



Arizona Is Home

Mortgage Origination Agreement Mortgage Revenue Bond Addendum

Ver 04-01-24c

**MORTGAGE ORIGINATION AGREEMENT
MORTGAGE REVENUE BOND ADDENDUM**

This Mortgage Revenue Bond Addendum (this “**Addendum**”) is dated and effective as of April 1, 2024, and amends that certain Mortgage Origination Agreement (the “**Original Agreement**”, and as amended by this Addendum, the “**Agreement**”), by and between the Arizona Industrial Development Authority (the “**Authority**”) and the lending institution executing the Original Agreement (the “**Lender**”). Capitalized terms used herein and not otherwise defined have the meanings set forth in Appendix A to the Original Agreement.

WHEREAS, the Authority and the Lender previously entered into the Original Agreement in connection with the origination of qualified first-lien mortgage loans under the Authority’s “Home Plus” Mortgage Loan Program and/or any other program sponsored by the Authority (collectively, the “**Program**”); and

WHEREAS, Under the Home First Program, funds are made available through the “to be announced” (TBA) market to finance (a) Mortgage Loans to Eligible Borrowers within the Program Area, through the purchase by the Authority from the Servicer of mortgage-backed securities guaranteed as to timely payment of principal and interest by GNMA, FNMA or FHLMC and (b) Down Payment Assistance grants or second mortgage loans to Eligible Borrowers for closing cost and down payment assistance; and

WHEREAS, the Authority has determined to expand the Program through the establishment of its “Arizona is Home” Mortgage Loan Program, which will finance Mortgage Loans and Down Payment Assistance through the issuance by the Authority of its tax-exempt and taxable mortgage revenue bonds (the “**Bonds**”); and

WHEREAS, Section 5(c) of the Original Agreement provides that if 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 Original Agreement shall be amended by the Authority pursuant to Section 16 hereof to incorporate provisions the Authority deems necessary and proper; and

WHEREAS, Section 16 of the Original Agreement provides that the Original Agreement is subject to amendment by the Authority in its sole discretion, without the consent of the Lender, with prior written notice to the Lender; and

WHEREAS, in connection with its Arizona is Home Program and its issuance of Bonds to finance such Program, the Authority hereby amends the Original Agreement and incorporates the following terms and provisions which the Authority hereby deems necessary and proper.

NOW, THEREFORE, in accordance with Sections 5(c) and 16 of the Original Agreement, the Original Agreement is hereby amended as follows:

Section 1. Definitions. The following shall be additional definitions to Appendix A to the Original Agreement:

“**Acquisition Cost**” means the cost of acquiring a Residence from the seller as a completed residential unit, which includes the following:

- (i) All amounts paid, either in cash or in kind, by the Mortgagor (or a related party or for the benefit of the Mortgagor) to the seller (or a related party or for the benefit of the seller) as consideration for the Residence; and

(ii) If a Residence is incomplete, the reasonable cost of completing the Residence whether or not the cost of completing construction is to be financed with proceeds from the Mortgage Loan. For example, where a Mortgagor purchases a building which is so incomplete that occupancy of the building is not permitted under local law, the Acquisition Cost includes the cost of completing the building so that occupancy of the building is permitted.

Where a Residence is purchased subject to a ground rent, the capitalized value of the ground rent, using a discount rate equal to the yield (as provided by the Authority) on the related Bonds (to the extent the related Mortgage Loan is purchased with the proceeds of Bonds), shall be calculated in accordance with the Code.

