

AMENDED AS OF FEBRUARY 8, 2010

**ORANGE COUNTY HOUSING FINANCE AUTHORITY  
HOMEOWNER MORTGAGE REVENUE BONDS  
(Multi-County Program)**

**2010 PROGRAM NOTICE**

The Orange County Housing Finance Authority (the “Authority”) hereby provides notice to Participants of the commencement of its 2010 Program (the “Program”). Participants may commence making reservations for loans pursuant to the Master Mortgage Origination Agreement, as amended (the “Agreement”), and the terms contained herein. The description of the Program contained herein is intended only as a summary of certain provisions of the Program and is subject to more complete description of the rights, duties and obligations of the Participants contained in the Agreement. The Agreement, this Program Notice and anticipated future periodic Program Notices should be read carefully in their entirety. In the event of any conflict between this Program Notice and the Agreement, the Agreement shall control over this Program Notice.

**General:** The Authority plans to make available up to \$50 million in first mortgage financing for households purchasing residences in federally designated targeted areas and for first time homebuyers purchasing a home anywhere in a Participating County identified below (each a “Participating County”) between the Reservation Start Date identified below and December 31, 2010. The Authority will finance the Program with proceeds from its \$30 million Homeowner Mortgage Revenue Bonds, NIBP Series 2009 (Multi-County Program) (“Program Bonds”), which coupled with the potential issuance of up to an additional \$20 million of the Authority’s Homeowner Mortgage Revenue Bonds expected to be issued during 2010 (“Market Bonds”), would result in up to \$50 million in lendable proceeds.

**Participating Counties:** Lake, Orange, Osceola, and Seminole

**Mortgage Loans:** Qualifying Low Rate loans must either be (a) FHA Insured (including FHA Section 203(k)(s) rehab loans), VA Guaranteed or USDA/RD Guaranteed and eligible for securitization by GNMA or (b) Conventional loans eligible for purchase by Fannie Mae or Freddie Mac. All homes financed under the Program must be the primary residence of the owner-occupant. Participants must make reservations for loans on a first-come, first-served basis.

**Interest Rates:** The Authority will establish initial mortgage interest rates as stated below, prior to pricing or issuing its Market Bonds. Until such time as the Authority prices Market Bonds, mortgage interest rates may be changed periodically by the Authority at its sole discretion. The Authority will announce changes in interest rates at least one business day prior to the effective date of the new interest rates. The Authority’s published interest rate on the date a loan registers a Rate Lock with the

Master Servicer/Program Administrator is a firm interest rate for that loan and cannot be changed by the Lender or by the Authority.

Initially, 2010 Program Loans are expected to be structured as follows:

	<b>Low Rate Loans</b>	<b>Zero Point Loans</b>
Initial Interest Rates	5.00%	5.15%
Origination Fee	1.00%	0.00%
Discount Fee	0.00%	0.00%

**Term:** 30 year fixed-rate level amortizing mortgage loans;

**Mortgage Insurance:** FHA, VA, RD or PMI for loans with LTVs above 80%.

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

**Firm Commitment:** Taking down a Rate Lock for a loan confirms that the Lender agrees to sell and the Authority commits to purchase such loan (via the Master Servicer) under the terms and at the price described below (and further described in the 2010 Program Determinations).

**Timely Delivery Procedures:**

**Loan Reservation:** Reservations in the Master Servicer/Program Administrator’s system require that an applicant has (a) placed an eligible residence under contract, (b) completed a loan application with a Lender, and (c) provided a Lender with all documentation required by the Lender including relevant federal income tax returns. The date by which these requirements shall have been completed is referred to herein as the “Rate Lock Date”.

**Underwriter Certification:** Following the Reservation Date, Lenders must submit an applicant’s income and other required information to the Master Servicer and the loan must be certified by the Master Servicer as eligible for the 2010 Program within 30 days of the Reservation Date. The date by which these requirements shall have been completed is referred to herein as the “Underwriter Certification Date”.

**Loan Closing Confirmation:** No more than 45 days from the Rate Lock Date and on the day of Closing, Lenders must confirm the “Loan Closing Date” by entering the date into the Master Servicer’s system.

***File Delivery:*** A completed loan file must be delivered to the Master Servicer for purchase within 60 days of the Rate Lock Date (the “Loan Delivery Date”).

***Cleared for Purchase:*** Loan files must be cleared of any exceptions and the loan deemed eligible for purchase by the Master Servicer within 75 days of the Rate Lock Date.

