

**TENNESSEE HOUSING DEVELOPMENT AGENCY  
ORIGINATING AGENT WORKING AGREEMENT FOR  
MORTGAGE BACKED SECURITIES LOANS**

This MASTER LOAN PURCHASE AGREEMENT (“Agreement”) is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between the Tennessee Housing Development Agency (“THDA”) and the institution executing this Agreement (hereinafter referred to as “Seller”).

In consideration of the mutual agreements herein contained, the parties agree as follows:

**ARTICLE 1  
AGREEMENTS**

Section 1.01. Definitions. All capitalized terms used but not defined in this Agreement shall have the same meaning ascribed to them in the Originating Agents Guide (OA Guide) or, if applicable, the Seller Guide (each as defined in Section 1.04 below).

Section 1.02. Origination. Subject to the terms and conditions of this Agreement, Seller agrees to originate and sell to THDA, and THDA agrees to purchase, Mortgage Loans, including Resold Loans and loans of varying priorities and other characteristics, as provided herein.

Section 1.03. Servicing. Seller agrees to originate and sell Mortgage Loans and appurtenant servicing rights to THDA and all Mortgage Loans shall be serviced by THDA.

Section 1.04. Applicability of OA Guide and Seller Guide. Seller shall originate, close and sell each Mortgage Loan in accordance with all terms, conditions and requirements of THDA’s OA Guide as amended or supplemented from time to time by THDA in its sole discretion, and, with respect to loans offered under programs from government-sponsored enterprises and other third parties (including, without limitation, FNMA, FHLMC, and GNMA) (“Resold Loans”), the seller guide (or other guide or manual governing loan origination) provided by such government sponsored enterprise or other third party (as applicable, the “Seller Guide”). The OA Guide and each Seller Guide as they may from time to time be so amended or supplemented, are incorporated herein by reference as if fully set forth herein. In the event of a conflict between this Agreement and the OA Guide or Seller Guide, however, this Agreement shall control.

**ARTICLE 2  
PURCHASE AND SALE OF MORTGAGE LOANS**

Section 2.01. Terms. The terms and conditions of origination and delivery of Mortgage Loans by Seller shall be governed by the provisions of this Agreement, the OA Guide and, as applicable, the Seller Guide.

Section 2.02. Purchase Price. Except as otherwise provided in the OA Guide or Seller Guide, the purchase price of each Mortgage Loan purchased by THDA hereunder shall be the percentage of the unpaid principal balance of such Mortgage Loan payable by THDA to Seller to purchase such Mortgage Loan, as stated in the related Price Commitment confirmation, computed as of the Purchase Date, adjusted as provided in the OA Guide or Seller Guide.

Section 2.03. Price Commitment. “Price Commitment” shall mean, with respect to any Mortgage Loan, the confirmation issued to Seller with the terms and conditions under which Seller is obligated to sell and THDA is obligated to purchase such Mortgage Loan, including, without limitation, terms and conditions relating to Mortgage Product, Purchase Price, Mortgage Interest Rate, Lock Expiration Date, and issued in accordance with the OA Guide or Seller Guide and a Product Term Sheet and Daily Pricing Sheet then in effect. A Price Commitment issued for any Mortgage Loan shall expire on the date specified therein.

Section 2.04. Right to Decline Purchase. Notwithstanding any other provision of this Agreement, THDA reserves the right at all times to decline to purchase any Mortgage Loan submitted to it by Seller which, in the sole discretion of THDA, does not conform to the requirements of this Agreement, the OA Guide or the Seller Guide, as applicable.

Section 2.05. Registration. Seller shall register any Mortgage Loan it intends to sell to THDA only on Business Days between 9:00 a.m. and 4:30 p.m. Central Time. As used herein, “Business Days” shall mean any day on which the offices of THDA are open for business. Registrations shall be made in accordance with procedures established by THDA in the OA Guide. Registration evidences the intent of Seller to sell the related Resold Loan to THDA but is non-binding on either THDA or Seller.

Section 2.06. Best Efforts Delivery. Seller is not obligated to deliver to THDA any Mortgage Loan for which Seller has obtained a Price Commitment if the Mortgage Loan is not closed on account of the fault of the borrower. If a Mortgage Loan for which Seller has obtained a Price Commitment actually closes, the Seller shall deliver the Mortgage Loan to THDA under the related Price Commitment.

Section 2.07. Document Deliveries. Mortgage submission packages and/or other documentation required in the Seller Guide, shall be delivered to THDA via THDA’s THELMA electronic portal, except that original notes shall be shipped by overnight services and must be addressed as follows:

THDA  
Attn: Closing Department  
502 Deaderick Street, 3<sup>rd</sup> Floor  
Nashville, TN 37243

or to such other address as THDA may specify in writing from time to time.