“Acquisition Cost” does not include the following:

(i) Usual and reasonable settlement or financing costs. Settlement costs include titling and transfer costs, title insurance, survey fees or other similar costs. Financing costs include credit reference fees, legal fees, appraisal expenses or other costs of financing the Residence. However, such amounts will be excluded in determining Acquisition Cost only to the extent that the amounts do not exceed the usual and reasonable costs which would be paid by the Mortgagor where financing is not provided through a qualified mortgage bond issue. For example, if the Mortgagor agrees to pay to the seller more than a pro rata share of property taxes, such excess shall be treated as part of the Acquisition Cost of a Residence; “Points” which are paid by the Mortgagor (but not the seller, even though borne by the Mortgagor through a higher purchase price) are not allowed; and

(ii) The value of services performed by the Mortgagor or members of the Mortgagor's family in completing the Residence. For purposes of the preceding sentence, the family of an individual shall include only the individual's brothers and sisters (whether by the whole or half blood), spouse, ancestors and lineal descendants. For example, where the Mortgagor builds a home alone or with the help of family members, the Acquisition Cost includes the cost of materials provided and work performed by subcontractors (whether or not related to the Mortgagor) but does not include the imputed cost of any labor actually performed by the Mortgagor or a member of the Mortgagor's family in constructing the Residence. Similarly, where the Mortgagor purchases an incomplete Residence the Acquisition Cost includes the cost of material and labor paid by the Mortgagor to complete the Residence but does not include the imputed value of the Mortgagor's labor or the labor of the Mortgagor's family in completing the Residence; and

(iii) The cost of land which has been owned by the Mortgagor for at least two (2) years prior to the date on which construction of the Residence begins.

“*First Time Homebuyer Requirement*” has the meaning set forth in Section 4(b) below.

“*Income Requirement*” has the meaning set forth in Section 4(e) below.

“*Mortgagor's Affidavit*” means the form of Mortgagor's Affidavit, published by the Authority, as such form may be amended from time to time.

“*New Mortgage Requirement*” has the meaning set forth in Section 4(d) below.

“*Non-Compliant Mortgage Loan*” means any Mortgage Loan (and related Second Mortgage Loan, if any) which does not conform to this Agreement, the Participating Lender Agreement, the Lender Guide and the applicable Lender Manual.

“*Non-Qualifying Mortgage Loan*” means any Mortgage Loan (and related Second Mortgage Loan, if any) which does not conform to this Agreement, the Participating Lender Agreement, the Lender Guide, the applicable Lender Manual, and, as applicable, the GNMA Guide, the GNMA Guaranty, the Fannie Mae Guide, the Fannie Mae Guaranty, the Freddie Mac Guide or the Freddie Mac Guaranty.

“*Residence Requirement*” has the meaning set forth in Section 4(a) below.

“*Targeted Area*” means those areas within the State identified by the Authority from time to time as Qualified Census Tracts and Areas of Chronic Economic Distress (if any).

“*Veteran’s Exception*” means the exemption to the First Time Homebuyer Requirement for persons who served in the active military, naval, or air service, and who were discharged or released therefrom under conditions other than dishonorable.

Section 2. Representations, Warranties and Covenants of Lender. In addition to the representations, warranties and covenants made by the Lender in Section 4 of the Original Agreement, the Lender represents, warrants and covenants that:

(a) Lender will not knowingly take any action or permit any action which is within its control to be taken which would impair the exemption from federal income taxation of interest on any series of tax-exempt Bonds issued by the Authority to finance the Program.

(b) Lender is authorized to originate mortgage loans in the State, close all Mortgage Loans in the name of Lender and advance funds on both Mortgage Loans and DPA Second Loans for reimbursement at the time of purchase by the Servicer.

(c) Lender is an FHA-approved mortgagee if any Mortgage Loans originated pursuant to this Agreement shall be FHA Insured, a VA-approved lender if any Mortgage Loans originated pursuant to this Origination Agreement shall be VA Guaranteed, a USDA-RHS approved lender if any Mortgage Loans originated pursuant to this Agreement shall be USDA-RHS Guaranteed, a Fannie Mae approved lender and/or Fannie Mae approved seller/servicer of Conventional Mortgage Loans if any Mortgage Loans originated pursuant to this Agreement shall be Conventional Mortgage Loans (provided that if not a Fannie Mae approved lender and/or seller/servicer, or if otherwise directed by the Authority, such Conventional Mortgage Loans shall be submitted by the Lender for underwriting/approval to such entities as identified by the Authority in the Program Documents) or a Freddie Mac approved lender and/or seller/servicer of Conventional Mortgage Loans if any Mortgage Loans originated pursuant to this Agreement shall be Conventional Mortgage Loans (provided that if not a Freddie Mac-approved lender and/or seller/servicer, or if otherwise directed by the Authority, such Conventional Mortgage Loans shall be submitted by the Lender for underwriting/approval to such entities as identified in the Program Documents), in each case, in good standing.

