing (the “Department”), acting on behalf of the Arizona Industrial Development Authority (the “Authority”), and the lending institution executing this Agreement (the “Lender”) in connection with the origination of qualified first-lien mortgage loans under the Authority’s “Home Plus” Mortgage Loan Program (the “Program”). Capitalized terms used herein and not otherwise defined have the meanings set forth in Exhibit A hereto.

WHEREAS, the Authority has been duly created and organized pursuant to the laws of the State of Arizona, including Sections 35-702, *et. seq.*, of the Arizona Revised Statutes (the “Act”), and succeeds to the duties of the Arizona Housing Finance Authority (“AzHFA”); and

WHEREAS, the Program was originally sponsored by the Department and was operated on behalf of the Department by AzHFA; and

WHEREAS, since August 6, 2016, the Program has been sponsored and operated by the Authority; and

WHEREAS, the Department has agreed to operate the Program on behalf of the Authority for a temporary period, under the terms of an Agreement dated as of August 6, 2016 between the Arizona Finance Authority (the “AFA”) and the Department, and the terms of an Assignment and Assumption of Agreement dated as of August 9, 2016, between the AFA and the Authority, which was consented to by the Department; and

WHEREAS, under the Program funds will be made available to finance mortgage loans to qualified borrowers within the Program Area, through the acquisition and sale by the Authority (or the Department acting on behalf of the Authority) from the Servicer of mortgage-backed securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“FNMA”) or the Federal Home Loan Mortgage Corporation (“FHLMC”); and

WHEREAS, the Authority may make available funds to provide certain grants to Eligible Borrowers for closing cost and down payment assistance, as described herein; and

WHEREAS, the Lender wishes to participate in the Program and has agreed to make Mortgage Loans to Eligible Borrowers in accordance with this Agreement and the Program guidelines for the Program (the “Program Guidelines”); and

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

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

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

Section 3. Representations, Warranties and Covenants of the Department. The Department represents and warrants that:

(a) The Department has been fully authorized to consummate all transactions, execute all documents, and issue all instruments contemplated by this Agreement, on behalf of the Authority.

(b) The origination of Mortgage Loans by the Lender to finance the purchase of Residences by Eligible Borrowers, the purchase of Mortgage Loans by the Servicer and the pooling and sale of the GNMA Certificates, the FNMA Certificates and/or the FHLMC Certificates under the terms of this Agreement, the other Program Documents and the Servicing Agreement, will further and fulfill the public purposes of the Act.

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

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

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

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

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

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

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

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

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

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

(g) The Lender shall comply, as to each Conventional Mortgage Loan, with the Fannie Mae or Freddie Mac guide(s), as applicable, as amended and supplemented, and any applicable rules and regulations and administrative pronouncements.

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

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

(j) No information, certificate, statement, report or affidavit submitted by the Lender to the Authority, the Servicer or the Administrator pursuant to the Program Documents shall, to the knowledge of the Lender, contain any untrue statement of a material fact or omit to state a material fact necessary to make the information, certificate, statement, report or affidavit not misleading.

(k) Each Mortgage Loan shall be (i) a mortgage loan eligible for FHA insurance, a VA guaranty or a USDA-RHS guaranty, and eligible to be pooled into a GNMA Certificate, or (ii) a Conventional Mortgage Loan eligible to be pooled into a FNMA Certificate or a FHLMC Certificate.

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

(m) The Lender shall fulfill all Mortgage Loan repurchase requirements, return of DPA Grant requirements, and any other “make-whole” or similar requirements set forth in the Participating Lender Agreement, this Agreement and any other Program Document.

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

(o) The execution and delivery of this Agreement or any other Program Document by the Lender in the manner contemplated herein and the performance and compliance with the terms hereof or thereof by it does not require the consent or approval of any governmental authority or, if such consent or approval is required, it has been obtained.

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

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

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

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

(t) From time to time the Lender shall report, as more fully set forth in this Agreement, information relating to the Mortgage Loans to the Authority, the Administrator and the Servicer, and shall

do every act and thing that may be necessary or required to perform its duties under this Agreement and all other Program Documents.

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

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

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

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

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

(iv) that the proceeds of the Mortgage Loan shall not 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 a mortgage (whether or not paid off) on the Residence securing such Mortgage Loan at any time prior to the execution of the Mortgage, except for certain temporary initial financing for a mortgage securing a construction period loan, a construction bridge loan, or similar temporary initial construction financing initially incurred for the sole purpose of acquiring the Residence and initially incurred within twenty four (24) months of the Closing Date, having an original term of twenty four (24) months or less, and not providing for scheduled payments of principal during such term;

(v) that all Mortgage Loans must be provided to Mortgagors whose Borrower(s) Income does not exceed the applicable Maximum Borrower(s) Income; and

(vi) that no Mortgage Loans shall be made with respect to a two-family Residence (three- or four- family Residences are not permitted under the Program) unless one unit of the Residence is the Principal Residence of the Mortgagor.

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

(c) The Lender agrees that to the extent (i) there is any change to State law which requires changes to any Program requirements, or (ii) Mortgage Loans are financed in whole or part from the proceeds of qualified mortgage bonds under Section 143 of the Internal Revenue Code of 1986, as amended, the Lender will enter into amendments to this Agreement (and any other Program Document executed by the Lender) that incorporates such amendments.

Section 6. Program Participation.

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

(b) *Funding Availability.* There may be limitations on funding availability for the Program. All available funding for the Program will be made available to Lenders on a first-come, first-served basis. The Authority and/or the Servicer may add new Lenders to the Program.

(c) *Limitation on Permitted Types of Mortgage Loans.* Initially, only Mortgage Loans that are FHA Mortgage Loans, VA Mortgage Loans, USDA-RHS Mortgage Loans or FNMA and/or FHLMC Mortgage Loans may be originated under this Agreement. However, the Lender agrees at the Authority's written request to consent to any amendments to the Program Documents necessary to include in the Program Conventional Mortgage Loans.

(d) *Timelines for Delivery and Purchase of Mortgage Loans and Compliance Review.* (i) The Lender must have a fully executed sales contract for a Residence before a Mortgage Loan reservation may be made with the Administrator for the Program.

(ii) Each Mortgage Loan must be certified by an underwriter ("underwriter certified") within the period specified in the Program Guidelines.

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

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

(v) Mortgage Loans must be purchased by the Servicer within the period specified in the Program Guidelines; provided that Lenders may elect a one-time extension for the applicable extension fee as set forth in the Program Guidelines. The extension fee is due regardless of whether or not the Mortgage Loan is actually purchased by the end of such extension period. The extension fee will be deducted from the Purchase Price (or if the Mortgage Loan is not purchased, the Lender will be billed for the extension fee by the Authority or its designee). If the Mortgage Loan subject to an extension is not purchased within 90 calendar days (or such other period specified in the Program Guidelines) from loan reservation, the Mortgage Loan will become ineligible for purchase.

(e) *Down Payment Assistance.* (i) The Authority may, in its sole discretion, make funds available to provide DPA Grants for Mortgage Loans made under the Program. DPA Grants shall be in the amounts specified in the Program Guidelines and may differ in amount based on the underlying mortgage loan type (e.g., FHA-insured, VA-guaranteed, convention, etc.). Such DPA Grant shall be initially funded by the Lender (unless notified by the Authority that it will directly fund the DPA Grant), and the Lender shall be reimbursed upon sale of the Mortgage Loan to the Servicer in accordance with the Program Guidelines. The Authority will then reimburse the Servicer for the DPA Grant.

If for any reason a closed Mortgage Loan is not purchased by the Servicer, then the Lender shall not be reimbursed for the DPA Grant. If a closed Mortgage Loan is required to be repurchased by the

Lender from the Servicer (or, any custodian or trustee, if applicable) under the terms of this Agreement or for any other reason, then, in any such event, the Lender shall immediately reimburse the Authority (or the Servicer on behalf of the Authority for the amount paid by the Servicer to the Lender to reimburse it for the DPA Grant initially funded by the Lender at the closing of such loan.

(ii) The DPA Grant shall be applied only for the following purposes, and in the following order of priority, unless otherwise provided in the Program Guidelines: (i) to pay for any costs collected by the Lender under paragraph (iii) below or under Section 7(c) and (ii) to pay for any portion of the Purchase Price of the Residence due and payable at Closing which is not funded by the Mortgage Loan (i.e., any portion of the “down payment” for the Residence). Down Payment Assistance shall not be applied by the Mortgagor for any other purpose without the consent of the Authority or the Servicer.

