

PENNSYLVANIA HOUSING FINANCE AGENCY
Homeownership Programs Division

MASTER ORIGATION AND SALE AGREEMENT

THIS MASTER ORIGATION AND SALE AGREEMENT (the "Agreement"), outlines the affirmative covenants, terms and conditions undertaken by the executing lending institution (the "Participant"), and made to the PENNSYLVANIA HOUSING FINANCE AGENCY (the "Agency"), a public corporation and government instrumentality of the Commonwealth of Pennsylvania organized pursuant to the Housing Finance Agency Law (Act of Dec. 3, 1959, P.L. 1688, No. 621) (35 P.S. Section 1680.101 *et seq.*), as it may be amended from time to time (the "Act"), all made as condition to participating in the Agency's programs.

W I T N E S S E T H :

WHEREAS, the Agency is authorized by the Act to finance owner-occupied single family dwelling units for low- and moderate-income families, by issuing its bonds and notes and by using its other assets to acquire Mortgage Loans, as more specifically defined in Article I; by purchasing Mortgage Loans and by pledging, among other things, such mortgage loans as security for the payment of the principal and interest on any such bonds or notes; by pledging and selling such Mortgage Loans to purchasers and investors; and by entering into any related agreements made in connection therewith; and

WHEREAS, the Agency intends to continue its various financing programs and to use the proceeds from bonds and notes, as well as funds from investors and from its own resources, to purchase certain Mortgage Loans to finance Residences, as more specifically defined in Article I; and

WHEREAS, this Agreement sets forth the Participant's covenants, representations and warranties relating to the delivery of Mortgage Loans to the Agency and provides the fundamental conditions the Agency relies upon for Program compliance in connection with the purchase of any Mortgage Loan; and

WHEREAS, the Participant shall originate said Mortgage Loans in accordance with and pursuant to this Agreement, the Agency's Seller's Guide and any relevant Program Guidelines, for the Agency to purchase.

NOW, THEREFORE, in consideration of the premises and of the Participant's covenants herein set forth for the Agreement, the Agency will purchase certain Mortgage Loans from the Participant, all subject to the following:

ARTICLE I
Preliminary Provisions

Section 1.01. Definitions. All words and phrases defined in this Article I (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the respective meanings specified in this Article I for all purposes of this Agreement. Certain terms used herein are defined or further explained in the Seller's Guide.

"**Act**" means the Housing Finance Agency Law (Act of Dec. 3, 1959, P.L. 1688, No. 621) (35 P.S. Section 1680.101 *et seq.*) as it may be amended from time to time.

"**Agency**" means the Pennsylvania Housing Finance Agency, as defined in the preamble, and any successor to its rights under this Agreement.

"**Agreement**" means this Master Origination and Sale Agreement containing the Participant's covenants to the Agency, all amendments or supplements hereto, and, where appropriate, the Seller's Guide, any relevant Program Guidelines and all forms or reports prescribed by the Agency, which collectively define the conditions under which the Agency will purchase Mortgage Loans originated by

the Participant.

"Assignment of Mortgage" means the assignment of all of the right, title and interest in a Note and Mortgage, in the form prescribed from time to time by the Agency, to be executed and, in the case of the Mortgage, to be recorded by Participant for each Mortgage Loan to be purchased.

"Bondholders" means registered owners of Bonds issued by the Agency to finance the purchase of Mortgage Loans.

"Bonds" means the indebtedness incurred by the Agency under and pursuant to an Indenture or other security agreement.

"CFPB" means the United States Consumer Financial Protection Bureau, or an successor thereto.

"Closing" means the execution of a Note and Mortgage by a Mortgagor and the concurrent origination and funding of a Mortgage Loan by Participant pursuant to Article III of this Agreement.

"Closing Date" means the date of any Mortgage Loan Closing.

"Code" means the Internal Revenue Code of 1986, as amended, and any statute amending, augmenting, revising, replacing and/or repealing the Internal Revenue Code of 1986, and the regulations of the United States Department of Treasury which may be promulgated thereunder from time to time.

"Commonwealth" means the Commonwealth of Pennsylvania.

"Confidential Information" means information that is neither public knowledge nor available to the public on request. Under Article IV of this Agreement, Confidential Information shall include information which, if disclosed, would give an unfair, unethical or illegal advantage to another desiring to contract with the Commonwealth and/or the Agency.

"Confidential Borrower Information" means all non-public data, account or personal information relating to the application for a loan, and all ongoing accounting related thereto which involves Eligible Borrowers and Mortgagors, including, but not limited to, account numbers, access codes, account ownership and names of account owners, social security numbers, driver's license or identification card numbers, email addresses, dates of birth, demographic information, sources of income, health records and information regarding financial transactions conducted within such accounts.

"Eligible Borrower" means the person(s) or family intending to purchase, improve or refinance and reside in a Residence as their Principal Residence, to be financed with a Mortgage Loan, which person(s) or family meets all applicable requirements set forth in the Seller's Guide and any relevant Program Guidelines.

"Eligible Mortgage Loan" means a Mortgage Loan made to an Eligible Borrower, secured by a Mortgage on a Residence, meeting all requirements of this Agreement, the Seller's Guide and any relevant Program Guidelines.

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

"FHLMC" means the Federal Home Loan Mortgage Corporation (Freddie Mac), or any successor thereto.

"FNMA" means Federal National Mortgage Association (Fannie Mae), or any successor thereto.

"Gratuity" means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment or contracts of any kind.

"HUD" means the United States Department of Housing and Urban Development, or any

successor thereto.

"Indenture" means the Trust Indenture dated as of April 1, 1982 between the Trustee and the Agency providing for the payment of and security for Bonds issued by the Agency, all amendments or supplements thereto, and any additional trust indenture entered into between a Trustee and the Agency pledging Mortgage Loans as security for the repayment of the related bonds.

"Investor" means a purchaser of whole Mortgage Loans or of mortgage backed securities and similar financial instruments secured by pledged Agency Mortgage Loans, and shall also be construed to include insurers and guarantors, including, but not limited to, FHA, FHMLC, FNMA, HUD, RD, VA as well as private mortgage insurers.

"Law" means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions or decrees of the United States, any state, municipality or court of competent jurisdiction.

"Mortgage" means the instrument securing a Mortgage Loan which creates a lien on the fee simple or leasehold title of a Residence subject only to Permitted Encumbrances, and which shall be in the form required by the Seller's Guide or any relevant Program Guidelines.

"Mortgage Credit Certificate" means a certificate issued by the Agency to a Mortgagor pursuant to the Code, regardless of the source of funds of the mortgage financing.

"Mortgage Documents" means the written instruments and evidentiary material specified as such by the Agency in the Seller's Guide or any relevant Program Guidelines, pertaining to a particular Mortgage Loan.

"Mortgage Loan" means any indebtedness evidenced by a Note which is secured by the related Mortgage for financing or refinancing the purchase or improvement of a Residence by an Eligible Borrower, and which loan is being presented to the Agency for Purchase or has been purchased pursuant to this Agreement. Any loan originated by Participant for which the Agency issues a Mortgage Credit Certificate, regardless of the source of funds of the mortgage financing, and any subordinate loan originated by Participant for the Agency in accordance with the Seller's Guide or any relevant Program Guidelines shall also be considered a Mortgage Loan for the purposes of this Agreement.

