

**JACKSONVILLE HOUSING FINANCE AUTHORITY
2010 PROGRAM INVITATION AND GUIDELINES**

The Jacksonville Housing Finance Authority (the "Issuer") invites you to apply for the Homeowner Mortgage Revenue Bond Program (GSE New Issue Bond Program), (the "2010 Program") as a participating Lender. All capitalized, undefined terms herein shall have the meaning ascribed to such term in the Issuer's Master Mortgage Origination and Servicing Agreement dated as of October 1, 2007 (the "Master Origination Agreement"), by and among the Issuer, The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), U.S. Bank N.A. (the "Master Servicer") and Participants executing the Master Origination Agreement from time to time ("Participants" or "Lenders").

Highlights of the 2010 Program:

- ❖ \$15,000,000 in available funds (\$3,000,000 of which shall be reserved for origination of Mortgage Loans in Targeted Areas as provided herein)
- ❖ No Commitment Fees
- ❖ Funds held in a first-come, first-served pool
- ❖ Low Rate loan option for homebuyers (anticipated rate):
 - 5.20% with 0% origination and 0% discount - FHA/VA/RD Loans
 - 5.20% with .5% origination and 0% discount - Conventional (Fannie Mae / Freddie Mac) Loans
- ❖ Down Payment Assistance Available:
 - Second Mortgage for 4% of principal available at 0% interest; due upon sale or re-finance
- ❖ Lender net profit of 1.75%
- ❖ No doc stamps and intangible taxes on the Mortgage and Note

Tentative Schedule of Events

February 1 , 2010	<p>Lender Response Due</p> <p>Please return 6 executed signature pages of the following:</p> <ul style="list-style-type: none"> • Lender Certification, Acknowledgement & Acceptance (S-4), including Exhibit A thereto • Master Origination Agreement (if not already a Participant thereunder) <p>Return signature pages to: Rhonda Bond-Collins, Esq. Greenberg Traurig, P.A. 450 S. Orange Avenue, Suite 650 Orlando, FL 32801</p>
February 2, 2010, 9:30 AM	Lender Training
Reservation Start Date:	<p>The Date on which a lender has:</p> <ol style="list-style-type: none"> a) submitted all required documentation; and b) completed lender training

For more information or to obtain the required documents, please visit:
www.ehousing.cc/jacksonville10.htm

This 2010 Program Invitation and Guidelines (the "Invitation") constitutes a solicitation of offers to participate in the 2010 Program and, upon the delivery by a Lender of the documentation as required herein and the certification by the Lender that such Lender has met the eligibility requirements as described herein, binds the Issuer, the Trustee, the Master Servicer and the respective Lenders to the terms of the Master Origination Agreement, as amended and supplemented by this Invitation. This Invitation serves as an Invitation, Offer to Originate, Notice of Acceptance and Series Program Determinations, each as defined in the Master Origination Agreement. The Issuer reserves the right to modify the terms of the 2010 Program at any time and from time to time upon notice to the Lenders, the Master Servicer, the Program Administrator, and the Trustee. The Issuer also reserves the right to waive compliance with one or more requirements of the 2010 Program on a case-by-case basis.

Lenders' comments or questions about any of the enclosed documents are encouraged and should be directed to:

Patt Denihan
ehousing Plus
(954) 430-6072
patt@ehousing.cc

Sue Denihan
ehousing Plus
(813) 671-7344
sue@ehousing.cc

Eligible Lending Institutions:

Every lending institution (including commercial banks, savings and loan associations and mortgage bankers) which (i) is currently participating in the local private home lending market within Duval County (ii) with respect to GNMA eligible mortgage loans, is an FHA approved mortgagee (with direct endorsement underwriting authority preferred), and/or a RD approved lender, if applicable, and if a VA approved lender, with automatic approval authority preferred, if applicable, (iii) with respect to Fannie Mae and Freddie Mac eligible Mortgage Loans, has errors and omissions coverage of at least \$300,000 and a Fidelity Bond of at least \$50,000 and is acceptable to a participating private mortgage insurer, can make the representations and warranties and covenants set forth in the Master Origination Agreement, and is willing to originate fixed rate single family Mortgage Loans in conformity with the mortgage origination standards of FHA, VA, and/or RD and the requirements of GNMA with respect to GNMA eligible Mortgage Loans and the mortgage eligibility requirements of Fannie Mae with respect to Fannie Mae eligible Mortgage Loans, and the mortgage eligibility requirements of Freddie Mac with respect to Freddie Mac eligible Mortgage Loans and (iv) meets the requirements set forth in the Master Origination Agreement and this Invitation, shall be permitted to originate Mortgage Loans in the Issuer's 2010 Program.

Program Overview:

The Issuer hereby invites Lenders to participate in its 2010 Program by execution and delivery to the Issuer of this Invitation and any additional documentation as required herein. The Issuer has found and determined that the following terms, conditions and parameters shall be applicable to and effective for the origination of Mortgages in connection with its 2010 Program and declares and determines that this Invitation shall form and be an integral part, of the Master Origination Agreement. The undertaking and agreement to be bound by the Master Origination Agreement and this Invitation is evidenced by the execution hereof by each party hereto. Except as expressly provided herein, the provisions of the Master Origination Agreement are hereby incorporated by reference. In the event of any conflict between the terms of this Invitation and the Master Origination Agreement, the provisions herein shall prevail.

Program Terms and Conditions:

Mortgage Loans: The Issuer plans to make available first mortgage financing for households purchasing residences in federally designated target areas and for first-time homebuyers purchasing a home anywhere in Duval County. The Issuer expects to finance Mortgage Loans with the proceeds of Bonds or from other sources of debt or capital available to the Issuer. Mortgage Loans may only be made to home buyers who meet the Maximum Current Annual Family Income Limits set forth below, where the purchase price of the residence is within the Purchase Price Limits set forth below. In addition buyers must have a minimum FICO credit score of 600 (the mid score must be 600 or above), and 620 on Fannie Mae/Freddie Mac conventional loans (mid score must be 620 or above), however for home buyers with non-traditional credit or where there is no FICO score, manual underwriting shall be permitted.

Mortgage Loan Interest Rate. The following Mortgage Loan interest rate is available, provided the Mortgage Loan interest rate may be changed at any time by the Issuer in its sole discretion.

- Estimated interest rate of 5.20% with 0% Origination Fee and 0% Discount - FHA/VA/RD Loans
- Estimated interest rate of 5.20% with .50% Origination Fee and 0% Discount - Conventional (Fannie Mae / Freddie Mac) Loans

Mortgage Loan Term. All Mortgage Loans shall bear a fixed rate of interest, have level payments, and be fully amortizing over a 30-year term.

Mortgage Insurance. All Mortgage Loans must be insured by FHA, VA or RD or, for conventional loans, must meet Fannie Mae or Freddie Mac eligibility and be insured by an eligible private mortgage insurance company where the loan-to-value ratio is greater than 80%. Please note that the maximum dollar amount of conventional loans that can be originated under the 2010 Program is \$1,500,000.⁰⁰

Second Mortgage Loans. Second Mortgage Loans are available for use with 2010 Program Mortgage Loans in the following amount:

- Second Mortgage for 4% of the first mortgage loan amount with a 0% interest rate

The Second Mortgage Loan can be used for down payment and closing costs. Second Mortgage Loans bear interest at a rate of 0%, and must be repaid in full on the earlier of 30 years (final repayment date of the Mortgage Loan), or upon sale or re-financing, transfer of title, or rental of the home. Maximum Current Annual Income Limits and Purchase Price Limits are the same as the limits for Mortgage Loans.

Minimum Out of Pocket Borrower Contribution: Borrower's must contribute a minimum of \$500 of their own funds toward the purchase of the home.