**Lender Profit:**

***Timely Purchase:*** loans delivered, cleared of all exceptions and eligible for purchase within 75 days of the Rate Lock Date (“Timely Purchase”), will be purchased by the Master Servicer at a price that results in net lender profit of (a) for GNMA eligible loans, 1.75% of the par amount of the loan, and (b) for Fannie Mae or Freddie Mac eligible loans, 1.25% of the par amount of the loan.

***Late For Purchase:*** loans not delivered, cleared of all exceptions and eligible for purchase within 75 days of the Rate Lock Date will be automatically cancelled unless the Lender requests an extension of time in writing to the Authority (“Late For Purchase”).

***Late Delivery Purchase Price Adjustment:*** The Authority will generally grant a maximum 30 day extension, however, the price paid to the Lender by the Master Servicer for any loan that is Late For Purchase, will be reduced by 0.25% to account for additional negative arbitrage and/or rate hedging costs incurred by the Authority.

**County /City  
Assistance:**

Lower cost (e.g., 0% interest and/or deferred due on sale) second mortgage down payment assistance may be available from county or local governments. Such programs are generally funded with State of Florida SHIP funds or federal HOME funds. Participants are expected to refer Borrowers that may be eligible for such assistance to the appropriate County/City or local jurisdiction, or to the Authority staff who may be able to assist the Borrower in submitting applications for such assistance.

***Homebuyer Education:*** All buyers (i.e., any person on the note other than a co-signer) must attend an approved face-to-face or designated online homebuyer education course. See the eHousing website ([www.ehousing.cc](http://www.ehousing.cc)) for a list of approved courses. Please check the list frequently as it may change during the course of the Program.

**Authority  
Assistance:**

In addition to the County or City Assistance described above, the Authority will offer on a first come first serve basis to Eligible Borrowers low cost subordinated mortgage down payment and closing cost assistance loans funded from Authority general funds in an amount of up to \$6,000, but not to exceed 3.50% of the first mortgage loan. These

subordinated mortgage loans are available anywhere in all of the Participating Counties, will bear interest at a rate of 5.00% and will amortize over a 15-year term. Maximum family income levels for subordinated mortgage loans are the same as the first mortgage loan limits. The Master Servicer shall charge each recipient of a subordinated mortgage loan a servicing fee of \$175.

*Homebuyer Education:* All buyers (i.e., any person on the note other than a co-signer) must attend an approved face-to-face or designated online homebuyer education course. See the eHousing website ([www.ehousing.cc](http://www.ehousing.cc)) for a list of approved courses. Please check the list frequently as it may change during the course of the Program.

**First Come, First Served  
Reservation Pools:**

The Authority will make Program funds available to Participants pursuant to a first-come, first-served pooled reservation procedure. Over the course of the Program it is anticipated that the Program pools will consist of any one or more of the following:

1. Spot loan pool to originate loans for existing or new construction loans that are ready to close within 30 to 45 days of the reservation date; and
2. Targeted Area set-aside pool to originate loans in qualifying targeted census tracts.

**Acceptable  
Application Fees:**

The Participant may collect an up-front application fee to cover actual costs of the credit report and appraisal. In addition, the Participant shall collect from the borrower or seller at the time of closing such loan a bond loan application fee of \$225 payable to the Program Administrator. In addition, a transfer fee of \$150 and a tax service fee of \$85 shall be payable upon assignment of the loan to the Master Servicer. Participants may also charge reasonable and customary fees as permitted by FHA for the administration of FHA Section 203(k)(s) rehab loans.

**First Time Homebuyer  
Requirements:**

Federal law requires that the proceeds of the Bonds must be used to finance mortgage loans (except mortgage loans on residences in targeted areas) made to households that have not had a home ownership interest in a principal residence at any time during the three-year period preceding the closing date of the mortgage loan. To ensure compliance with this statutory requirement, each purchaser of a Residence will be required to

submit to the Participant his or her federal income tax returns for the prior three years or other acceptable evidence that such purchaser is a first-time homebuyer. If this requirement is violated, the Participant that originated the loans must repurchase the nonconforming loans.

**Targeted Areas:** There will be a Targeted Area set-aside pool established by the Authority. Targeted Area income and purchase price limits apply to loans originated in Targeted Areas. Also, homebuyers do not need to be first-time homebuyers in Targeted Areas.