### **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

Section 3.01. Reliance. Seller acknowledges that THDA purchases Mortgage Loans in reliance upon the accuracy and truth of Seller’s representations and warranties and on Seller’s compliance with requirements, terms and conditions set forth in this Agreement, the Program and the Seller Guide, as applicable. The representations and warranties pertaining to each Mortgage Loan purchased by THDA (a) are for the benefit of THDA, its successors and assigns; (b) continue in full force and effect after the sale of such Mortgage Loan to THDA and, if applicable, resale of such Mortgage Loan and for so long as such Mortgage Loan remains

outstanding and thereafter for so long as THDA or its successors and assigns incur or risk any liability or loss with respect to such Mortgage Loan; (c) survive the Purchase Date and any termination of this Agreement or any agreement between THDA and any government sponsored enterprise or other third party that purchases Resold Loans (each a “Resold Loans Purchase Agreement”); and (d) are not affected by any investigation or review made by, or on behalf of, THDA or any purchaser of a Resold Loan.

Section 3.02. Applicability. The representations and warranties contained herein are, as of the Closing Date, and will be as of the Purchase Date, true and correct. Making these representations and warranties does not release Seller from its obligations under any representations and warranties contained in the OA Guide and/or Seller Guide.

Section 3.03. Specific Representations and Warranties Relative to Mortgage Loans. Seller represents and warrants to THDA, with respect to each Mortgage Loan, as follows:

- (a) The information set forth in the Loan Funding Request is or was true, complete and correct at the date or dates with respect to which such information is furnished.
- (b) The Mortgage Loan is an Eligible Mortgage Loan and is qualified for purchase by THDA.
- (c) The Mortgage Loan meets the terms and conditions of this Agreement and the OA Guide; it has been made to an Eligible Borrower to finance an Eligible Residence; and Seller has reviewed and approved the Borrower’s application and Borrower’s Affidavit for conformity with the income and eligibility provisions in the OA Guide and the Seller Guide, as applicable.
- (d) The closing costs of the Mortgage Loan did not exceed the aggregate of actual amounts expended (and did not exceed the usual and customary amounts charged by Seller on mortgage loans) for: (i) title abstract, title insurance, deed tax, attorneys’ fees, surveys, appraisal fees, filing, homebuyer education and recording fees or other required fees; (ii) the actual amounts paid or escrowed for taxes and insurance or other payments; and (iii) origination fees as specified by THDA.
- (e) The Mortgage Loan does not provide for prepayment charges or penalties and provides that late charges, if collected, will not exceed the amount and period permissible under applicable law.
- (f) Immediately prior to the transfer and assignment to THDA, Seller held good, marketable and indefeasible title to, and was the sole owner of, the Mortgage Loan, free and clear of any lien, claim, charge, encumbrance or interest of any kind and had full right and authority, subject to no interest (including any security interest), lien or participation of, or agreement with, any other party, to transfer, sell and assign the same, and the assignment of the Mortgage Loan by Seller validly transfers good, marketable and indefeasible title to, and sole ownership of, such Mortgage Loan to THDA, free and clear of any pledge, lien, security interest or other encumbrance.

- (g) The Promissory Note and Mortgage executed in connection with the Mortgage Loan: (i) are in such form as specified in the OA Guide and the Seller Guide, as applicable; (ii) are genuine; (iii) have been appropriately executed and witnessed by the persons whose names appear as signatories and witnesses; (iv) constitute the valid and binding legal obligations of the Borrower thereto, enforceable in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, or by general principles of equity; and (v) are free from any right of set-off, counterclaim, rescission, abatement, diminution or other claim or defense, including the defense of usury (collectively, "Defenses"), and the operation of any term of the Promissory Note or the Mortgage, or the exercise of any right thereunder, shall not render the Mortgage or the Promissory Note unenforceable, in whole or in part, or subject to any Defenses and no Defenses have been asserted with respect thereto, except that no representation or warranty is made with respect to the effect of the Servicemembers Civil Relief Act, Pub. L. No. 180-189 (December 19, 2003), as amended, on any Promissory Note or Mortgage.
- (h) The endorsement of the Promissory Note and the assignment of the Mortgage have each been duly authorized and delivered by Seller, the assignment is in proper form for recording and has been recorded, or delivered for recording, in the appropriate public records, and each constitutes the legal, valid and binding endorsement of such Note or assignment of such Mortgage, as applicable.
- (i) The Mortgage Loan is secured by a valid and duly recorded first mortgage lien on a fee simple interest in the real property covered thereby including all improvements and fixtures thereon and all additions, alterations and replacements made at any time with respect to the foregoing, which first mortgage lien is subject only to the liens of taxes or assessments which are not delinquent and building restrictions or other restrictive covenants, conditions or easements of public record as of the date of recording of such Mortgage, such exceptions appearing of record being acceptable to mortgage lending institutions generally and specifically referred to in the lender's title insurance policy delivered to the originator of the Mortgage Loan and which do not adversely affect the value of the property subject to the Mortgage Loan.
- (j) The Mortgage Loan has been underwritten in accordance with the OA Guide and, if applicable, the Seller Guide; the origination, and to the extent applicable, servicing and collection practices used by the Seller with respect to each Promissory Note and Mortgage have been in all respects legal, proper and prudent, and have met customary standards utilized by mortgage lenders in their residential mortgage origination business and, to the extent applicable, servicing business, except as otherwise permitted by the OA Guide or, if applicable, the Seller Guide; the property securing the Mortgage Loan has been appraised using recognized appraisal standards acceptable to FNMA or FHLMC and in compliance with the OA Guide and, if applicable, the Seller Guide; the credit evaluation of the Borrower has been done in accordance with the OA Guide and, if applicable, the Seller Guide;

and Seller has determined, to the best of Seller's knowledge and ability, that the Borrower has sufficient income and other resources to make the monthly mortgage and Escrow Payments when due, considering the Borrower's other debt obligations and typical living expenses; with respect to escrow deposits and payments, all such deposits and payments are in the possession of, or under the control of, Seller and there exist no deficiencies in connection therewith.