"Mortgage Revenue Bond Program" means any and all bonds issued by the Agency pursuant to the Code for the purpose of providing mortgage financing to Eligible Borrowers.

"Mortgagor" means the obligor(s) on a Note and Mortgage.

"Note" means the promissory note executed by a Mortgagor to evidence such Mortgagor's obligation to repay the Mortgage Loan, which shall be in the form required by the Seller's Guide or any relevant Program Guidelines, payable to the order of Participant, and prior to Purchase, endorsed to the Agency.

"Notice Address" means, unless or until changed pursuant to this Agreement:

(a) As to the Agency:

PENNSYLVANIA HOUSING FINANCE AGENCY
Homeownership Programs Division
211 North Front Street, P. O. Box 8029
Harrisburg, Pennsylvania 17105-8029

(b) As to the Participant, the address entered on its signature page for this Agreement.

"Officer" means any duly authorized officer or employee of Participant involved in, or responsible for, the origination and sale of Mortgage Loans, whose name has been furnished to the Agency by Participant.

"Participant" means the lending institution executing this Agreement, an organization engaged in mortgage lending that is properly registered and/or licensed under the applicable Laws and regulations of the Commonwealth and/or the United States, including the Secure and Fair Enforcement Mortgage Licensing Act of 2008, and which has been approved by the Agency to originate and close Mortgage Loans intended for sale to the Agency under its various homeownership programs as specified in the Seller's Guide and any relevant Program Guidelines. For the purposes of Article IV of this Agreement, Participant shall also include such lending institution's directors, officers, partners, managers, key employees and owners of more than a five percent (5%) interest in the lending institution.

"PENNVEST" means the Pennsylvania Infrastructure Investment Authority, an instrumentality of the Commonwealth established by the Pennsylvania Infrastructure Investment Authority Act (Act of 1988, March 1, P.L. 82, No. 16) (35 P.S. § 751.1 *et seq.*).

"PENNVEST Guidelines" means any program descriptions, guidelines, forms or procedures established by the Agency and provided to Participants in connection with the PENNVEST Program, and which may be amended by the Agency from time to time after reasonable notice is provided in writing to Participant.

"PENNVEST Loan" means a Mortgage Loan originated by the Participant in the Agency's name pursuant to the PENNVEST Program and subject to the requirements of the PENNVEST Guidelines.

"PENNVEST Program" means the PENNVEST Homeowner Septic Loan Program, a loan program administered by the Agency in partnership with PENNVEST to provide access to credit for certain homeowners to finance repairs, replacements and first time connections to septic or public wastewater disposal systems.

"Permitted Encumbrances" means those liens, covenants, conditions, and restrictions, rights-of-way, easements, and other matters of public record permitted by the Agency as specified by the Seller's Guide or the Program Guidelines.

"Principal Residence" means a residential dwelling unit which, in view of all the facts and circumstances of each case, including the good faith representations and covenants of the proposed Mortgagor, (i) is not primarily intended by the proposed Mortgagor to be used in a trade or business; (ii) is not to be used by the proposed Mortgagor as an investment property or as a recreational home; and (iii) meets any applicable purchase price limits and other requirements of the Seller's Guide and any relevant Program Guidelines.

"Program" means any of the Agency's Homeownership Programs, described in this Agreement, the Seller's Guide and any relevant Program Guidelines, and any other programs announced by the Agency pursuant to which the Agency will purchase Mortgage Loans from Participants.

"Program Guidelines" means any program descriptions, guidelines, forms or procedures established by the Agency and provided to Participants in connection with a Program, which may be amended by the Agency from time to time.

"Purchase" means the transaction by which the Agency compensates the Participant for assigning a Mortgage Loan to the Agency pursuant to this Agreement, in conformity with the Seller's Guide and any relevant Program Guidelines.

"Purchase Date" means the day of any Purchase.

"Purchase Price" means the amount which the Agency will pay to Participant to Purchase a Mortgage Loan, as calculated in accordance with the Seller's Guide or any relevant Program Guidelines.

"RD" means the Rural Development division of the United States Department of Agriculture, or any successor thereto.

"Residence" means a residential dwelling unit located within the eligible loan area, occupied or to be occupied within a reasonable period of time (e.g. 60 days) after the Closing as the Principal Residence of the owner-Mortgagor, as specified in the Seller's Guide or any relevant Program Guidelines.

"Seller's Guide" means the manual setting forth the policies, procedures and guidelines established by the Agency and provided or made available to Participants, which may be amended by the Agency from time to time, and any other guidelines or program announcements adopted by the Agency and provided to Participant under the Program.

"Target Areas" means those census tracts and areas of the Commonwealth identified by the Agency in the Seller's Guide which constitute qualified census tracts or areas of chronic economic distress within the meaning of Section 143 of the Code.

"Trustee" means the financial institution serving in such capacity pursuant to an Indenture and any successors or assigns, including, as applicable, Bondholders.

"VA" means the United States Department of Veterans Affairs, or any successor thereto.

ARTICLE II **Representations, Warranties and Covenants**

Section 2.01. Representations, Warranties and Covenants of Participant. Participant represents and warrants to the Agency that as of the date hereof and at the Purchase Date of each Mortgage Loan:

(a) **Due Organization.** Participant is and shall continue to be duly organized, validly existing, and in good standing under the Laws of the United States and the state of its formation or incorporation. Participant is duly authorized and qualified to transact mortgage business in the Commonwealth and all business contemplated by this Agreement, currently possesses and shall maintain 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. Participant is in compliance with the Laws of the Commonwealth and in good standing with federal authorities to the extent necessary to ensure the enforceability of each related Mortgage Loan.

(b) **Authority.** Participant has the full power and authority to execute and deliver this Agreement and to perform in accordance herewith; the execution, delivery and performance of this Agreement and the related Loan Documents (including all instruments of transfer to be delivered pursuant to this Agreement) by Participant, and the consummation of the transactions contemplated hereby, have been duly and validly authorized; and all requisite corporate action has been taken by the Participant to make this Agreement valid and binding upon the Participant.

(c) **Ordinary Course of Business.** The consummation of the transactions contemplated by this Agreement are in the ordinary course of business of the Participant, and the transfer, assignment and conveyance of the Notes and the Mortgages by the Participant are not subject to bulk transfer Laws or any similar statutory provisions.

(d) **Fictitious Names.** Participant conducts business in the Commonwealth using the name under which it is duly organized or incorporated. Notwithstanding the preceding sentence, the Participant may elect to participate in the Program while doing business under a fictitious name, provided any fictitious name used is properly registered with the Commonwealth and has been properly disclosed to the Agency in accordance with the Seller's Guide and any applicable Program Guidelines.

(e) **No Conflicts.** Neither the execution and delivery of this Agreement, the origination and acquisition of the Mortgage Loans by the Participant, the sale of the Mortgage Loans to the Agency or the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of the

Participant's charter or by-laws, or any legal restriction or any agreement or instrument to which the Participant is now a party or by which it is bound, or constitute a default, or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Participant or any of its property is subject, or impair the ability of the Agency to enforce any of the Mortgage Loans according to their terms, or impair the value of any of the Mortgage Loans.

(f) Ability to Perform. Participant possesses or controls present capability and capacity to perform each and every covenant contained in this Agreement, and it has no reason or cause to believe otherwise at present or prospectively. Participant's officers, employees and agents possess the requisite training and experience to perform their duties in accordance with the covenants, representations and warranties made herein.

