

Tab 3

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3. Amendment to Mortgage Origination Agreement

Master Servicing and Sale Agreement

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DRAFT NO. 2 01/09/19
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**SERVICING AND SALE AGREEMENT
(RELATING TO BOND-FINANCED PROGRAMS)**

TEXAS STATE AFFORDABLE HOUSING CORPORATION

AND

LAKEVIEW LOAN SERVICING, LLC

Dated as of February 1, 2019

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SERVICING AND SALE AGREEMENT

THIS SERVICING AND SALE AGREEMENT (this “Agreement”) is entered into as of February 1, 2019, and is effective as of _____, 2019 (the “Effective Date”) by and between Lakeview Loan Servicing, LLC, a Delaware limited liability company (the “Servicer”), and the Texas State Affordable Housing Corporation, a public nonprofit corporation (the “Corporation”) with its principal place of business at 2200 East MLK Jr. Boulevard, Austin, TX 78702.

RECITALS

WHEREAS, the Corporation has been created and organized pursuant to Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”), and the provisions of Section 22 of the Texas Business Organizations Code, as amended (relating to nonprofit corporations); and

WHEREAS, pursuant to the Act, the Corporation’s public purposes include the provision of adequate, safe and sanitary housing for qualified borrowers; and

WHEREAS, the Corporation intends to implement one or more single family loan programs to be financed with the proceeds of tax-exempt or taxable bonds issued by the Corporation, and other available sources, in each case to assist qualified borrowers in financing the costs of acquiring qualified single family residences consistent with the Corporation’s public purposes under the Act and Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”) (and, as further defined under Section 1.02 hereof, each a “Program” and collectively the “Programs”); and

WHEREAS, with respect to the issuance of tax-exempt obligations, Sections 103, 141, 143, and 146 through 149 of the Code, provide that the interest on obligations issued by governmental issuers such as the Corporation, the proceeds of which are to be used to finance owner occupied single family residences, will be exempt from federal income taxation if such issue meets the applicable requirements of such sections; and

WHEREAS, obligations will be issued as “qualified mortgage bonds” under section 143 of the Code, which requires mortgage loans financed with the proceeds of such obligations to be made in accordance with all applicable requirements of such section; and

WHEREAS, in order to carry out the Programs, the Corporation has determined to engage a qualified servicer that will (i) purchase closed mortgage loans originated by participating lenders under the terms of the related Loan Correspondent Purchase and Sale Agreements (defined below) and the related Mortgage Origination Agreements (defined below), (ii) service such mortgage loans and pool them into MBS Certificates (as defined below), (iii) sell the MBS Certificates to the Corporation or the Trustee (as defined herein), and (iv) provide such other services in support of the Programs as set forth herein.

NOW, THEREFORE, in consideration of the representations, warranties and mutual terms and conditions herein contained, and for good and other valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Servicer and the Corporation agree as follows:

ARTICLE 1. GENERAL PROVISIONS

SECTION 1.01. INCORPORATION OF RECITALS; OTHER GENERAL PROVISIONS

The recitals set forth above are incorporated into this Agreement as expressed terms and conditions of this Agreement, and the Schedules attached hereto are fully incorporated as part of this Agreement. In this Agreement, unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. The table of contents, titles, and headings of the articles and sections of this Agreement have been inserted for convenience of reference only and shall not be given effect in construing the provisions of this Agreement.

SECTION 1.02. DEFINITIONS

Unless otherwise indicated, all words and terms defined in this Agreement, as in effect on the date hereof, are used herein as so defined. In addition, the following terms have the meaning set forth below:

- (a) “Applicable Requirements” has the meaning set forth in Section 2.04 of this Agreement.
- (b) “Bond” or “Bonds” mean a Tax-Exempt Bond or Tax-Exempt Bonds or a Taxable Bond or Taxable Bonds.
- (c) “Business Day” means any day on which the Federal Reserve Bank of New York, the Federal Reserve Bank of Texas, and the government securities markets are open for business.
- (d) “Code” means the Internal Revenue Code of 1986, as amended.
- (e) “Commitment Authority” means a contractual agreement between GNMA and the Servicer for the issuance of GNMA securities.
- (f) “Conventional Mortgage Loan” or “Conventional” means a Mortgage Loan originated pursuant to Fannie Mae or Freddie Mac underwriting requirements on Fannie Mae or Freddie Mac uniform loan documents.
- (g) “Corporation” means the Texas State Affordable Housing Corporation, or any successor entity.
- (h) “Debtor Relief Laws” means the U.S. Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States from time to time in effect and affecting the rights of creditors generally.
- (i) “DPA Amount” means the amount of down payment and closing cost assistance (if any) available with respect to a Mortgage Loan bearing a particular interest rate.
- (j) “Fannie Mae” means the Federal National Mortgage Association, or any successor to its functions.

(k) “FHA” means the Federal Housing Administration of the U.S. Department of Housing and Urban Development, or other successor to its functions.

(l) “FHA Insured” means Mortgage Loans with FHA mortgage insurance issued under one of the following FHA Insurance programs pursuant to the National Housing Act:

- (1) Section 203(b), Home Unsubsidized (including 223(e) declining area loans);
- (2) Section 234(c), Condominiums;
- (3) Section 203(b)(2), Veteran’s Status;
- (4) Section 203(k) Streamline Rehabilitation Home Mortgage Insurance; or
- (5) such other FHA insurance programs as shall be acceptable to the Corporation and the Servicer.

(m) “FHA/RHS/VA Loans” means Mortgage Loans which are FHA Insured, RHS Guaranteed or VA Guaranteed.

(n) “Freddie Mac” means the Federal Home Loan Mortgage Corporation, or any successor to its functions.

(o) “GNMA” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development or any successor agency, corporation, or other instrumentality of the government of the United States of America.

(p) “GSE” means a “Government Sponsored Enterprise” which is Fannie Mae, Freddie Mac or GNMA. “GSEs” means more than one GSE.

(q) “GSE Guide” means, collectively, any and all guide books, requirements, bulletins, or updates pertaining to selling and servicing mortgage loans promulgated by a GSE, including the pooling of Mortgage Loans into MBS Certificates, as the same may be amended from time to time.

(r) “Indenture” means any trust indenture, trust agreement or similar arrangement, relating to the issuance of Bonds, the use of Bond proceeds to purchase MBS Certificates from the Servicer, and the pooling of MBS Certificates as collateral for the repayment of such Bonds.

(s) “Lender” means a mortgage lender approved by the Corporation and the Servicer, and which has entered into a Mortgage Origination Agreement with the Corporation and a Loan Correspondent Purchase and Sale Agreement with the Servicer.

(t) “Loan Correspondent Purchase and Sale Agreement” means the agreement signed between the Servicer and each Lender setting forth the terms and conditions under which the Servicer will purchase a Mortgage Loan from a Lender and the duties, obligations, representations, warranties, and covenants of the Lender to the Servicer.

(u) “MBS Agreement” means the agreement with GNMA, Fannie Mae or Freddie Mac pursuant to which GNMA, Fannie Mae or Freddie Mac, respectively, has agreed to guarantee the timely payment of the specific MBS Certificates.

(v) “MBS Certificate” means a mortgage-backed certificate (i) issued or guaranteed by GNMA, Fannie Mae or Freddie Mac, pursuant to which payments have been guaranteed by GNMA, Fannie Mae or Freddie Mac, respectively, in exchange for FHA, VA or USDA/RD Mortgage Loans, or Conventional Mortgage Loans, as applicable, and (ii) backed by Mortgage Loans financed in whole or in part by Bonds.

(w) “MBS Certificate Sale” means the sale of a MBS Certificate by the Servicer to the Corporation or the Trustee.

(x) “MBS Certificate Sale Date” means the date the Servicer sells an MBS Certificate to the Corporation or the Trustee.

(y) “MBS Certificate Sale Price” means the sale price of an MBS Certificate from the Servicer to the Corporation or the Trustee, which price shall be set forth in the Notice to Servicer as a percentage of the outstanding principal balance of the MBS Certificate at the time of sale.

(z) “Mortgage” means the written instrument creating a lien on real property to provide security for the payment of a Mortgage Loan.

(aa) “Mortgage Loan” means a qualified first lien mortgage loan originated by a Lender under the Programs with respect to real property, evidenced by a Mortgage Note and secured by a Mortgage.

(bb) “Mortgage Loan Sale Price” means the sale price of a Mortgage Loan to be paid by the Servicer to a Lender, which price shall be set forth in the Notice to Servicer as a percentage of the outstanding principal balance of the Mortgage Loan at the time of sale.

(cc) “Mortgage Note” means the promissory note evidencing the obligation to repay a Mortgage Loan.

(dd) “Mortgage Origination Agreement” means the mortgage origination agreement between the Corporation and a Lender relating to Programs financed by Bonds.

(ee) “Non-Qualifying Mortgage Loan” means any mortgage loan which does not conform to the related Program Guidelines, the GSE Guide or the Seller Guide including, but not limited to, a mortgage loan for which:

- (1) The related Lender fails to deliver to the Servicer a complete mortgage loan file on a timely basis (as required by the Seller Guide); or
- (2) The Servicer determines that the documentation for a mortgage loan does not conform to the requirements of the related Program, the GSE Guide or the Seller Guide; or
- (3) The Corporation determines that the mortgage loan does not meet the eligibility criteria set forth in the related Program Guidelines; or
- (4) GNMA, Freddie Mac, Fannie Mae or the Servicer determines that the mortgage loan is not of acceptable quality or is not eligible for sale under the related Program Guidelines, the GSE Guide or the Seller Guide.

(ff) “Notice to Servicer” means a notice sent by the Corporation to the Servicer, in substantially the form set forth in **Schedule B**.

(gg) “Origination Period” means, with respect to each series of Bonds, the period beginning on the first date Lenders are permitted to make Mortgage Loan reservations and ending on the final date on which Lenders are permitted to sell Mortgage Loans to the Servicer, as provided in the applicable Notice to Servicer.

(hh) “Pool” means with respect to a MBS Certificate, the Mortgage Loans held in connection with such MBS Certificate.

(ii) “Pool Purchase Agreement” means the Fannie Mae Pool Purchase Contract between the Servicer and Fannie Mae or the Freddie Mac Pool Purchase Contract between the Servicer and Freddie Mac, in each case relating to the sale by the Servicer of Conventional Mortgage Loans to Fannie Mae or Freddie Mac, as applicable.

(jj) “Program” means any existing single family loan program of the Corporation, and any future single family loan program implemented by the Corporation, in each case established to assist qualified borrowers in financing the costs of acquiring and owning adequate, safe and sanitary housing, funded through the sale of Bonds or any other source of funding available to the Corporation (provided that “Program” does not include any mortgage credit certificate (“MCC”) program established by the Corporation).

(kk) “Program Documents” means for each Program financed by Bonds, this Agreement, the related Mortgage Origination Agreement, the related Program Guidelines and the related Purchase Documents. In the event of a conflict between the terms of the Purchase Documents and the other Program Documents, the terms of the Purchase Documents shall control (unless such control adversely affects the tax-exempt status of any Tax-Exempt Bonds).

(ll) “Program Guidelines” means the Corporation’s guidelines for each Program containing information relating to specific provisions of such Program.

(mm) “Purchase Documents” means the Seller Guide and the Loan Correspondent Purchase and Sale Agreement, and all amendments, supplements and replacements, and any other documents and agreements between the Servicer and each Lender regarding the sale of Mortgage Loans.

(nn) “RHS” means Rural Housing Service of the United States Department of Agriculture or any successor to its functions.

(oo) “RHS Guaranteed” means guaranteed by RHS pursuant to the RHS’s Guaranteed Rural Housing Loan Program.

(pp) “Seller 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, as the same may be amended and supplemented from time to time.

(qq) “Servicer” means Lakeview Loan Servicing, LLC.

(rr) “State” means the State of Texas.

(ss) “Targeted Areas” means those areas within the State listed as qualified census tracts or areas of chronic economic distress, in accordance with Section 143(j) of the Code.

(tt) “Taxable Bonds” means any bonds, notes or other obligations (other than Tax-Exempt Bonds) issued by the Corporation (or any related entity) for the purpose of financing Mortgage Loans through the purchase of MBS Certificates from the proceeds of such bonds, note or other obligations.

(uu) “Tax-Exempt Bonds” means any bonds, notes or other obligations issued by the Corporation (or any related entity) as “qualified mortgage bonds” under Section 143 of the Code, for the purpose of financing Mortgage Loans through the purchase of MBS Certificates from the proceeds of such bonds, notes or other obligations.

(vv) “Trustee” means the trustee under any Indenture under which MBS Certificates are pledged as security for the related Bonds, which shall be Wells Fargo, National Association, unless and until a successor or other Trustee is appointed by the Corporation and provides written notice to the Servicer of such successor.

(ww) “VA” means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

(xx) “VA Guaranteed” means guaranteed by the Veterans Administration, an agency of the United States of America, or any successor to its functions, under the Serviceman’s Readjustment Act of 1944, as amended.

SECTION 1.03. SERVICER’S REPRESENTATIONS AND WARRANTIES

The Servicer represents and warrants to the Corporation that:

(a) The Servicer is a limited liability company organized and existing under the laws of the State of Delaware and is, and will remain, in good standing under such laws so long as it shall continue to serve in the capacity contemplated under the terms of this Agreement. The Servicer is duly qualified to transact business in the State, and possesses all requisite authority and power to conduct any and all business contemplated by the Program Documents and to execute, deliver and comply with its obligations under the terms of the Program Documents, the execution, 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 of and compliance with the terms hereof by it will not violate (i) its certificate of incorporation or bylaws, or (ii) any laws, regulations or administrative requirements 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 default under or result in the breach of any material contract, agreement or other instrument to which the Servicer is a party.

(c) The execution and delivery of this Agreement by the Servicer does 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 constitutes a valid, legal and binding obligation of the Servicer, enforceable in accordance with its respective terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws.

(e) So long as the Servicer shall continue to serve in the capacity contemplated under the terms of this Agreement, the Servicer is and will remain a GSE-approved seller-servicer of Conventional, FHA Insured, VA Guaranteed, and RHS Guaranteed Mortgage Loans and is and will remain an authorized issuer of GNMA MBS Certificates with experience serving as Servicer for Mortgage Loans.

(f) On the date hereof, there is no pending, or to Servicer's knowledge, threatened litigation, examination, investigation, or administrative proceedings against the Servicer, which, if adversely determined, would materially affect Servicer and its assets or its ability to purchase and service Mortgage Loans and administer the Programs existing on the date hereof.

SECTION 1.04. SERVICER'S COVENANTS

The Servicer covenants to the Corporation that:

(a) Unless prohibited by the GSE or any other applicable law, with respect to any MBS Certificates issued under the Programs, the Servicer shall provide to the Corporation, in conjunction with each payment, the reports required by the GSE with respect to Mortgage Loans underlying the MBS Certificates.

(b) 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 and qualified to do business under the laws of the State. The Servicer 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, however, that the Servicer may, without violating the covenant contained in this subsection 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, if the surviving, resulting or transferee entity, as the case may be, shall have a net worth equal to or greater than the net worth required by the GSE and be qualified as a GSE servicer.