Refinancing of Qualifying Subprime Loans: The first time home buyer requirement will be waived for borrowers refinancing "Qualified Subprime Loans." A Qualified Subprime Loan means an adjustable rate single family residential mortgage loan made after December 31, 2001, and before January 1, 2008, that the Issuer determines would be reasonably likely to cause financial hardship to the borrower if not refinanced. Participating Lenders will be required to submit a form (to be provided on the ehousing website) to the Program Administrator detailing the borrower's circumstances and existing loan details before making a reservation. Upon approval by the Issuer, the lender will be allowed to enter the reservation. The market value of a residence that is refinanced must not exceed \$250,000 at the time of the refinancing. All other requirements relating to the 2010 Program will apply to qualified subprime refinancing loans, including but not limited to: mortgage rate, mortgage term, mortgage insurance, income limits, borrower contribution as well as all other requirements set forth in this Invitation and the Master Origination Agreement. The ability to originate qualified subprime refinancing loans will expire on the one year anniversary following issuance of the Bonds.

Targeted Areas. \$3,000,000 of the \$15,000,000 available under the 2010 Program shall be used solely for the origination of Mortgage Loans in Targeted Areas for a period of one year, ending on February 2, 2011 or such later date as shall be subsequently determined by the Issuer. Participants shall use reasonable efforts to originate Mortgage Loans in the Targeted Areas. Duval County Targeted Areas are as follows (census tract numbers provided): Census tract: 4, 10, 13, 15, 16, 17, 18, 26, 29.01 and 115. Purchasing a home in a Targeted area waives the first-time homebuyer requirement.

Veterans Exception. Veterans who meet the qualifications listed in this paragraph are not required to be first-time homebuyers. Congress has reinstated the Veteran's Exception provision. For this feature, "veteran" is defined as "a person who served in the active military, naval or air service, and who was discharged or released therefrom under conditions other than dishonorable." The Mortgagor Affidavit has a checkbox that states:

"Mortgagor or Co-mortgagor meets the requirements to qualify as a 'veteran' as defined in 38 U.S.C. Section 101 and has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran exception to the first-homebuyer requirement set forth in Section 143(d)(2)(D) of the Internal Revenue

Code. Attached hereto are true and correct copies of my discharge or release papers which demonstrate that such discharge or release was other than dishonorable."

Origination Period: The origination period for the program will terminate on the earlier to occur of a) the date on which all funds have been reserved or b) the date on which the Issuer provides notice that the origination period has been terminated. Loans reserved during the origination period shall be subject to Timely Deliver Procedures as set forth below.

Homebuyer Education. All buyers (any person on the Note other than co-signers) must attend an approved face-to-face homebuyer education course. See the eHousing website (www.ehousing.cc) for a list of approved courses. Please check this list frequently, as it may change during the course of the 2010 Program.

Maximum Current Family Income Limits

Maximum Current Annual Family Income Limits are as stated below, which amounts may be re-determined by the Issuer and provided to the Master Servicer and Program Administrator for dissemination to Participants, from applicable median income figures published by the United States Department of Housing and Urban Development from time to time. In addition, in the event additional counties elect to participate in the 2010 Program, their Maximum Current Annual Family Income Limits and Acquisition Price Limit information will be provided by the Issuer.

NON-TARGETED AREAS		TARGETED AREAS	
<u>1 or 2 Family Members</u>	<u>3 or More Family Members</u>	<u>1 or 2 Family Members</u>	<u>3 or More Family Members</u>
\$60,300	\$69,345	\$72,360	\$84,420

Maximum Acquisition Price Limits:

NON-TARGETED	TARGETED
<u>All Housing</u> \$250,000	<u>All Housing</u> \$250,000

The foregoing amounts may be re-determined by the Issuer, and provided to the Program Administrator for dissemination to Lenders, from "Safe Harbor" average area purchase prices published from time to time by the United States Treasury Department or from surveys or other compilations of acquisition prices that in the opinion of recognized counsel represent acceptable methods for determination of such average acquisition prices for purposes of Section 143 of the

Code and in compliance with any requirements for Duval County. Acquisition Price limits are also subject to the applicable FHA/VA/RD, FNMA or Freddie Mac limits for Duval County.

