

REVISED EXECUTION COPY

HOUSING FINANCE AUTHORITY OF LEE COUNTY, FLORIDA

MASTER MORTGAGE ORIGINATION AGREEMENT

**Housing Finance Authority of Lee County, Florida
Single Family Housing Revenue Bonds
(GSE Program – Multi-County)
2009 Series A**

Dated as of November 1, 2011

MASTER MORTGAGE ORIGINATION AGREEMENT

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MASTER MORTGAGE ORIGINATION AGREEMENT

THIS MASTER MORTGAGE ORIGINATION AGREEMENT (the "Agreement" or "Origination Agreement"), dated as of the first day of November, 2011, among the Lenders executing this Agreement (collectively referred to herein as the "Lender") for the origination and sale of Mortgage Loans for this Single Family Mortgage Purchase Program (the "Program"); U.S. Bank National Association, a national banking association (hereinafter referred to as "Master Servicer" or "Servicer"); U.S. Bank National Association, a national banking association, organized and existing under the laws of the United States, having a corporate trust office in Ft. Lauderdale, Florida, as trustee (hereinafter referred to as "Trustee"); and the Housing Finance Authority of Lee County, Florida or its successors or assigns (hereinafter referred to as the "Issuer"), a public body corporate and politic of the State of Florida (the "State")

W I T N E S S E T H

WHEREAS, pursuant to the Florida Housing Finance Authority Law, being Part IV of Chapter 159, Florida Statutes, as amended, and the Constitution and laws of the State, and pursuant to a duly adopted resolution of the Issuer, the Issuer is authorized to issue its revenue bonds to make mortgage loans, to pledge the mortgage notes and mortgages relating to such mortgage loans as security for the payment of the principal of and interest on any such revenue bonds and to enter into any agreements made in connection therewith;

WHEREAS, the Issuer proposes to issue, sell and deliver its Single Family Mortgage Revenue Bonds (GSE Program – Multi-County) 2009 Series A (as the same may be released or reissued, the "Bonds") in the aggregate principal amount of \$20,770,000, and thereby make available a portion of the proceeds of the Bonds which, together with other available moneys, will be used to finance the acquisition of mortgage-backed securities (the "Certificates" or "GNMA Certificates") guaranteed as to payment by the Government National Mortgage Association ("GNMA"), backed by certain qualified mortgage loans (the "Mortgage Loans"), all under and in accordance with the Constitution and laws of the State;

WHEREAS, the Bonds are being issued pursuant to the initiative of the United States Department of Treasury known as the "New Issue Bond Program" (herein the "Program");

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof, the proceeds of which are to be used to finance owner-occupied residences, shall be excludable from gross income for federal income tax purposes if such obligations meet certain requirements stated in Sections 103 and 141 through 150 of the Code;

WHEREAS, to assist in effectuating the Program, the Issuer and the Trustee at the request of the Issuer have undertaken to enter into this Agreement with the Lenders and the Master Servicer, whereby the Lenders agree to assist the Issuer by originating the Mortgage Loans and the Master Servicer agrees to purchase the Mortgage Loans from the Lenders or

warehouse provider, pool the Mortgage Loans into the Certificates and sell the Certificates to the Trustee;

WHEREAS, the Trustee will hold the Certificates under the Indenture to secure the payment of principal, interest and redemption price on the Bonds;

WHEREAS, each Lender desires to participate in the Program pursuant to the terms and conditions of this Agreement, including all supplements, attachments and amendments thereto;

WHEREAS, the Master Servicer will, subject to the terms hereof, administer the Program; and

WHEREAS, the Program Administrator will, in accordance with the terms hereof and pursuant to the Program Administration Agreement (as herein defined) administer the Program and monitor compliance of the Lenders with the Program documents;

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements herein contained, the Issuer, the Lenders, the Master Servicer and the Trustee agree as follows:

ARTICLE I

DEFINITIONS

In addition to the words defined in the preambles hereto, the following words and phrases shall have the following meanings:

"Administrator's Guidelines" means the manual prepared by the Administrator addressing the Program Compliance requirements and processes to be utilized by Lenders.

"Acquisition Price" or **"Acquisition Cost"** means the cost of acquiring a Single Family Residence from the seller as a completed residential unit, as more fully described in Section 4.05 hereof.

"Act" means collectively the Florida Housing Finance Authority Law, Chapter 159, Part IV, Florida Statutes, as amended; Ordinance No. 81-37, as amended and supplemented enacted by the Board of County Commissioners of Lee County, Florida; a resolution of the Issuer, adopted on November 16, 2011, as such resolution may be amended and supplemented (collectively, the "Resolution"); and other provisions of applicable law.

"Agreement" means this Origination Agreement, and all exhibits, amendments and supplements hereto.

"Application Start Date" means the date Lenders may begin accepting applications with respect to the separate cycles of the Program, as set forth in the Agreement.

"Assignment of Mortgage" means the instrument completed and executed by a Lender, in recordable form, and pursuant to which a Lender assigns and delivers the related Mortgage and endorses the Mortgage Note to Servicer in connection with the purchase of the related Mortgage Loan by Servicer.

"Bonds" means the \$20,770,000 Housing Finance Authority of Lee County, Florida Single Family Housing Revenue Bonds, (GSE Program – Multi-County) 2009 Series A, as the same may be released and reissued, and such other series of bonds as established by supplemental indenture.

"Bond Delivery Date" means the respective dates on which the various Series of Bonds are delivered.

"Bondholder" or **"owner of Bonds"** means the registered owner of any Outstanding Bond.

"Business Day" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the State of Florida, or the state in which the principal office of the Trustee or the Master Servicer is located, are authorized by law to close.

"Certificate Acquisition Period" means the respective periods established by the Agreement unless terminated earlier as provided herein or unless extended as provided herein, during which period GNMA Certificates may be purchased by the Trustee from the Servicer under the conditions and pursuant to the provisions set forth in the Indenture; provided that the Certificate Acquisition Period shall end no earlier than thirty (30) days after the end of the Origination Period (or such lesser number of days permitted by the Master Servicer).

"Closing" means any closing of a Mortgage Loan by a Lender for a Mortgagor.

"Code" means the Internal Revenue Code of 1986, as amended, and all subsequent tax legislation duly enacted by the Congress of the United States. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto and applicable to the Bonds or the use of the proceeds thereof.

"Commitment" means a binding written Commitment by a Lender to originate a Mortgage Loan to an eligible borrower with respect to a specific Single Family Residence in accordance with this Agreement.

"Compliance Closing Documents" means the documents listed in the Administrator's Guide pertaining to a particular Mortgage Loan.

"Condominium Development" or "Condominium" means a real estate development: (i) formed pursuant to the condominium statutes of the State and a recorded declaration and other constituent documents; (ii) the unit owners of which have title to a unit in a development, and may have the right to the exclusive use of certain limited common areas; and (iii) the common areas of which are administered and maintained by, but not owned by, an owners association, which may levy assessments against each unit estate.

"County" or "Counties" means DeSoto County and Sarasota County, and any other counties participating in the Issuer's program.

"Current Annual Family Income" means the total current annualized income of the Mortgagor and all adult members of a family residing or intending to permanently reside in the Single Family Residence from whatever source derived and before taxes or withholdings. For purposes of this definition, "current annualized income" includes primary base employment earnings and recognizable secondary income such as bonuses, commissions, overtime, part-time earnings, dividends, interest, royalties, pensions, VA compensation and net rental income, other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments, continuation of which is probable based on foreseeable economic circumstances based upon the Mortgagor's affidavit to such effect), all as computed at the time of application for a Mortgage Loan, and confirmed at the time of Closing.

"Discount Fee" means a fee collected from a Mortgagor or seller of a Single Family Residence as set forth in Section 4.03 hereof, not in excess of the percentages of the principal amount of the Mortgage Loan set forth in the respective Series Supplement.

"Eligible Loan Area" means the area within the territorial limits of the Counties of Sarasota, Charlotte, Broward, Palm Beach, Collier and DeSoto, as the same may be modified from time to time by the Issuer in connection with a given program.

"Eligible Persons and Families" means a person or persons and family or families (i) intending principally and permanently to reside as a household in a Single Family Residence, (ii) whose total Current Annual Family Income does not exceed the Maximum Current Annual Family Income, and (iii), with respect to each Mortgagor who purchases a Single Family Residence not located within a Targeted Area, each Mortgagor is a First Time Homebuyer (provided that Lender may originate Mortgage Loans to mortgagors other than First Time Homebuyers in Targeted Areas).

"FHA" means the Federal Housing Administration of the U.S. Department of Housing and Urban Development, or other successor to its functions.

"FHA Insurance" means FHA mortgage insurance issued under one of the following FHA Insurance programs pursuant to the National Housing Act,

- (a) FHA §203(b), Home Unsubsidized (including 223(e) declining area loans);
- (b) FHA §234(c), Condominiums;
- (c) FHA §203(b)(2), Veteran's Status;
- (d) FHA §203(ks), "Streamline" Rehabilitation Home Mortgage Insurance; or
- (e) such other FHA insurance programs as shall be acceptable to the Issuer and the Servicer.

"FHA Insured" means insured under FHA Insurance.

"FHA/RD/VA Loans" means Mortgage Loans which are FHA Insured, RD Guaranteed or VA Guaranteed.

"First Time Homebuyer" means a Mortgagor who has not had an ownership interest in a principal residence at any time during the three-year period ending on the date the Mortgage is executed, as more fully described in Section 4.05 hereof.

"Funding Fee" means the nonrefundable fee in the amount of \$150 payable by the Lender to the Servicer upon purchase of a Mortgage Loan.

"GNMA" means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 et seq.).

"GNMA Certificate" or **"Certificate"** means the fully modified GNMA II Mortgage Pass-Through Certificate (or the electronically transmitted confirmation provided for hereinafter), issued by the Servicer in exchange for FHA/RD/VA Loans and in the Form of Appendix 39 "Single Family Mortgage-Backed Certificate" of the GNMA Guide, as defined herein, purchased by the Trustee on behalf of the Issuer and registered in the name of the Trustee or its nominee, and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder and based on and backed by FHA Insured Mortgage Loans, RD Mortgage Loans or VA Guaranteed Mortgage Loans or Qualified Rehabilitation Loans made by the Lenders. In the event GNMA so requires, pursuant to GNMA's book entry system, in lieu of the aforesaid certificate, the confirmation of GNMA's guaranty obligation shall be transmitted to the Trustee, or its nominee, electronically. In the event the Servicer so elects by notice in writing to the Trustee given not later than 30 days prior to a Certificate Purchase Date, "GNMA Certificate" means also the fully-modified GNMA I Mortgage Pass-Through Certificate (or the electronically transmitted confirmation thereof). If the Servicer delivers a GNMA Certificate which is in a denomination that is less than \$500,000, the Trustee may conclude that GNMA has approved such lesser amount.

"GNMA Guide" means the GNMA Mortgage-Backed Securities Guide or Guides, then in effect on the date of its application, if any, hereunder.

"Guide" means the GNMA Guide.

"Indenture" means the Master Trust Indenture of Trust, dated as of December 1, 2009, as supplemented by a 2009A Supplemental Indenture of Trust, dated as of December 1, 2009, between the Issuer and the Trustee, and all amendments or supplements thereto.

"Issuer" means the Housing Finance Authority of Lee County, Florida.

"Lender" means a financial institution executing this agreement which meets the eligibility criteria established for the Program and is accepted by the Servicer and will originate Mortgage Loans hereunder and sell such Mortgage Loans and the servicing in connection therewith to the Servicer. During the term of this Agreement, such Lenders will be approved by the Servicer and be bound by the terms of the "Participating Lender Agreement".

"Lender Guide" means the guide prepared by the Servicer for the origination and delivery of Mortgage Loans to be purchased by the Servicer and the eligibility, credit and security underwriting standards applicable thereto.

"Manufactured Home" means a residential unit manufactured in a factory after June 15, 1976 which is delivered to a home-site in more than one section and affixed on a permanent foundation and meet FHA, and VA guidelines in addition to guidelines established in the Lender Guide and in the judgment of the Servicer, the residential unit must be eligible for 30-year real estate mortgage financing and be eligible for FHA Insurance or VA Guaranty and inclusion in a GNMA Certificate.