(iii) Closing costs mean prepaid taxes and insurance premiums, origination and discount points, guaranty fees, credit report fees, survey fees, appraisal fees, inspection fees, title insurance premium, abstract and attorney’s fees, escrow and courier fees, recording fees, and similar fees, or any other closing cost provided for in the Program Guidelines.

The Lender shall issue a Commitment to each Eligible Borrower for the related Mortgage Loan and sell such Mortgage Loan to the Servicer as soon as practicable after the related Closing and within the time period required under this Agreement in accordance with Section 6(e) above. Each Commitment shall specify a Closing Date that is on or prior to the Commitment Expiration Date.

Applications for Mortgage Loans shall be accepted and processed on a first come, first served basis.

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

(f) *Homebuyer Education.* To qualify for a Mortgage Loan under the Program, each Eligible Borrower must complete a homebuyer education course before the Closing. The homebuyer education requirement may be met by taking a pre-purchase course through an internet-based program developed by mortgage insurance companies, such as MGIC or Genworth Financial or through another HUD-approved homebuyer education provider. These outlets meet the standards prescribed by the National Industry for Homeownership Education and Counseling (NIHEC).

(g) *Home Inspection.* It is the Eligible Borrower’s option to obtain a home inspection and if obtained, the inspection report does not need to be provided to the lender, master servicer, program administrator or the Authority, as described under the Program Guidelines.

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

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

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

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

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

(iii) shall bear interest at the applicable Mortgage Loan interest rate as specified on the Lender Portal of the Administrator;

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

(v) shall provide for payments to be due and payable on the first day of each month and for an initial principal payment not later than the first day of the second month following the Closing Date, and may include provision for a grace period not exceeding fifteen (15) days and late payment charges in amounts not in excess of the customary charges permitted by the FHA, VA, USDA-RHS, FNMA, FHLMC and/or GNMA, as applicable;

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

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

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

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

(x) shall comply in all respects with this Agreement, the Program Guidelines, the Participating Lender Agreement, the GNMA Guide, the FNMA Guide, the FHLMC Guide, and FHA, VA, USDA-RHS, or private insurer rules and regulations, each as applicable; and

(xi) shall be eligible for pooling and securitizing into GNMA Certificates, FNMA Certificates or FHLMC Certificates, as applicable..

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

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

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

(ii) the Lender shall perform such additional investigation as may be appropriate under the circumstances (including, but not limited to, personal or telephone interviews with the Mortgagor and the Seller, review of employment and utility records, review of the purchase contract for the Residence to determine the Purchase Price, and review of title information to verify the absence of any existing permanent mortgage on the Residence executed by the Mortgagor) to verify that the applicable Maximum Purchase Price limit is satisfied as of the date of the execution of the Mortgage Loan;

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

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

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

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

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

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

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

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

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

(c) The Lender shall pay all costs of preparing and furnishing the Mortgage File to the Servicer and the Compliance Package to the Administrator and shall facilitate the delivery of the Funding Fee, Tax Service Fee and the Compliance Review Fee to the Servicer or the Administrator, as applicable. The Lender shall service each Mortgage Loan originated by it from the Closing Date to the Purchase Date for such Mortgage Loan, which servicing shall include processing, posting payments and paying taxes and insurance with respect thereto. The Lender shall be obligated to pay any fees or penalties associated with late payment of taxes and/or insurance that were due with respect to a Mortgage Loan during the period prior to the Servicer's purchase thereof. The Mortgage File shall be reviewed by the Servicer pursuant to procedures established by the Servicer prior to the Purchase Date. Any Mortgage Loan with respect to which the Compliance Package or the Mortgage File is deemed to be defective will be returned to the Lender by the Servicer. To be purchased, such defective Mortgage Loan must be resubmitted in accordance with the procedures of this Section; *provided, however*, that the Servicer in its discretion may hold such documents pending curative action. Any Mortgage File held by the Servicer for more than thirty (30) days without curative action having been taken by the Lender shall be returned to the Lender. Neither the examination nor the acceptance of a Mortgage File by the Servicer or the related Compliance Package by the Administrator shall constitute a waiver of any warranty, representation or covenant by the Lender or the Mortgagor with respect to the related Mortgage Loan. Any review or approval by the Servicer or the Administrator of any Mortgage Loan, or the compliance information in connection therewith, shall not relieve the Lender of responsibility or liability for the performance or nonperformance of its obligations hereunder.

Section 10. Defective Mortgage Loans and Repurchase of Mortgage Loans. Each Lender agrees to repurchase any defective Mortgage Loan from the Servicer in accordance with the provisions of the Participating Lender Agreement and any other applicable Program Document.

Section 11. Review of Lender's Performance. The Authority (or the Department on behalf of the Authority) and the Servicer shall each have the right to review the performance of the Lender, and the Authority's review may include the reports and recommendations of the Servicer and the Administrator and such other evidence as may be presented to the Authority regarding the Lender, to determine if the Lender is performing in accordance with the standards required by this Agreement and any other Program Document.

If the Authority (or the Department on behalf of the Authority) or the Servicer determines that the Lender is not performing in accordance with such standards, the Authority or the Servicer shall notify the Lender of any such deficiency, and if such deficiency is sufficient to warrant termination of the Lender by the Authority or the Servicer, then the Authority (or the Department on behalf of the Authority) or the Servicer, as applicable, shall notify the Lender that the services of the Lender are being terminated and the date on which such termination shall be effective as set forth in Section 13. Any notice so provided to a Lender by the Authority (or the Department on behalf of the Authority) or the Servicer shall be provided at the same time to the Servicer or the Authority (or the Department if applicable), respectively.

Section 12. Lender Not to Resign. The Lender shall not have the right to resign from the obligations and duties imposed on it under the Program Documents. Except as permitted by Section 4(1), no Lender shall have the right or privilege to assign or transfer its rights and duties hereunder without the prior written consent of the Authority and the Servicer.

Section 13. Involuntary Termination of Lender. The Authority (or the Department on behalf of the Authority) may terminate this Agreement with respect to the Lender upon the happening of any one or more of the following events:

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

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

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

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

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

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

(g) Failure by the Lender to repurchase a Non-Qualifying Mortgage Loan purchased by the Servicer pursuant to the Participating Lender Agreement or any other Program Document or pursuant to any prior program agreement offered by the Authority; or failure to return Down Payment Assistance on a closed Mortgage Loan hereunder that is not purchased by the Servicer or pooled into a GNMA Certificate or FNMA mortgage-backed security.

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

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

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

Section 16. Amendments; Assignment. This Agreement is subject to amendment by the Authority (or the Department on behalf of the Authority) with prior notice to the Lenders. No such amendment or revision shall adversely affect any Mortgage Loan for which a Commitment has been previously made.

At any time, the Department may assign all its rights and obligations hereunder to the Authority. The Department shall provide notice of such assignment to the Lender. No consent of the Lender shall be required in connection with any such assignment.

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

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

Section 19. Severability. If one or more provisions of this Agreement, or the applicability of any such provision or provisions under any set of circumstances, shall be determined to be invalid or ineffective

for any reason, such determination shall not affect the validity and enforceability of the remaining provisions of this Agreement or the applicability of the provisions found to be invalid or ineffective for a specific set of circumstances to other circumstances.

Section 20. Further Assurances and Corrective Instruments. The Lender agrees that it will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required or appropriate to further express the intention, or to facilitate the performance, of this Agreement.

Section 21. Term of Agreement. This Agreement shall continue in full force and effect until the Authority (or the Department on behalf of the Authority) provides written notice to the Lender that the Program is terminated. At such time the Lenders shall cease originating Mortgage Loans, but this Agreement shall remain in effect for Mortgage Loans for which reservations have been made.

Section 22. No Rights Conferred on Others. Nothing in this Agreement shall confer any right upon any persons other than the Authority (and the Department, if applicable) and the Lender.

Section 23. Limitation on Liability of Parties. Each party to this Agreement shall be liable under this Agreement only to the extent that obligations are explicitly imposed upon and undertaken by the party against whom enforcement is sought. Neither the Authority nor the Department shall be liable for any expenses incurred by the Lender under the Program. Neither the Authority nor the Department shall be liable to the Lender, or any other person, for the taking of any action by the Authority or the Department, or for refraining to take any action, in good faith pursuant to this Agreement, or for errors in judgment.