- (k) The Mortgage Loan was made in compliance with, and is enforceable under applicable local, state and federal laws, regulations and orders (including without limitation, applicable usury and disclosure laws, the federal Equal Credit Opportunity and Fair Credit Reporting Acts, Real Estate Settlement Procedures Act and Regulation Z thereunder) and neither the transfer of any interest in the Mortgage Loan to THDA nor any other act provided for in this Agreement or the OA Guide and the Seller Guide, as applicable, will involve the violation of any such law, regulation or order. The Mortgage Loan was originated by a person or entity legally authorized to do so in the State of Tennessee. All closing and settlement costs and all other charges in connection with the Mortgage Loan, paid or borne by the Borrower or the Property Seller securing the Mortgage Loan, have been disclosed to such parties and have been clearly itemized, identified and detailed on a closing or settlement statement, a signed copy of which was furnished on or before closing to such Borrower and Property Seller.
- (l) The Mortgage Loan had a principal balance at origination which did not exceed the maximum Value of the Property provided in the OA Guide after consideration of any guarantee or primary mortgage insurance on the Mortgage Loan. If the Mortgage Loan is required by the OA Guide or the Seller Guide to be guaranteed or insured, the Mortgage Loan is guaranteed or insured to the extent required by the OA Guide and the Seller Guide by a guarantor or insurer which meets all requirements of the OA Guide and the Seller Guide and such guarantee or insurance is in full force and effect, and, upon purchase of the Mortgage Loan, such guarantee or insurance shall inure to the benefit of THDA, its successors and assigns. The provisions of such guarantee or insurance policy have been and are being complied with and all guarantee fees or insurance premiums due thereunder have been paid.
- (m) The Mortgage Loan is covered by a valid and subsisting lender's title insurance policy in form acceptable to FNMA or FHLMC, the benefits of which run to THDA, its successors and assigns, in the form and amount required by the OA Guide and the Seller Guide, subject only to exceptions described in paragraph (j) above. No claims have been made under such lender's title insurance policy.
- (n) The improvements on the real property subject to the Mortgage Loan are covered by a valid and subsisting standard hazard insurance policy, in form consistent with the OA Guide and the Seller Guide, as applicable, insuring against loss by fire, hazards of extended coverage and such other hazards as are customary in the area where the real property subject to the Mortgage Loan is located in an amount sufficient to compensate THDA for a loss equal to the replacement cost of the improvements. Such hazard insurance policy contains a standard mortgagee clause

naming Seller (or the originator) and its successors and assigns as mortgagee, and to the best of Seller's knowledge, such clause is still in effect and all premiums thereon have been paid. If any real property subject to the Mortgage Loan is located in an area identified by the Federal Emergency Management Agency as having special flood hazards, such property is covered by flood insurance for a loss equal to the replacement cost of the improvements. The Mortgage obligates the Borrower thereunder to maintain the standard hazard insurance policy and any required flood insurance at the Borrower's cost and expense, and on the Borrower's failure to do so, authorizes the holder to obtain and maintain such insurance at the Borrower's cost and expense and to seek reimbursement thereof from the Borrower.

- (o) With respect to the property covered by the Mortgage Loan, Seller warrants that:
  - (i) the property is free and clear of all mechanics' liens, materialmen's liens or similar types of liens;
  - (ii) there are no delinquent taxes, assessments or other outstanding charges affecting the property that would permit a taxing authority to initiate foreclosure proceedings against the property;
  - (iii) Seller has no knowledge that any improvement to the property is in violation of any applicable zoning law or regulation;
  - (iv) the property is not damaged by fire, wind or other cause of loss and is in good repair (except if such Mortgage Loan is a rehabilitation loan);
  - (v) there are no proceedings pending for the partial or total condemnation of the property;
  - (vi) any improvements that are included in the appraised value of the property are totally within the property's boundaries and building restriction lines (or the lender's title insurance policy affirmatively insures against loss or damage by reason of any violation); and
  - (vii) no improvements on adjoining property encroach on the property so as to affect the value or marketability of the property.
  