"Master Mortgage Servicing Agreement" means the agreement dated as of the date hereof, between the Issuer and the Master Servicer as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

"Maximum Acquisition Price" means the amounts set forth in the respective MOA Series Supplement with respect to Mortgage Loans originated on new and existing Single Family Residences in the Eligible Loan Area, which amounts may be redetermined by the Issuer, and provided to the Servicer 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, which Maximum Acquisition Price shall not exceed 90% of the average area purchase price. Acquisition Price limits are also subject to the applicable FHA/RD/VA limits for each County.

"Maximum Current Annual Family Income" means, with respect to Mortgage Loans originated on new and existing Single Family Residences in the Eligible Loan Area, the applicable limits as stated in the respective MOA Series Supplement, which amounts may be redetermined by the Issuer, and provided to the Servicer for dissemination to Lenders, which may not exceed the state median income figures published by the United States Department of Housing and Urban Development from time to time.

"Moody's" means Moody's Investors Service, its successors and assigns, and if such entity shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

"Mortgage" means the written instrument securing the related Mortgage Loan and encumbering a Single Family Residence, which instrument shall be in the then-effective form required by FHA for FHA Insured Mortgages, the form required by RD for RD Mortgage Loans, and in the form required by VA for VA Guaranteed Mortgages, as applicable, with appropriate riders. "Mortgage," when used herein, shall not include the second lien mortgage executed pursuant to Section 4.06 hereof.

"Mortgage File" means the mortgage documents listed in the Lender's Guide pertaining to a particular Mortgage Loan.

"Mortgage Loan" means a mortgage loan at a fixed rate of interest for an original loan term not exceeding thirty (30) years from the date of the first payment of principal and interest by an Eligible Person or Family evidenced by a Mortgage Note secured by a related first-lien Mortgage on a Single Family Residence located within the Eligible Loan Area, which the Servicer purchases from Lender pursuant to this Agreement and the terms of which comply with this Agreement. "Mortgage Loan" as used herein does not include second lien mortgage loans made pursuant to Section 4.06 hereof.

"Mortgage Loan Purchase Price" means the amount equal to the percentages set forth in the respective MOA Series Supplement.

"Mortgage Note" means the then-effective form of mortgage note required by FHA for FHA Insured loans, the form required by VA for VA Guaranteed loans, the form required by RD for RD Loans, as applicable, with appropriate riders, executed to evidence the Mortgagor's obligation to repay the Mortgage Loan.

"Mortgagee Single Interest Hazard Insurance Policy" means a mortgagee single interest hazard insurance policy or any similar policy maintained with respect to each Mortgage Loan by the Master Servicer which will not impair the initial rating on the Bonds.

"Mortgagor" means any person who has a present ownership interest in a Single Family Residence subject to the related Mortgage and/or executes the Mortgage (but does not include any person who executes only the Mortgage Note as a cosigner or guarantor and who does not have a present ownership interest).

"Non-Qualifying Mortgage Loan" has the meaning given to that term in Section 4.10 below.

"Notice Address" means, unless otherwise designated pursuant to Section 7.05 hereof:

(a) As to the Issuer:

Housing Finance Authority of Lee County, Florida
2449 First Street
Ft. Myers, Florida 33901
Attention: Philip L. Burnett

(b) As to the Trustee:

U.S. Bank National Association
Suite 380
550 W. Cypress Creek Rd.
Ft. Lauderdale, FL 33309
Attention: Scott Schuhle, Corporate Trust Division

(c) As to the Master Servicer:

U.S. Bank Home Mortgage-MRBP Division
17500 Rockside Road
Bedford, Ohio 44146
Attention: Sally Mazzola
Scott Schmitt
Elaine Wojtowicz

(d) As to Lender, the address shown on the Offer to Participate.

"Notice of Acceptance" means the form of notice to be given by the Issuer to the Servicer and the Lenders, by which Lenders are notified of the acceptance of their Offers to Originate, the stated interest rate established for the Program, their Program Allocation, their approved Builder Reservation(s), and the Application Start Date.

"Offer to Originate" means the Offer to Originate Single Family Mortgage Loans and any amendments thereto pursuant to which a Lender offers to originate Mortgage Loans in accordance with the provisions of this Agreement.

"Origination Fee" means an amount equal to 1.00% of the original principal amount of a Mortgage Loan payable in accordance with, and subject to the conditions of Section 4.03 hereof.

"Origination Period" means the period established by the Issuer during which Lenders may originate Mortgage Loans, which period began with respect to the 2009 Series A Bonds November 3, 2011 and ends on January 24, 2011 (the last day Mortgage Loans may be purchased by the Master Servicer), unless extended. No extension of the Original Period shall be permitted without an opinion of Bond Counsel to the effect that such extension is permitted by and is in conformity with the Code.

"Participating Authority" means the Housing Finance Authority of Broward County, Florida, the Housing Finance Authority of Charlotte County, Florida, the Housing Finance Authority of Collier County, Florida, and the Housing Finance Authority of Palm Beach County, Florida, political subdivisions of the State of Florida, any other housing finance authority participating in the Issuer's program.

"Participating Lender Agreement" means a separate agreement between the Servicer and the Lender that shall govern the sale and transfer of a Mortgage Loan by the Lender to the Servicer along with the duties, obligations, representations, warranties and covenants of the Lender to the Servicer.

"Planned Unit Development" or **"PUD"** means a real estate development of separately owned lots, with: (i) contiguous or noncontiguous areas or facilities usually owned by an owners' association in which the owners of the lots have a stock or membership interest; (ii) title

to the real estate under the dwelling units being held by the individual lot owners and not by the owners' association; (iii) the association having title to and administering the common areas, and levying monthly charges against the lot owners for common areas expenses; and (iv) membership in the owners association not being severed from the ownership of an individual unit.

"Pool" means all of the Mortgage Loans held as part of the particular GNMA pool of Mortgage Loans, which may relate to one or more GNMA Certificates.

"Program" means the Issuer's program for the financing of Mortgage Loans through the purchase of GNMA Certificates, as contemplated by this Agreement.

"Program Administrator" means Housing and Development Services, Inc. d/b/a eHousingPlus, a corporation organized under the laws of the State of Florida, in its capacity as Program Administrator hereunder and under the Program Administration Agreement or any successor thereto.

"Program Administration Agreement" means the Agreement, dated as of the date hereof, between the Issuer and the Program Administrator, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

"Program Allocation," "Allocation Amount" or "Allocation" means, with respect to each Lender and each cycle of the Program, the aggregate principal amount of Mortgage Loans for Single Family Residences that the Issuer has notified Lender it can originate for sale to the Servicer pursuant to the Lender's Offer to Originate and the Issuer's Notice of Acceptance.

"Program Area" means Lee County and any other county where the applicable housing finance authority or county enters into an interlocal agreement with the Issuer. Initially, the Program Area shall include Broward County, Charlotte County, Collier County, Palm Beach County, DeSoto County and Sarasota County.

"Program Compliance Review Fee" means a fee in the amount set forth to be paid by or on behalf of the Mortgagor to the Lender at the time of Closing, which fees will be paid by the Lender directly to the Program Administrator.

"Program Documents" shall have the meaning given such term in the Program Administration Agreement.

"Program Invitation & Guidelines" shall mean any supplemental information provided by the Issuer to those Lenders originating Mortgage Loans in the Program Area.

"Purchase" means any purchase by the Servicer of a Mortgage Loan from a Lender pursuant to Section 4.08 of this Agreement.

"Purchase Date" means the date on which a Purchase of a Mortgage Loan by the Servicer occurs, which dates shall be established by the Servicer during the Origination Period, provided that the Servicer shall establish at least two Purchase Dates per month during the Origination Period.

"Qualified Appraiser" means an individual or firm that is approved by FHA, RD, and/or VA to act in such capacity.

"Qualified Rehabilitation" and **"Qualified Rehabilitation Loan"** shall have the meanings ascribed thereto in the Indenture.

"RD" means Rural Housing Development Service (formerly the Farmers Home Administration) of the United States Department of Agriculture, its successors and assigns.

"RD Guaranty" means a guaranty of a Mortgage Loan pursuant to the Rural Housing Development Service's Guaranteed Rural Housing Loan Program.

"RD Mortgage Loan" means a Mortgage Loan guaranteed by the RD.

"Second Mortgage Loan" means a second mortgage loan made as described in Section 4.06 hereof.

"Series Supplement" or **"MOA Series Supplement"** means the supplement to this Master Mortgage Origination Agreement with respect to a given series of Bonds.

"Servicer" or **"Master Servicer"** means U.S. Bank National Association, a national banking association, in its capacity as Master Servicer hereunder and under the Master Mortgage Servicing Agreement, or any substitute appointed pursuant to the Master Mortgage Servicing Agreement.

"Servicer Premium" means $1/12^{\text{th}}$ of 0.50% of the outstanding principal balance of each Mortgage Loan included in a Pool backing a GNMA Certificate, which amounts shall be payable monthly.

"Service Release Fee" means the fee paid to a Lender by the Servicer upon each purchase of a Mortgage Loan, which amount shall equal .75% for FHA Insured Mortgage Loans, USDA-RD Guaranteed Mortgage Loans and VA Guaranteed Mortgage Loans of the outstanding principal amount of such Mortgage Loan, or such other amount agreed to by the parties hereto.

"Servicing Officer" means any officer of the Master Servicer involved in, or responsible for, the administration and servicing of the Mortgage Loans as evidenced by a certificate of the Master Servicer delivered to the Trustee and the Issuer on the Bond Delivery Date; provided that the designated officers of the Master Servicer may be changed from time to time by subsequent certificates delivered to the Trustee and the Issuer.

"Single Family Residence" means a new or existing residential unit which is taxed as real property under the laws of the State and which complies with Section 4.05 hereof which is located within the Eligible Loan Area, including a unit in a condominium or Planned Unit Development meeting GNMA standards, and acceptable to FHA, RD or VA, as applicable, including two-, three- or four-family residences, and ownership of which is in fee simple, and land appurtenant to the residential unit, (i) which is designed and intended primarily for residential housing, (ii) which is determined by qualified appraisal as provided herein to have an expected useful life of not less than 30 years, (iii) which will be occupied by the Mortgagor as his or her principal residence within a reasonable time (i.e., not later than 60 days) after the Closing Date of the Mortgage Loan, (iv) the Acquisition Price of which does not exceed the Maximum Acquisition Price, and (v) the land appurtenant to which reasonably maintains the basic livability of the residence and does not provide, other than incidentally, a source of income to the Mortgagor. A Single Family Residence is "new" if it has not been occupied prior to the issuance of a commitment to a mortgagor for a Mortgage Loan financing such Single Family Residence under the Program. A Single Family Residence is "existing" if it has been occupied prior to such commitment.

"Standard Hazard Insurance Policy" means a standard homeowner's fire insurance policy with extended coverage as approved by the Insurance Commissioner of the State, as required by Section 4.14 hereof.

"S&P" means Standard & Poor's Rating Group, its successors and assigns, and if such entity shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

"State" means the State of Florida.

"Targeted Areas" means the U. S. Census tracts within the program area identified as a targeted area as identified in Lee County or other counties participating in the Program.

"Targeted Area Loans" means any Mortgage Loan funding the acquisition of a Mortgagor's residence which is located in a Targeted Area.

"Tax Service Fee" means the non-refundable tax service fee in the amount of \$85.00 payable by each Lender to the Servicer upon purchase of a Mortgage Loan.

"Trustee" means U.S. Bank National Association, having its designated corporate trust office in Ft. Lauderdale, Florida, or any successor trustee appointed under the Indenture.

"VA" means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

"VA Guaranteed" means guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended.

"VA Guaranty" means a guaranty by the VA under the Serviceman's Readjustment Act of 1944, as amended, provided such guaranty shall be in accordance with Section 4.02 hereof.