(g) No Litigation Pending. There is no action, suit, proceeding, inquiry or investigation pending or threatened against the Participant which, either in one incident or in the aggregate, would be likely to result in any material adverse change in the business, operations, financial condition, properties, or assets of the Participant, or in any material liability on the part of the Participant, or which would draw into question the validity of this Agreement or the Mortgage Loans or of any action taken or to be taken in connection with the obligations of the Participant contemplated herein, or which would be likely to impair materially the ability of the Participant to perform under the terms of this Agreement.

(h) No Consent Required. No consent, approval, authority or order of any court or governmental agency or body is required for the execution, delivery, performance or compliance of the Participant under this Agreement, origination, or sale of the Mortgage Loans, or consummation of the transactions contemplated by this Agreement; or, if such consent or approval is required, it has been obtained.

(i) No Untrue Information. Neither this Agreement nor any statement, report or other document furnished or to be furnished by the Participant pursuant to this Agreement contains any untrue statement of fact or omits a fact necessary to make the statements contained therein not misleading, and, to the best of Participant's knowledge, no statement, report or other document furnished or to be furnished by any party other than the Participant in connection with this Agreement contains any untrue statement of fact or omits a fact necessary to make the statements contained therein not misleading.

(j) Regulatory Supervision. The Participant shall comply with all statutes, rules and regulations applicable to its activities under this Agreement, including without limitation, any rule or regulation of Participant's supervisory agency or other regulatory body having jurisdiction over the Participant.

(1) At all times Participant shall be properly licensed and in compliance with the Secure and Fair Mortgage Licensing Enforcement Act of 2008 and all other applicable registration requirements as set forth from time to time by the Commonwealth or by other applicable and relevant authorities governing lending and mortgage related activities.

(2) At all times Participant shall comply with all applicable regulations, compliance bulletins and other official guidance issued by the CFPB under either its regulatory or supervisory authority, including, but not limited to regulations and guidance related to compensation, fair lending, loan disclosures, the supervision of service providers and vendor management.

(3) At all times Participant shall comply with all applicable regulations, mortgagee letters and other official guidance issued by HUD, including, but not limited to regulations and guidance concerning fair lending, fair housing, false claims and mortgage insurance.

(k) Approved Participant. Participant is a lending institution which has been approved to participate in any of the Agency's Homeownership Programs described in the Seller's Guide.

(l) No Federal or State Suspension or Investigation. Participant is not subject to federal or state debarment or suspension for engaging in fraudulent, predatory or discriminatory lending, or for

engaging in redlining activities, and is not under investigation for abusive lending practices by any state or federal authority with jurisdiction over the Participant.

Section 2.02. Representations, Warranties and Covenants Relating to Mortgage Loans. By executing and delivering this Agreement, Participant represents to, warrants to and covenants with the Agency that, as of the Purchase Date of the Mortgage Loans:

(a) Accurate Information. To Participant's knowledge after reasonable inquiry, the information set forth in all documents submitted to the Agency, including electronically transmitted documents and data, is true and correct as of the date thereof, and unless the Agency is notified in writing to the contrary prior to the Purchase Date, will be true as of the Purchase Date.

(b) First Lien. The Mortgage Loan is secured by a valid first lien either on the fee simple title or on a leasehold estate acceptable to the Agency on a residential dwelling unit which, to Participant's knowledge after reasonable inquiry, is (i) located within the Commonwealth; (ii) is occupied by or is to be occupied within a reasonable period of time after the Closing (e.g., sixty (60) days) by the Mortgagor as the Principal Residence of such Mortgagor; (iii) is intended for owner occupancy; and (iv) is being acquired by the Mortgagor at a cost which complies with any applicable purchase price limitations specified in the Seller's Guide or any relevant Program Guidelines.

(c) Subordinate Liens. The property shall be subject only to the lien of the first Mortgage, such subordinate mortgages as are approved by the Agency and any applicable mortgage insurer or guarantor, and such Permitted Encumbrances that were of public record as of the date of the recording of the first Mortgage. The improvements on the property shall have been fully completed and the property subject to the Mortgage shall be free and clear of all mechanics' and materialmen's liens, or liens in the nature thereof, and there shall be no rights outstanding that could give rise to such liens, and the property subject to the Mortgage is free from all other liens, encumbrances, restrictions and covenants which would materially and adversely affect the value of the property. In the event that the Mortgage Loan was made to finance the purchase of a newly constructed or rehabilitated home, said home was, to the knowledge of Participant after reasonable inquiry, constructed or rehabilitated in accordance with all applicable building codes and standards, a certificate of occupancy has been issued in connection therewith, and the builder has warranted all materials, workmanship and mechanicals for a minimum period of one (1) year.

(d) Eligible Mortgage Loan. The Mortgage Loan is made in accordance with the Seller's Guide and any relevant Program Guidelines, and at all times qualifies for Purchase as an Eligible Mortgage Loan under the terms of this Agreement.

(e) Investor Loans. If it is expected that a Mortgage Loan is to be purchased by an Investor, the Mortgage Loan must meet the eligibility requirements of the Seller's Guide, Program Guidelines and any Investor-specific requirements. There are no circumstances or conditions with respect to the Mortgage Loan, the Mortgage, the property subject to the Mortgage, the Mortgagor or the Mortgagor's credit standing that will cause the Agency or the relevant Investor to regard the Mortgage Loan as an unacceptable investment, cause the Mortgage Loan to become delinquent, or adversely affect the value or marketability of the Mortgage Loan.

(f) Mortgage Insurance. If required by this Agreement, the Seller's Guide or any relevant Program Guidelines, the Mortgage Loan is insured under a private mortgage insurance policy, under an FHA mortgage insurance program or is guaranteed by VA or RD.

(1) As to each Mortgage Loan which is privately insured, Participant has complied with all rules and requirements of the insuring company and the contract of insurance, and such insurance is in full force and effect and will inure to the benefit of the Agency upon Purchase of the Mortgage Loan.

(2) If the Mortgage Loan is insured by an FHA mortgage insurance program, the

Participant has complied with all applicable rules and regulations, and such insurance is in full force and effect and will inure to the benefit of the Agency upon Purchase of the Mortgage Loan.

(3) If the Mortgage Loan is guaranteed by VA or RD, the Participant has complied with all applicable rules and regulations, and such guarantee is in full force and effect and will inure to the benefit of the Agency upon Purchase of the Mortgage Loan.

(4) If the Mortgage Loan is self-insured by the Agency under its Self-Insurance Fund or other similar risk retention program described in the Seller's Guide or any relevant Program Guidelines, the Participant has complied with all requirements of the Agency and the self-insurance is in full force and effect and will inure to the benefit of the Agency upon Purchase of the Mortgage Loan.

(g) Property Insurance. The improvements upon the real property subject to the Mortgage Loan are covered by such hazard, flood, or other insurance policies as are required by this Agreement, the Seller's Guide or any relevant Program Guidelines, with one year's premium prepaid at the time of Closing and an endorsement in favor of the Agency and its successors or assigns.

(h) No Alterations or Modifications. The terms, covenants, and conditions of the Mortgage Loan have not been, and will not be as of the Purchase Date, waived, altered, impaired or modified in any respect which materially affects the value, validity, enforceability, prompt payment of the Mortgage Loan or the security of the lien securing the Mortgage Loan.