(c) The Servicer is familiar with all GSE rules and regulations applicable to the Programs existing on the date hereof and shall use diligent, reasonable efforts to become and to remain familiar with all GSE rules and regulations applicable to the Programs, including, but not limited to, any changes or proposed changes in the GSE servicing rates, size of GSE Pools or other features affecting the purchase of Mortgage Loans under the Mortgage Origination Agreement and the Loan Correspondent Purchase and Sale Agreement for the Programs, and shall use commercially reasonable efforts to attempt to promptly notify all Lenders of such changes or proposed changes applicable to such Lenders of which the Servicer becomes aware.

(d) During the term of this Agreement, the Servicer will not participate in any program with any other state or local governmental agency, housing finance corporation, or related or similar entity, including nonprofit entities, for the purchase and/or servicing of mortgage loans on residences in the State without first obtaining the approval of the Corporation.

(e) No information, statement or report of the Servicer furnished in writing and expressly required in this Agreement to be delivered to the Lender or the Corporation 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.

(f) With respect to any MBS Certificate financed with the proceeds of Tax-Exempt Bonds, 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, such Tax-Exempt Bonds in an amount related to the amount of MBS Certificates to be acquired by the Corporation or the Trustee with respect to such Tax-Exempt Bonds.

(g) With respect to any Programs that are financed with the proceeds of Tax-Exempt Bonds, the Servicer will not knowingly take any action or fail to take any action or permit any action within its control to be taken which would impair the exclusion from gross income for federal income tax purposes of interest on the related Tax-Exempt Bonds.

SECTION 1.05. CORPORATION’S REPRESENTATIONS AND WARRANTIES

The Corporation represents and warrants to the Servicer:

(a) The Corporation is a public nonprofit corporation validly existing under the laws of the State. The Corporation has full power and authority to consummate all transactions, execute all documents, and issue all instruments contemplated by the Program Documents.

(b) Each existing Program is, and any new Program will be, authorized under the Act and will be consistent with the Corporation’s public purpose, including, but not limited to, Program activities relating to the origination of Mortgage Loans by the Lenders to finance the acquisition by qualified borrowers of residences, the sale of Mortgage Loans by the Lenders to the Servicer, the purchase of the Mortgage Loans by the Servicer, and the sale of the MBS Certificates by the Servicer to the Corporation or the Trustee under the terms of this Agreement.

(c) The execution and delivery by the Corporation of this Agreement and the Program Documents relating to each Program, and the performance of and compliance with the terms of the related Program Documents by the Corporation will not, to its knowledge, violate any laws in any respect that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of the related Program Documents.

(d) This Agreement and all documents and instruments contemplated hereby that are executed and delivered by the Corporation, will constitute valid, legal, and binding obligations of the Corporation, enforceable in accordance with their terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws.

(e) The Servicer shall be the exclusive master servicer for the Programs in existence at the inception of this Agreement.

SECTION 1.06. ESTABLISHING AND MAINTAINING THE TAX-EXEMPT STATUS OF TAX-EXEMPT BONDS

(a) [Reserved].

(b) The Corporation and the Servicer each recognize that Section 143 of the Code imposes certain eligibility requirements with respect to the Mortgagors and the Mortgage Loans financed under the Programs from the proceeds of Tax-Exempt Bonds, including the following:

(i) that each “residence” (as defined in the Program Guidelines) financed with such a Mortgage Loan be located within the State of Texas;

(ii) that each residence financed with such a Mortgage Loan be a residence that, at the time of execution of the Mortgage Loan, can reasonably be expected to become the “principal residence” (as defined in the Program Guidelines) of the Mortgagor within a reasonable period of time (not to exceed 60 days after the Mortgage Loan closing date);

(iii) that, except as otherwise provided in the Program Guidelines, all of the net proceeds of the Tax-Exempt Bonds must be used to finance the residences of Mortgagors who did not have a present ownership interest in a principal residence (other than the residence being financed with the Mortgage Loan) at any time during the three (3) year period ending on the Mortgage Loan closing date;

(iv) that each residence financed with a Mortgage Loan under the Programs must have a “purchase price” (as defined in the Program Guidelines) that is not in excess of the maximum applicable purchase price as set forth in the Program Guidelines;

(v) that the proceeds of the Tax-Exempt Bonds cannot be used to acquire or replace an existing mortgage, i.e., that each such Mortgage Loan shall be made to a person who did not have a mortgage (whether or not paid off) on the residence securing such Mortgage Loan at any time prior to the execution of the Mortgage, except for certain temporary initial financing, a construction bridge loan, or similar temporary initial construction financing as described in the Program Guidelines;

(vi) that all such Mortgage Loans must be provided to mortgagors whose family income (as defined in the Program Guidelines) does not exceed the applicable maximum family income as set forth in the Program Guidelines;

(vii) that, in the event of an assumption of any such Mortgage Loan, the requirements of subparagraphs (i) through (iv), inclusive, and subparagraphs (vi), (viii) and (ix) must be met with respect to such assumption at the time of such assumption;

(viii) that no such Mortgage Loans can be made with respect to a two (2) to four (4) family residence unless (A) one unit of the residence is the principal residence of the mortgagor and (B) the residence is an existing residence that was first occupied for residential purposes at least five years before the Mortgage Loan is executed, except in the case of a two (2) family residence that is located in a target area (as defined in the Program Guidelines); and

(ix) that such Mortgage Loans will be subject to the mortgage subsidy recapture tax rules set forth in Section 143(m) of the Code.

(c) Section 143 of the Code further requires: (i) that the Corporation attempt in good faith to meet all such requirements before the Mortgage Loans financed under the Programs from the proceeds of Tax-Exempt Bonds are executed by placing restrictions in the Program Documents that permit the financing of such Mortgage Loans only in accordance with such requirements and by

establishing reasonable procedures to ensure compliance with such requirements, including reasonable investigations by the Corporation or its agents, including the Lenders, to determine that the Mortgage Loans satisfy such requirements; (ii) that 95% or more of the net proceeds of the Tax-Exempt Bonds that are devoted to owner financing under the Program shall be devoted to eligible residences as to which, at the time such Mortgage Loans are executed, all such requirements are met; and (iii) that any failure to meet such requirements must be corrected within a reasonable time after such failure is discovered, for example, by requiring repayment in full of the non-qualifying Mortgage Loan or by replacing the non-qualifying Mortgage Loan with a Mortgage Loan meeting such requirements.

(d) The Corporation will establish, and the Servicer agrees to follow, reasonable procedures in the Program Documents to ensure compliance with the foregoing requirements.

(e) [Reserved].

(f) Section 143 of the Code requires that the Corporation make an amount equal to 20% of the proceeds from each Tax-Exempt Bond issue available for at least one (1) year after the date on which the related Bond proceeds are first made available to finance Mortgage Loans, to finance residences located in Targeted Areas (as identified in the Program Guidelines), and that the Corporation must attempt with reasonable diligence to make such amounts available for such Mortgage Loans for the applicable 12-month period.

(g) The Corporation and the Servicer agree that, to the extent that the Code provisions or Treasury regulations are amended in a manner that applies to the Tax-Exempt Bonds, this Section 1.06, and any other applicable provisions of this Agreement, will be amended to take such changes into account.

ARTICLE 2. THE SERVICER

SECTION 2.01. OVERALL RESPONSIBILITY

(a) The Servicer shall have general responsibility for the review, purchase and servicing of Mortgage Loans for the Programs in accordance with this Agreement for and on behalf of the Corporation, subject to Section 1.06(e). The Servicer is hereby irrevocably authorized and empowered by the Corporation to execute and deliver for and on behalf of the Corporation any and all instruments, documents and writings necessary or desirable to fulfill its duties and responsibilities hereunder. Corporation shall furnish Servicer with such powers of attorney and other documents as are necessary or appropriate to enable Servicer to carry out its duties and responsibilities under this Agreement.

(b) The Corporation agrees that the Mortgage Loans may be subserviced on behalf of the Servicer by a third party subservicer. The Servicer agrees to cause any such subservicer to perform the Servicer's applicable obligations in accordance with the requirements of this Agreement, as if performed by the Servicer directly, and the Servicer shall remain liable for the Servicer's obligations under this Agreement (including but not limited to its obligations under Section 2.03) regardless of whether the obligations are performed by the Servicer directly or by a subservicer.

SECTION 2.02. LIMITATION ON LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF SERVICER

No director, officer, employee or agent of the Servicer shall be under any personal liability to the Corporation for any action taken in good faith or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment not made in bad faith.

SECTION 2.03. INDEMNIFICATION OF CORPORATION

The Servicer hereby agrees to indemnify the Corporation and hold the Corporation harmless from any actual, direct loss, damage or expense that the Corporation may sustain as a result of any failure on the part of the Servicer to perform its services, duties and obligations under this Agreement or with respect to the Mortgage Loans or the MBS Certificates under this Agreement in compliance with the terms of this Agreement, including without limitation, its obligations with respect to MBS Certificate Sales.

SECTION 2.04. SERVICER'S DUTIES AND RESPONSIBILITIES

(a) Notwithstanding anything to the contrary contained in this Agreement, but subject to Section 1.06(e), the Servicer shall perform all loan servicing duties relating to the Mortgage Loans in accordance with, as applicable, (i) the guidelines of the VA, FHA, RHS, GNMA, Freddie Mac or Fannie Mae, (ii) the Seller Guide, (iii) the requirements of the Consumer Financial Protection Bureau, (iv) any applicable law (clauses (i) through (iv) are collectively referred to as the "Applicable Requirements"), and (v) to the extent not inconsistent with the Applicable Requirements, the Program Guidelines. The Servicer shall be held harmless for its performance of loan servicing duties that are carried out in material compliance with the Applicable Requirements, the Program Guidelines and its obligations under this Agreement. The Servicer shall not be responsible for carrying out any loan servicing duties and responsibilities stated herein or requested by the Corporation that the Servicer, in its reasonable discretion, believes to be in conflict with the Applicable Requirements.

(b) Except for any such amendment, release or grant which is not inconsistent with Sections 2.04(a) and 2.07 hereof: (i) the Servicer shall not consent to any changes in the terms and conditions of any Mortgage Loan or the release of specified property from the lien of a Mortgage or the grant of an easement or right of way upon property securing a Mortgage Loan, and (ii) no such change shall affect the time or amounts of payment of principal and interest on the Mortgage Loan or the obligation to pay taxes and maintain insurance on the property securing the Mortgage Loan at the times and in the manner specified in the Loan Correspondent Purchase and Sale Agreement.

(c) The Servicer shall diligently enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Loans, including the prompt payment of all Mortgage Loan principal and interest payments and all other amounts due thereunder. Except as provided in Sections 2.04(a) and 2.11 of this Agreement, the Servicer shall not release the obligations of any mortgagor under any Mortgage Loan, provided that this provision shall not be construed to prevent the Servicer from settling, in case of a default in payment thereof, any Mortgage Loan on such terms as the Servicer shall determine to be in accordance with the Applicable Requirements. If Servicer becomes aware that the insurers of any insurance policy issued or contemplated to be issued under any Program has ceased to comply with the applicable provisions of the Loan Correspondent Purchase and Sale Agreement or GSE Guide for such insurance, the Servicer shall require the mortgagor to obtain comparable replacement policies with total coverage equal to the then existing coverage of such insurance policies from approved insurers.

(d) From and after the acquisition of each Mortgage Loan, the Servicer shall service such Mortgage Loan and shall have full power and authority, acting alone, to take such actions as may be necessary to discharge its duties with respect to such servicing in accordance with the Applicable Requirements. In addition, the Servicer shall perform those duties set out in the Program Documents and the applicable MBS Agreement, including, but not limited to, approval of Mortgage Loan assumptions by eligible mortgagors (if applicable under the Mortgage Loan documents), pursuant to the Loan Correspondent Purchase and Sale Agreement, and keeping and reporting regularly to the Corporation with respect to origination of Mortgage Loans.

SECTION 2.05. LENDER MANAGEMENT

(a) After a Lender's application is pre-approved by the Corporation, the Servicer shall review each Lender's application to determine the Lender's eligibility to participate in the related Program. This review will be based upon the eligibility standards adopted by the Servicer. The 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 Programs in which such Lender is participating.

(b) The Servicer reserves the right to reasonably modify the eligibility standards for Lenders at any time during the term of this Agreement. If the Servicer modifies the eligibility standards, the Servicer will notify the Corporation within fifteen (15) business days prior to the effective date of such modifications. Any new Lender applications received, or existing Lender recertifications performed on or after that notification date will be subject to the newly published eligibility standards.

(c) The Servicer will enter into a separate Loan Correspondent Purchase and Sale Agreement with each qualifying Lender that it approves. In the event of a conflict between the terms of the Loan Correspondent Purchase and Sale Agreement and the Mortgage Origination Agreement, with regard to the requirements owed by the Lender to the Servicer, the Loan Correspondent Purchase and Sale Agreement shall control, other than to the extent the Corporation informs the Servicer in writing that such control would adversely affect the tax-exempt status of any Tax-Exempt Bonds.

(d) The Servicer shall have the authority to suspend or terminate a Lender if that Lender is found to be in breach of any of the terms or conditions of the Loan Correspondent Purchase and Sale Agreement or if Lender fails to otherwise qualify as a Lender. Prior to any action to suspend or terminate a Lender, the Servicer will advise the Corporation, by electronic message, before said action is taken. However, this notification shall be considered a courtesy and not a request for approval.

SECTION 2.06. REVIEW AND PURCHASE OF MORTGAGE LOANS

Upon delivery from the Lender, the Servicer may review the Mortgage Loan to ensure that it is eligible for inclusion in a GNMA, Fannie Mae or Freddie Mac Pool. The Servicer shall be entitled to rely upon the Lender as the 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 accuracy or completeness with respect to the origination, underwriting, and closing of the Mortgage Loan file. The Servicer may review the pertinent documents necessary to ensure the related Mortgage Loans meet applicable pooling guidelines. Prior to purchasing a Mortgage Loan, the Servicer shall receive confirmation from the Corporation of compliance of such Mortgage Loan with the Program Guidelines. The Servicer shall not be required to purchase any Non-Qualifying Mortgage Loan.

Upon approval of the Mortgage Loan by the Servicer, the Servicer shall purchase the Mortgage Loan. The Servicer shall initially review the Mortgage Loans for approval within ten (10) business days of receipt of all documents from Lender. The Servicer shall be responsible for collecting certain final mortgage documents for each Mortgage Loan purchased, and shall have the right to charge and retain late fees for said final, recorded mortgage documents. In the event that Mortgage Loan purchases are delayed due to the Servicer's inaction or delay, and the Lender is charged a late fee, the Servicer shall reimburse Lender for the actual late fee charge.

SECTION 2.07. SERVICING STANDARDS

With respect to all Mortgage Loans and related MBS Certificates issued under the Programs, the Servicer (i) shall service such Mortgage Loans in accordance with this Agreement, the Program Guidelines, the Applicable Requirements and, in addition, the generally accepted practices of the mortgage lending and servicing industries, including maintenance of all accounts required thereby, (ii) shall perform all such duties with due care, diligence and reasonable promptness, (iii) shall provide prompt monthly principal and interest payments to the owner of each MBS Certificate (including the Trustee or the Corporation, as applicable), accompanied by a statement identifying principal, interest and principal prepayment components of such payment, and (iv) shall forward copies of such reports, if any, as are required by the GSE Guide, to the Corporation with respect to the status of the Mortgage Loans (unless prohibited by the GSE or any other applicable law).

SECTION 2.08. ESCROW ACCOUNT

The Servicer shall establish and maintain a separate account or accounts to be maintained in accordance with the applicable GSE Guide and shall deposit therein all moneys received by it as escrow payments, including amounts representing collections of real estate taxes, assessments, premiums of any standard hazard insurance policy and comparable items.

SECTION 2.09. SERVICER COMPENSATION

The Servicer shall purchase the Mortgage Loans on a servicing-released basis from the Lenders and shall be entitled to the servicing fees set forth in the related Notice to Servicer. The Servicer shall notify the Corporation if such would not comply as to amount or in any other respect with the applicable GSE Guide or Applicable Law, and in such event the Corporation and the Servicer shall work to correct such noncompliance. The procedures for the payment thereof shall be in accordance with the applicable GSE Guide and Applicable Law. The Servicer shall be entitled to retain any ancillary income and float benefit in accordance with the applicable GSE Guide and Applicable Law.

The Servicer shall pay to the Corporation (or the Corporation shall pay the Servicer) servicing release amounts for Mortgage Loans in the amounts set forth **Schedule A** hereto. Such amounts shall be paid in the manner agreed to by the Corporation and the Servicer. **Schedule A** may be amended from time to time with the mutual consent of the Servicer and the Corporation, based on changes to market interest rates or other reasonable criteria. For each series of Bonds issued by the Corporation, the amounts in **Schedule A** in effect at the beginning of the related Origination Period shall be applicable throughout such Origination Period.

As compensation in addition to the servicing fees, the Servicer shall also be entitled to certain fees, including, but not limited to, a funding fee, tax service fee, and flood certification fee, and such other fees or amounts as agreed upon in writing by the Servicer and the Corporation and permitted under the applicable GSE Guide and Applicable Law, in the amounts set forth in **Schedule A** (as may

be amended from time to time). Each such fee is to be charged on a one-time basis for each Mortgage Loan.

SECTION 2.10. SERVICER MAY PLEDGE COLLATERAL

During any period of time in which the Servicer has purchased a Mortgage Loan from a Lender, the Servicer may pledge such Mortgage Loan to a financial institution providing the funding for such purchase until such time as a MBS Certificate is created and sold by the Servicer.

SECTION 2.11. ASSUMPTION RESTRICTIONS

Subject to the terms of the related Mortgage Loan documents, in any case in which a residence financed by a Mortgage Loan originated under the Programs have been or are 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, the Servicer shall enter into an assumption agreement with the person to whom such property has been or is about to be conveyed; provided that the Servicer shall not enter in any such assumption agreement until the Corporation or its agent has confirmed that the assumption meets all requirements of the applicable Program (including the Code requirements) relating to the assumption of a Mortgage Loan. The Corporation or its agent must confirm to the Servicer in writing such compliance prior to any assumption being completed. The foregoing assumption restrictions (as well as any additional assumption restrictions required by FHA, VA, RHS, Fannie Mae or Freddie Mac) shall be incorporated in the related Mortgage and kept as a part of the related Mortgage Loan 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 to the extent permitted by law or regulations of FHA, VA, RHS, Fannie Mae, or Freddie Mac, a fee, to be paid by or on behalf of the assumptors, plus the reasonable and customary out-of-pocket costs paid or incurred by the Servicer.

SECTION 2.12. JOINDER IN LEGAL PROCEEDINGS

Upon the request of the Servicer, and at the Servicer's sole expense, and with the consent of the Corporation (which shall not be unreasonably withheld), the Corporation shall join as parties' plaintiff in any legal proceeding brought by the Servicer against any Lenders concerning any obligations of Lenders under the Mortgage Origination Agreement or the Loan Correspondent Purchase and Sale Agreement. If the Corporation shall join in any such legal proceeding at the request of Servicer, Servicer shall indemnify, and hold harmless, the Corporation from any and all costs and expenses in any form and for whatever reason incurred, including, but not limited to, any and all costs and attorneys' fees of a defendant required to be paid by the Corporation by court order in the event of a judgment in favor of such defendant resulting from Servicer's breach of this Agreement.

SECTION 2.13. ASSIGNMENT OF SERVICING OBLIGATIONS

Subject to Section 2.01(b), the Servicer may assign for consideration all (but not a portion) of its servicing rights and obligations under this Agreement to another servicer, provided that such assignment shall be evidenced by a written agreement in which the assignee agrees to assume all of the Servicer's obligations hereunder and agrees to provide its services for the same fees as provided in this Agreement. Any such assignment is subject to the prior written consent of the applicable GSEs and the Corporation, or in each case its successors or assigns, provided that the consent of the Corporation shall not be unreasonably withheld, conditioned, or delayed.

SECTION 2.14. EMERGENCY MANAGEMENT/DISASTER RECOVERY PLAN

The Servicer has implemented an emergency management/disaster recovery plan ("Recovery Plan") and shall review and test its Recovery Plan annually and provide written confirmation to the Corporation that such review and test has taken place upon written request of the Corporation. The Recovery Plan shall include, at a minimum, provisions relating to business closings and facilities restoration, record keeping and retention, the integrity of computer-based systems and the recovery thereof, subcontractors, as applicable, employee availability and business interruption insurance. The Recovery Plan shall demonstrate the ability to perform all services under this Agreement without unreasonable delay.

ARTICLE 3. MORTGAGE LOAN POOLING

SECTION 3.01. POOLING AND SALE OF MBS CERTIFICATES

(a) The procedures set forth in this Section 3.02 are applicable to the purchase of Mortgage Loans from the Lenders by the Servicer and the sale of the MBS Certificates by the Servicer to the Corporation or the Trustee

(b) Subject to the terms and conditions hereof, the Servicer shall comply with the terms of the applicable MBS Agreement and use commercially reasonable efforts to purchase Mortgage Loans from the Lenders in accordance with the terms of this Agreement and the GSE Guides and pool Mortgage Loans into MBS Certificates for MBS Certificate Sales to the Corporation or the Trustee. The Servicer shall pay all fees required by the GSE in connection with the issuance of MBS Certificates. The Servicer shall ensure that any pool of mortgage loans backing an MBS Certificate that is eligible to serve as collateral for the Bonds consist only of Mortgage Loans originated pursuant to this Agreement.

(c) The Servicer shall purchase the Mortgage Loans from the Lenders, pool the Mortgage Loans into MBS Certificates and sell the Certificates to the Corporation or the Trustee, as applicable, as expeditiously as possible. The Servicer acknowledges that in connection with the issuance of Bonds, the Corporation desires that Bond proceeds be used to purchase MBS Certificates as rapidly as possible to minimize the significant costs related to escrowed but unspent Bond proceeds (the "negative spread" between escrow investment rates and the Bond interest rates).

(d) The Servicer shall sell the MBS Certificates to the Corporation or the Trustee, as directed by the Corporation, at the applicable MBS Certificate Sale Price. Upon each such sale, the Servicer shall deliver a certificate to the Corporation and the Trustee (if the Trustee is the purchaser), the Trustee, as applicable, in substantially the form set forth in **Schedule C**, at least __ Business Days prior to such sale.

(e) The Servicer will ensure that the execution of its obligations for the Programs shall be executed with the same priority as the Servicer executes all of its closed loan purchase activities for loans of a similar nature.

(f) The total principal amount of a newly issued MBS Certificate shall not less than the aggregate unpaid principal balances of the Mortgage Loans in the related Pool as of the issue date of the MBS Certificate.

(g) MBS Certificates may be issued with the special servicing option, as defined in the applicable GSE Guide.

(h) The Servicer covenants to obtain and maintain sufficient applicable Commitment Authority or Pool Purchase Agreements to meet the anticipated needs of the Programs.

ARTICLE 4. MBS CERTIFICATE SALE PROVISIONS

SECTION 4.01. ESTABLISHMENT OF MORTGAGE LOAN RATES AND DPA AMOUNTS; MORTGAGE LOAN RESERVATIONS; MBS CERTIFICATE SALE PRICES

For each series of Bonds, the Corporation shall establish the related Mortgage Loan interest rates, DPA Amounts, MBS Certificate pass-through rates, Origination Period, MBS Certificate sale period, Mortgage Loan Sale Prices, MBS Certificate sale prices and other applicable terms, such terms to be consistent with the terms of this Agreement, and such terms to be set forth in a Notice to Servicer in the form set forth in **Schedule B**. For each series of Bonds, the initial Notice to Servicer shall be delivered prior to the start of the related Origination Period. With respect to each series of Bonds, the Corporation may in its discretion provide new or amended Notice to Servicers with respect to a series of Bonds. Prior to the release of each Notice to Servicer, the Corporation shall provide a draft Notice to Servicer not less than 2 (two) Business Days in advance and the Servicer shall promptly advise the Corporation of any comments or questions regarding such draft.

For each series of Bonds, the Corporation shall also provide a notice to Lenders with the terms of the Mortgage Loans, for each series of Bonds. Upon notice from the Corporation, the Lenders shall be permitted to reserve Mortgage Loans with the Corporation (through the Corporation's Lender portal) set forth in the related Lender notice. The Corporation may in its discretion provide additional notices to Lenders with respect to a series of Bonds.

All Mortgage Loans reserved under the Programs must be originated by the Lenders under the terms of the related Program and Program Documents. The Servicer shall be required to issue an MBS Certificate backed by such Mortgage Loans under the terms of this Agreement and other applicable Program Documents.

The Servicer will monitor each Lender's performance, and reserves the right to terminate any Lender based on performance, in accordance with Section 2.05(d).

SECTION 4.02. PURCHASE OF MORTGAGE LOANS BY SERVICER

The Servicer agrees to purchase each Mortgage Loan from the applicable Lender for the applicable Mortgage Loan Sale Price. The Mortgage Loan Price shall be established by the Corporation and shall take into account the outstanding principal amount of the Mortgage Loan at the

time of purchase, the amount of Lender compensation, the Corporation's Program compliance fee, reimbursement for DPA Amount advanced by the Lender, and any other applicable amounts, all of which shall be consistent with the provisions of this Agreement and the Mortgage Origination Agreements. The Servicer will pay the Program compliance fee so collected to the Corporation upon settlement of the related MBS Certificate Sale.

SECTION 4.03. DOWN PAYMENT ASSISTANCE

The Corporation may provide DPA Amounts under the Programs in the form of a grant or a subordinate loan or other financing arrangement. Initially, the Corporation will fund a DPA Amount in the form of a grant. The Corporation may in its discretion determine to fund all or a portion of the DPA Amounts by subordinate loans or other financing arrangement, provided that the Servicer is given reasonable advance notice of such change. The Corporation shall establish the DPA Amounts and is under no obligation to provide any DPA Amount.

Under the Programs, the DPA Amount shall be initially funded by the Lender. The Lender, upon the sale of a Mortgage Loan to the Servicer, shall be reimbursed for the DPA (i) at the same time as the payment of the Mortgage Loan Sale Price (and such reimbursement may be included in the Mortgage Loan Sale Price) or (ii) through an alternate payment process agreed to by the Corporation and the Servicer. The Servicer shall be reimbursed by the Corporation or the Trustee, as applicable, for the DPA Amount (i) at the same time as the payment of the MBS Certificate Sale Price (and may be included in the MBS Certificate Sale Price) or (ii) through an alternate payment process agreed to by the Corporation and the Servicer.

The Corporation may in its discretion determine to terminate the process for funding DPA Amounts described in the preceding paragraph, and instead (i) fund the DPA Amount directly or (ii) reimburse the Lender directly for its advancement of the DPA Amount; provided that in either case the Corporation shall provide reasonable advance notice to the Servicer.

ARTICLE 5. REPORTING

SECTION 5.01. NOTICES AND REPORTS TO THE CORPORATION

(a) The Servicer shall cooperate with the Corporation in developing and implementing an electronic data exchange process for the exchange of loan reservation data and other data as agreed upon by the Corporation and the Servicer through such time as the Mortgage Loans are purchased and pooled by the Servicer.

(b) Unless prohibited by the GSE or any other applicable law, the Servicer shall provide access to the Corporation with respect to delinquencies, foreclosures, prepayments, and other loan data as requested, of Mortgage Loans underlying MBS Certificates originated under the Programs, effective as of the previous month-end cutoff, through the Servicer's on-line mortgage reports system.

(c) The Servicer shall exercise due diligence in reporting to the Corporation any occurrences observed in the administration of each Program, which, in the reasonable judgment of the Servicer, would have the effect of materially violating the terms and conditions of such Program, as set forth in the related Program Documents.

(d) The Servicer will provide such information, in a form as may be reasonably requested from time to time, in order to permit the Corporation to comply with federal or state reporting or disclosure requirements.

SECTION 5.02. REPORTS

The Servicer shall submit to the Corporation and the Trustee copies of all reports required by the GSE Guide to be submitted by the Servicer to the GSE and any other information as may be required for disclosure to the secondary market (unless prohibited by the GSE or any other applicable law). Upon the Corporation's reasonable request, the Servicer shall provide any information in its possession (and not also in the Corporation's possession) and required by the Corporation to establish compliance with the Code or regulatory provisions relating to the Bonds, including but not limited to, information necessary for the Corporation to complete the "Qualified Mortgage Bond Information Reports" required under Treasury Regulation Section 1.103A-2(k)(2)(ii) or any successor provision.

ARTICLE 6. TERM AND TERMINATION

SECTION 6.01. TERM OF SERVICING AGREEMENT

This Agreement shall be in full force and effect as of the Effective Date and shall continue in effect so long as the terms of any Mortgage Loans pursuant to this Agreement shall continue, or until terminated pursuant to the terms of this Agreement. The terms under which the Servicer will acquire Mortgage Loans and sell MBS Certificates shall continue until April 20, 2020, and shall be renewed for successive one (1) year terms, unless either party terminates this Agreement as of the end of any term by sending ninety (90) days' prior written notice of such termination to the other party.

SECTION 6.02. CORPORATION'S RIGHT TO TERMINATE WITH CAUSE; REMEDIES

Upon the occurrence of any one or more of the following events (and after any applicable cure period), the Corporation may terminate this Agreement:

(a) Failure by the Servicer duly to observe or perform in any material respect any covenant, condition or agreement in this Agreement to be observed or performed, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Servicer by the Corporation unless the Corporation shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice is correctable and cannot be corrected within the applicable time period, the Corporation will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Servicer within the applicable period and diligently pursued until the default is corrected.

(b) Failure by the Servicer to sell MBS Certificate Sales to the Corporation or the Trustee in accordance with the provisions of this Agreement for more than one (1) Business Day following notice by the Corporation to the Servicer of such failure.

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

supervisory authority having jurisdiction for the appointment of a receiver or liquidator in any proceedings initiated by the Office of the Comptroller of the Currency, shall have been entered against Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 48 hours.

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

(e) The Servicer shall 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.

(f) The Servicer 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.

(g) The Corporation shall discover or be notified that any representation of or warranty by the Servicer set forth herein or in the other Program Documents is false in any material respect and the Servicer shall not resolve any such false representation or warranty to the satisfaction of the Corporation within 15 days of notice to the Servicer.

Notwithstanding anything to the contrary contained herein, the procedures, guidelines and policies of the GSE may be amended or modified in the future to such an extent that it may become impractical or impossible for the Servicer to perform pursuant to this Agreement, in which event the Servicer shall not be held in default of this Agreement for such failure to perform.

SECTION 6.03. SERVICER'S RIGHT TO TERMINATE WITHOUT CAUSE

Upon at least 120 days' written notice, the Servicer may resign from the obligations and duties imposed on it pursuant to this Agreement, provided that any Mortgage Loan for which a reservation has been made prior to the effective date of Servicer's resignation shall, to the extent such Mortgage Loan meets the terms and conditions of this Agreement, be purchased by the Servicer and pooled into a MBS Certificate for sale by the Servicer. With respect to all MBS Certificates sold or to be sold pursuant to the terms of this Agreement by the Servicer, the Servicer shall continue to be subject to the obligations and duties imposed on it hereunder with respect to such MBS Certificates (and the underlying Mortgage Loans) unless this Agreement shall have been assigned to a successor servicer as provided in Section 2.13 or Section 6.06 hereof.

SECTION 6.04. CORPORATION'S RIGHT TO TERMINATE WITHOUT CAUSE

Notwithstanding anything to the contrary contained herein, the Corporation may terminate this Agreement at any time, without cause, upon giving the Servicer a minimum of one hundred twenty (120) days written notice.

SECTION 6.05. EFFECT OF TERMINATION

On or after the receipt by the Servicer of written notice from the Corporation pursuant to Section 6.02 or Section 6.04 hereof, or resignation by the Servicer pursuant to Section 6.03 hereof, all authority, power, and obligations of the Servicer under this Agreement shall terminate, provided that

any Mortgage Loan for which a reservation has been made prior to the effective date of termination shall, to the extent such Mortgage Loan meets the terms and conditions of this Agreement, be purchased by the Servicer and pooled into a MBS Certificate for sale by the Servicer. With respect to any MBS Certificates delivered to and purchased by the Corporation or the Trustee pursuant to this Agreement, the Servicer shall continue to be subject to the obligations and duties imposed on it hereunder with respect to such MBS Certificates (and the underlying Mortgage Loans) unless this Agreement shall have been assigned to a successor servicer as provided in Section 2.13 or Section 6.06 hereof.

The Corporation shall be authorized and empowered to execute and deliver, on behalf of the Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate, to effect the purposes of any such termination pursuant to the terms of a mutually acceptable limited power of attorney provided by the Servicer. The Servicer agrees to cooperate with the Corporation in effecting the termination of the Servicer's responsibilities hereunder. Upon termination, the Servicer shall be entitled to the payments for services that were rendered prior to such termination.

SECTION 6.06. MERGER

Upon merger by or sale of the assets of the Servicer, the Servicer shall provide notice within a reasonable time after such merger or sale of assets becomes public information, to the Corporation, except for mergers with or sales to entities with ownership and management that is not materially different to that of the Servicer. Thereafter, the Servicer shall provide written notice of the merger or sale of assets to the GSE, and if the GSE raises objections, the Servicer agrees to the termination of this Agreement under terms reasonably acceptable to the Corporation. Any entity into which the Servicer may be merged or consolidated, or any entity resulting from any merger, conversion or consolidation to which the Servicer shall be a party, pursuant to the terms hereof, or any entity succeeding to the business of the Servicer, pursuant to the terms hereof, shall be the successor of the Servicer hereunder and shall assume in writing all of the obligations of the Servicer hereunder, and the Servicer shall provide evidence reasonably satisfactory to the Corporation that the new entity is authorized and capable of acting as the Servicer hereunder. In the event the Corporation does not approve the new entity, the parties shall terminate this Agreement in accordance with the terms of Section 6.05 and Section 6.08 hereof.

SECTION 6.07. 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 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 Corporation or the Servicer 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 6.08. TRANSFER OF DUTIES

Upon resignation by the Servicer or termination of this Agreement pursuant to this Article VI, the Servicer shall promptly, but not later than thirty (30) days after the effective date of such

resignation or termination, supply all reports, documents and information which are required by the Program Documents, and which are customarily provided upon such resignation or termination, to the Corporation and any person or entity designated by the Corporation and shall use commercially reasonable efforts to effect the orderly and efficient transfer of administration to a new servicer designated by the Corporation, including preparation of accounting statements in the form required by the GSEs and delivered to the Corporation, or its designee, of all moneys held and all papers and records pertaining to such Mortgage Loans, and the Corporation shall, as provided herein, provide for reimbursement to the Servicer for any amounts advanced by the Servicer and required to be reimbursed by the Corporation hereunder. Except for the foregoing, Servicer shall have no further obligations after termination.

ARTICLE 7. MISCELLANEOUS PROVISIONS

SECTION 7.01. BOOKS AND RECORDS

The Servicer agrees to keep proper books, records and accounts in accordance with the GSE Guide. The Servicer shall make such books and records relating to the performance of Servicer's obligations under this Agreement available for inspection by the Corporation during normal business hours at the office designated by the Servicer and under reasonable conditions upon 14 Business Days' advance notice.

For each series of Tax-Exempt Bonds, the Servicer agrees to keep in electronic form its records relating to the origination of the Mortgage Loans financed in whole or in part from the proceeds of such Bonds for the period required under the Code; initially, that period is seven (7) years after the final payment of the related series of Bonds. The Corporation shall inform the Servicer when the final payment is made with respect to a series of Bonds and shall advise the Servicer if there are any changes to the Code's retention requirements.

SECTION 7.02. SERVICER'S ACCESS TO NONPUBLIC PERSONAL INFORMATION

Through normal servicing activities, including the servicing of delinquencies, the Servicer may sometimes obtain nonpublic personal information concerning the mortgagors and their single family residences. All such information must be used in a manner consistent with any applicable laws or regulations regarding disclosure of nonpublic personal information.

SECTION 7.03. AMENDMENTS, CHANGES AND MODIFICATIONS

This Agreement may be amended, changed, modified, altered or terminated only with the written consent of the parties hereto. The parties hereto agree to modifications hereof in the event that the Corporation makes programmatic changes in connection with the Programs that the Servicer reasonably determines will not materially increase the burden of the Servicer, provided, however, that the Corporation has given the Servicer at least thirty (30) days prior written notice of any such programmatic changes.

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 without reference to the laws of any other state or jurisdiction, except applicable federal laws,

rules and regulations. Any judicial proceedings brought hereunder shall be brought in a court of competent jurisdiction located within the State.

SECTION 7.05. NOTICES

All notices, certificates or other communications hereunder shall be deemed given when personally delivered, delivered by overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the following addresses. The Corporation or the Servicer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

As to the Corporation:

Texas State Affordable Housing Corporation
2200 East MLK Jr. Boulevard
Austin, TX 78702
Attention: President

As to the Servicer:

Lakeview Loan Servicing, LLC
1301 Virginia Drive, Suite 403
Fort Washington, PA 19034
Attention: TPO Operations Manager

With copies to:

Lakeview Loan Servicing, LLC
1001 Morehead Square Drive, Suite 475
Charlotte, NC 28203
Attention: Capital Markets

Lakeview Loan Servicing, LLC
4425 Ponce de Leon Blvd.
Coral Gables, FL 33146
Attention: Brian E. Bomstein

SECTION 7.06. SEVERABILITY

If 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, and in lieu of such invalid or unenforceable provision there shall be added, if possible and agreed upon in writing by the Corporation and the Servicer, a provision similar in terms to this Agreement that may be valid and enforceable.

SECTION 7.07. FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS

To the extent permitted by law, the Corporation and the Servicer 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. NO RIGHTS CONFERRED ON OTHERS

Nothing in this Agreement shall confer any right upon any person other than the Corporation and the Servicer.

SECTION 7.09. MEMBERS AND OFFICERS NOT LIABLE

This instrument is executed by the members or officers of both of the Corporation and the Servicer in their capacities as said members or officers. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of said members or officers or any other present or future member or officer, agent, counsel, or employee of the Corporation or the Servicer in his or her individual capacity, and none of such persons of the Corporation and the Servicer executing this Agreement shall be liable personally under this Agreement or be subject to any personal liability by the execution thereof, subject to the provisions of Section 2.02 hereof.

SECTION 7.10. SERVICER'S RIGHT TO AMEND THE SERVICING AGREEMENT

Notwithstanding Section 7.03, the Servicer shall have the right from time to time, in its sole discretion, to amend all or any portion of this Agreement for the purpose of providing for any and all modifications, updates, changes, amendments or supplements to applicable laws or regulations; provided that no such amendment shall be made which adversely affects the tax-exempt status of one or more series of the Tax-Exempt Bonds. The Servicer shall give the Corporation written notice of such an amendment not less than 45 days (or such shorter time period as may be necessary) before the effective date of such amendment unless the Servicer shall be obligated by law or regulation to implement such amendment in a shorter time period, in which case, the Servicer shall provide the Corporation with as much advance notice as is practical, but such change shall be effective on the date prescribed by the applicable law or regulation; provided, however, that the Corporation shall not be liable or deemed in breach of this Agreement due to the Corporation's failure to comply with any changes with respect to which the Corporation has not yet received notice from the Servicer unless the Corporation already has knowledge of the change.

SECTION 7.11. LIMITED LIABILITY

Notwithstanding any other provision of this Agreement, the Servicer acknowledges that the provisions of Section 2306.561 of the Act apply to this Agreement, relating to limited liability and immunity of directors, officers and employees of the Corporation.

SECTION 7.12. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one and the same Servicing Agreement.

SECTION 7.13. FORCE MAJEURE

Notwithstanding anything to the contrary contained herein, no party shall be liable to the other party for any failure or delay on its part to perform, and shall be excused from performing, any of its obligations hereunder if such failure, delay or nonperformance results in whole or in part from any cause beyond the reasonable control of such party, including, without limitation, any act of God; any epidemics or pandemics; any fire, flood or weather condition; any earthquake or other natural disaster; any act of a public enemy, act of terrorism, war, government collapse, government restriction, civil disturbance, riot, explosion, strike or other labor dispute, labor or material shortage, energy crises, blackouts or brownouts; any interruption or shortage of, or failure or delay in, transportation, utilities, networks, material, supplies, equipment, machinery, power or spare parts; and any act of any military or civil authority.

SECTION 7.14. WAIVER

No course of dealing and no failure by a party to enforce any provision of or to exercise any right under this Agreement shall be construed as a waiver of such provision or right or affect the validity of this Agreement or limit, prevent or impair the right of any party subsequently to enforce such provision or exercise such right. The waiver by a party of any breach or default of this Agreement by the other party shall be in writing, and will not operate or be construed as a waiver of any subsequent or other breach or default.

SECTION 7.15. ATTORNEYS FEES AND COSTS

In the event of any action at law or in equity to enforce or interpret the terms of this Agreement, to the extent permitted by law, the prevailing party shall be entitled to reasonable attorney's fees and costs, in addition to any other relief to which that party may be entitled. This provision for the recovery of attorney's fees and costs shall be construed as applicable to the entire Agreement.

SECTION 7.16. NONDISCRIMINATION CLAUSE

(a) During the performance of this Agreement, the Servicer shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of race, religion, color, national origin, ancestry, disability (including HIV and AIDS), medical condition, marital status, age, sex or sexual orientation. The Servicer shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment in accordance with the Servicer's (i) Diversity and Inclusion Program, (ii) Equal Employment Opportunity Policy, and (iii) Anti-Discrimination, Harassment and Sexual Harassment in the Workplace Policy (collectively, "Servicer's Nondiscrimination Initiatives and Policies").

(b) Further, the Servicer will comply with the applicable 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, as amended.

SECTION 7.17. CHILD SUPPORT COMPLIANCE

The Servicer shall comply with any applicable state and federal laws relating to child and family support enforcement.

SECTION 7.18. COPYRIGHT VIOLATIONS

The Servicer has appropriate systems and controls in place to ensure that its performance of this Agreement, including without limitation its acquisition, operation and/or maintenance of computer software will not result in the violation of copyright, trademark or other applicable intellectual property laws.

SECTION 7.19. CONFIDENTIALITY OF DATA

(a) The Corporation and the Servicer acknowledge that all financial, statistical, personal, including any and all non-public personal information of a consumer or customer of a disclosing party hereunder (the "Disclosing Party"), technical and other data and information relating to the Disclosing Party's operation which are made available to the other party (the "Receiving Party") in connection with this Agreement, or which become available to the Receiving Party in connection with this

Agreement, shall be protected by the Receiving Party from unauthorized use and disclosure. The Receiving Party will take all reasonable measures, including without limitation such measures as it takes to safeguard its own confidential information, to ensure the security and confidentiality of all information provided to it by the Disclosing Party, to protect against all threats or hazards to the security or integrity of the information, and to protect against unauthorized access to or use of the information. Should the Receiving Party experience a confirmed breach of the security of any system it maintains to protect data provided by the Disclosing Party or affecting any of the Disclosing Party's operations or customers, or should the Receiving Party determine, after conducting an appropriate investigation that there has been an unauthorized release of confidential information, the Receiving Party shall notify the Disclosing Party and comply with applicable State and federal law in providing notice to affected borrowers, as applicable. Determinations regarding whether a breach has occurred and/or whether applicable law requires notice be provided to affected borrowers shall be made exclusively and in the sole discretion of the Receiving Party.

(b) Both the Servicer and the Corporation will maintain an information security program that includes administrative, technical and physical safeguards designed to protect the security and confidentiality of the confidential information disclosed by one party to the other party in connection with this Agreement. The Servicer will conduct testing for vulnerability and penetration of its computer systems in accordance with industry standards. The Servicer will advise the Corporation immediately of any security breaches to its computer system in connection with its role as Servicer and will provide a summary of any related security audit reports to the Corporation upon written request.

SECTION 7.20. SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the successors and assigns of the parties. Servicer shall not assign its rights hereunder except pursuant to Sections 2.01 and 2.13.

SECTION 7.21. SURVIVAL

The terms, conditions, and warranties contained in this Agreement that by their sense and context are intended to survive the performance hereof by the parties hereunder shall so survive the termination of this Agreement, whether by completion of the performance, cancellation, or otherwise. In addition, the terms of Sections 2.03 (Indemnification), and 7.19 (Confidentiality of Data), shall survive the termination of this Agreement.

SECTION 7.22. ENTIRE SERVICING AGREEMENT

This Agreement (including the Schedules) constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces in their entirety any and all prior agreements between the parties with respect to such subject matter, either oral or in writing.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, we have set our hands as of the date first written above.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

LAKEVIEW LOAN SERVICING, LLC

(Signature of Authorized Signer)

(Signature of Authorized Signer)

David Long

(Printed Name of Authorized Signer)

(Printed Name of Authorized Signer)

President

(Title of Authorized Signer)

(Title of Authorized Signer)

The undersigned agrees that it will purchase the MBS Certificates from the Servicer in accordance with the provisions of Section 3.02 of this Agreement relating to the sale of MBS Certificates from the Servicer to the Trustee, subject to the terms and conditions of the Indenture, including the availability of funds, for such purchases.

WELLS FARGO, NATIONAL ASSOCIATION, as Trustee

(Signature of Authorized Signer)

(Printed Name of Authorized Signer)

(Title of Authorized Signer)

SCHEDULE A

SERVICE RELEASE PREMIUM GRID AND ONE-TIME SERVICER FEES

SCHEDULE B
FORM OF NOTICE TO SERVICER

**SCHEDULE B
FORM OF NOTICE TO SERVICER**

\$ _____
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Single Family Mortgage Revenue Bonds
Series _____

NOTICE TO SERVICER
(Lakeview Loan Servicing, LLC as Servicer)

Pursuant to the Servicing and Sale Agreement dated as of _____ 1, 2019, the Texas State Affordable Housing Corporation hereby establishes the following terms for the above-captioned series of bonds.

Mortgage Loan Reservation Basis: First-Come First-Served
Total Program Amount Available: \$ _____

MORTGAGE LOAN ORIGINATION PERIOD TERMS

First Date to Take Mortgage Loan Reservations: _____ / ____ / 20
First Date to Close Mortgage Loans: _____ / ____ / 20
Final Mortgage Loan File Submission Date: _____ / ____ / 20
Final Mortgage Loan Sale Date: _____ / ____ / 20
First MBS Certificate Sale Date: _____ / ____ / 20
Final MBS Certificate Sale Date: _____ / ____ / 20

MORTGAGE LOAN TERMS

| | FHA/USDA-RD/VA | Conventional |
|--|----------------|--------------|
| Mortgage Loan Interest Rate | | |
| Mortgage Loan Term | 30 years | 30 years |
| Origination Fee | _____ % | _____ % |
| Discount Fee | _____ % | _____ % |
| Down Payment Assistance | _____ % | _____ % |
| Mortgage Loan Funding Price (Lender to Borrower) | _____ % | _____ % |
| Mortgage Loan Sale Price (Servicer to Lender) | _____ % | _____ % |
| Lender Net Profit | _____ % | _____ % |

MBS CERTIFICATE TERMS

| Type of MBS Certificate: | GNMA | Fannie Mae | Freddie Mac |
|--|---------|------------|-------------|
| MBS Certificate Sale Price (Corporation/Trustee to Servicer) | _____ % | _____ % | _____ % |
| Servicing Fee (Includes GSE Guaranty Fee) | _____ % | _____ % | _____ % |
| GSE Guaranty Fee | _____ % | _____ % | _____ % |
| MBS Certificate Pass-Through Rate | _____ % | _____ % | _____ % |

Dated: _____ 1, 20__

Texas State Affordable Housing Corporation

SCHEDULE C

FORM OF SERVICER CERTIFICATE

The undersigned officer of Lakeview Loan Servicing, LLC, which is acting as Servicer (the “Servicer”), in connection with the Mortgage Loans financed from the proceeds of the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds, Series _____ (the “Bonds”), does hereby make and execute this certificate pursuant to Section 3.02(d) of the Servicing and Sale Agreement, dated as of _____, 2019, as amended from time to time (the “Agreement”), between the Texas State Affordable Housing Corporation (the “Corporation”) and the Servicer. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned in the Agreement or the Indenture (defined below)

The Servicer will submit [Wells Fargo Bank, National Association, as trustee (the “Trustee”)] [the Corporation] an MBS Certificate (the “Certificate”) for purchase pursuant to the Servicing Agreement [and the Trust Indenture dated as of _____ 1, 2019, between the Corporation and the Trustee] on _____, 20__ (the “Certificate Sale Date”). The Certificate is backed by Mortgage Loans.

The Certificate Sale Price is \$ _____, which is the sum of (a) Outstanding principal of \$ _____, and (b) a premium/discount of ___% of the outstanding principal amount of \$ _____] [and (c) accrued interest of \$ _____]. The Servicer hereby requests payment of the Certificate Sale Price against delivery by the Servicer of the Certificate.

The Servicer hereby certifies that the following information concerning the Certificate, and the Mortgage Loans forming the Pool represented by the Certificate, is true and correct:

(1) The Certificate has been issued by [Fannie Mae] [Freddie Mac] [for GNMA Certificates insert the following: “the Servicer, and is a valid and binding obligation of the Servicer enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors’ rights generally and by general equity principles”].

(2) The Mortgage Loans backing the Certificate have been purchased by the Servicer from the Lenders and the Certificate is being submitted for purchase under the Corporation’s Program relating to the Bonds.

(3) The Corporation has advised the Servicer in writing that each Mortgage Loan in the Pool represented by the Certificate has been reviewed by the Corporation [or its agent] for compliance with Program requirements (including Internal Revenue Code requirements).

(3) Subject to Section 1.06(e) of the Servicing Agreement, the Certificate conforms to all the requirements of the Servicing Agreement and all conditions to the issuance of the Certificate have been satisfied.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20__.

LAKEVIEW LOAN SERVICING, LLC, as Servicer

By: _____

Title: _____

Master Mortgage Origination Agreement



**SINGLE FAMILY HOMEOWNERSHIP
PROGRAMS**

MORTGAGE ORIGINATION AGREEMENT

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This Mortgage Origination Agreement (this “Agreement”) is entered into, as of the date set forth below, by and between the Texas State Affordable Housing Corporation (“TSAHC” or the “Corporation”) and the lending institution executing this Agreement (the “Lender”) in connection with the origination of qualified first-lien mortgage loans and the funding of down payment and closing cost assistance under TSAHC’s Home Sweet Texas and Homes for Texas Heroes Home Loan Programs (each a “Program” and collectively the “Programs”). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Program guidelines established from time to time for TSAHC Homeownership Programs (collectively, the “Program Guidelines”). Program Guidelines are posted on TSAHC’s website www.tsahc.org.

WHEREAS, TSAHC has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon’s Annotated Texas Civil Statutes, as amended (the “Non-Profit Corporations Act”) and Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”), TSAHC is authorized to establish programs to provide eligible mortgagors with home mortgage loans; and

WHEREAS, TSAHC expects to make funds available to finance certain qualified mortgage loans within the State of Texas through the acquisition and sale of fully modified mortgage-backed securities issued on behalf of and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”), Federal National Mortgage Association “Fannie Mae”), or Federal Home Loan Mortgage Corporation (“Freddie Mac”), or bonds backed by such mortgage-backed securities; and

WHEREAS, the Lender wishes to participate in the Programs and has agreed to make Mortgage Loans to Eligible Borrowers in accordance with this Agreement, the Loan Correspondent Purchase and Sale Agreement (between the Lender and the Servicer), the applicable Program Guidelines and any other Program-related documents (collectively, the “Program Documents”);

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

Section 1. The Programs and the Program Guidelines. The Lender hereby acknowledges its awareness and understanding of the Program Guidelines, and the Lender hereby covenants and agrees to originate Mortgage Loans in accordance with the Program Documents. Failure by the Lender to perform its obligations under this Agreement may result in a suspension of its participation in a Program or Programs even if the Lender remains in good standing with the Servicer.

Section 2. Servicer. The servicer for the Programs (the “Servicer”) shall be Lakeview Loan Servicing, LLC and/or any successor or additional servicer designated by TSAHC. All Lenders must be approved by and remain in good standing with the Servicer. The Servicer will purchase the Mortgage Loans and will service all Mortgage Loans. Each Lender will originate Mortgage Loans in accordance with this Agreement and the Loan Correspondent Purchase and Sale Agreement and all other Program Documents. The Lender will execute a Loan Correspondent Purchase and Sale Agreement directly with the Servicer to confirm origination, delivery and purchase terms and conditions specifically for Mortgage Loans under the Programs. Mortgage Loan purchases shall be made following receipt and review of Mortgage Loan closing documents, including evidence of compliance with the Program Guidelines, applicable Mortgage Loan underwriting requirements, applicable FHA, VA, USDA-RHS, private mortgage

insurance (PMI), GNMA, Fannie Mae and/or Freddie Mac requirements, and any other applicable federal and/or state regulations.

Section 3. Representations, Warranties and Covenants of TSAHC. TSAHC represents and warrants that:

(a) TSAHC is a non-profit corporation, duly organized and validly existing under the Act, the Non-Profit Corporations Act and all other applicable laws of the State. TSAHC has full power and authority to consummate all transactions, execute all documents, and issue all instruments contemplated by this Agreement.

(b) TSAHC has found and determined that the origination of Mortgage Loans by the Lender to finance the purchase of Residences by Eligible Borrowers, the purchase of Mortgage Loans by the Servicer and the pooling and sale of the GNMA Certificates, Fannie Mae Certificates, or Freddie Mac Certificates under the terms of this Agreement, the other Program Documents and the servicing agreement between TSAHC and the Servicer, will further and fulfill the public purposes of the Act.

(c) The execution and delivery of this Agreement by TSAHC and the performance of and compliance with the terms thereof by TSAHC will not, to its knowledge, violate any applicable laws in any respect that could have any material adverse effect whatsoever upon the validity, performance, or enforceability of any of the terms of this Agreement.

(d) This Agreement constitutes a valid and binding obligation of TSAHC, enforceable in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and general principles of equity and by principles of sovereign immunity.

Section 4. Representations, Warranties, and Covenants of the Lender. The Lender represents and warrants to, and covenants with, TSAHC that:

(a) The Lender will duly execute this Agreement, the Loan Correspondent Purchase and Sale Agreement and any other applicable Program Document prior to participation in the Programs. The Lender agrees to comply with the applicable Program Guidelines and acknowledges and agrees that such Program Guidelines may be modified from time to time by TSAHC in its sole discretion.

(b) The Lender is duly organized, validly existing, and in good standing under the laws governing its creation and existence, is duly authorized and qualified to do in the State any and all business contemplated by this Agreement and possesses all requisite authority, power, licenses, permits and franchises to conduct its business and to execute, deliver and comply with its obligations under the terms of this Agreement, the execution, delivery, and performance of which have been duly authorized by all necessary action.

(c) The Lender is a bank, trust company, savings bank, national banking association, savings and loan association, building and loan association, mortgage banker, mortgage company, credit union, life insurance company, or other financial institution that actively provides service or otherwise aids in the financing of mortgages on single family residential housing located within the State, or is a holding company of any of the foregoing.

(d) The Lender shall comply, as to each FHA Mortgage Loan, with the National Housing Act, as amended and supplemented, all rules and regulations issued thereunder, and all administrative publications published pursuant thereto.

(e) The Lender shall comply, as to each VA Mortgage Loan, with the Servicemen's Readjustment Act of 1944, as amended and supplemented, all rules and regulations issued thereunder relating to VA-guaranteed home mortgage loans, and all administrative publications.

(f) The Lender shall comply, as to each USDA-RHS Mortgage Loan, with the Cranston-Gonzales National Affordable Housing Act of 1990, as amended, all rules and regulations issued thereunder relating to USDA-RHS-guaranteed home mortgage loans, and all administrative publications published pursuant thereto.

(g) The Lender shall comply, as to each Conventional Mortgage Loan, with applicable PMI requirements (if any), and the requirements of the Fannie Mae Guides or the Freddie Mac Guides, as applicable, and any other applicable rule or regulation of Fannie Mae or Freddie Mac, as applicable.

(h) The Lender shall comply with the non-discrimination provisions of the Civil Rights Act of 1965 (78 Stat. 252), the regulations issued pursuant to such Act, and Executive Order 11246, Equal Employment Opportunity, dated September 24, 1965, in connection with the origination of Mortgage Loans under the Programs.

(i) The Lender shall not engage in any predatory or deceptive lending practices in connection with a Mortgage Loan application, including but not limited to, the extension of credit without regard for a Mortgagor's ability to repay the related Mortgage Loan, and/or the extension of credit which has no apparent benefit to the Mortgagor. Each Mortgage Loan application shall be in compliance with anti-predatory lending eligibility requirements as required by the Program Documents and any applicable federal, state and local laws, rules and regulations.

(j) No information, certificate, statement, report or affidavit submitted by the Lender to TSAHC pursuant to this Agreement or submitted to the Servicer under the Loan Correspondent Purchase and Sale Agreement will, to the knowledge of the Lender, contain any untrue statement of a material fact or omit to state a material fact necessary to make the information, certificate, statement, report or affidavit not misleading,

(k) Each Mortgage Loan will be eligible for pooling into a GNMA Certificate, a Fannie Mae Certificate or a Freddie Mac Certificate, as applicable.

(l) The Lender shall only originate Mortgage Loans that fully comply with the applicable Program Documents.

(m) The Lender shall fulfill all repurchase requirements and make-whole requirements set forth in the Loan Correspondent Purchase and Sale Agreement, this Agreement and any other Program Document.

(n) Neither the execution and delivery of this Agreement or any other Program Document by the Lender nor the performance and compliance with the terms of this Agreement or any other Program Document by the Lender will (i) violate the instruments creating the Lender or governing its operations, (ii) violate any laws that could have any material adverse effect whatsoever upon the validity,

performance, or enforceability of any of the terms of this Agreement applicable to the Lender, or (iii) constitute a material default (or an event that, 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 Lender is a party or that may be applicable to the Lender or any of its assets.

(o) The execution and delivery of this Agreement and any other Program Document by the Lender 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.

(p) This Agreement and each other Program Document executed by the Lender constitutes a valid, legal, and binding obligation of the Lender, enforceable in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and general principles of equity.

(q) The Lender agrees that, so long as it shall continue to serve in the capacity of Lender, it shall remain in good standing under the laws governing its creation and existence and qualified under the laws of the State of Texas to do business in the State of Texas, it shall not dissolve or otherwise dispose of all or substantially all of its assets, and it shall 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, however*, that the Lender may, without violating the covenant contained in this subsection, consolidate with or merge into another entity, or permit one or more entities to consolidate 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, if the surviving, resulting, or transferee entity, as the case may be, shall have a net worth equal to or greater than the net worth of the Lender immediately preceding any such merger, consolidation, or sale of assets, shall be qualified under the laws of the State of Texas to do business in the State of Texas, shall be qualified under all laws and have all necessary approvals required of the Lender to perform the Lender's duties under this Agreement, and shall demonstrate, to the reasonable satisfaction of TSAHC, its ability to perform the duties of Lender as specified in this Agreement, and shall assume in writing all of the obligations of the Lender under this Agreement. In such event TSAHC shall release the Lender in writing, concurrently with and contingent upon such assumption, from all obligations so assumed.

(r) The compliance review and/or approval of a Mortgage Loan by TSAHC shall not relieve the Lender of any responsibility or liability for the performance or non-performance of any obligation under this Agreement, the Loan Correspondent Purchase and Sale Agreement or any other Program Document.

(s) From time to time the Lender shall report, as more fully set forth in this Agreement, information relating to the Mortgage Loans to TSAHC and the Servicer, and shall do every act and thing that may be necessary or required to perform its duties under this Agreement and all other Program Documents.

(t) The Lender shall indemnify and hold harmless TSAHC and its officers, governing board, and employees against all liability incurred by TSAHC for any and all claims, causes of action, costs, and expenses (including attorneys' fees), judgments, fines, and penalties that 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 under this Agreement or any other Program Document.

Section 5. Representations, Warranties, and Covenants of Lender Relating to Compliance with Program Requirements. (a) The Lender understands that the applicable Program requirements must be

met with respect to each Mortgage Loan, and the Lender agrees to take all actions reasonably necessary to ensure compliance with such requirements, including the following, if applicable under the Program Guidelines:

(i) that each Residence financed with a Mortgage Loan under a Program shall be located within the State of Texas and that each Mortgage Loan shall be made to an Eligible Borrower;

(ii) that each Residence financed with a Mortgage Loan under a Program shall be a Residence that, at the time of execution of the Mortgage, can reasonably be expected to become the Principal Residence of the Mortgagor within a reasonable period of time (not to exceed 60 days after the Closing Date of the Mortgage Loan);

(iii) that each Residence financed with a Mortgage Loan under a Program shall have a Purchase Price not in excess of the applicable Maximum Purchase Price;

(iv) that all Mortgage Loans must be provided to Mortgagors whose Family Income does not exceed the applicable Maximum Family Income;

(v) that, in the event of an assumption of any Mortgage Loan made under the Program, the requirements of subparagraphs (i) through (iii), inclusive, and subparagraphs (iv) and (vi) shall be met with respect to such assumption at the time of such assumption; and

(vi) that no Mortgage Loans shall be made with respect to a two (2) to four (4) family Residence unless one unit of the Residence is the Principal Residence of the Mortgagor.

(b) The Lender hereby covenants and agrees to establish and follow the procedures as set forth in the Program Documents to ensure compliance with the foregoing requirements.

(c) The Lender agrees that to the extent (i) there are changes to the laws of the State of Texas, or any federal law or other applicable law, which require changes to any Program Document, or (ii) Mortgage Loans are financed in whole or part from the proceeds of qualified mortgage bonds under Section 143 of the Internal Revenue Code of 1986, as amended, this Agreement may be amended pursuant to Section 16.

Section 6. Program Participation.

(a) *Participation Generally.* The Lender will submit all items required by TSAHC and the Servicer to participate in the Programs, and will use its best efforts to originate Mortgage Loans, and sell such Mortgage Loans to the Servicer, in accordance with the requirements of the applicable Program Documents.

(b) *Funding Availability.* There will be no general limitation on funding availability for the Programs; provided, however, that if a Program is funded from bonds, there may be a limitation on funding availability. All available funding for the Programs will be made available to the Lender on a first-come, first-served basis. TSAHC and/or the Servicer in their discretion may add new Lenders to the Programs.

(c) *Limitation on Permitted Types of Mortgage Loans.* Only Mortgage Loans that are FHA Mortgage Loans, VA Mortgage Loans, USDA-RHS Mortgage Loans or Conventional Mortgage Loans may be originated under this Agreement.

(d) *Timelines for Delivery and Purchase of Mortgage Loans and Compliance Review.* (i) The Lender must have a fully executed sales contract for a Residence before a Mortgage Loan reservation may be submitted to TSAHC.

(ii) Each Mortgage Loan must be certified by an underwriter (“underwriter certified”) within the period specified in the applicable Program Guidelines.

(iii) Each Mortgage Loan must be closed, funded and delivered to the Servicer within the period specified in the applicable Program Guidelines

(iv) Each Mortgage Loan must be reviewed and approved for compliance with applicable Program Guidelines by TSAHC before the Mortgage Loan will be eligible for purchase by the Servicer.

(v) The Lender must submit a Pre-Closing Compliance Package and a Post-Closing Compliance Package to TSAHC for review of the eligibility criteria established for the Programs, in accordance with the applicable Program Guidelines. The Lender must submit the Pre-closing Compliance Package at least ten (10) calendar days prior to Closing (or such other period specified in the applicable Program Guidelines). Upon approval of the Pre-Closing Compliance Package, the Lender will have the ability to generate and print a preliminary approval (through a Compliance Commitment Letter) through the Lender Portal. To complete the compliance approval process, Lenders must submit the Post-Closing Compliance Package to TSAHC within ten (10) calendar days following the Closing Date (or such other period specified in the applicable Program Guidelines). Upon approval of the Post-Closing Compliance Package, the status code of the applicable Mortgage Loan will reflect “Approved” in the Lender Portal and the Mortgage Loan will be eligible for purchase by the Servicer provided all Servicer conditions have been met. The foregoing provisions of this subparagraph (v) are subject to modification by TSAHC under the Program Guidelines.

(vi) Mortgage Loans must be purchased by the Servicer within the period specified in the applicable Program Guidelines (sixty (60) calendar days from Mortgage Loan reservation; provided that Lenders may elect to extend the number of days allowed for purchase of the Mortgage Loan in accordance with the Servicer’s Rate Lock Extension Fee Schedule and any applicable per diem fees (such time periods and such fee amounts being subject to change at the discretion of the Servicer)). The extension fee will be deducted from the Mortgage Loan Purchase Price. The foregoing provisions of this subparagraph (vi) are subject to modification by TSAHC under the Program Guidelines.

(e) *Down Payment Assistance.* (i) TSAHC may, in its sole discretion, make funds available to provide down payment and closing cost assistance (“Down Payment Assistance”) for Mortgage Loans originated by the Lenders under the Programs. Down Payment Assistance will be in the form of a grant or a second loan as set forth in the Program Guidelines. Down Payment Assistance will be in the amount or amounts specified in the Program Guidelines. Down Payment Assistance may be used only to pay all or a portion of the down payment and closing costs (as defined in Section 6(e)(iv) and (v) below) associated

with each Mortgage Loan, unless otherwise provided in the Program Guidelines. Down Payment Assistance shall be provided to the Mortgagor at Closing in accordance with the following paragraphs.

(ii) For Down Payment Assistance in the form of grants reserved on and after August 20, 2018, the Lender will fund the Down Payment Assistance on behalf of TSAHC to the Eligible Borrower at Closing, in accordance with the procedures set forth in the Program Guidelines. The Lender will be reimbursed by the Servicer for the Down Payment Assistance upon the sale of the related Mortgage Loan by the Lender to the Servicer; provided that:

(a) if the Mortgage Loan is prepaid prior to the Lender's sale of such Mortgage Loan to the Servicer, TSAHC will only reimburse the Lender for its advance of the Down Payment Assistance upon payment by the Lender to TSAHC of a non-delivery fee equal to the amount of such Down Payment Assistance; and

(b) if a Mortgage Loan is not eligible for purchase by the Servicer for any reason, TSAHC will only reimburse the Lender for its advance of the Down Payment Assistance upon payment by the Lender to TSAHC of a non-delivery fee equal to the amount of such Down Payment Assistance; and

(c) if the Mortgage Loan is prepaid after such Mortgage Loan is sold to the Servicer, but prior to the sale of the related mortgage-backed security by the Servicer, the Lender (who has been previously reimbursed by the Servicer for the Down Payment Assistance) shall pay a non-delivery fee to TSAHC equal to the amount of such Down Payment Assistance.

(iii) For Down Payment Assistance in the form of a subordinate lien loan, which is reserved on and after August 20, 2018:

(a) The Lender will fund the Down Payment Assistance at Closing on behalf of TSAHC, to the Eligible Borrower in the form of a subordinate lien mortgage loan (the "DPA Second Loan") from TSAHC to the Eligible Borrower, in accordance with the document forms provided by TSAHC and any further requirements and procedures set forth in the Program Guidelines. The Lender shall record or cause to be recorded the DPA Second Loan deed of trust at the Closing of the Mortgage Loan. The Lender will submit the DPA Second Loan post-closing compliance package to TSAHC no later than 5 days after Closing of the Mortgage Loan and in accordance with the Program Guidelines. TSAHC reimburses the Lender for the funding of the DPA Second Loan in aggregate, the following month after the sale of the related Mortgage Loan by the Lender (and the provision for reimbursement by the Servicer in the second to last sentence of Section 7(c) shall not apply); provided that:

1. If the related Mortgage Loan is prepaid in full prior to the Lender's sale of such Mortgage Loan, TSAHC shall assign any repayment proceeds of the related DPA Second Loan to the Lender and shall release the lien of the DPA Second Loan; and
2. If, after sale of the related Mortgage Loan to the Servicer, the Lender is required to repurchase such Mortgage Loan in accordance with any Program Document, then the Lender shall repurchase the related DPA Second Loan

from TSAHC (or other holder of the DPA Second Loan) at a price equal to the outstanding principal amount thereof.

(b) The Lender will originate the DPA Second Loan in accordance with applicable law and the Program Documents. As of the date of funding of the related Down Payment Assistance, the Lender represents that there has been no fraud with respect to the DPA Second Loan by Lender

(c) As of the date of funding of the DPA Second Loan, the Lender makes each of the representations and warranties, and provides each of the covenants, in Sections 4(h), (i), (j), (l), (m), (r) and (s), Section 5, Section 6(a), Section 8, and Section 9 of this Agreement, as if the DPA Second Loan were a "Mortgage Loan".

(d) Lender shall deliver all documents and information with respect to the DPA Second Loans to TSAHC or a designated purchaser, notices of transfer to Eligible Borrowers or other applicable parties, and take all other steps regarding the transfer of the DPA Second Loans and the servicing thereof, in accordance with the Program Documents, and as if the DPA Second Loan were subject to the Loan Correspondent Purchase and Sale Agreement with the Servicer.

(e) TSAHC shall have the right to sell, assign or otherwise transfer the DPA Second Loans to a related or unrelated party and in connection with any such transfer TSAHC shall have the right to assign to any such transferee all of TSAHC's rights and remedies under this Agreement under this Section 6(e) or any other provisions of this Agreement with respect to such DPA Second Loans.

(iv) Closing costs mean prepaid taxes and insurance premiums, guaranty fees, credit report fees, survey fees, appraisal fees, inspection fees, title insurance premium, abstract and attorney's fees, escrow and courier fees, recording fees, and similar fees, and any other costs permitted under the applicable Program Guidelines.

(v) Down Payment Assistance shall be applied only for the following purposes, and in the following order of priority: (a) to pay for any costs collected by the Lender under the preceding subparagraph (ii) or under Section 7(c), (b) to pay for any portion of the Purchase Price or Appraised Value of the Residence due and payable at Closing which is not funded by the Mortgage Loan (i.e., any portion of the "down payment" for the Residence), and (c) for any other purpose permitted under the applicable Program Guidelines. The Lender agrees that it will not permit Down Payment Assistance to be applied by the Mortgagor for any other purpose.

(vi) The Lender shall issue a Commitment to each Eligible Borrower for the related Mortgage Loan and sell such Mortgage Loan to the Servicer as soon as practicable after the related Closing. Each Commitment shall specify a Closing Date that is on or prior to the Commitment Expiration Date and is consistent with the related Program Guidelines.

(vii) If, at any time after a reservation for a Mortgage Loan, it shall become apparent to the Lender that a Mortgage Loan will not proceed to Closing for any reason, including, but not limited to the fact that such Mortgage Loan will not meet the requirements of this Agreement or the applicable Program Guidelines, the Lender shall promptly cancel such Mortgage Loan by contacting TSAHC. Once a Mortgage Loan is cancelled through the Lender Portal, the Lender will

be unable to submit a new reservation for the related Borrower for a period of sixty (60) calendar days after such cancellation. Requests for a re-reservation of a Mortgage Loan within the sixty (60) day lockout period may be granted by TSAHC in its sole discretion if extenuating circumstances exist regarding the cancellation of the Mortgage Loan.

(f) *Homebuyer Education.* To qualify for a Mortgage Loan under a Program, each Eligible Borrower must complete a homebuyer education course before the Closing. The homebuyer education requirement may be met by attending an in-person or online counseling course listed at www.texasfinancialtoolbox.com.

Section 7. Origination Procedures and Mortgage Loan Terms. All Mortgage Loans originated by a Lender hereunder shall comply in all respects with all terms and provisions of this Agreement, including those set forth in this Section 7, the applicable Program Guidelines and all other Program Documents.

(a) *Origination Standards.* The Lender shall originate all Mortgage Loans in accordance with the loan origination, eligibility and credit underwriting standards of FHA, VA, USDA-RHS and/or GNMA, Fannie Mae or Freddie Mac, as applicable. The Lender is permitted to accept cosigners and guarantors on behalf of Eligible Borrowers in accordance with this Agreement, *provided* that all the requirements of FHA, VA, USDA-RHS and/or GNMA, Fannie Mae or Freddie Mac, as applicable, are met, and the applicable Program Guidelines are met.

(b) *Mortgage Loan Terms.* Subject to the terms of the applicable Program Guidelines, each Mortgage Loan:

(i) shall be made to an Eligible Borrower to provide financing for a Principal Residence;

(ii) shall be evidenced by a Mortgage Note and secured by a Mortgage creating a first lien on such Residence, subject to Permitted Encumbrances;

(iii) shall bear interest at the applicable Mortgage Loan interest rate as specified on the TSAHC website and/or the Lender Portal;

(iv) shall provide for level monthly payments of principal and interest representing the amount necessary to fully amortize the Mortgage Loan over a thirty (30) year term;

(v) shall provide for payments to be due and payable on the first day of each month and for an initial principal payment not later than the first day of the second month following the Closing Date, and may include provision for a grace period not exceeding fifteen (15) days and late payment charges in amounts not in excess of the customary charges permitted by the FHA, VA, USDA-RHS and/or GNMA, Fannie Mae, or Freddie Mac, as applicable;

(vi) shall be in a principal amount not exceeding such amount as conforms to the eligibility and credit underwriting standards specified in this Agreement and the Program Guidelines and to the applicable limitations of FHA, VA, USDA-RHS and/or GNMA, Fannie Mae or Freddie Mac, as applicable;

(vii) shall be the subject of FHA Insurance, VA Guaranty, USDA-RHS Guaranty, or PMI insurance, as applicable, and shall conform in all respects to the eligibility and credit underwriting

standards specified by FHA, VA, USDA-RHS and/or GNMA, Fannie Mae or Freddie Mac, as applicable;

(viii) shall restrict the assumption thereof to Eligible Borrowers under terms and conditions meeting the assumption requirements of this Agreement, the Program Guidelines, and the Loan Correspondent Purchase and Sale Agreement;

(ix) shall be the subject of a Title Policy or a valid commitment for issuance of a Title Policy;

(x) shall be current in payments of principal, interest, taxes and insurance;

(xi) shall relate to a Residence the Purchase Price of which is not in excess of the applicable Maximum Purchase Price;

(xiii) shall comply in all respects with this Agreement, the applicable Program Guidelines (including any provisions thereof that modify any of the subparagraphs of this paragraph (b)), the Loan Correspondent Purchase and Sale Agreement, the GNMA Guide, the Fannie Mae Guides or the Freddie Mac Guides, as applicable, and FHA, VA or USDA-RHS rules and regulations, as applicable; and

(xiv) shall be eligible for pooling into GNMA Certificates, Fannie Mae Certificates or Freddie Mac Certificates.

(c) *Fees and Charges.* Upon receipt of an application for a Mortgage Loan, a Lender may charge reasonable and customary fees, but only to the extent permitted by applicable laws and regulations. The Lender may not charge an Origination Fee, Discount Fee or Discount Points except as may be provided in the Program Guidelines. At the Closing, a Lender may collect from either the Eligible Borrower or Seller the Funding Fee, the Compliance Review Fee, Tax Service Fee, and all other reasonable and customary charges paid or incurred by the Lender for hazard or mortgage insurance premiums, life of loan flood monitoring fee as specified in the Lender Guide, any FHA Insurance fee, VA Guaranty fee, USDA-RHS Guaranty fee, survey, title insurance, appraisal fees, abstract and attorneys' fees, recording or registration charges, escrow fees, file preparation fees, credit reports, and similar charges, but only to the extent permitted by applicable laws and regulations. Any amounts collected by the Lender with respect to a Mortgage Loan prior to the Closing Date from either the Eligible Borrower or the Seller shall be credited to the proper party at the Closing. No other fees, charges or remuneration of any kind may be received by or on behalf of any Lender from any person in connection with a Mortgage Loan under this Program other than a reimbursement by the Servicer of any Down Payment Assistance advanced to a Mortgagor by the Lender, which reimbursement is included in the Mortgage Loan Purchase Price. The terms of this paragraph (c) may be modified by Program Guidelines.

(d) *Verification of Mortgage Eligibility Requirements.* In order to ensure that each Mortgage Loan is made to an Eligible Borrower to finance a Residence in accordance with the applicable Program rules, the Lender shall use good faith efforts and diligence in carrying out the following procedures with respect to each Mortgage Loan:

(i) the Lender shall obtain a Program Affidavit duly executed by the Mortgagor and the Lender and shall review, verify and certify that the requirements of Sections 5 and 7(b) are satisfied;

(ii) the Lender shall perform such additional investigation as may be appropriate under the circumstances (including, but not limited to, personal or telephone interviews with the Mortgagor and the Seller, examination of canceled checks or receipts evidencing payment of rent, review of employment and utility records, review of the purchase contract for the Residence to determine the Purchase Price, and review of title information to verify the absence of any existing permanent mortgage on the Residence executed by the Mortgagor) to verify that the applicable Maximum Purchase Price limit is satisfied as of the date of the execution of the Mortgage Loan;

(iii) the Lender shall review the draft settlement statement to assure that all fees and charges and settlement and financing costs comply with the requirements of this Agreement;

(iv) the Lender shall prepare, execute, and deliver the Program Affidavit; and

(v) the Lender shall carry out such additional verification procedures as may be reasonably requested by TSAHC or the Servicer.

The obligations of the Lender pursuant to this paragraph 7(d) shall inure to the benefit of TSAHC and the Servicer. The terms of this paragraph (d) may be modified by Program Guidelines.

(e) *Notice to TSAHC by Lender of Invalid Representation, Warranty or Covenant.* If, at any time, any representation, warranty or covenant of the Lender set forth in this Agreement or any other Program Document would not be true and correct in all respects if made by the Lender at such time (regardless of whether such representation or warranty is actually made, deemed to be made, or required to be made at such time), the Lender shall immediately notify TSAHC of such fact and provide a full and accurate explanation thereof.

Section 8. Prohibition of Discrimination. The Lender shall not arbitrarily reject an application for a Mortgage Loan because of the location and/or age of the property, or in the case of a proposed Mortgagor, arbitrarily vary the terms of a loan or the application procedures therefor or reject a Mortgage Loan applicant because of the race, color, religion, national origin, age, sex or marital status of such applicant. In accepting, evaluating, and acting upon such applications, the Lender shall comply, if applicable, with the Federal Fair Housing Act and with the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder. All applications for Mortgage Loans and evidence of actions taken with respect thereto shall be retained by the Lender until the Mortgage Loan is fully paid.

Section 9. Mortgage Loan Submission and Purchase; Compliance Package Submission. (a) The Servicer has no obligation to purchase a Mortgage Loan from the Lender unless the Mortgage Loan meets all the requirements set forth in the Program Documents. Each Mortgage Loan must be current as to payments of principal, interest, taxes and insurance at the time of purchase by the Servicer.

The Lender shall use the Lender Portal to register each Mortgage Loan. The Mortgage File shall be submitted in accordance with the Program Documents. The Lender hereby warrants that all copies submitted to the Servicer or TSAHC (if permitted) will be true and accurate copies of the respective original documents and instruments.

(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 recording an Assignment of Mortgage Note and Mortgage for the related Mortgage Loan as specified in the Loan Correspondent Purchase and Sale Agreement. All notices to insurers or Mortgagors under any insurance policies maintained with respect

to a Mortgage Loan for the assignment to the Servicer of the servicing of such Mortgage Loan shall be given by the Lender prior to purchase by the Servicer. Immediately upon Purchase, written notice shall be given by the Lender to the Mortgagor that servicing has been assigned to the Servicer and that future payments on the Mortgage Loan shall be made to the Servicer. The Lender shall also provide to the Servicer or TSAHC such other reports or information regarding the Mortgage Loan being sold by such Lender as may be reasonably requested by either of them.

(c) The Lender shall pay all costs of preparing and furnishing the Mortgage File to the Servicer and the Compliance Package to TSAHC and shall pay the Funding Fee, Tax Service Fee and the Compliance Review Fee, as applicable, to the Servicer. The Lender shall service each Mortgage Loan originated by it from the Closing Date to the Purchase Date for such Mortgage Loan, which servicing shall include processing, posting payments and paying taxes and insurance with respect thereto. The Lender 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 Servicer's purchase thereof. The Mortgage File shall be reviewed by the Servicer pursuant to procedures established by the Servicer prior to the Purchase Date. A Lender must submit a Pre-Closing Compliance Package to TSAHC for preliminary review at least ten (10) calendar days prior to the Closing Date (or such other time period set forth in the Program Guidelines). Preliminary review and approval shall not assure the subsequent purchase by the Servicer if factual changes occur with respect to the Mortgage File or the Program between the date of the preliminary approval and the Purchase Date. Neither the examination nor the acceptance of a Mortgage File by the Servicer or the related Compliance Package by TSAHC, shall constitute a waiver of any warranty, representation or covenant by the Lender or the Mortgagor with respect to the related Mortgage Loan. Any review or approval by the Servicer or TSAHC of any Mortgage Loan, or the credit or compliance information in connection therewith, or the issuance by TSAHC of a Commitment Letter hereunder, shall not relieve the Lender of responsibility or liability for the performance or nonperformance of its obligations hereunder.

(d) The Lender agrees to reimburse TSAHC the Down Payment Assistance provided for any Mortgage Loan that is not purchased by the Servicer.

(e) The foregoing provisions of this Section 9 may be modified by Program Guidelines.

Section 10. Defective Mortgage Loans and Repurchase of Mortgage Loans. Each Lender agrees to repurchase any defective Mortgage Loan from the Servicer in accordance with the provisions of the Loan Correspondent Purchase and Sale Agreement and any other applicable Program Document. Additionally, each Lender agrees to reimburse TSAHC the Down Payment Assistance provided for each such defective Mortgage Loan.

Section 11. Review of Lender's Performance. TSAHC and the Servicer shall each have the right to review the performance of the Lender, and TSAHC's review may include the reports and recommendations of the Servicer and such other evidence as may be presented to TSAHC regarding the Lender, to determine if the Lender is performing in accordance with the standards required by this Agreement.

If TSAHC or the Servicer determines that the Lender is not performing in accordance with such standards, TSAHC or the Servicer shall notify the Lender of any such deficiency, and if such deficiency is sufficient to warrant termination of the Lender by TSAHC or the Servicer, then TSAHC or the Servicer, as applicable, shall notify the Lender that the right of the Lender to participate in the Programs is being

terminated and the date on which such termination shall be effective. Prior to terminating a Lender, the Servicer or TSAHC shall advise TSAHC or the Servicer, respectively, by electronic message.

Section 12. Lender's Resignation; Continuing Obligations; Assignment. The Lender shall have the right to terminate its participation in any Program but shall continue to be subject to the obligations and duties imposed on it under the Program Documents with respect to any Mortgage Loans which have been reserved by the Lender.

Except as permitted by Section 4(l), the Lender shall not have the right or privilege to assign or transfer its rights and duties hereunder without the consent of TSAHC and the Servicer.

Section 13. Involuntary Termination of Lender. TSAHC may terminate this Agreement with respect to the Lender upon the occurrence of any one or more of the following events:

(a) Any representation, warranty or covenant of the Lender to TSAHC under this Agreement or any other Program Document, or to the Servicer under the Loan Correspondent Purchase and Sale Agreement or any other Program Document, shall be false in any material respect;

(b) Failure of the Lender to comply in all respects with its obligations under this Agreement, the Loan Correspondent Purchase and Sale Agreement or any other Program Document;

(c) Failure of the Lender to duly observe or perform in any material respect any other covenant, condition, or agreement herein to be observed or performed by the Lender other than as referred to in Sections 13(a) or (b), for a period of thirty (30) days after a written notice to the Lender from either TSAHC or the Servicer, specifying such failure and requesting that it be remedied; *provided, however*, that if the failure stated in such notice cannot be corrected within the applicable period, the person giving such notice shall consent to a reasonable extension of time if corrective action is instituted by the Lender within the applicable period and diligently pursued until fully corrected; *provided further*, that if the failure cannot be corrected within such period, the Lender may be terminated pursuant to this Section 13;

(d) Issuance or entry of a decree or order of a court, agency, or supervisory authority having jurisdiction in the premises appointing a conservator, receiver, or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceeding affecting the Lender or substantially all of its properties, or for the winding-up or liquidation of its affairs, if such decree or order shall have remained in force undischarged or unstayed for a period of sixty (60) days;

(e) Consent by the Lender to the appointment of a conservator, receiver, or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceeding affecting the Lender or substantially all of its properties;

(f) Admission in writing by the Lender of its inability to pay debts generally as they mature, or the filing of a petition to take advantage of any applicable bankruptcy or insolvency statute or debtor relief laws, or the making of an assignment for the benefit of creditors;

(g) Failure by the Lender to repurchase a Non-Qualifying Mortgage Loan purchased by the Servicer pursuant to the Loan Correspondent Purchase and Sale Agreement or any other Program Document.

If any of the events specified in (d), (e), or (f) shall occur, the Lender shall provide written notice of such occurrence to TSAHC immediately upon the happening of such event (and in no event more than two (2) Business Days after such event).

Section 14. Lender's Excused Nonperformance. Notwithstanding anything in this Agreement to the contrary, there shall be no termination of, and no liability under, this Agreement with respect to the Lender for its failure to duly observe or perform in any material respect any covenant, condition, or agreement to be observed or performed by the Lender, if such failure on the part of the Lender is directly caused by the failure of the Servicer or TSAHC to duly observe or perform in any material respect any covenant, condition, or agreement to be observed or performed by the Servicer or TSAHC.

Section 15. Access to Lender's Records. TSAHC and its respective agents may from time to time request a Lender to allow the inspection of any of the Lender's books and records pertaining to the Program, and the Lender shall allow such inspections and access to such books and records at reasonable times during the Lender's normal business hours and upon reasonable terms.

Section 16. Amendments and Revisions. This Agreement is subject to amendment and revision by TSAHC in its discretion with prior notice by TSAHC to the Lender. No such amendment or revision shall adversely affect any Mortgage Loan for which a Mortgage Loan reservation has been previously made by the Lender.

Section 17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict of law principles, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 18. Notices. All notices, certificates, or other communications hereunder shall be deemed given: (i) when delivered, (ii) five (5) Business Days after mailing by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address, or (iii) when transmitted or sent by email to the most recent email address provided by the Lender or TSAHC to the other party. TSAHC or the Lender may, by notice given hereunder, designate any further or different address (including email address) to which subsequent notices, certificates, and other communications shall be sent.

Section 19. Severability. If one or more provisions of this Agreement, or the applicability of any such provision or provisions under any set of circumstances, shall be determined to be invalid or ineffective for any reason, such determination shall not affect the validity and enforceability of the remaining provisions of this Agreement or the applicability of the provisions found to be invalid or ineffective for a specific set of circumstances to other circumstances.

Section 20. Further Assurances and Corrective Instruments. The Lender agrees that it 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 or appropriate to further express the intention, or to facilitate the performance, of this Agreement.

Section 21. Term of Agreement. This Agreement shall continue in full force and effect until TSAHC provides written notice to the Lender that all Programs related to the Lender have been terminated. At such time the Lender shall cease reserving and originating Mortgage Loans, but this Agreement shall remain in effect for Mortgage Loans for which reservations have been made.

Section 22. No Rights Conferred on Others. Nothing in this Agreement shall confer any right upon any persons other than TSAHC and the Lender, except where specifically provided with respect to the Servicer.

Section 23. Limited Liability Provisions. Each party to this Agreement shall be liable under this Agreement only to the extent that obligations are explicitly imposed upon such party.

All monetary obligations of TSAHC incurred hereunder, and any remedies arising against TSAHC by reason of its default, shall be payable solely out of, and all liability of TSAHC shall be limited to, revenues and receipts derived from the transactions contemplated and performed pursuant to the Program Documents. TSAHC shall not be held liable for any expenses incurred by the Lender under the Program.

TSAHC shall not be liable to the Lender, or any other person, for the taking of any action, or for refraining to take any action, in good faith pursuant to this Agreement, or for errors in judgment. In addition, in the event TSAHC is entitled to indemnification hereunder, the officers, directors, employees, and agents of TSAHC shall also be entitled to indemnification hereunder to the same extent and under the same circumstances as such party.

No director, officer, employee or agent of a party to this Agreement shall be personally liable for the obligations of such party under this Agreement, or for any action taken by such director, officer, employee or agent, or any such person refraining to take any action pursuant to this Agreement, or for errors in judgment by any such person.

In addition to the foregoing provisions of this Section 23, and notwithstanding any provision of this Agreement to the contrary, and in accordance with Section 2306.561 of the Act (a) the directors, officers, and employees of TSAHC are not personally liable for bonds or other obligations issued or contracts, guaranties, or insurance executed by TSAHC, or for any other action taken in accordance with the powers and duties authorized by Subchapter Y or in the good faith belief that that action was taken in accordance with the powers and duties authorized by Subchapter Y, (b) the directors and officers of TSAHC are immune from civil liability to the same extent that a volunteer who serves as an officer, director, or trustee of a charitable organization is immune from civil liability under Chapter 84, Texas Civil Practice and Remedies Code; (c) the civil liability of an employee of TSAHC is limited to the same extent that the civil liability of an employee of a charitable organization is limited under Chapter 84, Texas Civil Practice and Remedies Code, and (d) the limitations on liability contained in this section do not limit or impair the limitations on liability otherwise available to the corporation's directors, officers, and employees.

Section 24. Survival of Obligations and Covenants. Notwithstanding anything to the contrary herein, the expiration of this Agreement or the termination or resignation of any Lender under this Agreement shall not affect any obligations of such Lender under this Agreement, including, without limitation, obligations under Section 6(c). The representations, warranties, and covenants of Lender under Sections 4 and 5 shall continue without regard to any termination of Lender hereunder. Any indemnities in this Agreement shall survive the termination of a Lender hereunder.

Section 25. Reports and Payments Due on Weekends and Holidays. Any report, certificate, or payment required hereunder falling due on a Saturday, Sunday, or other day on which banking institutions in the State of Texas are authorized or obligated by law or executive order to close shall be due on the next succeeding day which is not a Saturday, Sunday, or a day on which banking institutions are authorized or obligated by law or executive order to close.

Section 26. Attorney Fees. In the event the Lender should fail to materially perform its obligations under any of the provisions of this Agreement or any other Program Document, and TSAHC employs attorneys or incurs other expenses for the enforcement of performance or observance of any material obligation or agreement on the part of the Lender herein or therein contained, the Lender agrees that to the extent permitted by law they it will pay or reimburse TSAHC, 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.

Section 27. Counterparts. This Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

THIS AGREEMENT has been executed as of _____, 20__ and is signed by an authorized representative of TSAHC and an authorized representative of the Lender, respectively.

Texas State Affordable Housing Corporation

Signature:

Name:

Title:

David Long

President

Lender Name:

Authorized Representative Signature:

Authorized Representative Name [Printed]:

Title of Authorized Representative:

Email:

Amendment to Mortgage Origination Agreement

AMENDMENT TO MORTGAGE ORIGINATION AGREEMENT

(RELATING TO BOND-FINANCED PROGRAMS)

This Amendment to Mortgage Origination Agreement (this "Amendment") is dated as of February 1, 2019, and shall be effective for all Mortgage Loans reserved under the Tax-Exempt Bond-Financed Programs (as defined below).