- (p) No payment required by the Mortgage Loan is delinquent and the Mortgage Loan was not delinquent during the 12-month period preceding the Purchase Date. Seller has not made any advance of funds to or on behalf of the Borrower in connection with the Mortgage Loan; and all costs, fees and expenses incurred in making, closing and recording the Mortgage Loan have been paid. There is no default, breach, violation or event of acceleration existing under the Mortgage or the related Promissory Note and no event which, with the passage of time or the giving of notice, or both, would constitute a default, breach, violation or event of acceleration; and neither Seller nor any other entity involved in servicing the Mortgage Loan has waived any default, breach, violation or event of acceleration.

The proceeds of the Mortgage Loan have been fully disbursed and there is no obligation or requirement for future advances thereunder by the holder of the Mortgage Loan.

- (q) The terms of the Promissory Note and the Mortgage have not been modified, amended, impaired, waived, altered or in any way changed from the documents submitted to THDA, except pursuant to a written instrument included in the Funding Settlement Package, and the Mortgage Loan is assumable only with the consent of the holder of such Mortgage Loan. No Borrower or other mortgagor has been released from liability under the Mortgage Loan, in whole or in part. The

Mortgage has not been satisfied, cancelled, subordinated or rescinded, and the property subject to the Mortgage Loan has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would affect any such satisfaction, cancellation, subordination, rescission or release.

- (r) All Mortgage Loan documents and all documents included in the Loan Submission Package have been completed, executed and delivered in the form and manner specified in the OA Guide and the Seller Guide, as applicable, and all originals and copies of such documents and all other documents, materials, and other information required to be submitted to THDA have been so submitted and are complete and accurate. All documents included in the Loan Submission Package and all other documents describing or otherwise relating thereto are in compliance with all applicable local, state and federal laws and regulations and orders. With respect to each Mortgage Loan, Seller is in possession of and will deliver to the THDA on or before the Lock Expiration Date a complete Loan Package in compliance with the OA Guide and the Seller Guide, as applicable.
- (s) Seller has no knowledge of any circumstances or conditions with respect to the Mortgage Loan, the Mortgage, the property subject to the Mortgage, or the Borrower or his credit standing that can reasonably be expected to (i) cause prudent private investors in the secondary market to regard the Mortgage Loan as an unacceptable investment; (ii) cause the Mortgage Loan to become delinquent; or (iii) adversely affect the value or marketability of the Mortgage Loan.
- (t) There is no material misstatement or omission in information supplied by Seller and Seller knows of no material misstatement or omission in information supplied by the Borrower in connection with the Mortgage Loan; provided that Seller's repurchase obligation shall apply if such a material misstatement or omission has been made despite Seller's lack of knowledge thereof.
- (u) There has been no fraud or misrepresentation on the part of any person or entity, including without limitation, the Borrower, any appraiser or any party involved in the origination or closing of the Mortgage Loan or the application of any insurance in relation to such Mortgage Loan.
- (v) Each Promissory Note is payable in monthly installments of principal and interest, with interest payable in arrears on a monthly basis at a fixed rate over an original term of not more than thirty (30) years, in amount sufficient to fully amortize the principal amount of such Mortgage Loan, without the payment of any disproportionate amount (balloon payment) at maturity.
- (w) The Mortgage Loan was not originated under low or limited documentation programs.
- (x) No selection procedures, other than those necessary to comply with the representations and warranties set forth herein have been utilized in selecting the

Mortgage Loans from Seller's portfolio which would be adverse to the interest of THDA or any subsequent holder of the Mortgage Loans.

- (aa) Seller has not induced, solicited or knowingly received any advance of funds from a party other than the owner of the property subject to the Mortgage directly or indirectly, for the payment of any amount required by the Mortgage Loan.
- (bb) The related Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the property subject to the Mortgage Loan of the benefits of the security provided thereby, including (i) by trustee's sale, (ii) where permitted by law, power of sale and (iii) judicial foreclosure. There is no homestead or other exemption available to the Borrower which would interfere with such right to sell the property subject to the Mortgage Loan at a trustee's sale or under a power of sale, or the right to foreclose the Mortgage.
- (cc) The related Promissory Note is not, and has not been, secured by any collateral except the lien of the related Mortgage and the security interest of any applicable related security documents assigned pursuant to the assignment of Mortgage and the Mortgage was not given as collateral or security for the performance of obligations of any person or entity other than the Borrower.
- (dd) The property subject to the Mortgage is not cross-collateralized or cross-defaulted with any other property.
- (ee) Neither Seller nor any prior holder of the related Mortgage nor the Borrower has made any statement or taken any other action that would impair or invalidate the coverage provided by any primary mortgage guaranty, hazard or other insurance policy relating to the Mortgage Loan or the property subject to the Mortgage Loan.

Section 3.04. Representations and Warranties Relative to Seller. Seller represents and warrants, which representations and warranties shall be deemed continuing, and to the extent applicable, covenants, that:

- (a) Seller is duly organized, validly existing, and in good standing under the laws of the jurisdiction governing its creation and existence; is duly authorized and qualified to transact business in The State of Tennessee; and possesses all requisite power and authority to conduct its business and to execute, deliver and comply with its obligations under the terms of this Agreement.
- (b) Seller is a Mortgage Lender, licensed under the laws of the State of Tennessee or exempt from licensing and in good standing with the State of Tennessee and is adequately staffed to originate, sell and service Mortgage Loans to or for THDA. Seller's loan origination personnel are licensed to the extent required by applicable law. Seller is not presently under any cease and desist order or other order of a similar nature, temporary or permanent, formal or informal, of any federal or state authority, nor are there any proceedings presently in progress or to its knowledge contemplated which would, if successful, lead to the issuance of any such order.