(i) No Default or Delinquency. There is no default or delinquency under the terms and covenants of the Mortgage Loan, no payments are past due or unpaid under the Mortgage Loan, and all costs, fees and expenses incurred in making, Closing and recording the Mortgage Loan have been paid.

(j) No Unpaid Taxes. There are no unpaid or delinquent taxes or tax liens against the property financed by the Mortgage Loan.

(k) No Impairments. Participant has not by any act or omission created an offset, defense or counterclaim to the Mortgage Loan, including the obligation of the Mortgagor to pay the unpaid principal of and interest on the Mortgage Loan.

(l) No Condemnation or Defects. Based upon an inspection made by or on behalf of the Participant in connection with making the Mortgage Loan, said property is served by a properly functioning water and sewage system, is free of material damage, and is in general good repair on the Purchase Date. The Participant has no knowledge that any improvement covered by the Mortgage Loan is in violation of any applicable zoning law or regulation or any valid restrictive or protective covenant or set back line, and there is no pending proceeding for a total or partial condemnation of the physical property financed by the Mortgage Loan.

(m) Mortgage Lending Laws and Regulations. The Mortgage Loan, at the time it was made, conformed to all applicable mortgage lending Laws and regulations including, but not limited to, the following federal and Commonwealth Laws, and all regulations promulgated thereunder, as amended:

- (1) the Truth in Lending Act;
- (2) the Real Estate Settlement Procedures Act;
- (3) the Equal Credit Opportunity Act;
- (4) the Fair and Accurate Credit Transactions Act;
- (5) the Fair Housing Act (Title VIII of the Civil Rights Act of 1968);
- (6) the Gramm-Leach-Bliley Act;
- (7) the Helping Families Save their Homes Act;
- (8) the National Flood Insurance Act;
- (9) the Secure and Fair Enforcement for Mortgage Licensing Act;
- (10) the USA PATRIOT Act;
- (11) the Pennsylvania Mortgage Licensing Act;

- (12) the Pennsylvania Mortgage Bankers and Consumer Equity Protection Act;
- (13) the Pennsylvania Loan Interest and Protection Law; and
- (14) the Pennsylvania Breach of Personal Information Notification Act;

and conformed to any similar, applicable federal or state Laws, regulations or statements of policy guidance. The above lists shall be construed to include any and all laws, regulations and guidelines applicable to Mortgage Loans during the term of this Agreement, which are enacted or promulgated subsequent to execution of this Agreement.

- (n) Closing Costs. All closing and settlement costs have been paid in full.
- (o) Recordation. The Mortgage has been duly recorded or filed for recording by Participant in the proper public office in order to give constructive notice thereof to all subsequent purchasers, persons, or entities seeking to encumber the property financed by such Mortgage Loan.
- (p) Ownership of Loan. Immediately prior to the transfer and assignment of the Note and related Mortgage, the Participant has good title to and is the sole owner of such Mortgage Loan, and there is not now nor has there been any other sale or assignment thereof, except an assignment for security purposes with the Agency's consent in connection with a mortgage warehousing financing arrangement. The Mortgage and Assignment of Mortgage have been properly recorded or filed for recording.
- (q) Mortgagor is Owner. To the knowledge of Participant after reasonable inquiry, the Mortgagor of a Mortgage Loan has not conveyed such Mortgagor's right to, title to, or interest in the property subject to the Mortgage to any party.
- (r) Mortgagor's Intent. Available evidence indicates the Mortgagor has a bona fide intention to honor the obligation of the Mortgage Loan, and no evidence indicates the Mortgagor is a 'sovereign citizen' or other person disputing the legitimacy of federal or Commonwealth sovereignty and Law.
- (s) Fees. Any fees charged and retained by Participant and the stated interest rate for each Mortgage Loan comply with the Law, this Agreement, the Seller's Guide and Program Guidelines.
- (t) Marketability. Participant has no knowledge of any circumstances or conditions with respect to the Mortgage Loan, the Mortgage, the property subject to the Mortgage, the Mortgagor or the credit standing of the Mortgagor that can be reasonably expected to cause prudent private investors in the secondary market to regard the Mortgage Loan as an unacceptable investment, cause the Mortgage Loan to become delinquent or adversely affect the value or marketability of the Mortgage Loan.
- (u) Assurances. Participant has ensured that property inspections, certifications, and appraisals, conducted by or on its behalf with respect to a Mortgage Loan, have been performed in a thorough, complete, and competent manner by qualified professionals in accordance with all applicable laws, including those mortgage lending Laws and regulations described by subsection (m) above.
- (v) Program Affidavits. At the time of Closing all affidavits, certificates, and other documents required by the Seller's Guide and relevant Program Guidelines have been properly executed and are in the possession of Participant.

Section 2.03. PENNVEST Specific Representations, Warranties and Covenants. In addition to the representations, warranties and covenants made in Sections 2.01 and 2.02, if Participant chooses to participate in the PENNVEST Program, then Participant represents, warrants and covenants to the Agency that as of the date of this Agreement and as of the Closing Date of each PENNVEST Loan:

- (a) Approved Participant. Participant has applied, been approved and is currently authorized by the Agency to participate in the PENNVEST Program as described in the PENNVEST Guidelines.
- (b) Liens and Recordings. Any PENNVEST Loan is secured by a valid first or second lien either on the fee simple title to or on a leasehold estate acceptable to the Agency on a residential dwelling

unit which, to Participant's best knowledge after due inquiry, is: (i) located within the Commonwealth; (ii) is occupied by or is to be reoccupied after restoration of sanitation service by the Mortgagor as the Principal Residence of such Mortgagor; (iii) is intended for owner occupancy; and (iv) is encumbered only by Permitted Encumbrances that were in the public record as of the date of the recording of the PENNVEST Loan.

(c) Mortgage Insurance. The Agency may require PENNVEST Loans to have Mortgage insurance, as described in the PENNVEST Guidelines. If Mortgage insurance is required, then Participant represents, warrants and covenants:

(1) As to each PENNVEST Loan which is insured by HUD as specified in the PENNVEST Guidelines, the Participant has originated the Loans in the name of the Agency as a Sponsored Third Party Originator for the Agency under the HUD FHA Title I Home Improvement Loan Program Guidelines in effect at the time the PENNVEST Loan was originated.

(2) If the PENNVEST Loan is self-insured by the Agency and/or PENNVEST under a self-insurance fund or other similar risk retention program, the Participant has complied with all applicable requirements as set forth in the PENNVEST Guidelines.

(d) Fees Paid. As of the Closing Date of each PENNVEST Loan, all closing and settlement costs will have been paid in full.

ARTICLE III **Participation in Program**

Section 3.01. Acceptance Procedure. Upon a lender's request and application, the Agency may accept a lender to participate in its Program. Requirements to become a lender participating in the Program are set forth in the Seller's Guide and any relevant Program Guidelines.

Section 3.02. Origination of Mortgage Loans.

(a) Once approved to participate, and after execution and delivery of this Agreement, Participant will originate Mortgage Loans in accordance with this Agreement, the Seller's Guide and any relevant Program Guidelines.

(b) Participant agrees to properly reserve (i.e., 'lock') and sell to the Agency Eligible Mortgage Loans meeting the requirements of the Agency and any Investors, as set forth in the Program Guidelines.