Loan Documentation. Mortgage Loans must meet all applicable GNMA, Fannie Mae, or Freddie Mac underwriting guidelines and must further be eligible to be securitized in GNMA Certificates, Fannie Mae MBS or Freddie Mac Participation Certificates.

Closing Costs and Charges. In connection with each Mortgage Loan, the Lender may, as permitted by FHA, RD or VA, Fannie Mae or Freddie Mac, as applicable, charge and collect from the Mortgagor or seller of a Single Family Residence at the time of closing of the Mortgage Loan an Origination Fee and a Discount Fee (expressed as a percentage of the principal amount of such Mortgage Loan) not exceeding those set forth above, except that the Origination Fee and the Discount Fee shall not in any event exceed the applicable Fannie Mae, Freddie Mac, FHA, RD or VA limits. In addition, the Lender shall collect from the borrower or seller a Bond Loan Application fee of \$225 payable to the Program Administrator, a Tax Service Fee of \$85 and a Transfer Fee of \$150, payable to the Servicer and netted at loan purchase.

Total Lender Profit and Loan Delivery Requirements:

Mortgage Loans delivered, cleared of all exceptions and eligible for purchase within 80 days of the Reservation Date, will be purchased by the Master Servicer at a price that results in net lender profit of 1.75% of the par amount of the loan ("Timely Purchase"). Mortgage Loans not delivered, cleared of all exceptions, and eligible for purchase within 80 days of the Mortgage Loan Reservation Date will be automatically cancelled unless the Lender requests an extension of time in writing to the Issuer prior to the expiration date ("Late For Purchase"). The Issuer reserves the right to impose a penalty if the extension is approved. The penalty is due at time of request and non-refundable if the Mortgage Loan is not purchased. Mortgage Loans that are Late For Purchase and not delivered within the authorized extension period, will be cancelled.

2010 Program funds available for Mortgage Loans will be made available through the Timely Delivery Procedures described below, on a pooled first-come, first-served basis. Lenders may utilize a reservation for either existing or new construction residences; provided however, the Mortgage Loan is expected to be closed and a closed loan file delivered to the Master Servicer within the timeframes described below. There are no separate builder allocations for origination of new construction Mortgage Loans. Lenders may also use Mortgage Loans for rehabilitation loans meeting the guidelines under the FHA 203(KS) program for the origination fees permitted and in accordance with 2010 Program requirements outlined in the Lender Manual.

No Lender may impose a requirement for a minimum loan amount.

Prior to accepting reservations for Mortgage Loans, a Lender must have met all requirements as provided in this Invitation, including the completion of Lender training on February 2, 2010. To obtain a copy of the Mortgage Origination Agreement, please visit www.ehousing.cc/jacksonville10.htm or contact Patt or Sue Denihan (contact info provided on page 2).

Timely Delivery Procedures: (80 days from Rate Lock to Loan Purchase):

Number of Days Allowed from:

Reservation to Underwriter Certification: 30 days
Reservation to Closed & Delivered Loan: 50 days
Reservation to Exceptions Cleared & Loan Purchased: 80 days

Notice Addresses are as provided in the Master Origination Agreement and as set forth for each Lender in Exhibit A to the Lender's Certification, Acknowledgement and Acceptance attached hereto.

Purchase Dates shall occur daily as advised by the Master Servicer.