(d) The Lender shall use diligent, reasonable efforts to become and to remain familiar with all FHA, VA, USDA-RHS, GNMA, Fannie Mae and Freddie Mac, if applicable, rules and regulations applicable to the Program. Any failure of the Authority, the Administrator or the Servicer to inform the Lender of changes or proposed changes in FHA, VA, USDA-RHS, GNMA, Freddie Mac or Fannie Mae rules and regulations affecting the Program shall not relieve the Lender of its obligations under this Agreement.

(e) The Lender hereby certifies that in connection with the transactions contemplated hereby, it has not directly or indirectly contracted or entered into any agreement with any other participating lender or any other person or institution (except the Authority or the Servicer) with respect to any aspect of the Lender’s participation in the Program. In particular, the Lender

warrants that it has not communicated or agreed with any other participating lender or other institution as to the amount of Mortgage Loans it expects to originate and sell to the Servicer.

(f) The Lender hereby agrees that, notwithstanding any other provisions of this Agreement, under no circumstances shall this Agreement or the relationship among the Authority, the Servicer and the Lender created thereby be construed as creating a fiduciary relationship between the Authority and the Lender.

(g) The Lender (including a “related person” thereof, within the meaning of Section 144(a)(3) of the Code) shall not, pursuant to any arrangement, formal or informal, purchase any tax-exempt Bonds issued by the Authority for the Program in an amount related to the amount of Mortgage Loans to be originated by the Lender pursuant to this Agreement.

(h) The Lender shall keep proper books, records and accounts in which complete and correct copies of all certificates and documents required to be filed with it hereunder shall be maintained and preserved. The Lender shall make such books and records available for inspection by the Authority and the Servicer, during business hours and under reasonable conditions.

(i) Any review or approval by the Authority, the Administrator or the Servicer of any Mortgage Loan or DPA Second Loan or the credit information in connection therewith shall not relieve such Lender of any responsibility or liability for the performance or nonperformance of its obligations under this Agreement.

(j) The Lender shall promptly notify the Authority, the Administrator and the Servicer, in writing, of any suspension or termination of powers to do business as contemplated by this Agreement, or any substantial changes in personnel of the Lender's loan originating staff or administration.

(k) All information provided by the Lender to the Authority in connection with this Agreement is and will be true and correct when given and the Lender will notify the Authority in writing within three Business Days of any material change in such information. No information, certificate of an officer or statement furnished in writing, or report required hereunder, delivered to the Authority will, to the knowledge of the Lender, contain any untrue statement of a material fact or omit a material fact necessary to make the information, certificate, statement or report not misleading.

(l) With regards to compliance with privacy laws, the Lender agrees:

(i) to comply with applicable consumer privacy laws (any and all federal, state, and local statutes, regulations, and rules applicable to the protection and privacy of consumer information including, but not limited to the privacy provisions of the Gramm-Leach-Bliley Act, 15 U.S.C Section 6801 et seq.) and to implement appropriate measures designed to safeguard customer information, reaffirming and acknowledging its obligation to maintain the confidentiality of the information governed by consumer privacy laws;

(ii) that confidentiality conditions contained in this Agreement are material terms of the Agreement and that the Authority shall have the right to terminate this Agreement effective immediately in the event of any material breach by the Lender of consumer privacy; and

(iii) to provide any necessary disclosures to and consents from applicants or Eligible Borrowers.