Unless otherwise defined herein, all words and phrases defined in Article I of the Indenture shall have the same meaning in this Agreement.

ARTICLE II

REPRESENTATIONS

SECTION 2.01. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER. The Issuer represents and warrants to, and covenants with, each Lender, the Trustee and the Master Servicer that:

(a) The Issuer is a housing finance authority and separate public body corporate and politic, duly organized and created by the Board of County Commissioners of Lee County, Florida, under the Constitution and laws of the State and the Act. Pursuant to the Act and certain resolutions duly adopted by the Issuer, the Issuer has duly authorized the execution and delivery of this Agreement, the acceptance of the Offers to Originate, and the execution and delivery of the Indenture.

(b) The Issuer has complied with all of the provisions of the Constitution and laws of the State and the Counties, including the Act, and has full power and authority to consummate all transactions contemplated by this Agreement, the Bonds, the Indenture and any and all other agreements, documents and instruments relating thereto.

(c) To accomplish the foregoing, the Issuer proposes to issue the Bonds following its acceptance of the Offers to Originate on the terms and basis set forth in the Indenture and to use the proceeds for the purpose of purchasing GNMA Certificates secured by the underlying Mortgage Loans on Single Family Residences in an amount not to exceed the principal amount of the Bonds as specified herein.

(d) Any second mortgage loan program described in Section 4.06 hereof shall be, prior to its implementation, approved by FHA/RD/VA, GNMA and the Servicer.

(e) This Agreement and all documents and instruments contemplated hereby, which are executed and delivered by the Issuer, will constitute valid, legal and binding obligations of the Issuer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable debtor relief laws.

SECTION 2.02. REPRESENTATIONS, WARRANTIES AND COVENANTS OF LENDER. Each Lender represents and warrants to, and covenants with, the Issuer, the Trustee and the Master Servicer (each of which representations, warranties and covenants herein and with respect to any Mortgage Loan originated by Lender hereunder shall survive the purchase of Mortgage Loans originated by Lender) that:

(a) Lender is an entity duly organized and existing under the laws of the state in which it was created, or is duly chartered or incorporated under federal law, is duly authorized to transact business in the State, and customarily provides service or otherwise aids in financing mortgage loans located in the State.

(b) Lender agrees that during the term of this Agreement it will remain subject to supervision and examination by State or federal authorities, as may be applicable, and that it will remain in good standing and qualified to do business under any applicable laws of the United States of America, the state of its organization and of the State, will not dissolve or otherwise dispose of all or substantially all of its assets and will not voluntarily consolidate with or merge into any other entity or permit one or more other entities to consolidate with or merge into it; provided, that Lender may, without violating this paragraph, consolidate with or merge into another entity, or permit one or more entities to consolidate with or merge into it, or sell or otherwise transfer to another such entity all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee entity, as the case may be, shall be subject to the supervision and examination of the State or federal authorities, as may be applicable, shall constitute a "Lender" as defined herein and shall assume in writing all of the obligations of Lender under this Agreement (in the case of a sale of all or substantially all of a Lender's assets, the Issuer shall release Lender in writing, concurrently with and contingent upon such assumption, from all liability hereunder).

(c) Lender has the power to execute and deliver the applicable Offer to Originate, to accept the terms of this Agreement, to enter into the transactions contemplated by this Agreement, and the acceptance and performance of this Agreement have been duly authorized by all necessary corporate and other action.

(d) Neither the execution and delivery of the applicable Offer to Originate, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, shall conflict with or result in any breach or violation of any of the terms, conditions or provisions of any applicable laws, including regulations, or any agreement or instrument to which Lender is now a party or by which it is bound, or constitute a default under any of the foregoing.

(e) Lender will not take any action or permit any action which is within its control to be taken which would impair the exclusion from gross income for federal income tax purposes of interest on the Bonds (other than any Taxable Bonds issued pursuant to the Indenture).

(f) Lender (including a "related person" thereof, within the meaning of Section 144(a)(3) of the Code) may purchase Bonds; however, it shall not, pursuant to any arrangement, formal or informal, purchase Bonds in an amount related to the amount of Mortgage Loans to be originated by the Lender pursuant to this Agreement.

(g) Lender shall furnish within five (5) Business Days following receipt of the applicable Notice of Acceptance an executed copy of the corresponding Master Mortgage Origination Agreement in final form together with five additional executed signature pages, and will furnish such other documents at or prior to delivery of the Bonds as may reasonably be requested by the Issuer or other parties to the transactions contemplated hereby.

(h) Lender is (i) an FHA-approved mortgagee, in good standing, (ii) an approved lender in good standing for VA-guaranteed mortgage loans (with automatic approval authority),

(iii) an approved lender in good standing for RD Mortgage Loans and (iv) a GNMA approved "issuer-servicer" in good standing (unless waived by the Servicer).

(i) The Lender will comply, (i) with respect to each FHA Mortgage Loan, with the National Housing Act of 1934, as amended, with all rules and regulations issued thereunder and with all applicable administrative publications, (ii) with respect to each VA Mortgage Loan, with the Servicemen's Readjustment Act, as amended, with all rules and regulations issued thereunder and with all administrative publications, (iii) with respect to each Mortgage Loan, as determined as of the date of each Purchase hereunder, with all the requirements of, and the "Representations and Warranties of Lender" set forth in the GNMA Guide and requirements set forth in the Lender Guide, (iv) with respect to each RD Mortgage Loan, the rules and regulations of RD applicable thereto, and (v) any and all applicable laws governing or regulating the origination of mortgage loans.

(j) Lender is currently authorized to make mortgage loans in the State, is currently originating mortgage loans for single family residences within the Eligible Loan Area and has an office located within the Eligible Loan Area or has made arrangements to receive applications for Mortgage Loans within the Eligible Loan Area.

(k) Lender agrees to indemnify and hold harmless jointly and severally the Issuer, Trustee and Master Servicer and their respective directors, officers, agents and employees from and against any and all claims, losses, damages or liabilities (including, without limitation, reasonable legal fees and expenses), judgments, fines and penalties which may be related to or arise out of any violation of law or breach of this Agreement resulting from an act or omission of the Lender, its agents or employees. Lender will fulfill all repurchase requirements under the agreement or any prior program offered by the Issuer.

(l) There is no litigation pending or, to the Lender's knowledge, threatened, against the Lender or affecting the right of any of the present members of the Board of Directors or officers of the Lender to their respective offices or their jurisdiction or authority over the affairs of the Lender, nor in any way questioning the execution or validity of this Agreement; there are no other legal or governmental proceedings (other than ordinary routine litigation incident to the business conducted by the Lender, or, to the Lender's knowledge, threatened by governmental authority or others) to which the Lender is (or may be) a party or by which the Lender is (or may be) bound or by which any property of the Lender is (or may be) subject, which, if finally determined adversely to the Lender, would individually or, in the aggregate, have a material adverse effect on the financial position or results of the operations of the Lender.

(m) All information provided by Lender to the Issuer for use in the respective Official Statement distributed in connection with issuance of the corresponding Series of Bonds was true and correct when given and on the respective Bond Delivery Date.

(n) The Lender will comply with the non-discrimination provisions of the Civil Rights Act of 1964, the regulations promulgated thereunder, and Executive Order 11246, Equal

Employment Opportunity, dated September 24, 1965, and the Fair Housing Amendments Act of 1988.

(o) In connection with the transactions contemplated by the Program Documents, the Lender has not directly or indirectly contracted or entered into any agreement with any other mortgage lender or any other person or institution (except Issuer or its agents) with respect to any aspect of its participation in the Program, other than any agreement expressly authorized by the Program Documents. In particular, the Lender warrants that, prior to the delivery of its Offer to Participate to Issuer, it has not communicated or agreed with any other mortgage lender or any other person or institution as to the amount of Mortgage Loans it has committed and agreed to originate under the Program.

(p) No information, certificate of an officer or statement furnished in writing, or report required hereunder, delivered to the Servicer, the Issuer or the Trustee will, to the knowledge of the Lender, contain any untrue statement of a material fact or omit a material fact necessary to make the information, certificate, statement or report not misleading.

(q) Lender shall promptly notify Issuer, Trustee and Servicer, in writing, of any suspension or termination of powers to do business as contemplated by this Agreement, or any substantial changes in personnel of Lender's loan originating staff or administration.

(r) Any review or approval by Servicer of any Mortgage Loan or the credit or tax compliance information in connection therewith or the issuance by Servicer of a certificate of compliance hereunder shall not relieve Lender of any responsibility or liability for the performance or nonperformance of its obligations hereunder.

(s) The Lender currently is covered by, and during the Origination Period shall maintain, either (i) errors and omissions insurance with coverage of no less than Three Hundred Thousand Dollars (\$300,000) and a fidelity bond in an amount of no less than Three Hundred Thousand Dollars (\$300,000), which must be endorsed to name the Issuer, Trustee and Servicer as additional insureds, or (ii) self-insurance arrangements in the same coverage amounts, all in accordance with applicable HUD regulations.

(t) Lender shall use diligent, reasonable efforts to become and to remain familiar with all GNMA, Program and Servicer guidelines and regulations applicable to the Program. Any failure of Issuer or Servicer to inform Lender of changes or proposed changes in GNMA rules and regulations affecting the Program shall not relieve Lender of its obligations under this subsection (t).

(u) In instances, if any, where in the reasonable judgment of the Servicer, based upon adverse information with respect to the Mortgage Loan received by the Servicer in connection with the origination of a Mortgage Loan, inspection is advisable, the Servicer may require the originating Lender, and Lender hereby covenants, to inspect the Single Family Residence prior to Purchase of the Mortgage Loan by Servicer to determine whether it (1) constitutes a completed Single Family Residence, (2) contains land in excess of normal requirements, (3)

shows evidence of use or design for use in a trade or business of the Mortgagor, and (4) is occupied by the Mortgagor as Mortgagor's principal residence, and the Lender shall certify to the Servicer in writing as to the foregoing facts.

(v) Each Lender represents and warrants that the Lender will fulfill all repurchase Requirements under this Agreement or any prior program agreement offered by the Issuer.

SECTION 2.03. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE SERVICER. The Servicer represents and warrants to, and covenants with, the Lender, the Issuer and the Trustee that:

(a) The Servicer is a duly organized, validly existing and in good standing national banking association, is duly qualified and in good standing to transact business in the State, and possesses all requisite authority, power, licenses, permits and franchises to conduct any and all business contemplated by the Program Documents and to execute, deliver and comply with its obligations under the terms of this Agreement, the execution and delivery and performance of which have been duly authorized by all necessary corporate action.

(b) The execution and delivery of this Agreement by the Servicer in the manner contemplated herein and the performance and compliance with the terms hereof by it will not violate (i) its certificate of incorporation or bylaws, or (ii) any laws which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any of the terms of this Agreement applicable to the Servicer, and will not constitute a material default (or an event which, with notice or lapse of time, or both, would constitute a material default) under, or result in the breach of, any material contract, agreement or other instrument to which the Servicer is a party or which may be applicable to it or any of its assets.

(c) The execution and delivery of this Agreement by the Servicer in the manner contemplated herein and the performance and compliance with the terms hereof by it do not require the consent or approval of any governmental authority, or if such consent or approval is required, it has been obtained.

(d) This Agreement, and all documents and instruments contemplated hereby, which are executed and delivered by the Servicer, will constitute valid, legal and binding obligations of the Servicer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by applicable debtor relief laws.

(e) The Servicer is a GNMA-approved issuer-servicer of FHA-insured and VA-guaranteed mortgage loans and an authorized issuer of GNMA Certificates and will remain so approved for the term of this Agreement.

(f) With respect to the servicing of Mortgage Loans, the Servicer will comply, (i) as to each FHA Mortgage Loan, with the National Housing Act of 1934, as amended, all rules and regulations issued thereunder and all applicable administrative publications, (ii) as to each VA Mortgage Loan, with the Servicemen's Readjustment Act, as amended, all rules and regulations

issued thereunder and all applicable administrative publications, and (iii) as to each Mortgage Loan, with the provisions of the GNMA Guide and all other applicable rules, regulations, policies and guidelines of RD, if applicable, and GNMA.