REPURCHASE OF LOANS

Participating Lender hereby agrees to repurchase any Mortgage Loan sold to the U. S. Home Mortgage – MRBP, the Master Servicer, at any time during the life of such Mortgage Loan, upon the occurrence of any of the following events:

a) Master Servicer reasonably believes any violations of any rule, regulation, or requirement of the applicable agencies i.e. Federal Housing Authority (FHA), Veterans Administration (VA), Rural Development (RD), Fannie Mae (Fannie Mae), Freddie Mac (Freddie Mac), Government National Mortgage Association (GNMA) or any other investor as may be identified in the 2010 Program, or specific guidelines as outlined in the Bond documents/program manuals; or

b) Any false statement, misstatement, or act of omission of material fact contained in the Mortgage Loan documentation resulting from the Participant's negligence or failure to exercise due diligence as disclosed by actual inspection by the Master Servicer or its representative, or otherwise disclosed; or

c) Participant fails to obtain FHA insurance, VA or RD guaranty, private mortgage insurance, or if such insurance or guaranty lapses or for any reason becomes unavailable, as a result of any negligent act or omission by the Participant, or the failure by the Participant to obtain such insurance or guaranty within ninety (90) days from the date of purchase; or

d) Master Servicer is required to repurchase any Mortgage Loan sold by it to GNMA, FNMA, FHLMC or any other investor, by reason of a deficiency in or omission with respect to the Mortgage Loan documents, instruments, and agreements, pertaining to any Mortgage Loan; or

e) Any representation or warranty made by the Participant under this Invitation or Bond program manuals with respect to any Mortgage Loan shall, in the reasonable opinion of the Master Servicer, be, in whole or in part and with or without knowledge of the Participant, false at the time when made by Participant or become false upon the occurrence of subsequent events; or

f) Any material fraud, misrepresentation or act of omission with respect to the information submitted on a particular Mortgage Loan is determined to exist by the Master Servicer

or another investor. This includes, but is not limited to, Mortgagor or other third party fraud or misrepresentation, and any misrepresentation of Mortgagor's income, funds on deposit, or employment, or of the occupancy status of the mortgaged property; or

g) Participant's breach of any covenant or obligation to the Master Servicer with respect to the Mortgage Loan under these 2010 Program Determinations, Bond documents or Bond program manuals.

The repurchase price for any Mortgage Loan that the Participant is required to repurchase from the Master Servicer shall be an amount equal to its then unpaid principal balance of the Mortgage Loan on the date of repurchase, plus accrued interest, any servicing release premium paid, and direct expenses (including reasonable attorney's fees) incurred by the Master Servicer for any actions taken by it concerning, as a result of, or in connection with, any of the events or circumstances set forth herein as cause for repurchase. Master Servicer's exercise of its right to have the Participant repurchase any Mortgage Loan hereunder shall be in addition to, and not in lieu of, any other rights or remedies which Master Servicer may have against the Participant hereunder or under applicable law.

INDEMNIFICATION

The Participant shall protect, indemnify, and hold Issuer and Master Servicer harmless from and in respect to, any and all losses, liabilities, reasonable costs, and expenses (including attorneys' fees) that may be incurred by Issuer or Master Servicer with respect to, or proximately resulting from any breach of, any representation, warranty, or covenant of the Participant hereunder or incorporated herein. Issuer and Master Servicer shall be entitled to rely upon the Participant as assembler and preparer of all Mortgage Loan documents, and is under no duty whatsoever to investigate or confirm any of the information set forth therein as to its honesty, accuracy, or completeness. Participant hereby agrees to indemnify and hold the Issuer and Master Servicer harmless from any claim, loss or other damage to the Issuer or Master Servicer including reasonable attorneys fees resulting in whole or in part from any inaccuracy or incompleteness in the Mortgage Loan documents or any act or omission by the Participant, its agents and employees, including but not limited to failure to comply with applicable state, federal and local statutes or regulations. To the extent the Participant, its agents or employees, commits an actual wrong, or makes some error or omission in the preparation of any Mortgage Loan or its documents and as a result thereof, and based thereon, the Issuer or Master Servicer commits an act or omission for which it becomes liable to the Mortgage(s) or any third party and/or a claim or cause of action is instituted against the Issuer or Master Servicer, the Participant shall and hereby agrees to indemnify and hold Issuer and Master Servicer harmless from any such loss or damage, including reasonable attorneys fees, resulting therefrom.