(m) With regards to information security:

(i) The Lender meets or exceeds industry standards or regulatory requirements applicable to the Lender, as the same may be revised from time to time, as a means to protect any information concerning consumers and to prevent any compromise of the Lender's information systems, computer networks or data files;

(ii) The Lender has a vendor management program for subcontractors that includes risk management commensurate with the level of risk involved and the Lender's industry. If subcontractors have access to nonpublic personal information, the Lender shall require in any agreements with such subcontractor that the subcontractor have in place policies and procedures meeting the same industry standards as the Lender. The Lender shall be liable for all acts and omissions of subcontractors as if such acts and omissions were attributable to the Lender itself;

(iii) The Lender has in place and follows a comprehensive written information and data security program which includes appropriate administrative, technical, physical, and disaster recovery safeguards (including a documented response program) designed to meet all requirements of applicable law and the Lender's industry standards, including, but not limited to, the Interagency Guidelines Establishing Standards for Safeguarding Customer Information (12 C.F.R. 30, et. seq.), the Gramm-Leach-Bliley Act, and the Fair Credit Reporting Act, as each may be amended from time to time, in order to (A) ensure the safety and confidentiality of confidential information; (B) protect against unauthorized access to, disclosure of, or use of confidential information; (C) protect against anticipated threats or hazards to the security or integrity of confidential information; and (D) properly dispose of confidential information;

(iv) The Lender maintains a written business continuity and disaster recovery plan (collectively, "BCP/DR") consistent with the best standards and practices of the BCP/DR industry. BCP/DR includes data backup for the Lender hosted by the Lender. Following discovery or notification of a major disruption involving services provided by the Lender pursuant to this Agreement or discovery or notification of a material breach in the security of the system of the Lender which involves information (including, but not limited to, Eligible Borrower information) maintained by the Lender pursuant to this Agreement, the Lender shall notify the Authority as expeditiously as possible of such disruption or breach (but in no event later than such date as the Lender is required to notify the FDIC or other regulatory agency);

(v) The Lender shall implement tools and processes including, but not limited to, system hardening in accordance with industry or regulatory standards, to prevent (i) the transmission of attacks on the Authority via the network connections between the Authority and the Lender due to the actions or systems of the Lender; and (ii) unauthorized access to the Authority's systems via the Lender's networks and access codes;

(vi) If services provided by the Lender are accessible by consumers via an internet access portal, the Lender is compliant with any laws applicable to the Lender with respect to web content accessibility, particularly with respect to persons with disabilities;

(vii) The Lender utilizes multifactor authentication and conducts fraud monitoring and reporting that meets or exceeds industry or regulatory standards applicable to the Lender;

(viii) The Lender has implemented and maintains a comprehensive written information security program that includes appropriate administrative, technical and physical safeguards to: (i) ensure the confidentiality, availability, and integrity of consumer data in the Lender's possession, custody, or control; (ii) protect against unauthorized access to and use of confidential information in the Lender's possession, custody, or control; (iii) protect against threats or hazards to the security or integrity of confidential information that is in the Lender's possession, custody, or control; and (iv) dispose of consumer data in the Lender's control in a manner consistent with best industry practices or in accordance with regulatory requirements applicable to the Lender;

(ix) The Lender submits, as required by law, a Federal Financial Institutions Examination Council Report or conducts or has conducted on its behalf a similar report or audit; and

(x) The Lender maintains an ongoing compliance program in compliance with the Federal Trade Commission *Standards for Safeguarding Customer Information* (Title 16 C.F.R. Chapter 1, Subchapter C, Part 314) and, upon request, will provide information with respect to the Lender's compliance program to the Authority.

Section 3. Origination Procedures and Mortgage Loan Terms. The following terms and provisions shall be in addition to those set forth in Section 7 of the Original Agreement:

(a) The Code requires that the Authority reserve 20% of the proceeds of each Bond issue under the Program (with certain exclusions) for providing owner financing of Targeted Area residences for at least one year after the issuance of such Bonds. Mortgage Loans to be purchased with Bond proceeds which are made for such Targeted Area residences may be offered with certain concessions, including higher allowable purchase prices and higher income limits and a waiver of the First Time Homebuyer Requirement.