During the term of this Agreement, Seller shall maintain (i) as one of its principal purposes the making of mortgage loans in its usual and regular course of business; (ii) all licenses required to transact mortgage lending and servicing business in The State of Tennessee; (iii) and such authorizations or licenses under Federal and State law and regulations to originate, sell and service the Mortgage Loans that it has agreed to sell to THDA.

- (c) Seller has the full power and authority to originate or acquire and hold each Mortgage Loan, to sell each Mortgage Loan and to execute, deliver and perform all transactions contemplated by this Agreement; this Agreement is a valid and binding agreement of Seller, enforceable according to its terms, except as may be limited by bankruptcy, insolvency or other debtor relief laws. The making and performance of this Agreement has been duly authorized by all necessary corporate action on the part of Seller. The execution and delivery of this Agreement by Seller in the manner contemplated herein and the performance and compliance with the terms hereof by it and the origination or acquisition by Seller of the Mortgage Loans will not violate (i) the instrument creating Seller or governing its operation, or (ii) any laws which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any terms of this Agreement applicable to Seller, and will not constitute a default (or an event which, 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 Seller is a party or which may be applicable to Seller or any of its assets.
- (d) There is no litigation pending or, to Seller's knowledge, threatened, which, if determined adversely to Seller, would adversely affect the sale of the Mortgage Loans, the execution, delivery, performance or enforceability of this Agreement, or the ability of Seller to perform its obligations under this Agreement, or which would have a material adverse effect on the financial condition of Seller.
- (e) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Seller of, or compliance by Seller with this Agreement, the transfer and assignment of the Mortgage Loans or the consummation of the transactions contemplated by this Agreement.
- (f) Neither Seller nor any of its third party loan originators is in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect its performance under this Agreement.
- (g) Seller has and will maintain, and will cause each of its third party originators to have and maintain, in effect at all times at Seller's expense Fidelity Coverage (or a Direct Surety Bond) and an Errors and Omissions Policy (including Mortgage Impairment Coverage) of the types, issued by companies, and in the amounts required by the OA Guide and/or the Seller Guide.

- (h) If Seller sells any Conventional Mortgage Loan to THDA under this Agreement, Seller will be at the time of the origination of any Conventional Mortgage Loan, and at all times thereafter, an approved seller of conventional mortgage loans to and for FHLMC or FNMA, or be a member of the Federal Home Loan Bank.
- (i) Seller is not ineligible to participate in Federal Housing Administration (“FHA”), FNMA or FHLMC Programs.
- (j) As shown in its most recent audited annual financial statement, Seller is in compliance with any capital or net worth requirement imposed by a State or Federal regulatory authority with supervisory authority over it or its parent company or companies.
- (k) Seller has, and during the Term of this Agreement shall maintain, an adequate and reliable warehouse line of credit or other mortgage loan funding source in an amount sufficient to enable Seller to disburse Mortgage Loan proceeds at the time of Closing for all Mortgage Loans for which it has made a Firm Commitment.
- (l) As to each guaranteed or insured Mortgage Loan, Seller has complied and will comply with all rules and requirements of any guarantor or insurer in the performance of this Agreement.
- (m) Seller has complied and will comply, and will cause each of its third party originators to comply, with all state and federal laws prohibiting discrimination against borrowers on the basis of race, color, religion, sex, national origin, ancestry, sexual orientation, age, familial status or physical or mental disability and shall promptly report to THDA any claims of such discrimination raised in connection with the Mortgage Loans.
- (n) As more fully set forth in this Agreement, from time to time, Seller will report information relating to the Mortgage Loans to THDA and such other persons as may from time to time be designated by THDA, and will do every act and thing which may be necessary or required to perform its duties under the Agreement.
- (o) Seller agrees that without the prior written consent of THDA it will not cease legal existence or change its business structure or the majority ownership of its stock, beneficial interest or assets (including but not limited to a dissolution, change in type of entity, disposal of all or substantially all of its assets, acquisition of all or substantially all of the assets of another entity, consolidation with or merger of another entity into the Seller or of the Seller into another entity). Any request for THDA’s consent shall be in writing, shall be delivered at least 60 days prior to the proposed change and shall describe in detail the nature of the changes being proposed and the impact such changes might have on its ability to serve in the capacity contemplated under this Agreement and the Master Loan Servicing Agreement, if applicable. Upon receipt of said notice, THDA will evaluate whether to allow Seller to continue to participate in the Program and if so, upon what terms, limitations or conditions.