(c) All Mortgage Loans to be Purchased by the Agency hereunder must be Eligible Mortgage Loans. Each Mortgage Loan shall provide for level payment and amortization of principal and interest with payments due on the first day of each month, unless otherwise specified in the Seller's Guide or any relevant Program Guidelines.

Section 3.03. Mortgage Loan Submission and Closing.

(a) Prior to the Closing Date, Participant shall deliver such documents relating to the Mortgage Loan to the Agency as required in the Seller's Guide or any relevant Program Guidelines, and shall obtain evidence of approval of the Mortgage Loan, if applicable, by the Agency prior to Closing. Within the delivery period for which the Mortgage Loan was reserved, Participant shall deliver to the Agency the Mortgage Documents as set forth in the Seller's Guide and any relevant Program Guidelines pertaining to any Mortgage Loan which has been closed. Participant shall pay all costs of preparing and furnishing to the Agency and, if applicable, the Investor, the Mortgage Documents and the Mortgage Loan file.

(b) The Agency reviews certain Mortgage Documents prior to the Purchase Date. For any

Mortgage Loan which the Agency has deemed defective, the Agency may refuse to Purchase the Mortgage Loan. Provided any defects discovered by the Agency may be corrected, if the Participant cures any and all defects of a Mortgage Loan, such Mortgage Loan may be eligible for Purchase in accordance with the procedures of this Section, the Seller's Guide and any relevant Program Guidelines, subject to any applicable extension or late delivery fees described in the Seller's Guide and any relevant Program Guidelines. **The review of a Mortgage Loan by the Agency hereunder shall not constitute a waiver of any warranty, representation, or covenant by Participant or the Mortgagor with respect to the Mortgage Loan.** Strict compliance with all eligibility requirements applicable to Mortgage Loans, including the requirements of any Investor, is required at all times, and any defect, even if deemed immaterial, may result in denial or rescission of the Purchase of the defective Mortgage Loan, regardless of when such defect is uncovered.

(c) The Purchase of Mortgage Loans hereunder takes place daily or as the Agency may otherwise determine. Only Mortgage Loans submitted in accordance with this Agreement, the Seller's Guide and any relevant Program Guidelines will be purchased by the Agency.

(d) Mortgage Loans are sold servicing-released. All amounts collected by the Participant for establishing the initial escrow account shall be retained by the Participant and shall be subtracted from the Purchase Price of the Mortgage Loan. If the Participant shall knowingly cause the refinance or payoff of a Mortgage Loan within six (6) months of the Purchase, the Participant shall reimburse the Agency for any servicing release premiums paid to Participant in connection with the Mortgage Loan.

(e) The Agency, from moneys available therefore, purchases each Mortgage Loan approved as of the Purchase Date under the terms and conditions specified herein, in the Seller's Guide or in any relevant Program Guidelines. Upon the Purchase of each Mortgage Loan, the Participant receives the Purchase Price of the Mortgage Loan. The Purchase Price may reflect interest, debt service payments or other debits or credits made prior to the satisfaction of all conditions of the Purchase.

(f) Participant shall submit the recorded documents and related Mortgage Loan file prepared in accordance with the Seller's Guide and any relevant Program Guidelines and containing the documents and certificates specified therein within sixty (60) days of the Purchase Date. Participant shall also provide such other reports or information regarding the Mortgage Loans being sold by Participant as may be reasonably requested by the Agency, Trustee, or other such persons as the Agency may designate.

Section 3.04. Quality Control, Defects and Recourse.

(a) A quality control review of the Mortgage Loan file may be completed by the Agency or any applicable Investor after the Mortgage Loan has been Purchased. Participant will be required to correct any defects or deficiencies discovered in a post-Purchase review within sixty (60) days of notification by the Agency. **The post-Purchase review of a Mortgage Loan by the Agency hereunder shall not constitute a waiver of any warranty, representation, or covenant by Participant or the Mortgagor with respect to the Mortgage Loan.**

(b) Notwithstanding the review of the Mortgage Documents pursuant to Section 3.03(b) and Section 3.04(a), if any documents constituting a part of the Mortgage Loan file are determined at any time, in the judgment of the Agency or any Investor, to be defective or inaccurate in any material respect, or any representation or warranty of Participant in this Agreement is, in the judgment of the Agency, untrue as to any material matter, the Agency may issue notice of such defect or inaccuracy and the Participant shall cure the defect or inaccuracy within a period of sixty (60) days from the time it receives such notice, or such shorter period as may be reasonably required by the Agency. The falsity of a representation by a Mortgagor shall not be deemed a material defect or inaccuracy respecting any fact or facts which (i) the Participant is entitled to rely upon under the provisions of this Agreement; (ii) is of such nature that although false, security for any payment of the pertinent Mortgage Loan is not thereby adversely affected; (iii) is relied upon by the Participant in good faith; (iv) does not affect the tax-exempt

status of any Bonds, if applicable; and (v) does not affect the Program or Investor eligibility or credit and security of any other Agency financing program. Notwithstanding the preceding sentence, evidence indicating the Mortgagor is a 'sovereign citizen,' disputes the legitimacy of sovereignty or the Laws of the United States or the Commonwealth, or otherwise did not intend in good faith to honor the obligation of the Mortgage Loan prior to Purchase, shall be deemed a material defect.

(c) Participant hereby agrees that, if it has failed to submit a completed Mortgage Loan file to the Agency, or if any material defect or inaccuracy cannot be cured to the satisfaction of the Agency within the sixty (60) day period following notice from the Agency, or such shorter period, if applicable, Participant will repurchase the related Mortgage Loan from the Agency within ninety (90) days of the initial notice of such defect or inaccuracy at a price equal to (i) the outstanding principal balance of such Mortgage Loan, plus (ii) any accrued and unpaid interest at the annual rate set forth in the Note to the date of the repurchase and any fees paid in connection with the Purchase of the subject Mortgage Loan. Notwithstanding the preceding sentence, the Agency may, at its option, require the Participant to provide the Agency with sufficient indemnity for losses or expenses associated with the Mortgage Loan.

(d) The repurchase price of the Mortgage Loan shall be remitted by Participant to the Agency, and the Agency shall assign and deliver the related Mortgage Documents to the Participant, and execute and deliver such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in Participant such Mortgage Loan. **Participant hereby waives any statute of limitation or other Law that might otherwise be raised in defense to any repurchase obligation hereunder.**

Section 3.05. Origination of Agency Subordinate Loans. Participant may originate Agency subordinate loans for closing cost, down payment and other assistance in accordance with the Seller's Guide and any relevant Program Guidelines. Agency subordinate loans must be separately disclosed to borrowers, in accordance with Law.

Section 3.06. Origination of PENNVEST Loans. If Participant chooses to participate in the PENNVEST Program, then Participant will originate PENNVEST Loans according to the terms set forth in the Agreement, the Program Guidelines and the PENNVEST Guidelines and in compliance with all applicable mortgage lending Laws and regulations. The origination of PENNVEST Loans includes, but is not limited to the following:

(a) Providing information to individuals concerning the PENNVEST Program and assisting individuals completing applications for credit in the form prescribed by the PENNVEST Guidelines.

(b) Providing all required notices and disclosures within the prescribed timeframes.

(c) Performing a review of the information submitted by borrowers or obtained from third parties to determine borrowers' creditworthiness and compliance with PENNVEST Program criteria.

(d) Submitting copies to the Agency of denial notices provided to those applicants determined by the Participant to not meet the PENNVEST Program criteria.