(g) With respect to its duties hereunder, the Servicer will comply with the applicable non-discrimination provisions of the Civil Rights Act of 1964, the regulations promulgated thereunder, Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965, and the Fair Housing Amendments Act of 1988.

(h) From time to time, the Servicer will report to the Lender, the Issuer and the Trustee, as more fully set forth in this Agreement and the Indenture, information relating to the Mortgage Loans, and will do every act and thing which may be necessary or reasonably required to perform its duties under this Agreement and the Indenture.

(i) The Servicer 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 organization and qualified under the laws of the State to do business in the State.

(j) No information or statement furnished in writing or report required hereunder delivered to the Lender, the Issuer or the Trustee will, to the knowledge of the Servicer, contain any untrue statement of a material fact or omit a material fact necessary to make the information, statements or report not misleading.

(k) The Servicer is a mortgage banker, mortgage company or other financial institution that customarily provides service or otherwise aids in the financing of mortgage loans on single family residential housing located within the State, or a holding company of one or more of the foregoing.

(l) Neither the Servicer nor any "related person" as defined in Section 144(a)(3) of the Code shall acquire, pursuant to an arrangement, formal or informal, Bonds in an amount related to the amount of Mortgage Loans to be acquired by Servicer under the Program.

(m) The Servicer and its officers, directors and principal shareholders are not affiliated with the Issuer, any Lender or any of their respective affiliates.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF BOND PROCEEDS

SECTION 3.01. AGREEMENT TO ISSUE BONDS; APPLICATION OF BOND PROCEEDS. The Issuer has issued, sold and delivered to the initial purchaser or purchasers thereof the initial Series of the Bonds on the terms and basis set forth in the Indenture and applied such Bond proceeds in the manner required by the Indenture. The Issuer will apply the proceeds of each future Series of Bonds as set forth in the Indenture.

SECTION 3.02. NO LEGAL OR EQUITABLE INTEREST OF LENDER IN FUNDS OR ACCOUNTS UNDER INDENTURE. The Lender shall have no legal or equitable right to any funds or accounts created by or pursuant to the Indenture, or to any of the Bond proceeds or other moneys or investments contained in such funds or accounts or otherwise pledged to the payment of the principal of, premium, if any, and interest on the Bonds pursuant to the Indenture.

ARTICLE IV

COMMITMENTS TO BUY AND SELL MORTGAGE LOANS

SECTION 4.01. COMMITMENTS TO BUY AND SELL MORTGAGE LOANS. The Servicer hereby agrees to purchase and take delivery of Mortgage Loans from Lender, and Lender agrees to use its best efforts to originate and thereafter sell and assign to Servicer, Mortgage Loans as soon as practicable as further provided in Section 4.07 hereof.

The Master Servicer and the Lender agree that the purchase price of a Mortgage Loan shall be the Mortgage Loan Purchase Price.

Lender acknowledges that as a condition to Purchase each of the Mortgage Loans by the Servicer, the Mortgage Loan shall (i) be current in payments of principal and interest, and (ii) be in compliance with the applicable requirements of FHA, RD, VA, the Program Documents, the Lender's Guide, and the GNMA Guide. Applicants with a reservation under any outstanding programs are ineligible.

Lender shall originate Mortgage Loans and close and deliver such Mortgage Loans at such times as will enable the Servicer to Purchase such Mortgage Loans by the final Purchase Date during the Origination Period.

The terms of the Origination Period are incorporated herein by reference and are deemed to be a part of this Agreement.

SECTION 4.02. MORTGAGE LOAN TERMS. Mortgage Loans shall be made only to Eligible Persons and Families, as defined herein, for the purpose of providing financing for the purchase of a Single Family Residence, and not for the purpose of refinancing any existing loan other than a construction period loan, bridge loan or similar temporary initial financing having a stated maturity date within twenty-four (24) months after the date of the temporary financing was closed.

The Servicer shall not be required to Purchase Mortgage Loans from any Lender which has not complied with the procedures set forth in the Lender Guide.

Each Mortgage Loan to be sold to the Servicer must be evidenced by a Mortgage Note secured by a first mortgage lien on the Single Family Residence acquired thereby and made substantially in accordance with Lender's then current underwriting policies and the then current underwriting policies of FHA, RD, and VA, as applicable, and all other requirements established by this Agreement, the Lender Guide and the then current criteria set forth in the GNMA Guide and in any event subject to preliminary and final program compliance review by the Servicer and must be eligible for sale to GNMA. All Mortgage Loans shall be insured by FHA, guaranteed by RD or VA or be insured by a qualified private Mortgage Guaranty Insurance Provider, if required, as applicable. With respect to all FHA Mortgage Loans, the principal amount of the Mortgage Loan cannot exceed the limits established from time to time by FHA. However, in no

event may the initial aggregate principal amount of the Mortgage Loan (excluding financed FHA mortgage insurance premium and VA funding fee) or the Acquisition Price of the residence exceed the applicable Maximum Acquisition Price limits as established by the Issuer.

The maximum Mortgage Loan amount may not exceed amounts which conform to the eligibility and credit underwriting standards set forth herein and as required by FHA or VA, as applicable. Proceeds of the Mortgage Loans may not be used to acquire or replace any existing mortgage, except as stated above with respect to construction period loans, bridge loans or similar temporary initial financing of 24 months or less.

Each Mortgage Loan (i) shall bear interest at the rate per annum set forth in the respective Notice of Acceptance and shall provide for substantially level monthly payments of principal and interest due the first day of each month (which payments shall be accompanied by amounts for deposit in an escrow account to provide for timely payment of taxes and insurance), (i) shall have an original term of not exceeding 360 months, (ii) shall be assumable only under the terms and conditions set forth in Section 4.15 herein, (iii) shall comply in all respects with the Program Documents, the Lender's Guide, the GNMA Guide, and FHA, RD or VA rules and regulations, as applicable, (iv) shall be in a principal amount not exceeding such amount as conforms to the eligibility and credit underwriting standards specified herein and the applicable limitations of FHA, RD or VA, as applicable, the Program Documents, and the GNMA Guide, (v) shall be the subject of a mortgagee's title insurance policy, and (vi) shall have attached to it written provisions as to assumption and/or acceleration in the form as set forth in the Lender Guide.

Notices to Buyers/Veterans as set forth in the Administrator's Guide must be used in connection with the origination of all mortgage loans. A copy of the executed Notice must accompany the application for insurance or guaranty and be included in the Mortgage File.

With respect to a unit of a condominium or a PUD, such unit must be acceptable to FHA, RD or VA, as applicable, and must meet applicable GNMA standards. There is no restriction on the percentage of condominium or PUD Mortgage Loans that a Lender may originate.

With respect to Manufactured Homes, each such home must meet the standards of GNMA and the Servicer's guidelines, and be acceptable to FHA, RD or VA, as applicable.

SECTION 4.03. PROCESSING, ORIGINATION FEES/DISCOUNT AND CLOSING COSTS. In connection with each Mortgage Loan, the Lender may, as permitted by FHA, RD or VA, 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, plus the Discount, (expressed as a percentage of the principal amount of such Mortgage Loan) set forth in the MOA Series Supplement, except that the Origination Fee shall not in any event exceed the applicable FHA, RD or VA limits.

The HUD-1 Settlement Statement and related loan documents shall separately and distinctly disclose the Origination Fee and shall clearly reflect that the Origination Fee and Discount Fee if any does not exceed the amounts set forth in MOA Series Supplement. In

addition, Lender may collect at the time of loan application an application fee of not more than \$350 for costs of the appraisal and the credit report (any moneys remaining out of the application fee must be refunded or applied to pay closing costs), which need not be credited against any other closing costs or fees (this fee may be charged to the Mortgagor or Seller to the extent permitted by FHA, RD or VA regulations), plus, at the time of closing, from the Mortgagor or Seller as permitted by FHA, RD or VA, as applicable, all reasonable and customary out-of-pocket costs permitted by law paid or incurred by Lender, including but not limited to notary fees, settlement fees, document preparation fees, hazard, mortgage or life insurance premiums, survey, title insurance premiums, appraisal fees, the Funding Fee, the Program Compliance Review Fee, the Tax Service Fee, attorneys' fees, recording or registration taxes and charges, prepaid escrow deposits paid by the Mortgagor or Seller and similar charges. Documentary and intangible taxes on the mortgage or note are not required due to the tax-exempt nature of the Program. Such fees and expenses may be collected only once in connection with the origination of the Mortgage Loan and shall not exceed limits established from time to time by federal law or State law and in any event may not exceed like amounts charged in such area in cases where owner financing is not provided through tax-exempt revenue bonds. The Lender may collect from the seller of a Single Family Residence the portion, if any, of the Origination Fee that may not be collected from a Mortgagor due to federal or State law restrictions.

SECTION 4.04. VERIFICATION CONCERNING MORTGAGOR'S FEDERAL INCOME TAX RETURNS. Prior to Closing, Lender will obtain from each potential Mortgagor copies of his or her signed Federal Income Tax Returns (whether long Form 1040, Form 1040EZ or short Form 1040A) for the three calendar years prior to origination of the Mortgage Loan, which returns must indicate that, during such three year period, the Mortgagor did not claim deductions for taxes or interest on indebtedness with respect to real property constituting his or her principal residence. If a potential Mortgagor is unable to furnish copies of such returns, Lender shall obtain copies of such returns from the appropriate Service Center of the Internal Revenue Service or a statement that the Mortgagor filed such returns on Form 1040A or Form 1040EZ, by causing the potential Mortgagor to request the same in writing on Internal Revenue Service Form 4506.

In lieu of the foregoing, the Mortgagor may indicate in the appropriate space in the Mortgagor's Affidavit that the Mortgagor was not required to file such return during any of the preceding 3 years for which such return is unavailable. Lender shall verify from the returns or information obtained from the Internal Revenue Service that the potential Mortgagor has not claimed deductions for real estate or other taxes or interest on indebtedness with respect to real property constituting a principal residence in any of such three previous years.

SECTION 4.05. FIRST TIME HOMEBUYER. Each person executing the Mortgage (not the Mortgage Note) and to whom financing is provided by the Mortgage Note must be a First Time Homebuyer (except with respect to Targeted Area Loans and Qualified Rehabilitation Loans). Each such person must not have had a present ownership interest in a principal residence at any time during the three-year period prior to the date on which the Mortgage is executed. For purposes of the preceding sentence, the Mortgagor's interest in the

Single Family Residence with respect to which the financing is being provided is not taken into account.

In the event that there is more than one Mortgagor signing the Mortgage with respect to a particular residence, each of such Mortgagors must (except as described above) be a First Time Homebuyer. A person who is liable under the Mortgage Note (i.e. a cosigner) secured by the Mortgage but who does not have a present ownership interest in the residence subject to the Mortgage need not meet the three-year requirement. For example, where a parent of a home purchaser cosigns the Mortgage Note for a child but the parent takes no interest in the Single Family Residence, it is not necessary that the parent meet the three-year requirement since the parent is not a Mortgagor of the residence. A cosigner/guarantor may not be used to qualify a prospective Mortgagor for credit underwriting purposes; such cosigner/guarantor shall only provide additional security for the Mortgage Loan.

Examples of interests which constitute present ownership interests (and thus would result in a potential home purchaser failing to meet the First Time Homebuyer requirements) are the following:

- (a) A fee simple interest;
- (b) A joint tenancy, tenancy in common, or tenancy by the entirety;
- (c) The interest of a tenant-shareholder in a cooperative;
- (d) A life estate;
- (e) A land contract or contract for deed (i.e., a contract pursuant to which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later time);
- (f) An interest held in trust for the Mortgagor (whether or not created by the Mortgagor) that would constitute a present ownership interest if held directly by the Mortgagor; and
- (g) An interest in a mobile home that is required to be taxed as real property under State law (i.e., an interest in a mobile home permanently affixed to real property).