- (p) Seller agrees to maintain its financial condition and liquidity position at or above the level at which it was approved, once it has been approved to be a participant by THDA. Seller shall give THDA immediate notice of any significant adverse changes in Seller's financial condition or liquidity position.
- (q) No information, certificate of an officer, statement furnished in writing, or report required hereunder, delivered to THDA or any other person as may from time to time be designated by THDA to receive the same, will contain any untrue statement of a material fact or omit a material fact necessary to make the information, certificate, statement or report not misleading.
- (r) Seller meets all of the eligibility criteria specified in the OA Guide.
- (s) Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in this Agreement.

Section 3.05. Seller Not THDA's Agent. The parties hereto agree that Seller is not and shall not hold itself out to be an agent of THDA. In particular, Seller agrees that Seller acts strictly for its own account in committing itself to make, and in making, any Mortgage Loan, and THDA shall not acquire any interest or incur any obligation in or under any Mortgage Loan until purchased pursuant to this Agreement.

#### **ARTICLE 4 DEFECTS, NON-SUBMISSION AND REPURCHASE**

Section 4.01. Repurchase. Seller agrees to repurchase any Mortgage Loan and the appurtenant servicing rights upon demand if: (1) any documents constituting a part of the Loan Submission File or Resold Loan Submission File are determined at any time, in the judgment of THDA, to be defective or inaccurate in any respect, or any representation or warranty of Seller in this Agreement or in any Seller's certification contemplated by this Agreement is, in the judgment of THDA, untrue as to any matter, or (2) any government sponsored enterprise or other third party that purchases a Resold Loan requires THDA to repurchase such Resold Loan due to circumstances resulting from a breach by Seller of any of Seller's representations and warranties contained in Article 3 of this Agreement.

Section 4.02. Procedure.

- (a) THDA agrees to notify Seller in writing of the existence of any fact known to THDA giving rise to any obligations of Seller under this Article 4. Seller shall have thirty (30) days after its receipt of such notification within which to: (i) repurchase such Mortgage Loan; or (ii) submit further information to THDA and to request that THDA reconsider the basis upon which the repurchase request was made.
- (b) In the event THDA rejects a reconsideration request of Seller, and reconfirms its repurchase request, Seller shall: (i) repurchase such Mortgage Loan within thirty (30) days after the date THDA delivers its reconfirmation of the repurchase request, or (ii) cure the deficiencies identified by THDA to the satisfaction of THDA within

thirty (30) days after its receipt of THDA's rejection of the reconsideration request; or, (iii) at the sole discretion of THDA, substitute another Mortgage Loan.

- (c) In the event of a repurchase, the repurchase price for any Mortgage Loan repurchased hereunder shall be the purchase price paid by THDA in respect of principal for such loan, plus accrued and unpaid interest on the Mortgage Loan through the date of repurchase, plus any other amounts which THDA has been required to advance on the Mortgage Loan, plus any other applicable fees or charges, minus amounts received in reduction of the principal balance after the date of purchase of such Mortgage Loan. Additionally, if THDA purchased the related Servicing Rights, Seller shall repurchase the related Servicing Rights at a rate equal to the original Service Release Premium rate. Upon repurchase, THDA shall undertake all actions and execute such instruments as are necessary to vest in Seller all right, title and interest in the Mortgage Loan and, if applicable, any related Servicing Rights, and shall deliver to Seller the Related Escrow Account Balances and all servicing records, if any, related to the Mortgage Loan.
- (d) THDA may elect, in its sole discretion, to waive any repurchase request upon such terms and conditions as THDA may establish (for example, where the parties have entered into an indemnification agreement related to the Mortgage Loan); provided, however, that any such election by THDA as to such waiver shall not be deemed a waiver of THDA's right to enforce the provisions of this Article 4 as to: (i) a breach in the Agreement which was not the subject of such repurchase request with respect to such Mortgage Loan; or (ii) any other Mortgage Loan.

Section 4.03. Repurchase on Third-Party Origination. Seller agrees that Seller's obligation to repurchase any Mortgage Loan in accordance with the terms hereof shall not be excused in the event such Mortgage Loan was originated by a third-party originator and Seller, for whatever reason (such as insolvency or cessation of business by that third-party originator) cannot compel that third-party originator to repurchase the Mortgage Loan.

Section 4.04. Non-Exclusive Remedy. The repurchase option set forth above shall not be exclusive, but shall be in addition to all other remedies available to THDA under this Agreement, including, if applicable, the current limitation on Late Delivery Penalty described in the Seller Guide.

## **ARTICLE 5**

### **AUDIT**

Section 5.01. Examination of Records. THDA shall have the right, at any time and from time to time, during normal business hours, to examine and audit any and all of Seller's records or accounts pertaining to any Mortgage Loan purchased by THDA. Without limiting the foregoing:

- (a) THDA may audit Seller periodically to test for compliance with the requirements set forth in this Agreement and the OA Guide.
- (b) THDA shall provide reasonable notice to the Seller of the beginning date of any audit and may request that specific files, records and materials be made available

to THDA. Representative(s) of THDA may conduct the audit at the offices of the Seller, or may request the Seller to deliver files, records or other appropriate material to THDA's office for the audit. Seller shall provide working space for THDA representative(s) and deliver such records, files and materials by the date(s) specified by THDA.

