

**CAPITAL AREA HOUSING FINANCE CORPORATION
MORTGAGE CREDIT CERTIFICATE PROGRAM, SERIES 2009
PARTICIPATION AGREEMENT**

This Participation Agreement (the "Agreement") is made and entered into on the _____ day of _____, _____ by and between the Capital Area Housing Finance Corporation (the "Corporation") and _____ (the "Participant").

WHEREAS, the Tax Reform Act of 1984 authorized the issuance of Mortgage Credit Certificates ("MCC's") as a means of assisting qualified individuals with the acquisition of new and existing single family housing; and

WHEREAS, the Corporation has duly authorized its Mortgage Credit Certificates Program, Series 2009 (the "MCC Program") under which MCC's will be issued pursuant to the Corporation's Mortgage Credit Certificate Guidelines (the "Guidelines"), and an Administration Agreement executed in connection with the MCC Program; and

WHEREAS, the Participant wishes to participate in the MCC program administered by its authorized representatives in connection with financing it will make available for the acquisition of new and existing single family housing.

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

1. The Corporation appoints the Participant as one of its agents for receipt and processing of applications for MCC's under the MCC Program.

2. Participant will make information available regarding the MCC Program to potential borrowers.

3. Participant will obtain from the borrower all documents and information required for an evaluation of eligibility and application for and receipt of an MCC including documents regarding (a) the first-time homebuyer requirement, (b) residence requirement, (c) income limitations, (d) purchase price limitations, (e) new mortgage requirement, (f) targeted area requirement (if applicable), and (g) information reporting requirement and provide the borrower with information regarding the recapture tax.

4. Participant will conduct such reasonable investigation as is necessary to certify that the borrower has satisfied all requirements of the MCC Program, including those imposed by temporary and permanent regulations of the Internal Revenue Code, state law and the Guidelines.

5. Participant warrants that it is familiar with and will comply with the requirements of the Code, all temporary and permanent regulations and state laws relating to the issuance of MCC's and the Guidelines.

6. Participant will follow standard underwriting procedures in its processing of the loan application of each borrower and perform all investigation and verification that it would normally perform for underwriting financing not provided in connection with an MCC.

7. Participant warrants that all MCC Program information provided regarding the borrower's eligibility under the MCC Program (i) is provided in good faith, (ii) is accurate to the best of its knowledge and (iii) is the result of standard due diligence on the part of the Participant.

8. Participant hereby agrees to comply with all data and record retention requirements which are required by the Code, all temporary and permanent regulations (including, but not limited to, Treasury Regulation Section 1.25-8T(a)(3)) and state law relating to the MCC Program.

9. Participant hereby agrees that the Corporation and its authorized representatives during normal business hours have the authority to examine and inspect all books and records in the Participant's possession relating to the MCC's and the MCC Program.

10. Participant will charge a borrower applying for an MCC only those reasonable fees in processing the financing as would be charged to borrowers applying for financing not provided in connection with an MCC. Participants will be paid \$75 for each loan that receives an MCC.

11. The Participant will forward to the Corporation a fee equal to 1% of the initial principal balance of the underlying mortgage loan for each MCC issued. Payment must be made in the form of a check. The MCC will not be issued unless the Corporation receives such payment.

12. Participant hereby agrees that it will file annually with the Internal Revenue Service for all MCC's issued in a calendar year the Lender's Information Return for Mortgage Credit Certificates (MCC's) (IRS Form 8329).

13. Participant hereby agrees that it will forward to the Corporation or its authorized representatives all information which it receives during the life of the mortgage loan that in any way indicates that the borrower may have made a misrepresentation in applying for an MCC or that may affect the borrowers continued eligibility for an MCC.

14. This Agreement shall remain in full force and effect until terminated. Participant may terminate this Agreement, without cause, upon sixty (60) days written notice to the Corporation. Further, the Corporation may immediately terminate this Agreement and prohibit the Participant from participation in the MCC Program upon the Participant's failure to comply with the terms and conditions of this Agreement and upon written notice from the Corporation. No amendment to this agreement shall be effective unless in writing and signed by both parties thereto.

THIS AGREEMENT is entered into as of the day and year written above.

CAPITAL AREA HOUSING FINANCE CORPORATION

Participant

By: _____ **By:** _____

Its: _____ **Its:** _____