Examples of interests which do not constitute present ownership interests (and thus would not result in potential home purchasers failing to meet the First Time Homebuyer requirements) are the following:

- (a) A remainder interest;
- (b) A lease with or without an option to purchase;

- (c) A mere expectancy to inherit an interest in a principal residence;
- (d) The interest that a purchaser of a residence acquires on the execution of a purchase contract;
- (e) An interest in other than a principal residence during the previous three years; and
- (f) An interest in a mobile home that is not required to be taxed as real property under State law (i.e., an interest in a mobile home that is not permanently affixed to real property).

SECTION 4.06. SECOND MORTGAGE PROGRAM.

(a) With respect to each Mortgage Loan, if the Issuer or any Participating Authority or County shall implement a second mortgage loan program and a Mortgagor elects to participate, the proceeds thereof shall be paid to the Mortgagor by the Lender at or before the Closing. The Lender shall cause the related note and second mortgage to be properly executed and returned to the Servicer.

(b) Upon receipt of the fully executed note and second mortgage, the Servicer shall reimburse the Lender for the proceeds advanced by the Lender for such second mortgage loan contemporaneously with the Servicer's periodic purchase of the related first mortgage. The proceeds from a Second Mortgage Loan may only be used for the following purposes, and in the following order of priority, payable with respect to such Mortgage Loan: (i) to pay for any costs collected by the Lender as described above, (ii) to pay for any portion of the Purchase Price of the Single Family Residence due and payable at Closing which is not funded by the Mortgage Loan (i.e., any portion of the "downpayment" for the Single Family Residence), and (iii) to pay normal and customary fees, expenses, and costs paid by the Mortgagor related to the Mortgage Loan and not included in the foregoing.

SECTION 4.07. SUBMISSION OF MORTGAGE LOAN FILES; PURCHASE.

(a) Lender shall submit to the Program Administrator, with respect to each Mortgage Loan, the documents described in the Administrator's Guidelines. Lender shall pay all costs of preparing and furnishing such files to the Program Administrator.

(b) Prior to the delivery of the Mortgage File to the Servicer in connection with the purchase of a Mortgage Loan, the Lender shall record or file for record an Assignment of Mortgage in all offices necessary to perfect the assignment of the Mortgage on behalf of the Servicer under the laws of the State. All notices to insurers under any insurance policies maintained with respect to a Mortgage Loan for the assignment to Servicer of the servicing of such Mortgage Loan shall be given by each Lender prior to purchase by the Servicer. Immediately upon purchase, written notice shall be given to the Mortgagor that servicing has been assigned to the Servicer and that future payments on the Mortgage Loan are to be made to the Servicer. Lender shall also provide to the Servicer or the Issuer such other reports or

information regarding the Mortgage Loan being sold by such Lender as may be reasonably requested by the Servicer or the Issuer.

(c) Notwithstanding the delivery procedures of this Section 07, the Servicer may, in its discretion, accept Mortgage Files for Purchase which contain certified copies of the Mortgage and the Assignment of Mortgage in lieu of the originals of same and valid commitment for the issuance of a mortgagee's title insurance policy in lieu of a title insurance policy and may approve the pertinent Mortgage Loan for Purchase without such originals or certificate if the Mortgage File is otherwise complete, all other Mortgage File documents are present and the Mortgage Loan is subject in all respects to all terms and conditions of this Agreement. The original Mortgage Note, original recorded Mortgage and original recorded Assignment of Mortgage, the title insurance policy and FHA Mortgage Insurance Certificate or VA Loan Guaranty Certificate must be submitted to the Servicer within ninety (90) days from the Purchase Date of the subject Mortgage Loan. Failure to provide documentation to the Servicer within this timeframe may result in penalties or possible repurchase of the loan. The Servicer shall, upon receipt of such originals and certified copies, if applicable, file copies of same with the related Mortgage File, subject to the requirements under the Custodial Agreement.

(d) The Purchase of eligible Mortgage Loans hereunder shall take place on a daily basis or scheduled purchase date as established by the Servicer. Only Mortgage Loans submitted in accordance with this Section 7 and which conform to the requirements of this Agreement will be purchased by the Servicer on any Purchase Date. All amounts collected by the Lender representing escrow payments for insurance and taxes with respect to a Mortgage Loan shall be held in escrow and remitted to the Servicer not later than the Purchase Date or as directed by the Servicer. All notices to FHA or VA which are required to be given under applicable FHA or VA requirements shall be given by the Lender prior to Purchase.

(e) The Servicer shall have no obligation to purchase Mortgage Loans unless loans are eligible hereunder and conform to all requirements of this Agreement, including but not limited to bearing interest at the rate specified in Section 4.02 hereof on the date of such purchase.

(f) The Servicer shall not be obligated to Purchase any Mortgage Loan unless such Mortgage Loan has been received by the Servicer for purchase not later than ten (10) days following the Closing date of the Mortgage, or such later date as may be approved by the Servicer for good cause.

(g) Lender shall deliver the original executed Mortgage, Mortgage Note and Assignment of Mortgage to the Servicer in the following manner: (i) the Mortgage Note shall bear the endorsement set forth on the back thereof "Payable, without recourse, to the order of "U.S. Bank National Association," and be executed by a duly authorized officer of the Lender; (ii) the related Mortgage, together with the Assignment of Mortgage or a true and correct copy of such executed Mortgage and Assignment of Mortgage, and assurance that the originals thereof have been delivered for recording in the office of the Clerk of the applicable County in the Eligible Loan Area, to constitute the Servicer's ownership of the Mortgage and Mortgage Note.

Lender shall further perform any other action or deed as the Servicer may direct to cause the proper filing or recording of the Mortgage in such other places and in such other manner, form or condition satisfactory to the Servicer as is necessary to perfect the Servicer's security interest in each such Mortgage Note and related Mortgage and in the respective Single Family Residence. The delivery of the Mortgage Note and related Mortgage shall be accompanied with or shall reflect that all applicable documentary stamp and other excise taxes, all intangible taxes (unless not required due to the tax-exempt nature of this Program) and all recording fees have been paid.

SECTION 4.08. PURCHASE OF MORTGAGE LOANS. For each Mortgage Loan originated by Lender which is in compliance with all the terms and conditions of this Agreement, for which the Mortgage File and other documents have been prepared and presented to the Servicer in the form required hereby, and for which Servicer certifies that all of the other conditions of this Agreement have been fulfilled, the Servicer shall pay to Lender, under the terms and conditions specified herein and in the Offer to Originate, on each Purchase Date for each Mortgage Loan a purchase price equal to the Mortgage Loan Purchase Price (which includes any applicable Servicer Premium and Origination Fee) plus accrued interest thereon at the rate stated in the Mortgage Note to the date of purchase (less any unearned prepaid interest).

Lender acknowledges that, as a condition of the Purchase of the Mortgage Loan by Servicer, the Mortgage Loan shall (i) be current in payments of principal and interest, taxes and insurance, if required, and (ii) be in compliance with the requirements of FHA or VA, as applicable, the GNMA Guide, the Lender Guide and this Agreement. Prior to Purchase of a Mortgage Loan by the Servicer, the Lender shall service the Mortgage Loan, which shall include processing, posting payments, and paying taxes and insurance with respect thereto. Lenders shall be obligated to pay any fees or penalties associated with late payment of taxes and/or insurance that were due with respect to a Mortgage Loan during the period prior to the Master Servicer's purchase thereof. The Mortgage File shall be reviewed by the Master Servicer pursuant to procedures established by the Master Servicer prior to the Purchase Date. On or immediately after purchase of the Mortgage Loan, the Master Servicer shall deliver a purchase advice to the Lender as evidence of its purchase of such Mortgage Loan. Following such purchase, the Master Servicer shall forward to the Custodian such documents as may be required by GNMA, and forward to the Trustee the Certificate of Compliance with respect to such Mortgage Loan. Any Mortgage Loan with respect to which the Compliance Package or the Mortgage File is deemed to be defective will be communicated to Lender by report. To be purchased, such defective Mortgage Loan corrective documents must be resubmitted in accordance with the procedures of this Section. Any Mortgage File or Compliance Package held by the Master Servicer for more than sixty (60) days without curative action having been taken by the Lender shall be returned to the Lender. Any Mortgage File not cured within sixty (60) days will incur a \$100 late fee. Neither the examination nor the acceptance of a Mortgage File by the Master Servicer, or the related Compliance Package by the Program Administrator, shall constitute a waiver of any warranty, representation or covenant by the Lender or the Mortgagor with respect to the related Mortgage.

SECTION 4.09. RESERVED.

SECTION 4.10. DEFECTIVE DOCUMENTS AND NON-QUALIFYING MORTGAGE LOANS; REPURCHASE OF LOANS BY LENDER.

(a) Lender hereby agrees to repurchase any Mortgage Loan and accompanying Second Mortgage Loan sold to the Master Servicer, at any time during the life of such Mortgage Loan and Second Mortgage Loan, upon the occurrence of any of the following events:

- (i) Master Servicer has evidence of any violations of any rule, regulation, or requirement of the applicable agencies, i.e. Federal Housing Administration (FHA), Veterans Administration (VA), Rural Housing (RHS), Federal Home Loan Mortgage Corporation (Government National Mortgage Association (GNMA) or any other investor as may be identified in the Bond program, or specific guidelines as outlined in the Bond documents/program manuals;
- (ii) Any false statement, misstatement, or act of omission of material fact contained in the Mortgage Loan documentation resulting from the Lender's negligence or failure to exercise due diligence as disclosed by actual inspection by the Master Servicer or its representative, or otherwise disclosed; or
- (iii) Lender fails to obtain FHA insurance, VA or RHS 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 Lender, or the failure by the Lender to obtain such insurance or guaranty within ninety (90) days from the date of purchase; or
- (iv) Master Servicer is required to repurchase any Loan sold by it to GNMA, FHA, VA, USDA-RD or any other investor, because the investor or the Master Servicer, GNMA, FHA, VA, or USDA-RD determined that the loan is not of acceptable quality or was ineligible for purchase as a result of violation of any other investor, by reason that the Mortgage Loan is found to be a Non-Qualifying Mortgage Loan; or
- (v) Should the Master Servicer have evidence of any representation or warranty made by the Lender under this Agreement or Bond Program Documents with respect to any Mortgage Loan that shall be, in whole or in part and with or without knowledge of the Lender, false at the time when made by Lender or become false upon the occurrence of subsequent events; or
- (vi) Any material fraud, misrepresentation or act of omission with respect to the information submitted on a particular Mortgage Loan or Second 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

- (vii) Lender's breach of any covenant or obligation to the Master Servicer with respect to the Mortgage Loan under this Agreement, Bond Program Documents or the Lender Guide.

The repurchase price for any Mortgage Loan and Second Mortgage Loan that the Lender is required to repurchase from the Master Servicer shall be an amount equal to the then unpaid principal balance of the Mortgage Loan and Second Mortgage Loan on the date of repurchase, plus accrued interest, any servicing release premium paid, and direct expenses (including 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 Lender repurchase any Mortgage Loan and Second 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 Lender hereunder or under applicable law.

(b) The Lender shall protect, indemnify, and hold the 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 Master Servicer with respect to, or proximately resulting from any breach of, any representation, warranty, or covenant of the Lender hereunder. Master Servicer shall be entitled to rely upon the Lender 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. Lender hereby agrees to indemnify and hold the Master Servicer harmless from any claim, loss or other damage to the 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 Lender, 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 Lender, 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 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 Master Servicer, the Lender shall and hereby agrees to indemnify and hold Master Servicer harmless from any such loss or damage, including reasonable attorneys fees, resulting therefrom.

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

- (ii) If any Mortgage Loan, underwritten by the Lender, 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 delinquency, the Lender 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 \$3,000 on Government loans (FHA, VA and RD).

If any document or documents constituting a part of the original Mortgage File, including with respect to the Second Mortgage Loan, are defective in any material respect, or if it is determined that a Mortgage Loan is a Non-Qualifying Mortgage Loan (as defined below), the Issuer, if it has knowledge thereof, shall immediately notify the Servicer and the Servicer, after notice from the Issuer, or if the Servicer otherwise has knowledge thereof, shall immediately notify the Lender specifying the defect or defects in question and the Lender shall cure the defect within a period of 30 days from the earlier of the time Lender discovers such defect or Lender receives notice of such defect from the Issuer or the Servicer (the "Cure Period").