Section 24. Limitation on Liability of Directors, Officers, Employees, and Agents of Lender. No director, officer, employee, agent of Lender to this Agreement shall be individually liable to any other party for the taking of any action, or for refraining to take any action, pursuant to this Agreement, or for errors in judgment except claims which arise solely out of the Lender's, or Lender's directors, officers, employees, or agents gross negligence or willful misconduct.

Section 24.1. Limitation of Liability on Directors, Officers, Employees and Agents of the Authority or the Department. No director, officer, employee, agent or governmental official, of the Authority or the Department shall be individually liable to Lender for the taking of action, or refraining to take any action, pursuant to this Agreement, or for errors in judgment, and Lender's sole remedy is set forth in Section 29 below.

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

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

Section 27. Attorney Fees. In the event the Lender should fail to materially perform its obligations under any of the provisions of this Agreement or any other Program Document, and the Authority should

employ attorneys or incur other expenses for the enforcement of performance or observance of any material obligation or agreement on the part of the Lender herein or therein contained, the Lender agrees that to the extent permitted by law they will pay or reimburse the Authority, on demand, the reasonable fee of such attorneys and such other reasonable expenses incurred in connection with the Lender's material failure to perform its obligations hereunder.

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

Section 29. Limited Liability. All monetary obligations of the Authority and/or the Department incurred hereunder, and any remedies arising against the Authority and/or the Department by reason of its default, shall be payable solely out of, and all liability of the Authority and/or the Department shall be limited to, revenues and receipts derived from the transactions contemplated and performed pursuant to the Program Documents to the extent not already expended pursuant to Section 6(e) above.

Section 30. Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the State, its political subdivisions or any department or agency of either, may cancel any contract, without penalty or further obligation, made by the State, its political subdivision or any departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

Section 31. Time is of the Essence. Time is of the essence of the Agreement and each term, provision and condition thereof.

THIS AGREEMENT has been executed as of _____, 201_ and is signed by an authorized representative of the Authority and an authorized representative of the Lender, respectively.

Arizona Industrial Development Authority

By: Arizona Department of Housing

Signature:

Name [Printed]:

Title:

Michael Traylor

Director

Lender Name [Printed]:

Designated Representative Signature:

Designated Representative Name [Printed]:

Title of Designated Representative:

Email:

EXHIBIT A DEFINITIONS

“*Administrator*” means Housing and Development Services, Inc. d/b/a eHousingPlus, or its successor or assigns, or any other person or entity named by the Authority.

“*Agreement*” means this Mortgage Origination Agreement dated as of _____ 1, 201_, entered into by and among the Lender and the Authority, and all exhibits, amendments, or supplements hereto.

“*Assignment of Mortgage Note and Mortgage*” means the form acceptable to the Servicer completed and executed by the Lender, in recordable form, and pursuant to which a Lender assigns and delivers the related Mortgage and endorses the Mortgage Note to the Servicer in connection with the purchase of the related Mortgage Loan by the Servicer.

“*Business Day*” means any day other than (i) a Saturday or Sunday (ii) a day on which banking institutions are closed in New York, New York, Arizona, or the state or states in which the Servicer’s operation are located, or (iii) a day on which the New York Stock Exchange is closed.

“*Buydown*” means any reduction in the Mortgagor’s monthly Mortgage Loan payment required under the Mortgage Note by reason of the deposit of funds into an escrow or pledged account to be used to supplement the Mortgagor’s monthly payment. Buydowns shall only be permitted in connection with FHA Mortgage Loans unless otherwise permitted by the Authority.

“*Certificate*” means a GNMA Certificate, a FNMA Certificate or a FHLMC Certificate.

“*Closing*” means the execution of a Mortgage Note and Mortgage by an Eligible Borrower and the concurrent origination and funding of a Mortgage Loan by a Lender pursuant to Section 7 of this Agreement.

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

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

“*Commitment*” means a binding written commitment by a Lender, in the form customarily used by the Lender in its owner occupied home lending practice or in a form customarily used in the mortgage lending industry and approved by the Servicer, to a particular Eligible Borrower to finance the purchase of a particular Residence with a Mortgage Loan, which commitment shall specify a stated expiration date, a stated principal amount, and the applicable Mortgage Loan Rate.

“*Commitment Expiration Date*” means the final date that the Mortgage Loan may be purchased by the Servicer (notwithstanding any applicable extension), as specified in the Program Guidelines.

“*Compliance Package*” means the documents as may be required by the Administrator with respect to a Mortgage Loan submitted to the Administrator for compliance review.

“*Compliance Review Fee*” means the non-refundable fee in the amount set forth in the Program Guidelines payable by the buyer or seller to the Administrator for the review of a Compliance Package.

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

“*Conventional Mortgage Loan*” means a Mortgage Loan other than an FHA Mortgage Loan, a VA Mortgage Loan, or a USDA-RHS Mortgage Loan, in each case satisfying the requirements of FNMA or FHLMC, as applicable.

“*de minimus PUD*” means: (i) a planned unit development that meets the definition of a “de minimus PUD,” as defined in the FNMA Conventional Home Mortgage Selling Contract Supplement or any applicable FHLMC document; or (ii) a planned unit development (a) whose organizational or other relevant documents provide that the lien for any homeowner assessment or charge is subordinate to the lien of any purchase money mortgage, and (b) the maximum permissible annual homeowner assessments and/or charges with respect to the property being financed, as of the Closing Date of the Mortgage Loan, is no greater than the lesser of \$600 or 1% of the Sales Price (or such other amount set forth in the Program Guidelines).

“*Discount Fee*” means the fee, if any, payable by the Mortgagor or the Seller in connection with the origination of a Mortgage Loan, as forth in the Program Guidelines.

“*DPA Grant*” means a nonrepayable grant in an amount initially equal to the percentage of the original principal amount of the Mortgage Loan, as specified by the Authority in the Program Guidelines from time to time, to assist in the payment of an Eligible Borrower’s down payment and closing costs related to such Mortgage Loan or reduction in principal of such Mortgage Loan, as described in the Program Guidelines.

“*Eligible Borrower*” means a person or persons: (i) whose Family Income does not exceed the Maximum Family Income then in effect for such jurisdiction; provided, however, that in the event of any adjustments to the Maximum Family Income amounts, such adjustments shall become effective upon announcement thereof to the Lenders by the Servicer (promptly following the Servicer’s receipt of such information from the Authority); (ii) the Purchase Price of the related Residence does not exceed the Maximum Purchase Price, (iii) if required under the Program Guidelines, who intends to occupy the Residence to be financed with a Mortgage Loan as his or her Principal Residence within a reasonable period (not to exceed 60 days) following the Closing of such Mortgage Loan; (iv) if required under the Program Guidelines, who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of owner-financing), whether or not paid off, on the Residence to be financed with such Mortgage Loan at any time prior to the execution of the Mortgage, other than an existing mortgage securing a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred within 24 months of the Closing Date, having an original term not exceeding 24 months, and not providing for scheduled payments of principal during such term; (v) if required under the Program Guidelines, who has not previously obtained a Commitment for a Mortgage Loan under the Program; (vi) who has a minimum representative FICO (Fair Isaac Corporation) score as set forth in the Program Guidelines; (vii) who has provided a completion certificate (in a form acceptable to the Authority) from a homebuyer education program permitted under the Program; and (viii) whose debt-to- income ratio (ratio of monthly Mortgage Loan payment, including real estate taxes and insurance, plus other long-term debt payment of Mortgagor to gross monthly income) does not exceed the percentage set forth in the Program Guidelines (ratio of monthly Mortgage Loan payment, including real estate taxes and insurance, plus other long-term debt payment of Mortgagor to gross monthly income).

“*Family Income*” means, with respect to a Mortgagor, the “gross monthly income,” multiplied by twelve (12), of such Mortgagor and of any other Mortgagor who is expected to live in the Residence being financed and is an obligor on the Mortgage Note, as determined in accordance with the applicable Program Affidavit, or such other measurement of Family Income as set forth in the Program Guidelines. For purposes of the preceding sentence, “gross monthly income” means the income used by the Lender’s underwriter (under applicable underwriting guidelines) to qualify the Mortgagor(s) for repayment of the Mortgage Loan.