(e) Submitting required forms and documentation to the Agency within specified timeframes.

(f) Closing the PENNVEST Loan within a reasonable timeframe upon receiving the Agency's affirmative credit determination, and recording it at the appropriate local recorder's office.

(g) Delivering to the Agency a completed loan file, including any and all loan documents set forth in the PENNVEST Guidelines within all specified timeframes and at the Participant's own cost.

(h) Collecting origination fees due to the Agency from borrowers; origination fees may be financed or paid for by the borrower's own funds, and the Participant may also charge reasonable and customary fees as described in the PENNVEST Guidelines.

Section 3.07. Retention of Mortgage Loan File. With respect to each Mortgage Loan Purchased, Participant shall retain a complete copy of the Mortgage Loan file, containing the Mortgage Documents specified by the Agency, for at least three (3) years after the date the Mortgage Loan is Purchased, or such longer period as may be required by Law or regulation. The Agency shall have the right to request copies of Mortgage Loan files, or to audit such files at the offices of the Participant.

Section 3.08. Limited Liability. Any monetary obligations of the Agency shall be payable solely out of, and all liability of the Agency shall be limited to, revenues and receipts derived from the transactions contemplated by and performed pursuant to the Agreement. The Agency may discontinue any or all of its Programs at any time, and shall have no liability for the decision to discontinue or modify any of its programs.

Section 3.09. Third Party Originations. In conjunction with all transactions intended for Purchase under this Agreement, Participant has not directly or indirectly contracted with, or entered into any agreement with any other Participant, non-participating lender, person, or other entity with respect to any aspect of its participation in the Program, or with respect to any money paid to or received by the Participant in connection with the Program, except as specifically authorized in writing by the Agency.

Section 3.10. Maintenance of Fidelity Bond and Errors and Omissions Insurance. Participant shall obtain and maintain at its own expense and shall furnish the Agency satisfactory evidence of (i) a blanket fidelity bond, and (ii) an errors and omissions insurance policy, in full force and effect throughout the term of this Agreement, covering Participant's Officers and employees and other persons acting on behalf of Participant in its capacity as Participant with regard to the Mortgage Loans. The amount of coverage shall be at least equal to the coverage that would be required by FNMA or FHLMC with respect to Participant if Participant were servicing Mortgage Loans for FNMA or FHLMC. In the event Participant is unable to secure the aforesaid amount of coverage, the coverage shall be in an amount as required by the Pennsylvania Department of Banking and Securities or by the Agency in its sole discretion. The insurance company selected by Participant shall be acceptable to the Agency. The certificate of insurance must list the Agency as a certificate holder and provide the Agency at least thirty (30) days notice of cancellation. Any amounts collected under such bond or policy relating to Participant's activities under this Agreement shall be remitted to the Agency.

Section 3.11. Mergers and Acquisitions. Participant agrees that so long as it shall continue to serve in the capacity contemplated under the terms of this Agreement, it will remain in good standing under the Laws governing its creation and existence and qualified under the Law to do business in the Commonwealth. Participant agrees that at least sixty (60) days prior to any major change in its corporate existence or the ownership of its stock or assets (including but not limited to a dissolution, 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 into any other entity, or permitting another entity to consolidate with or merge into it) it will give written notice to the Agency describing 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. Upon receipt of said notice, the Agency will evaluate whether to allow Participant's continued participation in the Program, and if allowed, upon what terms, limitations, and conditions.

ARTICLE IV

Integrity, Responsibility and Nondiscrimination

Section 4.01. Integrity.

(a) Participant shall maintain the highest standards of integrity in the performance of this Agreement and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth and/or the Agency.

(b) Participant shall not disclose to others any Confidential Information gained by virtue of

this Agreement.

(c) Participant shall not, in connection with this or any other Agreement with the Commonwealth or the Agency, directly or indirectly, offer, confer or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion or violation of a known legal duty by any officer or employee of the Commonwealth or the Agency.

(d) Participant shall not, in connection with this or any other Agreement with the Commonwealth or the Agency, directly or indirectly offer, give, agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Commonwealth or the Agency.

(e) Except with the express written consent of a duly authorized officer of the Commonwealth or the Agency or with the written disclosure of all material facts in an instrument prior to its execution by the Commonwealth or the Agency, neither Participant nor anyone in privity with it shall accept or agree to accept from, give or agree to give to any person, any Gratuity from any person in connection with the performance of work under this Agreement except as provided therein.

(f) Participant, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify the Agency in writing.

(g) Participant, by execution of this Agreement and by the submission of any bills or invoices for payment, or acceptance of payment pursuant thereto, certifies and represents that it has not violated any of these provisions.

(h) Participant shall, upon request of the Office of Inspector General, reasonably and promptly make available to that Office and its representatives, for inspection and copying, all business and financial records of Participant of, concerning and referring to this Agreement, or which are otherwise relevant to the enforcement of these provisions.

(i) For violation of any of the provisions of this Article, the Commonwealth or the Agency may terminate this and any other Agreement with Participant, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another entity to complete performance hereunder, and debar and suspend the Participant from doing business with the Agency. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Agency may have under this Agreement or under any law, statute, or regulation.

Section 4.02. Responsibility.

(a) Participant certifies that it is not currently under suspension or debarment by the Commonwealth, any other state or the federal government, and if the Participant cannot so certify, then it agrees to submit a written explanation to the Agency of why such certification cannot be made.

(b) Participant agrees to reimburse the Commonwealth for the reasonable costs incurred by the Office of Inspector General for investigations of Participant's compliance with the terms of this Article which result in the suspension or debarment of Participant. Such costs shall include, but not be limited to: salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. Participant shall not be responsible for investigative costs for investigations which do not result in Participant's suspension or debarment.

(c) Participant may obtain the current list of suspended and debarred contractors by contacting:

DEPARTMENT OF GENERAL SERVICES
Office of Chief Counsel
North Office Building Room 603
Harrisburg, Pennsylvania 17125
Phone: (717) 783-6472 Fax: (717) 787-9138

Section 4.03. Nondiscrimination. During the term of this Agreement, Participant agrees that:

(a) In the hiring of any employee(s) for the performance of work or any other activity required under this Agreement or any subcontract, Participant, each subcontractor, or any person acting on behalf of Participant or its subcontractors shall not discriminate against any citizen of the Commonwealth in violation of the Pennsylvania Human Relations Act ("PHRA") and applicable federal laws. Neither Participant nor any subcontractor nor any person on their behalf shall in any manner discriminate in violation of the PHRA and applicable federal laws against or intimidate any employee involved in the performance of work or any other activity required under this Agreement. Participant and each subcontractor shall not discriminate in violation of PHRA and applicable federal laws against any subcontractor or supplier who is qualified to perform the work to which this Agreement relates.

(b) Participant shall include the provisions of this Nondiscrimination provision in every subcontract, so that such provisions will be binding upon each subcontractor. Participant and each subcontractor shall establish and maintain a written nondiscrimination and sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined. Posting this Nondiscrimination provision conspicuously in easily-accessible and well-lighted places customarily frequented by employees and at or near where the contracted services are performed shall satisfy this requirement.

(c) Participant and each subcontractor represents that it is presently in compliance with and will maintain compliance with all applicable federal, state and local laws and regulations relating to nondiscrimination and sexual harassment. If Participant is required to file a Standard Form 100 Employer Information Report ("EEO-1") with the U.S. Equal Employment Opportunity Commission ("EEOC"), then Participant represents and covenants it has filed and shall continue to file an annual EEO-1 report with the EEOC.