Lender hereby covenants and agrees that, if any material defect cannot be cured within the Cure Period, Lender will, not later than 30 days after expiration of the Cure Period, repurchase with immediately available moneys the related Mortgage Loan and Second Mortgage Loan from the Servicer at a price equal to (i) 100.00% of the principal remaining unpaid on such Mortgage Loan and Second Mortgage Loan, plus (ii) accrued and unpaid interest thereon to the end of the month in which the repurchase occurs, plus (iii) the pro rata portion of the commitment fee paid to GNMA with respect thereto and any servicing acquisition fee paid by the Servicer (including the Servicer Premium), (iv) any fees charged by GNMA for the repurchase of such Mortgage Loan out of the Pool, plus (v) if such repurchase is made necessary by the willful misfeasance or bad faith on the part of Lender or by reason of Lender's reckless disregard of its obligations hereunder, an amount equal to 3% of the unpaid principal amount of such Mortgage Loan and Second Mortgage Loan. The purchase price for the repurchased Mortgage Loan and Second Mortgage Loan, plus any additional amount due under (iv) above, shall be delivered by Lender to the Servicer, whereupon the Servicer shall cause the release of the related Mortgage Note and Mortgage and second mortgage documents to Lender and cause the reassignment of the Mortgage and second mortgage to Lender.

With respect to Non-Qualifying Mortgage Loans, Lender hereby covenants and agrees that if any Mortgage Loan is determined by Servicer to be a Non-Qualifying Mortgage Loan and the defect causing the same cannot be cured, Lender will repurchase or will cooperate fully with the Servicer in a foreclosure action with respect to such Mortgage Loan (if possible).

As used herein, the term "Non-Qualifying Mortgage Loan" shall mean and include any Mortgage Loan purchased hereunder with respect to which:

- (a) The Lender fails to deliver to the Servicer all documents of the Mortgage Loan (as set forth in the Lender Guide) on a timely basis, or the Servicer determines that such

documentation for Mortgage Loans does not conform to the requirements of the Program, the GNMA Guide;

(b) Mortgagors fail to occupy the related Single Family Residence as a principal residence within 60 days after execution of the related Mortgage;

(c) The related residence is not a Single Family Residence as defined herein or more than 15 percent of the total area of the residence will be used in a trade or business including child care services on a regular basis for compensation, as investment or rental property or as a recreational home;

(d) The Acquisition Price of the related residence exceeded the Maximum Acquisition Price;

(e) Mortgagors are not First Time Homebuyers, unless the Mortgage Loan is a Qualified Rehabilitation Loan or located in a Targeted Area;

(f) The Current Annual Family Income with respect to the Mortgagor(s) exceeds the Maximum Current Annual Family Income;

(g) The Mortgage Loan fails to comply with any required affidavit and certification;

(h) Any statements contained in any of the Affidavits of Mortgagor, Seller or Lender are determined to be incorrect, untrue, misleading or fraudulent;

(i) The Mortgage Loan is a refinancing of an existing loan other than a construction period loan, bridge loan or similar temporary financing of not more than 24 months or a Qualified Rehabilitation Loan;

(j) The Mortgage, with the knowledge of the Lender, is assumed in violation of the provisions of Section 4.15 hereof or the applicable assumability rider attached to a Mortgage Loan is not approved;

(k) The Mortgagor fails to make the first payment due under the Mortgage Loan, or the first payment due to the Servicer following Purchase of such Mortgage Loan; or

(l) GNMA or the Servicer determines that the Mortgage Loan is not of acceptable quality or is not eligible for sale under the Program, the GNMA Guide or the Lender Guide.

SECTION 4.11. REPRESENTATIONS, WARRANTIES AND COVENANTS OF LENDER CONCERNING MORTGAGE LOANS. Lender hereby represents and warrants to, and covenants with, the Issuer, the Trustee and the Master Servicer as to each Mortgage Loan delivered for Purchase that:

(a) The information set forth in each Mortgage File will be true and correct at the Purchase Date thereof, each Mortgage Loan shall have been closed after the delivery of this Agreement, and each Mortgage Loan satisfies all applicable requirements set forth in this Agreement, the Lender's Guide, the GNMA Guide, as applicable, including full disbursement of Mortgage Loan proceeds as reflected in the HUD-1 statement;

(b) Each Mortgage Loan will be made by Lender at par with Origination Fees, Discount Fees, and processing fees not to exceed those set forth in Section 4.03 hereof, will be secured by a Mortgage which shall constitute a first mortgage lien on a Single Family Residence occupied by the Mortgagor as such Mortgagor's principal place of residence (not more than 15 percent of the total area of the residence will be used in a trade or business including child care services on a regular basis for compensation) and not an investment, rental property or a recreational home and will be located within the boundaries of the applicable County within the Eligible Loan Area, will be substantially in accordance with then current underwriting policies of Lender, the underwriting standards set forth in the GNMA Guide, as applicable, and the requirements established hereby, subject to acceptance of FHA or VA, as applicable, under the FHA Insurance or VA Guaranty, will be made for the purpose of purchasing or providing permanent financing for such residence and not for the purpose of refinancing any existing loan, other than a construction period loan, bridge loan or similar temporary initial financing of 24 months or less, will have substantially level monthly debt service payments (such payments shall include amounts for deposit in the Escrow Account established pursuant to the Master Mortgage Servicing Agreement to provide for the timely payment of taxes, insurance and similar payments), will provide for the final payment of the balance of all principal and interest 30 years from the date of first payment, will be made to an Eligible Person or Family, as Mortgagor, and will not be assumable except as provided in Section 4.15;

(c) The principal amount of a Mortgage Loan will not exceed any applicable loan-to-value limits as established by FHA or VA, as applicable, or GNMA;

(d) As of the Purchase Date, each Mortgage Loan will be secured by the Mortgage as required under the GNMA Guide or Lender Guide, as applicable, which will constitute a valid first lien on the property financed by the Mortgage Loan, subject only to (a) the lien of current (accrued but not yet due and payable) real property taxes and assessments, (b) building and use restrictions not accompanied by title reverter or forfeiture provisions on account of violation and that are not and will not be violated by occupancy and use of the improvements on the property and the property itself for the residential purposes for which the improvements were designed and constructed, (c) rights-of-way and easements for roads, streets, utilities and other similar installations, whether or not of record, provided that such rights-of-way and easements are either of the kind (including location, area occupied, and nature of the installation thereon) acceptable to commercial lending institutions generally, or have been taken into account and reflected in the appraisal made (and correspondingly in the loan amount) in connection with the origination of the Mortgage Loan, and (d) other defects, irregularities, encumbrances, easements, mineral reservations and conveyances and clouds on title that are acceptable to commercial lending institutions generally; provided, however, that none of the foregoing liens or encumbrances shall be permitted if in the opinion of recognized Florida counsel acceptable to the Servicer such

lien(s) or encumbrance(s) individually or in the aggregate materially impairs the security of the Mortgage;

(e) All Mortgage Loans shall be insured by FHA or guaranteed by RD or VA or insured with private mortgage insurance (if so required), as applicable, and shall not exceed the limits established from time to time by FHA or VA, as applicable;

(f) As of the Purchase Date, Lender shall have in its possession an American Land Title Association approved mortgagee title insurance policy, or a commitment therefor (in either case, with the title insurance premium paid, or, if unpaid, with the Lender having the money for payment of the premium and assuming the responsibility for payment), with respect to the property financed by the Mortgage Loan and secured by the Mortgage, in an amount at least equal to the outstanding principal amount of the Mortgage Loan and the second mortgage amount, if any, naming Lender and its successors and assigns as insureds, and insuring that the Mortgage constitutes a first lien on such property, subject only to the exceptions described in subsection (d) and subject to matters reflected in the survey;

(g) As of the Purchase Date, the improvements upon the real property subject to the Mortgage Loan will be covered by a valid and subsisting Standard Hazard Insurance Policy and Flood Insurance Policy, and condominium insurance as applicable and as required by the GNMA Guide, as applicable;

(h) The terms, covenants, and conditions of the Mortgage Loan shall not have been and shall not prior to the Purchase be waived, altered, impaired or modified in any respect which would materially affect the value, validity, enforceability or prompt payment of the Mortgage Loan, or the enforceability of the lien securing the Mortgage Loan, except for such waivers, alterations and the like accomplished by Lender prior to the Purchase Date acceptable to GNMA pursuant to the GNMA Guide;

(i) As of the Purchase Date, the Mortgage Loan shall be current as to payments of principal, interest, taxes and insurance due, and there shall be no delinquent tax or delinquent assessment lien against the property financed by the Mortgage Loan unless allowed by the GNMA Guide;

(j) As of the Purchase Date, Lender shall not have done any act to create 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 unless allowed by the GNMA Guide;

(k) Each Mortgage shall be filed and recorded in the public records of the County in which the Single Family Residence is located, in the office of the Clerk of the Circuit Court of the applicable County within the Eligible Loan Area, and any different or other recording that might hereafter be required by the laws of the State to perfect the lien of real estate mortgages against the adverse or competing claim of third parties by giving public notice thereof also shall have been accomplished as required by the GNMA Guide;

(l) As of the Purchase Date, as to each Mortgage, there shall be no mechanics', laborers' or materialmen's liens or claims therefor outstanding for work, labor, or materials affecting the property encumbered by the Mortgage securing the Mortgage Loan that are or might be or become liens prior to, or equal with, the lien of the Mortgage, unless the title insurance specified in this Section 4.11 insures against such risks or such risks are otherwise permitted by the GNMA Guide;

(m) To the best knowledge of Lender, the physical property financed or improved by the Mortgage Loan shall be free of material damage and shall be in general good repair on the Purchase Date;

(n) Each Mortgage Loan, at the time it shall have been made, shall have conformed to all disclosures required to be made by the Real Estate Settlement Procedures Act and the Federal Truth-in Lending Act and all other applicable State and federal laws and regulations;

(o) Each Mortgage Loan at the time it shall have been made shall have complied with applicable State and federal usury laws;

(p) Each Mortgage Loan is of acceptable quality and is eligible for sale to GNMA, or whose Mortgage Loan eligibility specifications are outlined in the applicable guides and whose decision regarding acceptable quality and eligibility is determinative;

(q) To the best knowledge of Lender, as of the Purchase Date the Mortgagor of a Mortgage Loan shall not have conveyed such Mortgagor's right, title to or interest in the property to any third party;

(r) As of the Purchase Date, Lender has no knowledge of any facts or circumstances, economic or otherwise, which may have an adverse effect on the credit of any Mortgagor, the prospect of prompt payment of any Mortgage Loan or the value of any security therefor;

(s) Lender has reviewed applicable credit reports and related documents required in connection with any application by the potential Mortgagor to assure itself, prior to approving such application, that such potential Mortgagor has the capacity to repay the Mortgage Loan;

(t) As of the Purchase Date, Lender has no knowledge of any circumstances or conditions with respect to the Mortgagor, the Single Family Residence, the Mortgage Loan or any related document that could reasonably be expected to cause prudent private investors in the secondary market to regard the Mortgage Loan as an unacceptable investment, or cause the Mortgage Loan to become delinquent or to adversely affect the value or the marketability of the Mortgage Loan, and Lender has no knowledge of any circumstances which would cause the invalidation or cancellation of the FHA Insurance or VA Guaranty of the Mortgage;

(u) As of the Purchase Date, the Mortgagor shall have agreed to make payments on the Mortgage Loan that are in accordance with this Agreement and the Program;

(v) As of the Purchase Date, Lender has no knowledge or other reason to believe that any of the representations and statements contained in the affidavits of the Seller, the Mortgagor and the Lender are not true and correct;

(w) Each Mortgage and Assignment of Mortgage to Servicer shall have been filed and properly recorded prior to the Purchase of the related Mortgage Loan, and any different or other recording that might hereafter be required by laws of the State to perfecting the lien of real estate mortgages against the adverse or competing claims of third parties by giving public notice thereof shall also have been accomplished; and

(x) To the best knowledge of Lender, after the exercise of due diligence, each Mortgage Loan shall be in compliance with the requirements of Section 143 or Section 148 of the Code and the Program.

