

PENNVEST ADDENDUM
TO MASTER ORIGINATION AND SALE AGREEMENT

THIS PENNVEST ADDENDUM (the "Addendum") amends, supplements and is incorporated into the Master Origination and Sales Agreement (the "Agreement") between the lending institution executing this Addendum (the "Participant") and the PENNSYLVANIA HOUSING FINANCE AGENCY (the "Agency"), and shall be effective upon the execution of this Addendum by the Participant and until the termination of the Addendum or the Agreement, whichever may occur earlier.

ARTICLE VII
PENNVEST Program Participation

Section 7.01 Definitions. All words and phrases defined in this Article VII (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the respective meanings specified in this Article VII for all purposes of this Addendum and the Agreement. Certain terms used in this Addendum are defined or further explained in the Agreement, the Program Guidelines or the PENNVEST Guidelines. Any reference to Program Guidelines in the Agreement is understood to include reference to the PENNVEST Guidelines.

"**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.

Section 7.02. PENNVEST Specific Representations, Warranties and Covenants. In addition to the representations, warranties and covenants made in Section 2.01, to participate in the PENNVEST Program the Participant represents, warrants and covenants to the Agency that as of the date of this Addendum 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, second, or third lien, as specified in the PENNVEST Guidelines, 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 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.

Section 7.03. Origination of PENNVEST Loans. Participant will originate PENNVEST Loans according to the terms set forth in the Agreement, this Addendum, 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 of denial notices provided to those applicants determined by the Participant to not meet the PENNVEST Program criteria to the Agency;

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

(f) Closing the PENNVEST Loan 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 7.04. PENNVEST Program Suspension and Addendum Termination .

(a) The Agency may, in its sole discretion, suspend Participant's PENNVEST Loan reservation privileges at any time for any reason and for such time as the Agency shall determine.

(b) This Addendum shall automatically terminate upon termination of the Agreement. This Addendum may be separately terminated without effect upon the remainder of the Agreement as follows:

(1) Either Participant or the Agency may discontinue this Addendum by giving the other party written notice at least sixty (60) days before such termination is effective.

(2) The Agency may immediately terminate this Addendum upon the occurrence of any one or more of the following events:

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

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

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

(D) Failure of Participant to duly observe or perform in any material respect any covenant, condition, or agreement in this Addendum, the Agreement, the Program Guidelines or the PENNVEST Guidelines.

(E) Failure of Participant to correct defects or deficiencies with respect to PENNVEST Loans in accordance with this Addendum, the Agreement, the Program Guidelines or the PENNVEST Guidelines.

(F) 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, or 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.

(G) 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.

(3) If any of the events specified in paragraph (2) above shall occur, Participant shall give written notice to the Agency of any such breach of this Addendum or the Agreement within two (2) days of the happening of such event.

(c) Upon termination of this Addendum, all PENNVEST Loan applications and files, either completed or in process, shall be transferred to the Agency and a final accounting made as to all funds received by the Participant in connection with the PENNVEST Program shall be conducted.

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

PARTICIPANT:

Witness:

(Name of Participant)

By: _____
Authorized Officer

Date: _____

(Name of Officer)

(Address of Participant)
