

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA
MORTGAGE CREDIT CERTIFICATE PROGRAM, SERIES 2010
PARTICIPATION AGREEMENT**

This Participation Agreement (the "Agreement") is made and entered into on the _____ day of _____, ____ by and between the Housing Finance Authority of Palm Beach County, Florida, a public body corporate and politic, (the "Authority") and _____ (the "Participant").

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

WHEREAS, by resolution adopted August 13, 2010, the Authority has duly authorized its Mortgage Credit Certificate Program, Series 2010 (the "MCC Program") under which MCC's will be issued pursuant to the Authority's Mortgage Credit Certificate Program Guidelines (the "Guidelines"), and an Administration Agreement executed in connection with the MCC Program; and

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

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

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

2. Participant will make information available regarding the MCC Program to potential borrowers. The Participant will process and review the application of any potential borrower in order to make a preliminary determination of eligibility for the MCC Program and provide financing in the form of a 30 year, fixed rate first mortgage loan that is acceptable to FHA, VA, USDA, Fannie Mae, Freddie Mac or that has been approved by the Issuer as a portfolio product of the Participant designed for low and moderate income borrowers.

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

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

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

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

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

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

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

10. Participant will charge a borrower applying for an MCC only those reasonable fees in processing the financing as would be charged to borrowers applying for financing not provided in connection with an MCC. Participant shall also charge an MCC application fee of \$375, \$275 of which shall be forwarded to the Authority's Program Administrator with the Compliance File and \$100 of which shall be retained by the Participant.

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

12. Participant hereby agrees to advance funds to the borrower if utilizing the Issuer's second mortgage down payment assistance program and deliver a recorded second mortgage to the Issuer for reimbursement.

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

14. This Agreement shall remain in full force and effect until terminated as set forth herein. Participant may terminate this Agreement, without cause, upon sixty (60) days written notice to the Authority. Notwithstanding any such termination, Participant shall file any and all reports required to be filed with the Internal Revenue Service and shall maintain all records required to be maintained by it pursuant to Section 25 of the Internal Revenue Code and any regulations thereunder. Further, the Authority may immediately terminate this Agreement and prohibit the Participant from participation in the MCC Program upon the Participant's failure to comply with the terms and conditions of this Agreement and upon written notice from the Authority. No amendment to this agreement shall be effective unless in writing and signed by both parties thereto. THIS AGREEMENT is entered into as of the day and year written above.

Participant (print)

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY,
FLORIDA**

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Its: _____

Its: _____

Please sign four originals. Return one to each of the following

Bob Reid, Bryant Miller Olive, 101 North Monroe Street, Suite 900, Tallahassee, Florida 32301

Steve Sanford, Greenberg Traurig, P.A. 777 S. Flagler Drive, Suite 300 East. West Palm Beach, FL 33401

David Brandt, Executive Director, HFA of Palm Beach County, 100 Australian Avenue, Suite 410 West Palm Beach, FL 33406

Patricia Denihan, Denihan and Associates, 3588 Lincoln Way, Cooper City, FL 33026