It is understood and agreed that the representations, warranties and covenants set forth in this Section shall survive the sale of the Mortgage Loans by Lender to the Servicer and that the representations, warranties and covenants shall inure to the benefit of the transferees and assigns of the Servicer which, under the Indenture, include GNMA, the Trustee, the Issuer and the Bondholders. Upon discovery by Lender, the Trustee, GNMA, Servicer or Issuer of a breach of any of the foregoing representations, warranties and covenants which materially and adversely affects the value or eligibility for Purchase hereunder of any Mortgage Loan, the party discovering such breach shall give prompt written notice to the others. Within 30 days of its discovery or its receipt of notice of breach, Lender shall cure such breach in all material respects or shall purchase or foreclose the Mortgage Loan in the manner and at the price set forth in Section 4.10 hereof. It is understood and agreed that the obligation of Lender to purchase the Mortgage Loan as to which a breach has occurred and is continuing shall constitute the sole remedy respecting such breach available to the Servicer, the Issuer and the Trustee where Lender has acted in good faith.

SECTION 4.12. PROHIBITION OF DISCRIMINATION. Lender will consider all applications in the order in which they are received, on a fair and equal basis, will not arbitrarily reject a Mortgage Loan application because of the location (other than Eligible Loan Area limitations), and/or age of the property, and will not, in the case of a proposed Mortgagor, arbitrarily vary the terms of a Mortgage Loan or the application procedures therefor or reject a Mortgage Loan applicant because of the race, color, religion, national origin, physical handicap, age, sex or marital status of such applicant, military status, or the applicant's participation in any second mortgage program; provided, however, that a Lender may refuse to accept applications for Mortgage Loans to refinance construction loans if Lender desires and intends to make no such loans under this Agreement.

No Lender shall enter into any agreement or arrangement with any person, firm or corporation to prefer any applicant or group of applicants for Mortgage Loans over any other applicant or group of applicants for such Mortgage Loans without the express approval of the Issuer, nor may applications for such loans be accepted for processing, or arrangements for the acceptance or handling of such applications be made, prior to the Application Start Date. In

accepting, evaluating and acting upon such applications, Lender shall comply, if applicable, with the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder.

SECTION 4.13. DISCLOSURE TO BORROWERS. Lender shall provide to each prospective Mortgagor at the time of loan application a Notice of Potential Recapture in the form set forth in the Administrator's Guide.

SECTION 4.14. REQUIREMENT OF STANDARD HAZARD INSURANCE AND FLOOD INSURANCE.

(A) The Single Family Residence securing any Mortgage Loan must be covered by standard hazard insurance meeting the following requirements:

(1) standard hazard insurance coverage in the following kinds and amounts will be carried by each Mortgagor or by the condominium association on behalf of the Mortgagor, where appropriate, or by the Servicer under a mortgagee single interest hazard insurance policy and is required on property covered by a Mortgage Loan:

(a) fire and extended coverage insurance is required in an amount which is not less than the maximum insurable value of the property securing such Mortgage Loan or (provided that no co-insurance clause shall be applicable) the principal balance owing on such Mortgage Loan, whichever is less; and

(b) where the Lender is aware that the property is exposed to any appreciable hazard against which fire and extended coverage insurance does not afford protection, the Lender must advise the Servicer of the nature of such hazard and the additional insurance coverage, if any, which has been obtained against such hazard. If adequate insurance has not been obtained against such hazard, the Servicer may require the Lender to obtain such coverage prior to accepting the Mortgage Loan for purchase;

(2) such insurance must be in effect on the Purchase Date of the Mortgage Loan and the expiration date of each policy must be more than six months after the Purchase Date. The premium on each policy must have been paid in full by the Mortgagor (no "courtesy receipts" or other secondary financing of such premium is permitted);

(3) insurance policies must be sufficient in amount and scope of coverage to meet any applicable requirements of FHA, VA or the Servicer, as applicable;

(4) each Mortgage Loan must provide that, in the event of any loss settlement on a hazard insurance policy, the Mortgagor has the option of applying the loss settlement proceeds against the principal amount of the Mortgage Loan rather than restore the property; and

(5) each hazard insurance policy must be written by a hazard insurance carrier which falls into a financial category, as designated in Best's Insurance Reports, of B/VI or better (the Servicer may make an exception upon specific request where the insured is an assigned risk)

and each carrier must be specifically licensed or authorized by law to transact business in the State.

(B) The Lender is responsible for and warrants compliance with the provisions of the Flood Disaster Protection Act of 1973, whenever such provisions would be applicable to any Mortgage Loan sold to the Servicer. If the area is one identified by the Secretary of Housing and Urban Development as an area having special flood hazards, flood insurance shall be maintained in the amount (provided that no co-insurance clause shall be applicable) of the outstanding principal balance of the Mortgage Loan or the maximum limit of coverage available under the National Flood Insurance Act of 1968 as amended, whichever is less.

(C) Policies are unacceptable where: (i) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against the Servicer or its assignee or (ii) contributions or assessments may be made against the owner of the property which could become a lien on the property superior to the lien of the Mortgage Loan, (iii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members or (iv) the policy includes any limiting clauses (other than normal insurance conditions) which could prevent the Servicer or the Mortgagee from collecting insurance proceeds.

(D) All policies of hazard insurance must contain or have attached the standard mortgagee clause customarily used in the applicable County within the Eligible Loan Area naming the Servicer, and/or its assigns, as the mortgagee. The policy must provide that the insurance carrier will notify the Servicer at least ten days in advance of the effective date of any cancellation of the policy. The Lender must (i) cause each insurance policy to be properly endorsed, (ii) give any necessary notices of transfer in order to fully protect, under the terms of the policy and applicable law, the interest of the Servicer as first lienholder and (iii) cause all insurance drafts, notices, policies, invoices and other documents to be delivered directly to the Servicer, regardless of the manner in which the insurance policy is endorsed. The Lender shall cause the Servicer's address to be used in the endorsement.

(E) Insurance coverage which does not meet the foregoing requirements will be considered on a case-by-case basis by the Servicer upon request by the Lender. The Servicer may require such additional coverage as it may deem necessary in connection with any case or group of cases.

(F) In addition to the coverage required under (A) through (E) above, Planned Unit Developments must also meet the following requirements:

(1) The PUD corporation, homeowner's association, or trust must have fire and extended coverage insurance on insurable PUD common property for at least 90% of the replacement cost or for the amount of the Mortgage Loan, whichever is greater. Such insurance must name as the insured the PUD corporation, association or trust for the benefit of the PUD unit owners.

(2) The PUD corporation, association or trust must have fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of the PUD unit owners if the planned unit development or subdivision has more than fifty units. The fidelity bond or insurance must name the PUD corporation, association or trust as the named insured and must be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation must be added if the policy would not otherwise cover volunteers.

(3) The PUD corporation, association or trust must have a comprehensive policy of public liability insurance covering all of the PUD common property. Such insurance must contain a "Severability of Interest" endorsement which precludes the insurer from denying the claim of the PUD unit owner because of the negligent acts of the PUD corporation, association or trust or other unit owners.

(G) Insurance coverage on condominium units must be in general conformity with the following additional requirements:

(1) A multi-peril type policy covering the entire condominium or an individual unit policy is acceptable, as long as it provides minimum fire and extended coverage insurance on a replacement cost basis in an amount not less than 100% of the insurable value (based upon replacement cost). If there is a steam boiler in operation in connection with the mortgaged property, boiler explosion insurance must be in force in a standard form of boiler and machinery insurance policy which provides coverage at least equal to \$1,000,000 for each accident at each location or requires a greater coverage depending upon the nature of the property. If the condominium development is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, an individual or a "blanket" policy of flood insurance on the condominium project must be obtained in an amount which is the lesser of the maximum amount of insurance available under the act or (provided no co-insurance clause is applicable) the aggregate of the unpaid principal balances of the loans secured by the condominium units comprising the condominium project. The name of the insured under each required policy must be stated in form and substance similar to the following:

"Association of Owners of the Condominium for use and benefit of the individual owners"
(designated by name, if required)

(2) Lender must furnish to the Servicer the original copy or photocopy of the multi-peril policy or policies and the boiler and machinery insurance policies, and flood insurance policies, if any.

(3) Each such policy must contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association of Owners of the

Condominium for the use and benefit of mortgagees as their interest may appear, or must be otherwise endorsed to fully protect the Servicer's interest as mortgagee. The Lender must produce a letter addressed to the Association of Owners or its agent wherein the Association of Owners has been requested to notify the Servicer whenever (i) damage to a family unit covered by a Mortgage Loan held by the Servicer exceeds \$1,000 or (ii) damage to common areas and related facilities exceeds \$10,000. If the Servicer is expressly named under the standard mortgagee clause, no such letter is required.

(4) The Association of Owners of the Condominium must have fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds belonging to or administered by the Association of Owners as the named insured, if the condominium project has more than thirty units, and must be written in an amount sufficient to provide protection which must be consistent with local and Florida insurance laws. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation must be added if the policy would not otherwise cover volunteers.

(5) The Association of Owners of the Condominium must have a comprehensive policy of public liability insurance covering all of the common areas, commercial spaces, and public ways in the condominium project. Such insurance must contain a "Severability of Interest" endorsement which precludes the insurer from denying the claim of a condominium unit owner because of negligent acts of the Association of Owners of the Condominium or other unit owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for projects similar in construction, location and use. Liability coverage shall be for at least \$1,000,000 per occurrence, for personal injury and/or property damage.

SECTION 4.15. ASSUMPTION RESTRICTIONS. In any case in which a Single Family Residence subject to a Mortgage has been or is about to be conveyed by the Mortgagor and the purchaser desires to assume all the rights and obligations of the Mortgagor under the Mortgage Loan, Servicer may release (subject to any required FHA, RD or VA approval, as applicable, and in accordance with currently applicable FHA, RD or VA rules and regulations, as the case may be) the original Mortgagor and take or enter into an assumption agreement from or with the person to whom such property has been or is about to be conveyed only if Servicer so consents in writing; provided, however, that such assumption may only be permitted if (i) the purchaser is an Eligible Person or Family, (ii) the purchaser will occupy the Single Family Residence within 60 days of the assumption as the purchaser's principal residence and intends to maintain the Single Family Residence as his or her principal residence as long as he or she is liable under the Mortgage Loan, (iii) except for Qualified Rehabilitation Loans, and Targeted Area Loans, the purchaser is a First Time Homebuyer, (iv) the Acquisition Price of the Single Family Residence does not exceed limits then applicable for an existing Single Family Residence in the applicable County within the Eligible Loan Area (adjusted as necessary for Targeted Area Loans), which determination is supported by affidavits substantially similar to the forms set forth in the Lender's Guide, (v) the Mortgage Loan is continued to be insured under the insurance policies described in this Agreement and approved by the Servicer, (vi) the purchaser's Current

Annual Family Income does not exceed the then-current Maximum Current Annual Family Income, as established by the Issuer, (vii) the Mortgage Loan must continue to comply with the requirements of FHA, RD or VA Regulations, the Program Documents and the GNMA Guide, (viii) the Servicer provides to the assuming mortgagor notice of the recapture provisions of the Code, as provided in Section 4.13 hereof with respect to loan originations, and (ix) it does not contain terms which Servicer has been advised will affect the exclusion from gross income (for federal income tax purposes) of interest on the Bonds. The assumption restrictions shall be incorporated in the related Mortgage and kept as a part of the Mortgage File. In connection with any such assumption agreement, the interest rate of the related Mortgage Note shall not be changed; however, the Servicer may charge in connection with each assumption an assumption fee not to exceed the maximum amount permitted by FHA, RD or VA, as applicable, plus, to the extent permitted by law, and FHA, RD or VA, as applicable, the reasonable and customary out-of-pocket costs paid or incurred by Servicer as specified in Section 4.03 hereof.