“*FHA*” means the Federal Housing Administration of the Department of Housing and Urban Development of the United States of America, or any successor thereto.

“*FHA Insurance*” means insurance on mortgage loans presently issued by FHA under the National Housing Act of 1934, as amended, pursuant to one of the following FHA Insurance programs:

- (a) FHA Section 203(b), Home Unsubsidized;
- (b) FHA Section 203(b)(2), Veterans Status; or
- (c) FHA Section 234(c), Condominium Ownership; or
- (d) FHA Section 203(h), Disaster Victims; or
- (e) such other FHA insurance program or programs approved for the Program by the Authority and the Servicer.

“*FHA Mortgage Loan*” means a Mortgage Loan that is insured by the FHA.

“*FHLMC*” means the Federal Home Loan Corporation (“Freddie Mac”).

“*FHLMC Certificate*” means a single pool, guaranteed mortgage pass-through mortgage backed certificate issued by FHLMC, bearing interest at the applicable Pass-Through Rate, in book-entry form, guaranteed as to timely payment of principal and interest by FHLMC and backed by Conventional Mortgage Loans in the related pool.

“*FNMA*” means the Federal National Mortgage Association (“Fannie Mae”).

“*FNMA Certificate*” means a single pool, guaranteed mortgage pass-through mortgage backed certificate issued by FNMA, bearing interest at the applicable Pass-Through Rate, in book-entry form, guaranteed as to timely payment of principal and interest by FNMA and backed by Conventional Mortgage Loans in the related pool.

“*Funding Fee*” means the nonrefundable fee in the amount set forth in the Program Guidelines payable by the Lender to the Servicer upon purchase of a Mortgage Loan.

“*GNMA*” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development or any successor agency, corporation, or other instrumentality of the government of the United States of America.

“*GNMA Certificate*” means a fully-modified, mortgage-backed certificate (whether issued as a “GNMA I” or a “GNMA II” Certificate) bearing interest at the applicable Pass-Through Rate, issued by

the Servicer, guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder, and backed by FHA Mortgage Loans, VA Mortgage Loans and/or USDA-RHS Mortgage Loans made by Lenders.

“*GNMA Guaranty Agreement*” means the one or more guaranty agreements between the Servicer and GNMA now or hereafter in effect pursuant to which GNMA has agreed or will agree to guarantee GNMA Certificates.

“*GNMA Guide*” means the GNMA Mortgage Backed Securities Guide in effect from time to time.

“*HUD-Approved Housing Counseling Agencies*” means HUD-sponsored housing counseling agencies that provide advice on buying a home, renting, defaults, foreclosures, and credit issues.

“*Law*” or “*Laws*” means all applicable statutes, laws, acts, regulations, orders, writs, injunctions or decrees of the United States or any agency thereof, or any state or political subdivision thereof, or any court of competent jurisdiction thereof.

“*Lender*” means the mortgage lending institution executing this Agreement (and a Participating Lender Agreement, if required, with the Servicer) and any other applicable Program Document, which agrees to originate Mortgage Loans hereunder and thereunder and sell such Mortgage Loans and the servicing in connection therewith to the Servicer.

“*Lender Guide*” means the guide prepared by the Servicer for the Program for the origination and delivery of Mortgage Loans to be purchased by the Servicer and the eligibility, credit and security underwriting standards applicable thereto, and for servicing of Mortgage Loans included in a Pool for a Certificate, as may be amended from time to time by the Servicer.

“*Lender Portal*” means the web-based Mortgage Loan reservation and compliance system administered by the Administrator and found at the website set forth in the Program Guidelines.

“*Maximum Purchase Price*” means the applicable amounts specified in the Program Guidelines.

“*Maximum Family Income*” means the applicable maximum annual Family Income amounts which are set forth in the Program Guidelines. Such amounts shall be subject to adjustment at the discretion of the Authority.

“*MGIC*” means Mortgage Guaranty Insurance Corporation.

“*Mortgage*” means the instrument, including the deed of trust, securing a Mortgage Loan that creates a first lien on a Residence subject to Permitted Encumbrances, and that shall be in form acceptable to FHA, VA, USDA-RHS, any applicable private insurer, GNMA, FNMA and/or FHLMC, as applicable.

“*Mortgage File*” means such documents as are required by the Servicer with respect to a particular Mortgage Loan submitted to the Servicer for purchase.

“*Mortgage Loan*” means a qualified first lien mortgage loan originated by a Lender under the Program to an Eligible Borrower evidenced by a Mortgage Note and secured by a related Mortgage on a Residence located in the Program Area, satisfying the requirements of this Agreement and any other Program Document. Down Payment Assistance grants are gifts and are not included in the principal amount of a Mortgage Loan.

“*Mortgage Loan Purchase Price*” means the price to be paid by the Servicer to a Lender for a Mortgage Loan as set forth in the Program Guidelines.

“*Mortgage Loan Rate*” means the interest rate on a Mortgage Loan.

“*Mortgage Note*” means the promissory note evidencing the obligation to repay a Mortgage Loan, which shall be in the form acceptable to FHA, VA, USDA-RHS, depending on whether the Mortgage Note evidences an FHA Mortgage Loan, a VA Mortgage Loan or a USDA-RHS Mortgage Loan, respectively, or in the form acceptable to FNMA or FHLMC with respect to a Conventional Mortgage Loan, with such additions or modifications as may be required hereunder as approved by the Authority and the Servicer.

“*Mortgagor*” means any person who has a Present Ownership Interest in the Residence and is the obligor(s) on a Mortgage Note.

“*Non-Qualifying Mortgage Loan*” means any Mortgage Loan which does not conform to the Program, the Program Documents, the FNMA Guide, the FHLMC Guide, the GNMA Guide and/or the GNMA Guaranty Agreement, as applicable, including, but not limited to, the following examples:

(a) The Lender fails to deliver to the Servicer all documents of the Mortgage File (described in the Lender Guide) on a timely basis, or the Servicer determines that such documentation for Mortgage Loans do not conform to the requirements of the Program;

(b) GNMA, FNMA, FHLMC or the Servicer determines that the Mortgage Loan is not of acceptable quality or is not eligible for sale under the Program, or the Program Documents.

“*Notice Address*” means the notice addresses set forth below or any other address as shall be applied by the Authority, the Servicer or the Lender to the other two parties:

As to the Authority: Arizona Industrial Development Authority
c/o Arizona Department of Housing
1110 West Washington, Suite 280
Phoenix, AZ 85007
Attention: Dirk Swift
Telephone: (602) 771-1091
Fax: (602) 771-1002

As to the Servicer: U.S. Bank National Association
17500 Rockside Road
Bedford, OH 44146-2099
Attention: Sheryl Krocek/Elmer Helbig
Telephone: (216) 475-7719/(216) 475-7685
Fax: (216) 475-8619
E-mail: sheryl.krocek@usbank.com
elmer.helbig@usbank.com

As to the Lender: At the address provided to the Authority or the Servicer by the Lender.

“*Origination Fee*” means an origination fee in an amount (if any) specified in the Program Guidelines, which amount may be collected and retained by the Lender in connection with each Mortgage Loan originated under this Agreement.

“*Participating Lender Agreement*” means the agreement, if any, entered into between the Servicer and the Lender as to the terms and conditions under which the Servicer will purchase a Mortgage Loan from the Lender.

“*Pass-Through Rate*” means the interest rate per annum accruing on a GNMA Certificate, FHLMC Certificate or FNMA Certificate, which will equal the Mortgage Loan Rate of the Mortgage Loans backing applicable Certificate less the applicable servicing fee and the applicable guaranty fee.

“*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 Mortgage and that are permitted by FHA, VA, USDA-RHS, the private mortgage insurer, GNMA, FNMA or FHLMC, as applicable.

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

“*Pool*” means with respect to a Certificate, the pool of Mortgage Loans the beneficial ownership of which is represented by such Certificate, as described in the schedule of pooled mortgages pertaining to such Certificate.

“*Principal Residence*” means a Residence (or the unit in a duplex occupied by the Mortgagor) which can be reasonably expected to become the Principal Residence of the Mortgagor. The term “Principal Residence” does not include a home used as an investment property or as a recreational home or a home which is primarily intended to be used in a trade or business, as evidenced by the use of more than 15% of the total area in a trade or business (including the provision of childcare services on a regular basis for consideration). Any use of a home which does not qualify for a deduction allowable for certain expenses incurred in connection with the business use of a home under Section 280A of the Code is not considered as a use in a trade or business.