(d) Participant's and each subcontractor's obligations pursuant to these provisions are ongoing from and after the effective date of this Agreement through the termination date hereof. Accordingly, Participant and each subcontractor shall have an obligation to inform the Agency and/or the Commonwealth if, at any time during the term of this Agreement, it becomes aware of any actions or occurrences that would result in violation of these provisions.

(e) Participant understands and agrees that no individual with a disability shall be excluded from participation in this Agreement or from activities provided for under this Agreement on the basis of the disability. As a condition of accepting and executing this Agreement, Participant agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of the Americans with Disabilities Act which are applicable to the benefits, services, programs, and activities provided by the Commonwealth and the Agency. Participant shall be responsible for and agrees to indemnify and hold the Agency and the Commonwealth of Pennsylvania harmless from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Agency and/or the Commonwealth as result of the Participant's failure to comply with the provisions of this paragraph.

(f) Participant shall comply with all state and federal laws prohibiting discrimination in hiring or employment opportunities. In the event of Participant's noncompliance with the terms and conditions of this Nondiscrimination provision or with any such laws, the Agency and/or the Commonwealth may cancel or terminate this Agreement and all money due or to become due under this

Agreement may be forfeited. In addition, Agency may proceed with debarment or suspension and may place Participant in the Contractor Responsibility File and other sanctions may be imposed and remedies invoked.

(g) Participant, upon request and within the time periods requested by the Agency and/or the Commonwealth, shall furnish all necessary employment documents and records to, and permit access to its books, records, and accounts by the Agency and/or the Commonwealth for purposes ascertaining compliance with the provisions of this Section. If Participant does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the Agency.

(h) Obligations under this Section are limited to Participant's activities within Pennsylvania.

ARTICLE V **Suspension, Termination and Liabilities**

Section 5.01. Suspension of Loan Reservations.

(a) Participant may choose at any time to suspend its delivery of Mortgage Loans to the Agency, and, except to the extent that the Agency may require the delivery of certain quantities of loans to participate in its Program, the Participant has no obligation to deliver Mortgage Loans to the Agency.

(b) The Agency may suspend Participant's loan reservation privileges, in whole or in part, at any time, for any reason and for such time as the Agency shall determine.

Section 5.02. Voluntary Resignation or Termination of Participation.

(a) Either Participant or the Agency may discontinue this Agreement upon giving written notice at least sixty (60) days before such termination is effective.

(b) The Agency may require the Participant to repurchase any Mortgage Loans which the Agency finds fail to comply with this Agreement, the Seller's Guide, or any relevant Program Guidelines.

(c) If the Participant participates in the PENNVEST Program, either Participant or the Agency may discontinue approval to participate in the PENNVEST Program separately from participation in other loan programs under this Agreement by giving the other party written notice at least sixty (60) days before such termination is effective.

Section 5.03. Involuntary Termination of Participant.

(a) The Agency may notify Participant at any time that it is no longer eligible to participate in the Agency's Program. The Agency may immediately terminate participation under this Agreement upon the occurrence of any one or more of the following events:

(1) Failure of any representation or warranty in this Agreement made by Participant to the Agency to be true and accurate in all material respects.

(2) Failure of Participant to comply in all respects with its obligations under this Agreement or under any applicable Law or regulation.

(3) Failure of Participant to comply in all respects with its obligation to meet and maintain the financial requirements required by the Agency.

(4) Failure of Participant to duly observe or perform in any material respect any covenant, condition or agreement in this Agreement, the Seller's Guide or any relevant Program Guidelines.

(5) Failure of Participant to correct defects or deficiencies with respect to Mortgage Loans, to repurchase a Mortgage Loan or to provide sufficient indemnification for a Mortgage Loan upon notice from the Agency in accordance with this Agreement, the Seller's Guide or any relevant Program Guidelines.

(6) Appointment of a conservator, receiver, or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities, or similar proceeding of a court, agency, or supervisory authority having jurisdiction over Participant, affecting Participant or substantially all of its assets, or for the winding-up or liquidation of its affairs.

(7) Consent by Participant to the appointment of a conservator, receiver, or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities, or similar proceeding affecting Participant or substantially all of its assets.

(8) Admission in writing by Participant 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 occur, Participant shall give written notice to the Agency of any such breach of this Agreement within two (2) days of the occurrence of such event.

(c) The Agency may immediately terminate the Participant's participation in the PENNVEST Program separately from its participation in other loan programs under this Agreement upon the occurrence of any of the events specified in paragraph (a) above.

(d) In the event of a termination pursuant to this Article, all Mortgage Loan files and all funds on deposit in connection with the Mortgage Loans and/or PENNVEST Loans shall be immediately transferred to the Agency or to such party as directed by the Agency, and a final accounting shall be made as to all funds received by the Participant. Should Participant fail to immediately transfer the files or funds, the Agency may obtain access to Participant's premises or wherever the files or funds are located in order to take physical possession of same. All costs and expenses incurred by Participant or the Agency pursuant to this Section shall be paid or reimbursed by Participant, or setoff by the Agency against any funds otherwise due to Participant pursuant to this Agreement.

Section 5.04. Indemnification. Participant agrees to indemnify and hold the Agency, Trustee and all Investors (and each of their successors or assigns) harmless from any and all claims, demands, losses, costs, curtailments, penalties, damages and expenses (including reasonable attorney's or accounting fees) that they may incur with respect to the origination of Mortgage Loans by Participant pursuant to this Agreement, including but not limited to: Participant's noncompliance with this Agreement, the Seller's Guide or any applicable Program Guidelines; defects described in Section 3.04 of this Agreement; delivery of files and Mortgage Documents; recording of Mortgage Documents; transfer of all escrows or other funds due and owing the Agency, Trustee or Investor; or noncompliance with any Laws, regulations or directives pertaining to the origination of Mortgage Loans, consumer protection, discriminatory practices or criminal activity.

Section 5.05. Agreement to Pay Attorneys' Fees. If it is determined that Participant has failed to perform under any provision of this Agreement then the Agency, Trustee or Investor, as the case may be, shall be reimbursed by Participant, on demand, for reasonable attorneys' fees and other out-of-pocket costs and expenses, including all costs of litigation, if necessary, to enforce the Agency's rights.

Section 5.06. No Liability for Removal of Participant. Neither the Agency, Trustee nor Investor shall be liable in any respect for the termination of Participant pursuant to this Article V.

Section 5.07. No Remedy Exclusive. Unless otherwise expressly provided, no remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to all rights and remedies given under this Agreement or existing at law or in equity including the right of the Agency to terminate this Agreement. No delay or omission to exercise any right or power accruing under this Agreement shall impair any such right or power, or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as desired.

ARTICLE VI
Miscellaneous Provisions

Section 6.01. Amendments, Changes, and Modifications. This Agreement may only be amended, changed, modified or altered by an instrument in writing executed by the Agency, which specifically refers to this Agreement and which is executed by Participant if adversely affected by such amendment, change, modification, or alteration. However, conditions for participation in the Agency's Programs may be changed at any time by the Agency.

Section 6.02. Governing Law. This Agreement shall be construed in accordance with the Laws of the Commonwealth, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such Laws.