(b) At the time of each initial application, the Lender shall deliver to Eligible Borrower(s), a copy of the Notices of Potential Recapture (in the form set forth in the Program Guidelines) which form shall be acknowledged by the Eligible Borrower(s). At the time of closing of the Mortgage Loan and DPA Second Loan, if applicable, the Lender shall deliver to Eligible Borrower(s) a detailed notice with information the Eligible Borrower(s) will need to determine if they must pay recapture tax and complete IRS Form 8828, as required by the Program Guidelines. These requirements shall not apply if the Authority has received an opinion of Bond Counsel indicating that the federal income tax status of the interest on the Bonds of the Authority will not be adversely affected by the failure to provide such statements. The Authority will notify the Lender and the Servicer that it has received such opinion of Bond Counsel.

(c) The Lender must undertake reasonable investigations to: (i) confirm information set forth in the Mortgage File related to each Mortgage Loan and DPA Second Loan and (ii) determine that such Mortgage Loan and, if applicable, DPA Second Loan, meets the requirements set forth in the Program Guidelines, the Participating Lender Agreement and all other Program Documents.

(d) The Lender shall disburse Mortgage Loan funds on the date the Mortgage Note is executed. In connection with each Mortgage Loan, the Lender may charge and collect fees and closing costs not to exceed the maximum amount for each such fee set forth in the Program

Guidelines, the Participating Lender Agreement and all other Program Documents. It shall be the responsibility of the Lender to prepare a Truth in Lending Statement with respect to each Mortgage Loan, in accordance with the TILA-RESPA Integrated Disclosure Rule (TRID).

Section 4. Federal Mortgage Eligibility Requirements. In addition to the conditions set forth in the Original Agreement, in order to be eligible for purchase hereunder, Mortgage Loans and DPA Second Loans must comply with the following requirements:

(a) Residence Requirement.

(i) At the time the Mortgage Loan is executed, the Residence can reasonably be expected to become the principal residence of the Eligible Borrower within a reasonable time after the financing is provided. This requirement (the “**Residence Requirement**”) may normally be met if the Eligible Borrower executes an affidavit after financing is provided of intent to use the Residence as a principal residence within sixty (60) days after the financing is provided. Whether a Residence is used as a principal residence depends upon all the facts and circumstances of each case, including the good faith of the Eligible Borrower. A Residence which is primarily intended to be used in a trade or business shall not satisfy the Residence Requirement. Any use of a Family Residence in a trade or business which qualifies under the Code for a deduction allowable for certain expenses incurred in connection with the business use of a home shall disqualify a Residence from meeting the Residence Requirement. A Residence more than 15% of the total area of which is reasonably expected to be used primarily in a trade or business does not satisfy the Residence Requirement. Further, a Residence used as an investment property or a recreational home does not satisfy the Residence Requirement.

(ii) No part of the proceeds of the Mortgage Loan can be used to finance anything other than the Residence. Any land appurtenant to the Residence which is not necessary to maintain the basic livability of the Residence may not be financed with the proceeds of the Mortgage Loan. Items of personal property such as appliances, furniture and the like which under State law are not fixtures may not be financed with the proceeds of the Mortgage Loan.

(b) First Time Homebuyer Requirement.

(i) Except for Residences located in Targeted Areas and for certain veterans eligible for the Veteran’s Exception, the Eligible Borrower(s) and all other persons who are expected both to live in the residence being financed and to be secondarily liable on the Mortgage Loan must have had no present ownership interest in a principal residence at any time during the three-year period prior to the date on which the Mortgage Loan is executed (the “**First Time Homebuyer Requirement**”). An Eligible Borrower meeting the First Time Homebuyer Requirement is sometimes referred to herein as a “**First Time Homebuyer**.” In the event that there is more than one Eligible Borrower with respect to a particular Residence, each of such Eligible Borrowers must meet the First Time Homebuyer Requirement. A person who is liable under a note secured by the Mortgage Loan need not meet the First Time Homebuyer Requirement. For example, where a parent of a home purchaser co-signs the note for a child but the parent takes no interest in the Residence, it is not necessary that the parent meet the First Time Homebuyer Requirement since the parent is not an Eligible Borrower of the Residence.