“*Program*” means the Authority’s “Home Plus” Mortgage Loan Program, administered by the Authority, or any related program.

“*Program Affidavit*” means an affidavit or certification in the form attached to the Program Guidelines, which is to be executed by the Mortgagor and the Lender in connection with each Mortgage Loan purchased by the Servicer hereunder.

“*Program Area*” means the State of Arizona, excluding (i) the Counties of Maricopa and Pima for FHA Mortgage Loans, VA Mortgage Loans or USDA-RHS Mortgage Loans, and (ii) the County of Pima for Conventional Mortgage Loans.

“*Program Documents*” means this Agreement, the Program Guidelines, the Participating Lender Agreement, the Lender Guide, the Program Administration Agreement and any other document, instrument, certificate or other writing relating to the Program.

“*Program Guidelines*” means the guidelines established by the Authority, the Servicer and the Administrator for the origination of Mortgage Loans to be reviewed by the Administrator and purchased

by the Servicer and the eligibility, credit, and security underwriting standards applicable thereto, as may be amended from time to time.

“*Purchase*” means the purchase of a Mortgage Loan by the Servicer from a Lender on a Purchase Date pursuant to Section 9 of this Agreement.

“*Purchase Date*” means the date of any Purchase of a Mortgage Loan by the Servicer.

“*Purchase Price*” means the cost to a Mortgagor of acquiring a Residence from the Seller as a completed residential unit indicated in the contract of sale entered into between the Mortgagor(s) and the Seller(s).

“*Qualified Insurer*” means any insurance company that is approved by FHA, VA, USDA-RHS, GNMA, FNMA and/or FHLMC, as applicable, to provide insurance on single family residences in the State.

“*Residence*” means real property and improvements permanently affixed thereon (including property constituting a “fixture” under state law but not any personal property and not a mobile home) (i) that is located within the Program Area; (ii) that consists of a single family detached structure, a single family attached structure (townhouse), a single unit in a Condominium Development, Planned Unit Development, or de minimis PUD, a single unit in a duplex, or an entire duplex provided that one of the units will be occupied by the Mortgagor; and (iii) the Purchase Price of which does not exceed the Maximum Purchase Price.

“*Sales Price*” means the price of a Residence as indicated in the contract of sale, including any collateral agreements attached to or made a part of the sales contract between the Eligible Borrower and the Seller of the Residence.

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

“*Servicer*” means U.S. Bank National Association, its permitted successors or assigns, or any successor servicer appointed by the Authority (or the Department on behalf of the Authority).

“*Servicing Agreement*” means the Servicing Agreement between the Authority (or the Department acting on behalf of the Authority) and the Servicer.

“*State*” means the State of Arizona.

“*Tax Service Fee*” means the nonrefundable tax service fee in the amount set forth in the Program Guidelines, payable by the buyer or seller, unless otherwise restricted by the underlying mortgage underwriting guidelines, to the Servicer upon purchase of a Mortgage Loan.

“*Title Policy*” means a mortgage guaranty title insurance policy with respect to a Mortgage Loan in form approved by the State Board of Insurance of the State in an amount equal to the original principal amount of the Mortgage Loan, issued as of the Closing Date of such Mortgage Loan, and insuring the Lender and its successors and assigns.

“*USDA-RHS*” means the Rural Housing Service of the United States Department of Agriculture, its successors and assigns.

“USDA-RHS Guaranty” means a guaranty of a Mortgage Loan pursuant to the USDA-RHS Single Family Housing Guaranteed Loan Program.

“USDA-RHS Mortgage Loan” means a Mortgage Loan guaranteed by the USDA-RHS.

“VA” means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

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

“VA Mortgage Loan” means a Mortgage Loan guaranteed by VA in accordance with the provisions hereof and under the Servicemen’s Readjustment Act of 1944, as amended.

EXHIBIT B
PROGRAM GUIDELINES



Arizona Department of Housing



Home Loan Program

Program Guidelines:

"HOME Plus" Home Loan – DPA Program

PUBLISHED MARCH 1, 2013

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Updates on page 3

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10-12-13	Clarification of processing timetable	9
3-7-14	New Income Limits	5
3-25-14	Added Military Heroes option and direction	4, 10, 15
5-1-14	Transfer Fee becomes Funding Fee and increases to \$250 with new reservations	13
5-31-14	New Program Administrator's name added to Processing Guidelines for DPA Funding	11, 12
6-1-14	DPA Grant notification changes for all wire requests	11, 12
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6-9-14	Funding Fee Increases on 6-9-14 for new reservations	13
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8/1/2014	Elimination of the MCC program	7
	Income limit changes effective 8/1/2014	7
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9/23/2014	Added Fannie Mae HFA Preferred Program – LTV's to - 97%	6,7,8,16
	Clarification of Lender Compensation	16
1/22/2015	Daily Interest Rate Lock Reservation	5
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	Borrower Income Limits – defined	7
	(No) Reserve Requirements / Liquidity Requirements – defined	10
	Change in Custodian Bank - DPA Request Process	13,14
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3/27/2015	FNMA HFA Preferred Non Occupying co-borrower / co-signor – defined	9
	FNMA HFA Preferred LTV's 95.01% to 97% underwriting and certification process – defined	12
	Beneficiary Information added	14
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1/22/2016	Master Servicer – US Bank lender support links	7
6/1/2016	DPA Funding Process Change	5
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	Clarification on Non-occupant co-signors for FHA and Fannie Mae HFA Preferred	10
	Change in credit package delivery to master servicer, US Bank	17,18
8/1/2016	Add 3% DPA option to Fannie HFA Preferred and 4% DPA option to FHA	6,13
	Remove 5% DPA option on Freddie HFA Advantage	6,13
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8/22/2016	Master Servicer - US Bank reduced minimum credit score to 640 on conventional loans with LTV's over 95.01%	9

THE ADOH PARTNERSHIP TEAM



Arizona Department of Housing – Program Administrator

Creates and directly implements the first mortgage and down payment assistance program, sets the interest rates, terms, points, authorizes disbursement of the down payment assistance funds, **and** markets the program through our participating lenders. Approves and monitors lender participation.

Participating Lenders

Take applications, reserve in eHousingPlus system, process, underwrite, approve, fund, close and sell qualified loans to the program's Master Servicer. Lenders are responsible for servicing program loans in accordance with Agency requirements until they're purchased by the Master Servicer.

U S Bank - Master Servicer

Provides information and training concerning the mortgage loan file including acceptable loan products and delivery and funding, receives all mortgage files, reviews mortgage files, notifies lenders of mortgage file exceptions, approves mortgage files, purchases first mortgage loans and delivers loans.

eHousingPlus - Reservation and Program Compliance

Maintains the program reservation system and related website, posts guidelines, provides auto-fill forms, provides training on compliance issues and system, makes corrections and updates in the reservation system at lender, Authority or master servicer requests, answers program and system questions, sends program notices regarding program timelines, receives compliance files, reviews, posts and notifies of exceptions and approves compliance file.

HOME PLUS MORTGAGE PROGRAM

GENERAL

The **HOME Plus** Home Loan Program (the “**HOME Plus**”) is being administered by the Arizona Department of Housing (“ADOH”). In addition to the provisions set forth in these Program Guidelines, the provisions set forth in the Mortgage Origination Agreement shall also apply; in the event of a conflict, the provisions of the Mortgage Origination Agreement shall control.

HOME PLUS FIRST MORTGAGE LOAN

All borrowers under the **HOME Plus** Program will receive a 30-year, fixed rate, fully amortizing first-lien mortgage loan (a “**HOME Plus** Loan”) and a grant equal to 5%, 4%, 3% or 2% based on the underlying mortgage. The down payment assistance grant is calculated on the first-lien mortgage loan amount and can be applied toward the down payment and/or closing costs. (a “DPA Grant”) (see “DPA Grant” below).

DAILY INTEREST RATE LOCK RESERVATION

Interest rates for the **HOME Plus** Program are posted to the eHousingPlus.com web page under Available Programs, ADOH Programs, RATES tab. Interest rates and reservations for this program are available Monday – Friday 7:00 A.M. – 5:00 P.M. Mountain Standard Time, excluding Holidays.