Section 6.03. Notices. Notices, certificates or other communications hereunder shall be in writing and deemed given when delivered or five (5) days after mailing by regular, certified or registered mail, prepaid, return receipt requested, addressed to the appropriate Notice Address. The Agency, Trustee or Participant may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates and other communications shall be sent. Certain programmatic notices may be delivered electronically as provided in the Seller's Guide or any relevant Program Guidelines.

Section 6.04. Severability. All of the covenants, representations and warranties made by the Participant pursuant to this Agreement are deemed material to the Agency. In the event any court of competent jurisdiction shall hold any provision of this Agreement invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision hereof. Such invalid or unenforceable provision shall be amended, if possible, in accordance with Section 6.01 hereof in order to accomplish the purposes of this Agreement.

Section 6.05. Further Assurances and Corrective Instruments. To the extent permitted by Law, the Participant agrees it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and further instruments as may be reasonably required or appropriate to further express the intention or to facilitate the performance of this Agreement.

Section 6.06. Term of Agreement. This Agreement shall continue in full force and effect for as long as Participant is originating Mortgage Loans in connection with the Program or until sooner terminated in accordance with the terms hereof.

Section 6.07. No Rights Conferred on Others. Nothing in this Agreement shall confer any right upon any person other than the Agency and Participant, provided, however, that the Trustee or the Bondholders or any Agency assigns may enforce the rights of the Agency if the Agency has committed an event of default under the Indenture or its financing documents which remains uncured, or if the Agency has assigned its rights to another party.

Section 6.08. Limitation on Liability of Directors, Officers, Employees and Agents. No director, officer, employee or agent of any party to this Agreement shall be liable to any other party for taking any good faith action or for refraining in good faith to take any action pursuant to this Agreement.

Section 6.09. Incorporation by Reference. The Seller's Guide and any relevant Program Guidelines that now exist or are hereafter developed, are incorporated herein for all purposes. Such incorporation specifically includes the references to any applicable guidelines and program manuals related to FHA, FHLMC, FNMA, RD, VA and of any relevant mortgage insurers, and to all applicable regulatory bodies having jurisdiction over the Participant's mortgage lending activities. Participant expressly acknowledges that the incorporated documents are dynamic documents subject to periodic update, and covenants that at all times, all Mortgage Loans delivered to the Agency met all requirements of the applicable documents in force and effective at the time of origination, delivery and Purchase.

Section 6.10. Reaffirmation. Each and every Mortgage Loan delivered to the Agency under this

Agreement for Purchase, regardless of when, shall constitute Participant's affirmation of all of the covenants, representations and warranties made pursuant to this Agreement.

Section 6.11. Survival of Obligations and Covenants. Notwithstanding anything to the contrary herein, the expiration of this Agreement or the termination or resignation of Participant under this Agreement shall not affect any obligations of such Participant under Section 3.04 hereof.

Section 6.12. Interpretation. The headings of the various articles of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement. Words of 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.

Section 6.13. Forms and Reports. Forms and reports required by this Agreement will be prescribed by the Agency from time to time and may be amended, supplemented or replaced as the Agency shall deem appropriate.

Section 6.14. Notice of Indenture & Investor Requirements. Participant acknowledges notice of the fact that the Agency has executed an Indenture for the benefit of the Bondholders; that the Agency may execute, now and in the future, other Indentures benefiting certain creditors; and further acknowledges that the Agency intends to subject certain of the funds derived through the Mortgage Revenue Bond Program and Mortgage Loans related thereto, among other things, to the liens of these Indentures, which liens may be effective as provided by Law.

Section 6.15. Limitation of Liability. Notwithstanding anything herein to the contrary, no recourse shall be had for any claim based upon any obligation or covenant in this Agreement against the Agency, or against any past, present or future member, officer, director or employee of the Agency or any successor entity, either directly or indirectly, under any rule of law or equity, statute or constitution. All Agreements entered into by the Agency are subject to and governed by the provisions of the Act. No provision hereof shall be construed to impose a charge against the general credit of the Agency or any personal or pecuniary liability upon the Agency.

Section 6.16. Assignment to Trustee or Investor. The Agency may, simultaneously with the delivery of the Bonds, assign its interest in and pledge certain moneys received under this Agreement to the Trustee as security for the payment of the principal of and interest on the Bonds. The Agency may likewise assign its interest in Mortgage Loans and pledge certain moneys received under this Agreement to an Investor in mortgage backed securities and similar financial instruments. All rights of the Agency, Trustee or Investor set forth herein shall be available to and may be assigned to such successors or assigns as either party deems appropriate and may be specifically enforceable by Bondholders or Investors.

Section 6.17. Confidential Borrower Information. The Participant agrees, acknowledges, and recognizes that it is under a strict duty of confidentiality with regard to its operations and its borrower's records, specifically any Confidential Borrower Information. Participant agrees to not sell, transfer or share with any third parties any Confidential Borrower Information received during the ordinary course of conducting business unless the prior written consent of the Agency is obtained. Notice shall first be given to the Agency specifying exactly what information is to be shared, with whom it will be shared and the reason permission to disclose is being requested. Any Confidential Borrower Information received by the Participant from the Agency may be used only as is necessary to complete the stated purpose of this Agreement. Notwithstanding anything in this Agreement to the contrary, the rights and responsibilities regarding Confidential Borrower Information as herein stated shall survive indefinitely the termination of this Agreement. As a condition of doing business, the Agency has agreed to reciprocate the conditions and notice requirements of this subsection with respect to the Participant.

Section 6.18. Notice of Security Breach. Notwithstanding anything in this Agreement to the contrary, Participant agrees to fully disclose any breach in security that may materially affect the Agency.

All security breaches with the potential to affect Confidential Borrower Information are deemed material for the purposes of this Section. The Participant also agrees to report the date, time, and manner of any such security breach, the effect of the breach on the Agency, and any specific corrective action that needs to be taken in response to the intrusion in a reasonably timely manner.

Section 6.19. Right to Audit. The Participant agrees the Agency shall have the right to examine and copy all writings related to any aspect of this Agreement. Upon reasonable notice, the Participant agree to make these materials available to the Agency’s designated representative(s) during reasonable business hours. The right to audit shall extend for a period of one year after termination of this Agreement.

Section 6.20. Right to Know. The Participant acknowledges and understands that the Agency is subject to the Pennsylvania Right-to-Know Law, 65 P.S. Section 67.101 *et seq.*, and that this Agreement and other public records of the Agency may be subject to disclosure under the Right-to-Know Law. If a request is made for material that Participant disclosed to the Agency, the Agency may, but is under no obligation to, provide notice of the request to Participant. If notified of a request, Participant may, within the timelines stated in such a notice, provide a statement to the Agency explaining why any such material constitutes a trade secret or confidential proprietary information under the Right-to-Know Law. Participant agrees that all determinations of whether requested material constitutes a public record shall be made solely in the discretion of the Agency.

Section 6.21. Effective Date. This Agreement shall be effective as of the date the Participant is authorized by the Agency to proceed under the terms of this Agreement, and shall apply to all Mortgage Loans originated by Participant on behalf of the Agency regardless of when the Mortgage Loans were originated.

IN WITNESS WHEREOF, this Agreement has been executed by the Participant as follows:

PARTICIPANT:

(Name of Participant)

By: _____

Name:

Title:

Date: _____

Participant's Notice Address:

