

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF PHOENIX, ARIZONA
SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM
LENDER PARTICIPATION AGREEMENT**

This Participation Agreement (the "Agreement") is made and entered into on the ____ day of _____, _____ by and between The Industrial Development Authority of the City of Phoenix, Arizona, an Arizona nonprofit corporation designated as political subdivision of the State of Arizona (the "State"), incorporated with the approval of the City of Phoenix, Arizona (the "City"), empowered under the Industrial Development Financing Act, A.R.S. Section 35-701 et seq. (the "Act"), (the "Authority") and _____ (the "Participant").

WHEREAS, Section 25 of the Internal Revenue Code of 1986, as amended (the "Code") authorizes the issuance of Mortgage Credit Certificates ("MCCs") by the Authority as a means of assisting qualified individuals with the acquisition of new and existing single family housing; and

WHEREAS, by resolution adopted March 12, 2015 the Authority has duly authorized its Mortgage Credit Certificate Program, Series 2015 (the "MCC Program") under which MCCs will be issued pursuant to the Authority's Mortgage Credit Certificate Program Guidelines (the "Guidelines"), and The Program Administration Agreement executed in connection with the MCC Program; and

WHEREAS, Participant wishes to participate in the MCC Program in accordance with the Guidelines and the terms hereof.

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

1. Participant represents and warrants that it has paid to the Authority a \$1,000 fee for participation in, and training on, the MCC Program by the Participant (the "Participation Fee").

2. Participant agrees that at least one representative will complete the MCC Program training, and that all representatives submitting applications for MCCs will be familiar with the Guidelines and trained in the requirements of the MCC Program.

3. Upon receipt of this Agreement executed by an authorized representative of the Participant, and verification that one or more representatives of the Participant has completed training in accordance with paragraph 2 above, the Authority, in acknowledgment of the receipt of the Participation Fee, will approve the Participant in the MCC Program and add the Participant to the list of MCC Program lenders.

4. Participant agrees to accept and review applications for MCCs pursuant to the MCC Program and the Guidelines. If such an application indicates that a borrower is eligible for an MCC and Participant has determined to make to the borrower a mortgage loan from its own funds (meeting the requirements set forth in the Guidelines), Participant shall forward the MCC application to the Authority in the manner as set forth in the Guidelines.

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

6. Participant has reviewed and is familiar with the Guidelines and affirms that the representations and warranties of Participant contained therein are true as of the date hereof and will be true so long as Participant is participating under the Program.

7. Participant acknowledges and understands that the Authority may revise, amend or otherwise change the Guidelines at any time solely in the discretion of the Authority, with or without notice to Participant.

8. 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.

9. 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 Code, State law and the Guidelines.

10. Participant represents that it is familiar and will comply with the MCC Program and the Guidelines, as well the Code, State law and all temporary and permanent regulations issued pursuant thereto, as may be applicable to the MCC Program.

11. Participant will follow its 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.

12. 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 Participant.

13. 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.

14. 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 Participant's possession relating to the MCCs and the MCC Program.

15. Participant will charge a borrower applying for an MCC only those points, origination fees, servicing fees and other 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 fees for the MCC as provided in the Guidelines.

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

17. Participant understands that, under the MCC Program, the Authority has \$53,100,000 of MCC credit authority and that, other than as set forth in the Guidelines, it shall be allocated by the Authority on a first come, first served basis among prospective borrowers, provided that 20% of such allocation will be set aside during the first year of the MCC Program for Residences located in Targeted Areas, as more fully discussed in the Guidelines.

18. Participant hereby agrees that repayment of any mortgage loan made in conjunction with the MCC Program is the responsibility of the borrower and that payment of such mortgage loan does not constitute an indebtedness of the Authority or a charge.

19. 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. Participant shall cooperate with the Authority and its authorized representatives in revoking an MCC if it is determined by the Authority or its authorized representatives that such revocation is necessary.

20. This Agreement shall remain in full force and effect until terminated as set forth herein. Either party may terminate this Agreement, without cause, upon sixty (60) days written notice to the other party. 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 Code and any regulations thereunder. Further, the Authority may immediately terminate this Agreement and prohibit Participant from participating in the MCC Program upon 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)

By: _____

Printed: _____

Its: _____

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
CITY OF PHOENIX, ARIZONA**

By: _____

Printed: Juan Salgado

Its: Executive Director