PLEASE NOTE THAT INTEREST RATES and the DPA GRANT AMOUNT ARE SUBJECT TO CHANGE AT ANY TIME. Once reserved, the interest rate and the DPA Grant amount will not change as long as loan is delivered according to the timetable included in these guidelines.

Interest rate buy-ups or buy-downs are not available on the **HOME Plus** program.

DPA ASSISTANCE GRANT

The DPA Assistance Grant will be a stated percentage of the **HOME Plus** Loan Note amount and funded by the Lender at closing. These funding procedures apply to all loan closing 6/1/2016 and after. U.S. Bank reimburses the Lender at loan purchase per Legally Enforceable Obligation Letter for HUD ML 2013-14: Commitment Letter. (Added information 10/6/2014).

The DPA Assistance Grant is in the form of a non-repayable grant; no repayment of the DPA Assistance Grant will be required.

The ADOH’s **HOME Plus** down payment assistance program provides the applicable assistance in a grant. Since no promissory note, warranty deed or lien is filed and there are no repayment terms, requirements, etc. no additional or specific program guidance on TRID requirements is necessary for our ADOH **HOME Plus** participating lenders. The lender will need to follow any and all regulatory requirements relating to the underlying first mortgage. US Bank provides lender support for TRID related issues at USBHMLenderSupport@usbank.com

A Lender will make the determination that a borrower meets the requirements of the **HOME Plus** Loan and the requirements for receiving a DPA Assistance Grant. When the lender reserves the first mortgage in the eHousingPlus system, the DPA Assistance Grant is automatically reserved. There is no additional reservation necessary. The DPA Assistance Grant is only available in conjunction with a **HOME Plus** Loan.

The amount of the down payment assistance is based on the underlying mortgage type, detailed as follows:

Mortgage Type	Down Payment Assistance
Fannie Mae HFA Preferred	5%
Fannie Mae HFA Preferred	4%
Fannie Mae HFA Preferred	3%
Freddie Mac HFA Advantage	4%
FHA	4%
FHA	3%
USDA-RD	2%
VA	2%

On Fannie Mae HFA Preferred and Freddie Mac HFA Advantage the DPA is **NOT** tied to LTV. The lender can choose the DPA option that best fits the homebuyers needs.

Qualified U.S. military personnel, Veterans, active duty military, active reservists and active members of the National Guard are eligible for an additional 1.00% of down payment assistance. This additional 1% is available on any mortgage type, increasing the DPA by an additional 1%. Subject to change at any time, this allocation is limited and available on a first-come, first serve basis.

The DPA Assistance Grant can be applied only for the following purposes (i) to pay for any portion of the Purchase Price of the Residence due and payable at Closing which is not funded by the Mortgage Loan (i.e., any portion of the “down payment” for the Residence) and (ii) to pay for any closing costs (see next paragraph) collected by the Lender. Because the DPA Grant Assistance is a fixed percentage, any remaining / unused DPA Grant Assistance must be applied as a principal reduction. The DPA Assistance Grant will not be applied by the Mortgagor for any other purpose without the consent of ADOH or the Servicer.

Closing costs mean prepaid taxes, hazard and mortgage insurance premiums (including single premium borrower paid), origination and discount points, guaranty fees, credit report fees, survey fees, appraisal fees, inspection fees, title insurance premium, abstract and attorney’s fees, escrow and courier fees, recording fees, and similar fees.

PROGRAM ELIGIBILITY – Underlying Mortgages

At this time, the **HOME Plus** Program permits FHA-insured, VA-guaranteed, U.S. Department of Agriculture-Rural Development (USDA-RD) guaranteed loans, including HUD 184 Native American Loan Products, Freddie Mac HFA Advantage (HFA Advantage is a variance of the FHMLC Home Possible product) and Fannie Mae HFA Preferred Loans (HFA Preferred is a variance of the FNMA Home Ready formerly, MyCommunityMortgage product). FHA 203K and FNMA Homestyle Renovation loans are not currently available under the **HOME Plus** program.

Within the Program Guidelines are the overarching requirements related to the **HOME Plus** DPA Program. The Program Guidelines do not include ALL specific (FHA, VA, USDA-RD, Freddie Mac HFA Advantage and Fannie Mae HFA Preferred) agency relating program guidelines within this single document. The respective agency guidelines for the underlying mortgage (FHA, VA, USDA-RD, Freddie Mac HFA Advantage and Fannie Mae HFA Preferred) must be met and requirements adhered to. Furthermore, the master servicer, US Bank could have additional underwriting overlays.

Our Master Servicer U.S. Bank’s provides lender support at the following links:

MRBP Home Mortgage Lender manual can be found at <http://www.mrbp.usbank.com>

General questions on the underlying mortgage can be made at hfa_programs@usbank.com

Exception inquires on a specific loan can be made to mrbpcommunications@usbank.com

Inquiries on post purchased loans can be made to mrbp.postfunding@usbank.com

ELIGIBLE BORROWERS:

- There are NO first-time home buyer requirements under the **HOME Plus** Program (and there is no such requirement to qualify for a DPA Grant).
- Regarding non-permanent residents, the respective agency guidelines for the underlying mortgage (FHA, VA, USDA-RD, Freddie Mac HFA Advantage and Fannie Mae HFA Preferred) must be met and requirements adhered to. ADOH will add no additional overrides for the **HOME Plus** Program.
- All borrowers must be considered irrespective of age, race, color, religion, national origin, sex, marital status, military status or physical handicap.
- Borrowers must occupy the property as their primary residence and reside in the subject property within 60 days of closing.

INCOME LIMITS:

In determining gross monthly income, the income of all borrowers expected to *both* live in the residence and who are credit qualifying /on the Note must be taken into account. For compliance purposes, the borrower(s) income calculation is based on the respective agency income guidelines for the underlying mortgage (FHA, VA, USDA-RD, Freddie Mac Advantage and Fannie Mae HFA Preferred) and as disclosed on the final, signed and dated Fannie Mae Universal Residential Application Form 1003.

- **The borrower(s) income cannot exceed \$92,984.**

PURCHASE PRICE LIMITS:

Acquisition Limits (Purchase Price Limits)

Acquisition cost means the cost to a Mortgagor of acquiring a Residence from the Seller as a completed residential unit - in most cases this is the Sales Price. This must include everything paid by the buyer or on the buyer's behalf with the exception of Agency-permitted financing costs. If the respective agency guidelines for the underlying mortgage (FHA, VA, USDA-RD, Freddie Mac HFA Advantage and Fannie Mae HFA Preferred) have a lower purchase price limit then it must be met and requirements adhered to.

- **The acquisition cost (purchase price) of the property cannot exceed \$371,936.**

MINIMUM CREDIT SCORE / MAXIMUM DEBT-TO-INCOME RATIO

Government Loans (VA, USDA-RD):

- Minimum 640 credit score
- Max DTI - 45%

Government Loans (FHA):

- Minimum 660 credit score
- Max DTI - 45%
- No Manual underwrite for FHA mortgages

Fannie Mae HFA Preferred & Freddie Mac HFA Advantage Mortgages:

LTV's 95.01% - 97%

- **Minimum 640 score**
- Max DTI – 45%
- No Manual underwrite
- 18% Charter Minimum MI

LTV's 95.0% - 90.01%

- Minimum 640 FICO
- Max DTI – 45%
- Manual underwrite allowed – **see agency restrictions**
- 16% Charter Minimum MI

- The minimum credit score requirements apply to ALL borrowers on the transaction.
- If minimum credit score required by an Agency (FHA, VA, USDA-RD Freddie Mac HFA Advantage and Fannie Mae HFA Preferred) is higher than the program minimum, then you must follow Agency guidelines.
- If as a Participating Lender your internal requirements dictate a higher minimum credit score, you must adhere to your lending guidelines.
- If a tri-merged credit report is used, the middle score must be the program minimum or higher.
- If a merged credit report only returns two scores, the lower of the two scores must be the program minimum or higher.
- Please see the U. S. Bank website “Bulletins” regarding manual underwriting.

QUALIFIED RESIDENCE REQUIREMENTS

- For GNMA, new or existing, one or two unit dwellings, detached or attached, condos, town homes. See US Bank website for Bulletins and Guidelines on credit overlays.
 - A duplex may be financed under the program as long as one unit of the duplex is

occupied by the Eligible Borrower as their Principal Residence.