- (c) The audit scope may include, but not be limited to, such areas as: (i) compliance with THDA requirements and Federal and State laws and regulations, (ii) underwriting quality, (iii) compliance with FNMA, FHLMC, FHA or VA requirements, (iv) document retention, (v) cash control, escrow accounting and remittance compliance, and (vi) activities of third party originators.
- (d) Seller agrees to take corrective actions to cure any deficiencies or violations of the applicable requirements that are found through the audits. When timely and adequate corrections are not (or cannot) be completed to the satisfaction of THDA, Seller will be deemed to be in Default and THDA may pursue any and all remedies outlined in this Agreement, the OA Guide and the Servicing Guide.
- (e) THDA will review annually, as part of the annual certification process, the lenders' quality control findings on 10% of all THDA FNMA/FHLMC loans to determine that a quality control review is being completed.

Section 5.02. Submission of Documents. Seller shall furnish to THDA such documents as THDA, in its sole discretion and from time to time, deems necessary in order to determine that neither the Seller nor any of the Mortgage Loans is in breach of any provision of this Agreement.

Section 5.03. Submission of Annual Reports and Certifications. Seller shall, in accordance with the OA Guide, furnish to THDA annually, within ninety (90) days after the end of Seller's fiscal year: (a) its audited financial statements prepared under generally accepted accounting principles, including the opinion of an independent public accountant reasonably acceptable to THDA; and (b) an Annual Certification.

Section 5.04. Compliance with Applicable Law. In originating and enforcing Mortgage Loans, Seller covenants to comply with all applicable local, State, and Federal laws, including without limitation those that relate to fair housing, equal credit opportunity, truth in lending, settlement procedures, fair debt collection practices, fair credit reporting, information reporting requirements of the Federal and State governments, notice of servicing assignment, persons with disabilities, Fair Housing and wrongful discrimination in residential lending, and privacy and data security.

Section 5.05. Prearranged Refinancing Agreements. Seller hereby agrees that it shall not, nor shall it permit any Affiliate or Affiliated Person, to directly, actively solicit, target or facilitate in any way, an application to refinance a mortgage loan that has been sold to THDA under the terms of the Resold Loans Purchase Agreement, during the first one hundred eighty (180) days following closing of the loan. Should the refinance of the mortgage loan by the Seller, its Affiliate or Affiliated Person happen during the first one hundred eighty (180) days defined above, the

Seller is obligated to refund THDA the full amount of the Servicing Released Premium that was paid by THDA at the time of loan funding.

## **ARTICLE 6 REMEDIES**

Section 6.01. Remedies upon Breach. THDA shall have all remedies available at law or in equity including, but not limited to, equitable relief by way of injunction (mandatory or prohibitory) to prevent the breach or threatened breach of any provisions of this Agreement or to enforce performance thereof. All remedies shall be cumulative, and the exercise by THDA of any one or more of them shall not in any way alter or diminish the rights of THDA to any other remedy provided in this Agreement or by law. In the event of a default and/or breach by Seller of this Agreement, THDA shall be entitled to reimbursement from Seller of all of its costs in enforcing this Agreement, including any reasonable or necessary attorneys' and accountants' fees and costs.

Section 6.02. Indemnification. Seller agrees to indemnify and hold THDA harmless from and against any and all loss, cost or liability (including reasonable attorneys' fees) for failure on the part of Seller in connection with the making of any Mortgage Loan to comply with this Agreement, the OA Guide, the Seller Guide or any state or federal law or regulation. This provision shall survive any termination of this Agreement.

Section 6.03. Right of Offset. THDA shall have the right to deduct any penalties, fees, taxes, or other charges or obligations of any kind owed by Seller to THDA from any amount to be paid Seller under the terms of this Agreement.

## **ARTICLE 7 TERMINATION**

Section 7.01. Term of Agreement. This Agreement shall continue in full force and effect for as long as Seller is originating Mortgage Loans or until sooner terminated in accordance with the terms hereof.

Section 7.02. Voluntary Resignation or Termination of Participation.

- (a) Should Seller wish to resign from its obligations and duties under this Agreement or should THDA wish to terminate this Agreement for any reason whatsoever, Seller or THDA shall provide written notice of termination at least thirty (30) days prior to the date of termination, unless Seller shall have breached this Agreement, in which case the provisions of Section 7.03 shall apply.
- (b) On the effective date of termination of this Agreement, all loan files and all funds on deposit in connection with the Mortgage Loans shall be immediately transferred to THDA and a final accounting made as to all funds received by Seller.
- (c) In addition to THDA's rights set forth in Article 4, which shall survive termination of this Agreement, after THDA shall have reviewed the files with respect to the Mortgage Loans, THDA may require Seller to repurchase any loans that THDA

determines are not in compliance with this Agreement or the OA Guide or Seller Guide, as applicable.

Section 7.03. Involuntary Termination of Seller.