This Amendment amends and supplements that certain Mortgage Origination Agreement, including any prior amendments thereto, including but not limited to the amendments dated as January 15, 2018 and (ii) as of August 3, 2018) (collectively, the "Existing Agreement"), between Texas State Affordable Housing Corporation ("TSAHC") and the lending institution (the "Lender") named in the original Mortgage Origination Agreement. References herein to the "Agreement" refer to the Existing Agreement, as amended by this Amendment. Capitalized terms used in this Amendment and not otherwise defined shall have the meaning set forth in Appendix A hereto; otherwise, such terms shall have the meanings set forth in the Existing Agreement or the Program Guidelines (as defined in the Existing Agreement).

WHEREAS, the Existing Agreement sets forth terms and conditions relating to the Lender's participation in the Programs; and

WHEREAS, Section 5(c) of the Existing Agreement provides that to the extent Mortgage Loans are financed in whole or part from the proceeds of qualified mortgage bonds under Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), the Existing Agreement may be amended pursuant to Section 16 thereof; and

WHEREAS, Section 16 of the Existing Agreement permits TSAHC (in its sole discretion) to amend the Existing Agreement with prior written notice to the Lender, provided that any such amendment does not adversely affect any Mortgage Loan for which a reservation has been previously made; and

WHEREAS, TSAHC has determined that this Amendment does not adversely affect any Mortgage Loan for which a reservation has been previously made; and

WHEREAS, TSAHC intends to implement Programs pursuant to which Mortgage Loans will be financed in whole or part from the proceeds of "qualified mortgage bonds" issued pursuant to Section 143 of the Code (each a "Tax-Exempt Bond-Financed Program"); and

WHEREAS, the interest on such obligations will be excludable from the gross income of the holders thereof under Section 103 of the Code (the "Tax-Exempt Bonds"); and

WHEREAS, Section 143 of the Code includes various requirements relating to the residence and the borrower that must be met in order for such obligations to qualify as "qualified mortgage bonds"; and

WHEREAS, this Amendment is intended to confirm that TSAHC and the Lenders will perform all actions necessary to ensure compliance with the requirements of Section 143 requirements of the Code.

NOW, THEREFORE, the Existing Agreement is amended as follows:

Section 1. Addition of New Section 5A. A new Section 5A is added to the Existing Agreement as follows:

Section 5A. Representations, Warranties, and Covenants Relating to the Establishment and Maintenance of the Tax-Exempt Status of the Tax-Exempt Bonds.

(a) TSAHC and the Lender hereby each declare its understanding and intent that the interest on the Tax-Exempt Bonds must be excludable, and must remain excludable, from the gross income of the holders of the Tax-Exempt Bonds for federal income tax purposes pursuant to Section 103 of the Code. Accordingly, TSAHC and the Lender each covenant to (I) not knowingly take, permit, or fail to take any action if such action or inaction would impair such exclusion from gross income or (II) knowingly fail to take any action that would preserve such exclusion from gross income. TSAHC and the Lender each further recognize that Section 143 of the Code imposes certain eligibility requirements with respect to the Mortgagors, the Residences and the Mortgage Loans financed under a Tax-Exempt Bond-Financed Program, including the following:

(i) each Residence shall be located within the jurisdiction of TSAHC, which is the State of Texas;

(ii) each Residence shall be a Residence that, at the time of execution of the related Mortgage Loan, can reasonably be expected to become the Principal Residence of the Mortgagor within a reasonable period of time (not to exceed 60 days after the Closing Date of the Mortgage Loan);

(iii) all of the Net Proceeds of the related issue of Tax-Exempt Bonds shall be used to finance Residences of Mortgagors who did not have a Present Ownership Interest in a Principal Residence (other than the Residence being financed with the Mortgage Loan) at any time during the three (3) year period ending on the Closing Date; provided that Net Proceeds used to finance Mortgage Loans for Targeted Area Residences or Mortgage Loans for Qualified Veterans shall be deemed to have satisfied this requirement;

(iv) each Mortgage Loan shall be made only to an Eligible Borrower;

(v) each Residence shall have a Purchase Price not in excess of the applicable Maximum Purchase Price (as set forth in the applicable Program Guidelines for Tax-Exempt Bond-Financed Programs);

(vi) Net Proceeds shall not be used to acquire or replace an existing mortgage, *i.e.*, that each Mortgage Loan made under the Program shall be made to a person who did not have a mortgage (whether or not paid off) on the Residence securing such Mortgage Loan at any time prior to the execution of the Mortgage Loan, except for certain temporary initial financing for a mortgage securing a construction period loan, a construction bridge loan, or similar temporary initial construction financing initially incurred for the sole purpose of acquiring the Residence and initially incurred within twenty four (24) months of

the Closing Date, having an original term of twenty four (24) months or less, and not providing for scheduled payments of principal during such term;

(vii) that all Mortgage Loans must be provided to Mortgagors whose Family Income does not exceed the applicable Maximum Family Income (as set forth in the applicable Program Guidelines for Tax-Exempt Bond-Financed Programs);

(viii) that, in the event of an assumption of any Mortgage Loan made under the Program, the requirements of subparagraphs (i), (ii), (iii), (iv), (vi) and (viii) of this subsection (a) shall be met with respect to such assumption at the time of such assumption;

(ix) that no Mortgage Loans shall be made with respect to a two (2) to four (4) family Residence unless (A) one unit of the Residence is the Principal Residence of the Mortgagor and (B) the Residence is an Existing Residence that was first occupied for residential purposes at least five years before the Mortgage Loan is executed. The requirement of clause (B) does not apply in the case of a two (2) family residence that is a Targeted Area Residence. No more than 13% of the aggregate principal amount of the Mortgage Loans made by any Lender shall be made with respect to two to four family Residences; and

(x) that Mortgage Loans originated under the Program shall be subject to the mortgage subsidy recapture tax rules set forth in Section 143(m) of the Code.

(b) TSAHC and the Lender each understand and acknowledge that Section 143 of the Code further requires that: (i) TSAHC, as issuer of the Tax-Exempt Bonds, attempts in good faith to meet all applicable requirements under Section 143 of the Code before the Mortgage Loans are executed by placing restrictions in the applicable Program Documents that permit the financing of Mortgage Loans from the Net Proceeds of Tax-Exempt Bonds only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including reasonable investigations by TSAHC or its agents, including the Lender and the Servicer, to determine that the Mortgage Loans satisfy such requirements; (ii) 95% or more of the Net Proceeds of each issue of Tax-Exempt Bonds devoted to Residences as to which (at the time the Mortgages were executed), all such requirements were met; and (iii) that any failure to meet such requirements shall be corrected within a reasonable time after such failure is first discovered (for example, by requiring repayment in full of the nonqualifying Mortgage Loan or by replacing the nonqualifying Mortgage Loan with a Mortgage Loan meeting such requirements).

(c) TSAHC and the Lender each covenant and agree to establish and follow reasonable procedures as set forth in the applicable Program Documents to ensure compliance with the foregoing requirements.

(d) Section 143 of the Code further requires that TSAHC make proceeds available, for at least one (1) year after the date on which proceeds of an issue of Tax-Exempt Bonds are first made available to finance Mortgage Loans, to finance Residences located in Targeted Areas, and that TSAHC attempt with reasonable diligence (including appropriate advertising) to place

such proceeds in Mortgage Loans for such Residences. In order to satisfy this requirement, TSAHC covenants to make Mortgage Loans continuously available in an amount equal to the applicable Targeted Area Reservation Amount, to be used only to finance Targeted Area Mortgage Loans, until a date which is one year after the related Bond Closing Date.

(e) TSAHC and the Lender agree that no portion of the proceeds of an issue of Tax-Exempt Bonds may be used to provide any airplane, sky box or other private luxury box, health club facility, facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(f) TSAHC and the Lender agree that, to the extent that any Code or Treasury regulations are amended, or any final IRS revenue rulings, revenue procedures, announcements, notices or other IRS pronouncements are made that affect any term of this Agreement, this Agreement shall be amended by TSAHC in its discretion pursuant to Section 16 hereof.

(g) The covenants and requirements set forth in this Section 5A are intended to establish compliance of Tax-Exempt Bond-Financed Program with the requirements of Section 143 of the Code. TSAHC may impose additional restrictions for such programs provided that such restrictions are not inconsistent with the requirements of Section 143 of the Code.

(g) With respect to any Tax-Exempt Bond-Financed Program, if any provision of this Agreement conflicts with any provision of this Section 5A, the provisions of this Section 5A shall control.

(h) At the written request of TSAHC, the Lender agrees to maintain, or transfer to TSAHC or its designee, electronic records relating to Mortgage Loans originated by such Lender under a Tax-Exempt Bonds-Financed Program.

Section 2. Amendment to Section 6(a). A new second paragraph is added to Section 6(a) of the Existing Agreement as follows:

In connection with the issuance of Tax-Exempt Bonds and the related Tax-Exempt Bond-Financed Program(s), TSAHC will provide one or more Notices of Availability of Funds to the Lenders setting forth various terms of the applicable Tax-Exempt Bond-Financed Program(s). Each Notice of Availability shall be in substantially the form set forth in Appendix B hereto; provided that such form shall be subject to modification by TSAHC in its sole and reasonable discretion.

IN WITNESS WHEREOF, the undersigned, as President of TSAHC, is duly authorized to execute this Amendment on behalf of TSAHC.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

By: _____
Name: David Long
Title: President

APPENDIX A

DEFINITIONS

“Average Area Purchase Price” means with respect to a Residence, the safe harbor average area purchase price figures most recently published by the Department of the Treasury pursuant to Section 143(e) of the Code for the statistical area (i.e., “metropolitan statistical area” as defined by the Secretary of Commerce, or county (or portion of a county) that is not within a metropolitan statistical area) in which such Residence is located, or such other average area purchase price figures that are based on more accurate and comprehensive data, as confirmed by the Internal Revenue Service or approved by Bond Counsel, than that used in calculating the safe harbor figures. Such figures may change from time to time.

“Bond Closing Date” means the date for on which the related issue of Tax-Exempt Bonds is issued and delivered.

“Closing” means the execution of a Mortgage Note and Mortgage by an Eligible Borrower and the concurrent origination and funding of a Mortgage Loan by a Lender pursuant to the Existing Agreement.

“Closing Date” means, with respect to a Closing, the date of such Closing.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

“Eligible Borrower” means a borrower permitted under the applicable provisions of the Code and Act and is described in the Program Guidelines for the Tax-Exempt Bond Programs.

“Eligible Loan Area” means the geographical area within the State of Texas.

“Maximum Purchase Price” means the applicable amount specified in the Program Guidelines for Non-Targeted Areas and Targeted Areas, determined in accordance with the requirements of Section 143(e) of the Code (or any successor provision). As new Average Area Purchase Price figures are determined, the Maximum Purchase Price will equal 90% of the Average Area Purchase Price applicable to the size of the Residence for Non-Targeted Areas and 110% of the Average Area Purchase Price applicable to the size of the Residence for Targeted Areas. The Maximum Purchase Price amounts shall be subject to adjustment from time to time in accordance with the applicable provisions of the Code and the Act.

“Maximum Family Income” means the applicable amount set forth in the Program Guidelines for Non-Targeted Areas and Targeted Areas determined in accordance with Section 143(f) of the Code. The Maximum Family Income amounts shall be subject to adjustment from time to time in accordance with the applicable provisions of the Code and the Act.

“Mortgage Loan” means a qualified first lien mortgage loan originated by a Lender under the Program to an Eligible Borrower evidenced by a Mortgage Note and secured by a related Mortgage on a Residence located in the Eligible Loan Area, satisfying the requirements of this Agreement and the other Program Documents.

“Mortgage Loan Funding Price” means the funding amount from the Lender to the Eligible Borrower, including Down Payment Assistance provided to the Borrower in the form of a grant, expressed as a percentage of the initial principal amount of the Mortgage Loan, as set forth in the related Notice of Availability of Funds.

“Mortgage Loan Sale Price” means the sale price of the Mortgage Loan from the Lender to the Servicer, expressed as a percentage of outstanding principal amount, as set forth in the related Notice of Availability of Funds.

“Net Proceeds” means the proceeds of the Tax-Exempt Bonds reduced by amounts in a reasonably required reserve or replacement fund, if any.

“Non-Targeted Area” means all areas of the Eligible Loan Area except the Targeted Areas.

“Non-Targeted Area Mortgage Loan” means a Mortgage Loan to provide financing for the acquisition of a Residence that is in a Non-Targeted Area.

“Notice of Availability of Funds” means each notice sent by TSAHC to the Lender relating to an issue of Tax-Exempt Bonds, in the form set forth in Appendix B.

“Present Ownership Interest” means (i) a fee simple interest; (ii) a joint tenancy, a tenancy in common, or tenancy by the entirety; (iii) the interest of a tenant shareholder in a cooperative; (iv) a life estate; (v) a land contract (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); and (vi) an interest held in trust for a person (whether or not created by such person) that would constitute a present ownership interest if held directly by such person. The term “Present Ownership Interest” does not include (i) a remainder interest; (ii) a lease with or without an option to purchase; (iii) a mere expectancy to inherit an interest in a Principal Residence; (iv) the interest that a purchaser of a Residence acquires on the execution of a purchase contract; or (v) an interest other than an interest in a Principal Residence during the previous three years. A Present Ownership Interest in a mobile home or other factory made housing that was permanently affixed to real property owned by the loan applicant constitutes a Present Ownership Interest in a Principal Residence.

“Principal Residence” means a Residence (or the unit in a two (2) to four (4) family Residence) that can reasonably be expected to be occupied by the Mortgagor as the principal Residence of the Mortgagor. The term “Principal Residence” does not include a home used as an investment property or as a recreational home, factory made housing or a home that is primarily intended to be used in a trade or business, as evidenced by the use of more than 15% of the total area in a trade or business. Any use of a home that does not qualify for a deduction allowable for certain expenses incurred in connection with the business use of a home under section 280A of the Code shall not be considered as a use in a trade or business.

“Qualified Veteran” means a person who is a “veteran” (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran’s exception to the three (3) year requirement set forth in Section 143(d)(2)(D) of the Code.

“Residence” means real property and improvements permanently affixed thereon (but does not include manufactured housing or property not constituting “fixtures” under State law) (i) that is located within the Eligible Loan Area; (ii) that consists of a single family detached or attached structure consisting of

not more than four (4) connected dwelling units intended for residential housing for one family or a single unit in a Condominium Development, Planned Unit Development, or de minimus PUD, a single unit in a duplex, triplex, or fourplex, or an entire duplex, triplex, or fourplex to be financed, provided that one of the units will be occupied by the Mortgagor and the Residence was first occupied for residential purposes at least five (5) years prior to origination of the Mortgage Loan (however, this five (5) year requirement does not apply in the case of a two (2) family Residence that is a Targeted Area Residence) or a single unit in a duplex (but not including a mobile home or any personal property); and (iii) the Purchase Price of which does not exceed the Maximum Purchase Price; provided, however, that land appurtenant to a Residence shall be considered as part of such Residence only if such land reasonably maintains the basic liability of such Residence and does not provide, other than incidentally, a source of income to the Mortgagor. No portion of a Residence shall consist of a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises.

“Targeted Area” means that part of the Eligible Loan Area that has been or may be designated from time to time as a qualified census tract or an area of chronic economic distress in accordance with section 143(j) of the Code. The Targeted Areas are set forth in Program Guidelines.

“Targeted Area Mortgage Loan” means a Mortgage Loan to provide financing for the acquisition of a Targeted Area Residence.

“Targeted Area Reservation Amount” means an amount equal to 20% of the sale proceeds of an issue of Tax-Exempt Bonds.

“Targeted Area Residence” means a Residence that is located within a Targeted Area.