SECTION 4.16. LENDER TO TRANSFER MORTGAGE LOANS AND SERVICING THEREOF TO SERVICER. Prior to the Purchase Date, Lender shall assign and transfer each Mortgage Loan to the Servicer in exchange for payment of the Purchase price on the Purchase Date as provided in this Agreement. Under the Master Mortgage Servicing Agreement, on and after the Purchase Date Servicer will perform all servicing functions relating to each Mortgage Loan. After the issuance date of each Pool, Servicer will be governed by the GNMA Guide and MBS Agreement.

SECTION 4.17. SUBMISSION OF DOCUMENTS TO SERVICER. Following underwriter approval, the Lender's underwriter must complete the underwriter certification screening. Following each Mortgage Loan closing, the Lender shall deliver the Compliance Closing Documents, described in the Administrator's Guidelines, to the Program Administrator for final approval. Lender will submit to the Servicer, within 10 Business Days of each Mortgage Loan closing, a Mortgage File described in the Lender's Guide and contains copies of the documents and will be at the Lender's expense. The Lender agrees to comply with all requirements of the Administrator's Guidelines and Lender Guide in connection with the origination and purchase of Mortgage Loans.

ARTICLE V

LENDER

SECTION 5.01. LIABILITY OF LENDER. Lender shall be liable under this Agreement only to the extent that obligations are explicitly imposed upon and undertaken by Lender.

SECTION 5.02. [SECTION RESERVED].

SECTION 5.03. LIMITATION ON LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF LENDER. No director, officer, employee or agent of Lender shall be under any liability to the Issuer, the Trustee or the Bondholders for any action taken or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment.

SECTION 5.04. LENDER NOT TO RESIGN. Except with respect to the applicability of Section 2.02(b) hereof, Lender shall not resign from the obligations and duties hereby imposed on it except upon determination that its duties hereunder are no longer permissible under applicable law or regulation. Any such determination permitting the resignation of Lender shall be made on the basis of evidence satisfactory to the Issuer and the Servicer. No such resignation shall become effective until a successor entity shall have assumed Lender's responsibilities and obligations hereunder.

A lending institution which was not an original Lender in the Program will be permitted to assume a Lender's obligations and duties hereunder only upon approval by the Issuer and the Servicer and satisfaction of the qualifications to act as a "Lender" hereunder, including agreeing to be bound by the terms of this Agreement.

Lenders resigning pursuant hereto shall not be entitled to reimbursement of Commitment Fees paid with respect to such Lender's unused Program Allocation.

ARTICLE VI

CAUSES PERMITTING TERMINATION

SECTION 6.01. CAUSES OF TERMINATION DEFINED; REMEDIES. Upon the happening of any one or more of the events described below in this Section 6.01, the Servicer shall have the authority to suspend or terminate a Lender or take whatever action at law or in equity as may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of Participant hereunder. If that Lender is found to be in breach of any representation, warranty, or covenant under the terms or conditions of the Agreement or fails to qualify as a Lender or failure of the Lender to repurchase a Non-Qualifying Mortgage Loan purchased by the Servicer pursuant to the Agreement or upon the happening of any one or more of the following events:

(a) Failure by Lender to promptly originate and offer to the Servicer, on behalf of the Issuer, for Purchase Mortgage Loans complying with the requirements of this Agreement.

(b) A decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against Lender and such decree or order shall have remained in force undischarged or unstayed for a period of 60 days.

(c) Lender shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to Lender or relating to all or substantially all of its property.

(d) Lender shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

(e) The Issuer, the Trustee or the Master Servicer shall have actual knowledge that any representation of or warranty by Lender to the Servicer, the Issuer or the Trustee is false in any material respect.

(f) There occurs prior to Purchase of any Mortgage Loan a change in status of the Lender originating such Mortgage Loan with respect to Lender's approvals as either an FHA or VA approved mortgagee and a GNMA issuer-servicer, as applicable, or a material adverse change in the Lender's financial condition.

(g) Lender shall fail to perform or observe any warranty, covenant, representation, agreement or condition on its part contained herein or under any agreement for a prior program offered by the Issuer and the continuance thereof for a period of thirty (30) days after written notice thereof to the Lender by the Issuer, the Master Servicer or the Trustee or any

representation of Lender contained herein or under any agreement for a prior program offered by the Issuer shall have proven untrue when made.

Prior to any action to suspend or terminate a Lender, the Servicer will advise the Issuer, by electronic message, of the anticipated action by the Servicer. In no event will this notification be considered a request for approval to take action, but rather a notice to alert the Issuer of the Servicer's decision to terminate the Lender.

SECTION 6.02. NO REMEDY EXCLUSIVE. Unless otherwise expressly provided, no remedy herein conferred upon or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing under this Agreement upon the happening of any event set forth in Section 6.01 hereof shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee on behalf of the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

SECTION 6.03. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event Lender should fail to perform its obligations under any of the provisions of this Agreement and the Issuer, the Trustee or the Servicer should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation including, without limitation the obligations of such Participating Lender under 4.10 of the Agreement, to the extent permitted by law, Lender shall pay or reimburse the Issuer, Trustee and/or the Servicer as applicable, on demand, the reasonable fees of such attorneys and such other reasonable expenses incurred in connection with the Lender's material failure to perform its obligations hereunder, including without limitation, all fees, costs and reasonable expenses incurred by the Issuer, the Trustee or the Master Servicer in replacing the Participant under the terms of this Agreement.

SECTION 6.04. LIABILITY OF THE SERVICER OR ISSUER. The Servicer or Issuer shall not be liable for the appointment or removal of a successor Lender or owe any duty with respect to such appointment or removal, except for its own willful misconduct and, except to the extent of its obligations to assure proper servicing hereunder. Notwithstanding any provision to the contrary in this Agreement, neither the Issuer nor the Servicer shall be liable in any respect for the appointment or removal of a successor Lender by the Servicer or the Issuer or owe any duty with respect to such appointment or removal other than as otherwise provided herein. The Trustee shall have no liability or duties with respect to the appointment of a successor Lender.

SECTION 6.05. SERVICING TERMINATION. Servicer may be terminated only as provided in the Master Mortgage Servicing Agreement and the GNMA Guide, as modified by the MBS Agreement.

ARTICLE VII

MISCELLANEOUS PROVISIONS

SECTION 7.01. AMENDMENTS, CHANGES AND MODIFICATIONS.

Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement may be amended, changed, modified, altered or terminated only as provided in the Indenture and with the written consent of the Issuer, the Trustee and the Servicer.

SECTION 7.02. RECORDATION OF THIS AGREEMENT.

This Agreement, or a memorandum of any portion or portions hereof executed by the Issuer, the Trustee and Lender, is subject to recordation among the Land Records of Lee County, and in any other appropriate public office or elsewhere if directed by the Issuer.

SECTION 7.03. LIMITATION ON RIGHTS OF BONDHOLDERS.

No Bondholder shall have any right to institute a suit with respect to this Agreement except as provided in the Indenture and for the equal benefit of all Bondholders. This Section may be enforced by the Trustee or any Bondholder.

SECTION 7.04. GOVERNING LAW.

This Agreement shall be construed in accordance with the laws of the State, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

SECTION 7.05. NOTICES.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder to the Issuer, the Trustee or the Master Servicer shall also be given to the others. The Issuer, the Lender, the Trustee or the Master Servicer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 7.06. SEVERABILITY.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 7.07. FURTHER ASSURANCES AND CORRECTIVE

INSTRUMENTS. To the extent permitted by law, the Issuer, the Trustee, the Servicer and Lender agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement.

SECTION 7.08. TERM OF THIS AGREEMENT. This Agreement shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are outstanding or the Servicer shall own any Mortgage Loans made hereunder, whichever is later, or until such time as terminated pursuant to Section 6.01 hereof.

SECTION 7.09. NO RIGHTS CONFERRED ON OTHERS. Nothing in this Agreement shall confer any right upon any person other than the Issuer, the Trustee, the Servicer, GNMA and Lender.

SECTION 7.10. LIMITED LIABILITY; NO DEBT OR GENERAL OBLIGATION. All obligations of the Issuer incurred hereunder and any liability incurred by the Issuer with respect to any breach of any such obligation shall not constitute a debt of the Counties, the Issuer, the participating Housing Finance Authorities, the participating counties, the State or any political subdivision thereof nor shall any such party be liable thereon, nor shall Lender, the Bondholders or any other persons have the right to require or compel the exercise of the ad valorem taxing power of any of the Counties or any other political subdivision of the State for the payment, obligations or other liability due hereunder and in no event shall such payment be payable out of any funds or properties other than those of the Issuer which are legally available for such purposes.

SECTION 7.11. MAINTENANCE OF ERRORS AND OMISSIONS POLICY AND FIDELITY BOND. Each Lender shall obtain and maintain an errors and omissions policy and fidelity bond, or self insurance coverage in form and in amounts required by FHA and VA or GNMA for parties acting in their capacity under the Program.

SECTION 7.12. DISCRETION OF THE MASTER SERVICER. With respect to any disputes between the Master Servicer and the Lender which arise concerning the terms and provisions of this Origination Agreement, the meaning thereof, or decisions to be made thereunder, the judgment of the Master Servicer shall govern.

SECTION 7.13. LENDER APPROVAL AND MANAGEMENT. The Servicer and the Issuer agree to the following provisions and are added to this Agreement;

(a) The Master Servicer shall review each Lender's application, to determine the Lender's eligibility to participate in the Issuer's lending programs. This review will be based upon the eligibility standards adopted by the Master Servicer. The Master Servicer shall also conduct an annual recertification, which will include, but not be limited to, a review of the Lender's financial information to assure that the Lender continues to be qualified to participate in the various Issuer's lending programs.

(b) The Master Servicer will enter into a separate Participating Lender Agreement with every qualifying Lender which shall govern the sale and transfer of a Mortgage Loan by the Lender to the Servicer along with the duties, obligations, representations, warranties, and covenants of the Lender to the Servicer. The Participating Lender Agreement shall supersede the Agreement with regard to the requirements owed by the Lender to the Servicer.

(c) The Master Servicer reserves the right to modify the eligibility standards at any time during this contract period. Should the modification of terms occur, all parties bound by the Agreement will be notified and the new eligibility standards will become effective upon the date of said notification. Any new Lender applications received or existing Lender recertification performed on or after that notification date will be subject to the newly published eligibility standards.

ARTICLE VIII

TRUSTEE'S LIMITED RESPONSIBILITIES

SECTION 8.01. TRUSTEE'S LIMITED RESPONSIBILITIES. The parties hereto acknowledge that the Issuer has entered into the Master Mortgage Servicing Agreement and this Agreement with the Servicer which impose certain responsibilities on the Servicer, including determination as to whether or not a mortgage loan submitted for purchase by the Lender is a Mortgage Loan as defined herein. The Trustee has not assumed and expressly disclaims responsibility for monitoring the performance of the Servicer's responsibilities under the Master Mortgage Servicing Agreement and this Agreement, including without limitation determination as to whether a mortgage loan submitted for purchase is a Mortgage Loan, except, with respect to termination of the Servicer's rights under the Master Mortgage Servicing Agreement and this Agreement, as specifically provided in the Indenture, the Master Mortgage Servicing Agreement and this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement is executed as of the date set forth on the cover page hereof.

[SEAL]

_____, as
Lender

Attest:

By: _____
Title: _____

By: _____
Title: _____

**HOUSING FINANCE AUTHORITY OF LEE
COUNTY, FLORIDA**

(SEAL)

Attest:

By: _____
E. Walter Barletta, Chairman

By: _____
Thomas B. Birch, Secretary

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By: _____
Name: _____
Title: Agent

**U.S. BANK NATIONAL ASSOCIATION, as
Master Servicer**

By: _____
James R. Coreno, Vice-President

IN WITNESS WHEREOF, this Agreement is executed as of the date set forth on the cover hereof.

[SEAL]

_____, as Lender

Attest:

By: _____

Title: _____

By: _____

Title: _____

James R. Coreno, Vice-President