- For Fannie Mae HFA Preferred and Freddie Mac HFA Advantage, only new or existing Single Family properties, including attached PUD's / Townhouses are allowed. **Condos are allowed at LTV's of 95.0% or less.** See US Bank website for Bulletins and Guidelines on credit overlays.
 - For Freddie Mac HFA Advantage, the borrower may not own any other residential dwelling at the time of closing; this includes deeded and inherited property and manufactured homes. **Effective July 26 2016**, with Fannie Mae SEL-2016-06 the restriction of ownership in other residential properties has been removed from the Fannie Mae HFA Preferred product. Occupant borrower(s) are now allowed to own other residential properties.
- **Manufactured Homes are not permitted on ANY underlying mortgage type.**
- Homes are considered new if never previously occupied. Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted. Properties purchased in the program must be residential units and the Eligible Borrower must reasonably expect to occupy the property as their Principal Residence within a reasonable time (not to exceed 60 days) after the financing is provided.
- **HOME Plus** Government Loans (FHA, VA, and USDA-RD) are available Statewide EXCLUDING Maricopa and Pima Counties. Eligible areas include Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Pinal, Santa Cruz, Yavapai and Yuma Counties.
- **HOME Plus** Fannie Mae HFA Preferred and Freddie Mac HFA Advantage are available Statewide EXCLUDING Pima County. Eligible areas include Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Navajo, Pinal, Santa Cruz, Yavapai and Yuma Counties.

ADDITIONAL PROGRAM REQUIREMENTS

- Seller cannot advance funds, solicit or induce funds to be advanced by another, directly or indirectly, for the payment of any amount required by the Home Plus Loan;
- **No Construction-to-Perm Loans:** Construction loans convertible to permanent loans ("construction-to-perms") are not permitted.
- **Non-occupant co-signors:** Non-occupant co-signors are allowed on underlying FHA mortgages, per FHA agency guidelines and on Fannie Mae HFA Preferred, per agency selling guidelines. The non-occupant co-signor cannot occupy the property, be on the purchase agreement, be on title or have a vested interest in the subject property. Non-occupant co-signors are not allowed on Freddie Mac HFA Advantage underlying mortgages. The master servicer, **US Bank could have additional overlays**, direct inquires can be made at hfa.programs@usbank.com

- **Homebuyer Education Course Required:** Each borrower (does not apply to non-occupant co-signors) must complete a homebuyer education course before closing. The homebuyer education requirement may be met by taking a pre purchase course through an internet-based program developed by mortgage insurance companies, such as MGIC or Genworth Financial or through another HUD-approved homebuyer education provider. These outlets meet the standards prescribed by the National Industry for Homeownership Education and Counseling (NIHEC). <http://www.homeownershipstandards.com>. These standards were developed by HUD, Freddie Mac, Fannie Mae, and various lenders and interest groups.
- **Cash back** to the borrower is not permitted. However, borrowers are permitted a reimbursement of overage of earnest money deposit to the extent any minimum contribution has been satisfied and permitted by Agency guidelines.
- **No Minimum Loan Amount:** there is no minimum loan amount required under the **HOME Plus** Program. If a minimum loan size applies, it is determined by the type of financing used (i.e. FHA, VA, USDA-RD, Freddie Mac HFA Advantage and Fannie Mae HFA Preferred).
- **Prepayments:** **HOME Plus** First Mortgages may be prepaid at any time without penalty.
- **No "Mortgage Subsidy" Recapture Tax:** There is no Mortgage Subsidy Recapture Tax under the **HOME Plus** Program.
- **No Refinancing:** The **HOME Plus** program is available for purchase money transactions only.
- **Escrow / Impound Account Requirements:** The borrowers must establish an impound/escrow account for monthly collection (1/12) and annual /semi-annual disbursement of the property taxes, homeowner's insurance premiums and private mortgage insurance (if applicable) and flood insurance (if applicable).
- **Reserve Requirements:** There are no minimum / maximum reserve requirements under the Home Plus Program. The Home Plus program does not have liquid asset overlays, restrictions or requirements, furthermore program does not impose restrictions on a homebuyer putting/ providing additional funds for the down payment / closing costs OR retaining his/her liquid assets in reserves and using just program funds for down payment / closing costs. If any reserves are required, these are determined by the type of financing used (i.e. FHA, VA, USDA-RD, Freddie Mac HFA Advantage and Fannie Mae HFA Preferred).
- **Home Inspection:** It is the homebuyer's option to obtain a home inspection. This is for their benefit and does not need to be provided to the lender, master servicer or program administrator. The fee for this inspection can be covered by the DPA grant funds.

LENDER TRAINING

Lender training is a three step process that involves ADOH **HOME Plus** Program training via eHP University, US Bank (Servicer) Training and System Training via eHP University.

1. Mandatory ADOH **HOME Plus** Program Training.

- a. Program training is offered via eHP University and is an online, non-instructor led course. Training is available 24 hours a day, 7 days a week, is self-paced and can be completed in 30-45 minutes. You attend when it is convenient for you.
- b. To attend, click the following link, create a user account and attend training.
<http://www.ehpuniversity.com/arizona-hfa.html>
- c. Immediately upon course completion, the attendee will receive an email with a finisher's certificate, how to apply for user credentials and information on how to attend US Bank training.

2. US Bank (servicer) Training

- a. Just like the ADOH **HOME Plus** Program training, the US Bank servicer training is available 24 hours a day, 7 days a week, is self-paced and can be completed in 30-45 minutes. You attend when it is convenient for you.

3. eHousingPlus System Training

- a. Every Wednesday at Noon Eastern Time, eHousingPlus conducts a Live Webinar system software training. During this training lenders learn how to use the eHousingPlus system software to reserve funds, print forms, etc. System training is completed in one hour.
- b. It is highly encouraged that anyone who will reserve funds, complete an underwriter certification, print forms, order DPA funds or clear exceptions attend this training.
- c. To attend, click the following link: <http://www.ehousingplus.com/ehp-system-trainings/>

LENDER USER CREDENTIALS

Following the completion of the ADOH **HOME Plus** Program Training via eHP University, an email will be sent to the attendee (lender) providing directions on how to apply for User Credentials for the lender portal. User credentials are necessary to system access and loan reservation.

LENDER COMPENSATION SUMMARY

- Maximum lender compensation is 2.50% on Fannie Mae HFA Preferred, Freddie Mac HFA Advantage and FHA and 1.00% on VA and USDA-RD mortgages. The entire lender compensation is paid in Service Release Premium SRP.

Mortgage Type	Down Payment Assistance	Lender Compensation (all paid in SRP)
Fannie Mae HFA Preferred	5%	2.50%
Fannie Mae HFA Preferred	4%	2.50%
Fannie Mae HFA Preferred	3%	2.50%
Freddie Mac HFA Advantage	4%	2.50%
FHA	4%	2.50%
FHA	3%	2.50%
USDA-RD	2%	1.00%
VA	2%	1.00%

- Normal lender administration, document preparation, processing and/or underwriting fees are not included in the lender compensation cap. Discount Points are not allowed.

PROGRAM FEES

ADMINISTRATOR FEE – eHousingPlus.

The Program includes a non-refundable **Compliance Review Fee of \$275, effective January 1, 2016.** The fee is payable at closing and must be disclosed on the Closing Disclosure and can be paid by the buyer or seller.

SERVICER FEES – U.S. Bank

A **\$85 Tax Service Fee and \$400 Funding Fee** are payable at closing. (Follow FHA guidelines for the tax service fee). Both must be disclosed on the Closing Disclosure and can be paid by the buyer or seller.

US Bank provides lender support for TRID related issues at USBHMLenderSupport@usbank.com

U.S. Bank charges a \$300 Underwriting Fee when the lender chooses to have US Bank underwrite the transaction. This underwriting fee ONLY applies when the lender chooses to have US Bank underwrite the transaction.

The \$300 underwriting fee will be deducted from the purchase wire at the time of funding. Loans underwritten by and not purchased by U.S. Bank will have the \$300 underwriting fee collected via a quarterly billing statement.

OTHER LENDER FEES

Lender Fees are fees paid to the Lender for services rendered (i.e. Processing Fees, Underwriting Fees, Administrative or Administration Fees and Doc Prep Fees). Lender fees (regardless of what they are called) should not exceed what is charged to the Lender's other borrowers. **The purpose of down payment and closing cost assistance is not to provide a source to pay for such fees. This is a public purpose program for affordable housing and fees are closely monitored. Junk fees are not permitted and excessive fees will not be tolerated.** An Application Fee must include no more than the actual costs of allowable items such as appraisals.

