

**MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD**  
**TAKECREDIT! MORTGAGE CREDIT CERTIFICATE PROGRAM, SERIES 2009A**  
**PARTICIPATION AGREEMENT**

This Participation Agreement (the "Agreement") is made and entered into on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between the Minneapolis/Saint Paul Housing Finance Board, a joint powers board organized under the laws of the State of Minnesota (the "Board") and \_\_\_\_\_ (the "Participant").

WHEREAS, the Board has established its **TakeCredit!** Mortgage Credit Certificate Program (MCC Program), under which MCCs will be issued pursuant to the Board's Program Manual (the "Program Manual"), Administrator's Guidelines (the "Guidelines"), and an Administration Agreement executed in connection with the MCC Program; and

WHEREAS, the MCC Program will be administered by Denihan & Associates (Program Administrator);

WHEREAS, the Participant wishes to participate in the MCC Program in connection with financing it will make available for the acquisition of qualified homes by qualified borrowers.

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

1. The Board appoints the Participant as one of its agents for receipt and processing of applications for MCCs under the MCC Program.
2. The 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.
3. The Participant will obtain from the borrower all documents and information required for an evaluation of eligibility and application for and receipt of a MCC as required by the Program Manual, the Guidelines and by the Program Administrator, including documents regarding the following requirements as described in Sections E and F of the Program Manual: (a) the three-year no prior home ownership (first-time homebuyer) requirement, (b) principal residence requirement, (c) income limits, (d) purchase price limits, (e) targeted areas, (f) new loan requirements, (g) prohibited mortgages requirements, (h) no interest paid to related persons requirements; and (i) information reporting requirement and will provide the borrower with information regarding the recapture tax.
4. Participant will conduct such reasonable investigation as is necessary for it 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 Program Manual.
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 and all state law relating to the issuance of MCCs, the Program Manual 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 a 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 Board 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 MCCs and the MCC Program.
10. Participant hereby agrees to **(i) originate loans that feature a fixed rate for a term of 30 years with no overage, (ii) to require no more than a 1.00% Origination Fee and 1.00% Discount Point, and (iii) meet other requirements of the Program Manual and Guidelines. Loans must be eligible for purchase by FHA, VA, Fannie Mae and/or Freddie Mac. Participant agrees that such loans will bear interest at rates which are not higher than comparable loans for borrowers who are not receiving an MCC.**
11. Participant will charge a borrower applying for a MCC only those reasonable fees in processing the financing as would be charged to borrowers applying for financing not provided in connection with a MCC. Participant shall also charge an MCC Application **Fee of \$575, which entire amount is paid to the Administrator and Board pursuant to the Program Manual and Guidelines. In addition, Participant may charge a lender fee to compensate it for any additional work under the MCC Program of not more than \$150.**
12. 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) that will be provided to it by the Program Administrator.
13. Participant hereby agrees that it will immediately forward to the Board 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 a MCC or that may affect the borrower's continued eligibility for a MCC. Participant shall cooperate with the Board and its authorized representatives in revoking an MCC if it is determined by the Board or its authorized representatives that such revocation is necessary.

This Agreement shall remain in full force and effect until terminated. 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 Internal Revenue Code and any regulations thereunder. Further, the Board may immediately terminate this Agreement and prohibit the Participant from participating in the MCC Program by written notice to the Participant upon the Participant's failure to comply with the terms and conditions of this Agreement. 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)

**Minneapolis/Saint Paul Housing Finance Board**

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_