REFUND OF SERVICE RELEASE PREMIUMS

a) If any Mortgage Loan is prepaid in full within three (3) months following the date of purchase by the Master Servicer, from the Participant, the Participant shall refund to the Master Servicer all service release premiums received from the Master Servicer with respect to that mortgage loan.

b) If any Mortgage Loan, underwritten by the Participant, becomes delinquent for any of the first three (3) scheduled monthly payments due the Master Servicer, and is not brought current by the borrower within 90 days of such delinquency the Participant shall refund to the Master Servicer all service release premiums received from the Master Servicer with respect to that Mortgage Loan plus an additional fee of \$1,000 on conventional loans and \$3,000 on government loans (FHA, VA and RD).

This Invitation is made and is duly executed as of January ____, 2010.

JACKSONVILLE
HOUSING FINANCE AUTHORITY

By: _____
Wight Greger
Director

MASTER SERVICER'S ACKNOWLEDGMENT AND ACCEPTANCE

The undersigned, on behalf of U. S. Bank N.A., dba/ U. S. Bank Home Mortgage-MRBP Division (the "Master Servicer"), being duly organized under the laws of the United States, a national banking association and qualified to do business in the State of Florida, hereby acknowledges that the Master Servicer is a party to and is bound by the terms of the Master Origination Agreement, as supplemented hereby, and further acknowledges that with respect to the Issuer's 2010 Program, the Master Servicer is bound by the terms of this Invitation.

Executed as of January __, 2010.

U.S. BANK N.A., dba/ U.S. BANK HOME
MORTGAGE -MRBP DIVISION
as Master Servicer

By: _____
James R. Coreno
First Vice President

TRUSTEE'S ACKNOWLEDGMENT AND ACCEPTANCE

The undersigned, on behalf of The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), being duly organized under the laws of the United States and qualified to do business in the State of Florida, hereby acknowledges that the Trustee is a party to and is bound by the terms of the Master Origination Agreement, as supplemented hereby, and further acknowledges that with respect to the Issuer's 2010 Program, the Trustee is bound by the terms of this Invitation.

Executed as of January __, 2010.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.
as Trustee

By: _____
Richard Dillard
Vice President

LENDER'S CERTIFICATION, ACKNOWLEDGMENT AND ACCEPTANCE

The undersigned, on behalf of _____(the "Participant"), being duly organized under the laws of the State of _____ and qualified to do business in the State of Florida, hereby acknowledges that by its execution hereof, it is a party to and is bound by the terms of the Master Origination Agreement, as supplemented hereby, and further acknowledges that with respect to the Issuer's 2010 Program, it is bound by the terms of this Invitation.

Participant certifies that it meets the eligibility requirements as set forth in this Invitation, that the representations and warranties of the Participant in the Master Origination Agreement are true, correct and accurate and further certifies that the information contained in the attached Exhibit A is true, correct and accurate as of the date hereof.

IN WITNESS WHEREOF, this Participant's Certification, Acknowledgment and Acceptance is executed as of January __, 2010.

(SEAL)

By: _____
as Participant

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT A – LENDER INFORMATION

Company Name: _____
Point of Contact: _____
Address: _____
City, State, Zip: _____
Phone: _____
Email: _____

Approval Numbers

FHA / VA: _____
FNMA: _____
FHLMC: _____
RD: _____

Please include the following information for the originating lenders who will participate in this program:

Individual / Lender's Name: _____
Street Address: _____
City, State, Zip: _____
Phone Number: (_____) _____
Email: _____

Individual / Lender's Name: _____
Street Address: _____
City, State, Zip: _____
Phone Number: (_____) _____
Email: _____