PROGRAM TIMETABLE

Buyers **MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY** in order to have funds reserved or be on a waiting list. The contract may be dated prior to the date of the loan application. Buyers may be pre-qualified. However, if the buyer does not have a contract on a property, program funds cannot be reserved for the buyer until such time as the buyer presents a valid contract. To assure that loans are purchased, please follow the Processing, Delivery and Purchase Timetable below. Please **DO NOT** reserve loans that cannot meet the timetable.

Should the loan reservation be canceled at any point during the reservation, the issuer may allow the loan to be reinstated at the higher of the mortgage rate originally reserved or the then current program mortgage rate.

The revolving pool of funds assures continuous funding. Fund availability makes it unnecessary to rush to reserve funds.

NOTE: It is expected that Lenders will review preliminary documentation and believe in good faith that applicants will qualify for loan credit approval. Excessive cancellations of loan reservations with respect to a Lender will be reviewed to assure that the Home Plus Program is not being utilized inappropriately by a Lender.

MILESTONE DATES:

Once a loan is reserved in the eHousingPlus system and is provided the Servicer's Loan number, the loan must be

1. underwriter certified within 10 days of loan reservation
2. closed and delivered to the Servicer within 35 days of loan reservation and
3. purchased within 60 days of loan reservation.

MORTGAGE LOAN DELIVERY and PURCHASE

Lenders must close, fund, deliver and clear conditions on the Mortgage Loans with the Servicer (U.S. Bank National Mortgage Association) within sixty (60) calendar days of the date the Mortgage Loan is reserved on the Lender Portal. Adequate time should be allowed for U.S. Bank to perform a compliance review of the credit loan package in order to cure any conditions prior to their approval to purchase the loan.

The Mortgage Loan must be purchased by the Servicer within sixty (60) calendar days of the date the Mortgage Loan is reserved on the Lender Portal. If a Mortgage Loan is not purchased within such sixty (60) day period, an extension is available for a fee that is applicable to the extension time necessary.

Rate Lock Extension	Extension Fees
7 days	0.09375 Points
15 days	0.18750 Points
22 days	0.28125 Points
30 days	0.37500 Points

These fees will be netted out of the lender service release premium (SRP) upon loan purchase by US Bank.

To the extent that Assistance is advanced on loans that do not close, are not purchased by the Servicer under the program or are to be repurchased by the lender prior to being pooled into a mortgage-backed security, the lender will be required to reimburse AzHFA with respect to such Assistance so advanced.

CANCELLATION and COMMITMENT EXPIRATIONS

The Lender is responsible for cancelling all Mortgage Loans subject to a reservation if the Mortgage Loan will not be delivered under the applicable Program. Please note, should the Lender cancel a reservation, the Lender will be prohibited from making another reservation for that Borrower for a period of 60 days or unless otherwise authorized by the Program Administrator.

- a. In a case where the Borrower cancels or withdraws his or her application, the reservation of funds must be cancelled by contacting the Program Administrator.

- b. In a case where the Commitment expires, the Lender must request an extension using the Extension Request Form available through the Lender Portal, and provide the new estimated closing date.

In all cases, the expiration of the Commitment without the required action by the Lender may result in the Lender being placed on “Inactive Status,” meaning the Lender may submit no new reservations until the problem is resolved. Failure to comply with this provision may result in the Lender’s expulsion from the Program.

SUMMARY of the ORIGINATION PROCESS

LOAN RESERVATION

Once the lender determines the borrower(s) is program eligible the transaction can be reserved in the eHousingPlus system. The interest rate on the first mortgage is locked and the down payment assistance is set at the time of reservation, the 60-day delivery timeline also begins. It is strongly recommended that lenders do not reserve too early as exceeding the 60-day delivery timeline will result in an extension fee and a reduction of the lender compensation. Reserving the first mortgage automatically reserves the down payment assistance. The lender will receive a loan number and message confirming the successful completion of the reservation.

UNDERWRITING AND CERTIFY

Lenders underwrite & are responsible for credit decisions of the loans in the program. Servicer does not re-underwrite loans **. Following credit approval **AND WITHIN 10 DAYS OF LOAN RESERVATION**, Underwriter completes the online underwriter certification form.

PROGRAM COMPLIANCE FORMS

Following the Underwriter Certification, lenders will access and generate all HOME Plus program related documents specific to the borrower, directly for the eHousingPlus portal. All HOME Plus program related forms must be signed at closing and will be required in the Compliance File. The simple rule of whom signs program forms – if the person is named on the Mortgage/Deed, they sign the forms. If they are not on the Mortgage/Deed, they do not sign the forms.

CLOSING FORMS (Rev 6-1-16)

- **Mortgagor Certificate**
- **Legally Enforceable Obligation Letter – Grant Letter Form**

POST-CLOSING FORMS

- **Compliance File Checklist with Required Documents**

MORTGAGE CLOSING / SETTLEMENT

It's important to provide accurate closing instructions to closing agents. All program docs must be returned to the lender. At closing the borrower will sign the (1) Mortgage Certificate and the (2) Down Payment Assistance Acknowledgement Gift Letter. The originals remain with the lender, copy to borrower, US Bank, eHousingPlus (and in FHA Case Binder if applicable). All forms can be found behind security at the eHousingPlus website.

SHIP / SUBMIT CREDIT & COMPLIANCE FILES

There are two (2) files shipped post-closing and it is extremely important that the lender submits both in a timely manner.

1. Mortgage File – Credit Package.

The mortgage file, including the credit package is sent to US Bank. Note: Effective June 1, 2016 US Bank will no longer accept paper files, as detailed on the April 7, 2016 Lender Operations Update, L-2016-009. Credit Packages must be delivered via US Bank's DocVelocity Imaging System. For further information, please contact HFA Hotline at 800 562-5165, Option 2. The US Bank Loan Delivery Checklist may be found on the US Bank web site, www.mrbp.usbank.com

Click on US Bank Lending Manuals.

Pop-up box will appear, click on Continue

Web page will be redirected to US Bank All Regs site

Click on Housing Finance Authority folder

2. Compliance File

The compliance file is sent to eHousingPlus at:

eHousingPlus

3050 Universal Blvd.

Suite 190

Weston, FL 33331

Documents required for eHousingPlus Compliance File

1. Real Estate Purchase Contract - copy

The full address of the property, full names of all sellers and buyers, total purchase price of the property must be included. If there is not an address for new construction, a lot number and subdivision name is required. All named persons must sign. Include the name and title whenever a representative is signing for a corporation.

2. Final Typed Loan Application (1003) - copy

The typed application signed and dated by all parties is required. Loan interviewer must complete and sign page 3 of 4 of the 1003. If this is not possible, then an Officer must sign in place of the interviewer. All persons taking title to the property must execute all documents. The income disclosed on the Affidavit must be the same or more than that shown on the 1003. The purchase price, loan amount, and other financial details must be the same as shown on all other documents.

3. Settlement Statement – Closing Disclosure - copy

Borrowers on the Closing Disclosure must be all persons taking title to the property and match the Affidavit and application. Persons not taking title to the property may not appear or sign the Closing Disclosure

4. Warranty Deed - copy

5. Homebuyer Education Certificate - copy

Homebuyer Education must be completed prior to closing. Certificates are acceptable if the **completion date is within 12 months of loan closing of the HOME PLUS loan.**

6. Signed Mortgage Certificate – original

7. Compliance Review fee of \$275.

Corporate Checks only made payable to eHousingPlus, include borrower name and servicer loan number on check.

8. OTHER

Those Qualifying for Military Increased Assistance

- Veterans using increased Assistance provide copy of Discharge Papers **to be included in compliance file.**
- Other military using increased Assistance - paystubs or VOE serve as proof for the lender.

- **If the military branch income is being used to qualify borrower, lenders retain paystub or VOE in their file. If the military branch income is NOT being used to qualify borrower, send paystub in the Compliance File.**

EXCEPTIONS

Lenders are notified by eHousingPlus and U.S. Bank of exceptions. Exceptions for both eHousingPlus and U.S. Bank are available in the eHousingPlus web-based system.

FINAL DOCUMENTS

The recorded mortgage documents should be sent to U.S. Bank.