Lake County: None  
 Orange County: Census Tract #104, 105, 106, 114, 117.02, 119.01, 145.02  
 Osceola County: None  
 Seminole County: Census Tract #205

**Exemption from Documentary and Intangible Taxes:** Under Section 159.621, Florida Statutes, the Mortgage and Note for both Low Rate loans are exempt from documentary and intangible taxes.

**Income and Acquisition Price Limits:** To qualify for the 2010 Program, the income of participating households and purchase prices may not exceed the following:

**Non Target Areas**

County	Maximum Income-1-2 Persons	Maximum Income-3 or More Persons	Maximum Acquisition Price*
Orange	\$72,840	\$84,980	\$309,109
Osceola	\$72,840	\$84,980	\$309,109
Seminole	\$72,840	\$84,980	\$309,109
Lake	\$72,840	\$84,980	\$309,109

**Federally Designated Targeted Areas**

County	Maximum Income-1-2 Persons	Maximum Income-3 or More Persons	Maximum Acquisition Price*
Orange	\$72,840	\$84,980	\$377,791
Osceola	n/a	n/a	n/a
Seminole	\$72,840	\$84,980	\$377,791
Lake	n/a	n/a	n/a

\* Also subject to the applicable FHA/VA limits

**Minimum Credit Score:**

Borrowers under the 2010 Program must have a minimum FICO score of 600.

**Co-signers:**

Co-signers are allowable in an FHA transaction when meeting the following conditions: (1) a co-signer cannot have any ownership interest in the property (they cannot be on the title) and (2) the co-signer cannot reside in the property being purchased. A co-signer's income is not considered for bond program purposes, tax returns are not required and co-signers do not sign any bond documents.

**Program Administration and Servicing:**

All mortgage loans will be serviced by U.S. Bank National Association d/b/a U.S. Bank Home Mortgage-MRBP Division as Master Servicer and Program Administrator.

**Repurchase of Loans:**

Participants must agree to repurchase any loan sold to the Master Servicer, at any time during the life of such loan, upon the occurrence of any of the following events:

a. 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 (FHLMC), Federal National Mortgage Association (Fannie Mae), 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.

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

c. Participant fails to obtain FHA insurance, VA or 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 Participant, or the failure by the Participant to obtain such insurance or guaranty within ninety (90) days from the date of purchase; or

d. Master Servicer is required to repurchase any Loan sold by it to GNMA, Fannie Mae, FHLMC or any other investor, by reason of a

deficiency in or omission with respect to the loan documents, instruments, and agreements, pertaining to any loan; or

e. Should the Master Servicer have evidence of any representation or warranty made by the Participant under this Agreement or Bond Program Documents with respect to any loan be, in whole or in part and with or without knowledge of the Participant, false at the time when made by Participant or become false upon the occurrence of subsequent events; or

f. Any material fraud, misrepresentation or act of omission with respect to the information submitted on a particular loan is determined to exist by the Master Servicer or another investor. This includes, but is not limited to, Mortgagor or other third party fraud or misrepresentation, and any misrepresentation of Mortgagor's income, funds on deposit, or employment, or of the occupancy status of the Mortgaged Property; or

g. Participant's breach of any covenant or obligation to the Master Servicer with respect to the loan under the Mortgage Origination Agreement, Bond Documents or other Bond Program Documents.

The repurchase price for any loan that the Participant is required to repurchase from the Master Servicer shall be an amount equal to its then unpaid principal balance of the 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 Participant repurchase any loan hereunder shall be in addition to, and not in lieu of, any other rights or remedies which Master Servicer may have against the Participant hereunder or under applicable law.

**Indemnification:**

Each Participant shall agree to protect, indemnify, and hold 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 Participant hereunder. Master Servicer shall be entitled to rely upon the Participant as assembler and preparer of all 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. Each Participant shall agree 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 loan documents or any act or omission by the Participant, its agents and employees, including but not limited to failure to comply with applicable state, federal and local statutes or regulations.

To the extent the Participant, its agents or employees, commits an actual wrong, or makes some error or omission in the preparation of any 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, each Participant shall agree to indemnify and hold Master Servicer harmless from any such loss or damage, including reasonable attorneys fees, resulting therefrom.

**Refund of Service  
Release Premiums:**

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

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

**Lender Training  
and Reservation  
Start Dates:**

Participants may commence accepting reservations once they have (a) submitted all executed documents and (b) attended lender training. Lender training shall take place at 9:30 a.m., eastern time, on February 9, 2010.

Accepted

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W. D. Morris, Executive Director

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Authorized Officer (Signature)

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Date