- (a) THDA may immediately terminate this Agreement upon the occurrence of any one or more of the following events.
  - (i) If a representation or warranty of Seller to THDA in this Agreement shall be untrue or inaccurate in any respect.
  - (ii) Failure of Seller to duly observe or perform in any respect any covenant, condition, obligation or agreement in this Agreement or the OA Guide or Seller Guide, as applicable.
  - (iii) Failure of Seller to repurchase a Mortgage Loan or to correct defects or deficiencies with respect to Mortgage Loans in accordance with this Agreement or the OA Guide or Seller Guide, as applicable.
  - (iv) Failure of Seller to comply with the terms of any Master Loan Servicing Agreement executed by and between Seller and THDA.
  - (v) 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, marshalling of assets and liabilities or similar proceeding affecting Seller or substantially all of its properties, or for the winding-up or liquidation of its affairs.
  - (vi) Consent by Seller to the appointment of a conservator, receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceeding affecting Seller or substantially all of its properties.
  - (vii) Admission in writing by Seller 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 the making of an assignment for the benefit of creditors.
- (b) If any of the events specified in this Section 7.03 shall occur, Seller shall give written notice to THDA of any such breach of this Agreement within two (2) days after the happening of such event.
- (c) In the event of a termination pursuant to this Section 7.03, all loan files and all funds on deposit in connection with the Mortgage Loans shall be immediately transferred to THDA and a final accounting made as to all funds received by Seller. Should Seller fail to immediately transfer the files or funds, THDA may obtain access to Seller's premises or wherever the files or funds are located in order to take physical possession of same. All costs and expenses incurred by Seller or

THDA pursuant to this Section 7.03 shall be paid or reimbursed by Seller, or set off by THDA against any funds otherwise due to Seller pursuant to this Agreement.

- (d) In addition to THDA's rights set forth in Article 4, which shall survive termination of this Agreement, after THDA shall have reviewed the loan files, THDA may require Seller to repurchase any loans which THDA finds are not in compliance with the Agreement or the OA Guide or Seller Guide, as applicable.

Section 7.04. No Liability for Removal of Seller. THDA shall not be liable in any respect for the termination of Seller pursuant to this Article 7.

## **ARTICLE 8 MISCELLANEOUS**

Section 8.01. THDA Authorized. THDA represents and warrants to Seller that THDA's execution of this Agreement has been duly authorized.

Section 8.02. Waiver. The provisions of this Agreement cannot be waived or modified unless such waiver or modification is in writing and approved by THDA.

Section 8.03. Trademarks and Other Intellectual Property. Without the prior, express written consent of THDA, Seller shall not use THDA's trade names, trademarks, trade dress or other intellectual property.

Section 8.04. Survival of Agreement. All agreements, representations and warranties contained herein or made in writing by or on behalf of Seller in connection with the transactions contemplated hereby shall survive the execution and delivery of this Agreement, the sale or delivery of the Mortgage Loans and payment therefore, any disposition thereof by THDA and any investigation at any time made by THDA. The provisions of Article 4, Article 6 and Article 8 shall survive termination of this Agreement.

Section 8.05. Governing Law. This Agreement shall be governed by the laws of The State of Tennessee.

Section 8.06. Jurisdiction. Seller hereby consents to the jurisdiction of the courts of The State of Tennessee for any proceeding in connection with this Agreement.

Section 8.07. Severability. Invalidation of any one of the provisions of this Agreement, by judgment or court order, shall in no way affect any other provisions herein contained, which provisions shall remain in full force and effect.

Section 8.08. Assignment. This Agreement may not be assigned by Seller without the written consent of THDA. This Agreement and all obligations and rights arising hereunder shall bind and inure to the benefit of THDA and Seller and their respective successors in interest and permitted assigns, including any person or entity to whom THDA may transfer any Mortgage Loan and/or its rights under this Agreement with respect thereto.



Section 8.09. Notices. All notices, certificates or other communications hereunder shall be in writing and deemed given when delivered or three (3) days after mailing by certified or registered mail, postage prepaid, return receipt requested, addressed to Seller at its address set forth on the cover page of this Agreement or to THDA at ATTN: Single Family Loan Operations, 502 Deaderick Street, 3<sup>rd</sup> Floor, Nashville, TN 37243. THDA or Seller may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates and other communications shall be sent.

Section 8.10. Further Assurances and Corrective Instruments. To the extent permitted by law, THDA and Seller agree that each will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required or appropriate to further express the intention, or to facilitate the performance, of this Agreement.

Section 8.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, however, all such counterparts shall together constitute one and the same instrument.

Section 8.12. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only, and shall not be deemed to be a part of this Agreement.

Section 8.13. Gender. Words or any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular shall be held and construed to include the plural, unless this Agreement or the context otherwise requires.

**[EXECUTION PAGE FOLLOWS]**

**[EXECUTION PAGE FOR OA WORKING AGREEMENT FOR MBS LOANS]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

**SELLER:**

\_\_\_\_\_

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

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

Title \_\_\_\_\_

**THDA:**

**TENNESSEE HOUSING DEVELOPMENT AGENCY**

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

Name: Rhonda Ronnow

Title Director of Single Family Loan Operations