(ii) Examples of interests which constitute present ownership interests are the following: (A) a fee simple interest; (B) a joint tenancy, a tenancy in common or tenancy

by the entirety; (C) the interest of a tenant-stockholder in a cooperative; (D) a life estate; (E) a land contract or a contract for deed (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); (F) an interest held in trust for the Mortgagor and/or spouse of Mortgagor, if applicable, (whether or not created by the Mortgagor) that would constitute a present ownership interest if held directly by the Mortgagor and/or spouse of Mortgagor; and (G) an interest in a mobile home/manufactured home or other factory made housing that is required to be taxed as real property under State law, is permanently affixed to land and with respect to which the Mortgagor or the spouse of the Mortgagor owns the land on which it is affixed.

(iii) Examples of interests which do not constitute present ownership interests are the following: (A) a remainder interest; (B) a lease with or without an option to purchase; (C) a mere expectancy to inherit an interest in a principal residence; (D) the interest that a purchaser of a residence acquires on the execution of a purchase contract; (E) an interest in property other than a principal residence during the previous three years; and (F) an interest in a mobile home/manufactured home or other factory-made housing that is not required to be taxed as real property under State law, is not permanently affixed to land or with respect to which the Mortgagor or the spouse of the Mortgagor does not own the land on which it is affixed.

(c) Acquisition Cost Limitation. The Acquisition Cost of a Residence secured by a Mortgage Loan as shown by the actual amounts paid or to be paid by the Mortgagor, whichever is higher, must not exceed the Maximum Purchase Price as determined by the Authority from time to time for the county, or portion thereof, in which the Residence is located, unless the Authority indicates otherwise in writing. The Maximum Purchase Price for new Residences is applicable to Residences which have not been previously occupied and the Maximum Purchase Price for previously occupied Residences is applicable to Residences which have been previously occupied. The Authority reserves the right to revise the Maximum Purchase Price from time to time to reflect more recent statistical information by posting such revised limits in the then current Program Guideline. The determination whether a particular Residence meets the Maximum Purchase Price shall be made on the basis of the most recently updated determination in effect as of the date on which the commitment to provide the financing to the Mortgagor is made or, if earlier, the date of purchase of the Residence.

(d) New Mortgage Requirement. The Mortgage Loan must be made to Eligible Borrower(s) who did not have a mortgage (whether or not paid off) on the Residence securing the Mortgage Loan at any time prior to the execution of the Mortgage Loan. An existing mortgage shall include deeds of trust, conditional sales contracts, pledges, agreements to hold a title in escrow and any other form of owner financing, but shall not include the replacement of (i) construction period loans, or (ii) bridge loans or similar temporary initial financing. Temporary initial financing is any financing which had a term of 24 months or less.

(e) Income Requirement. Mortgage Loans financed from Bonds issued for new mortgage money will be subject to both federal income and purchase price limitations (the “**Income Requirement**”) unless the Authority indicates otherwise in writing. These limitations will be set forth in the Program Guidelines and will be subject to change by the Federal Government. Lenders are required to use the most current income and purchase price determination. The Eligible Borrower(s) must complete and sign an affidavit in the form referred to in the Program Guidelines. The annualized gross income of the Eligible Borrower(s) must comply with the income requirements under the Code, determined in a manner consistent with the regulations prescribed under Section 8 of the United States Housing Act of 1937, and shall not exceed the amount set forth in the Program Guidelines.

(f) Assumptions. No assumptions will be permitted without written approval of the Servicer and the Authority and then only if the Residence Requirement, the First Time Homebuyer Requirement, the Acquisition Cost Limitation, and the Income Requirement are met with respect to the assumption. The documents executed in connection with an assumption shall provide for an acceleration of the Mortgage Loan if the Mortgagor sells, or otherwise transfers any interest in the property or fails to occupy the premises as a principal residence without prior approval of the Servicer.

(g) Compliance with Federal Requirements. Notwithstanding compliance with the contractual requirements set forth above, the Servicer has reserved the right to withhold approval of purchase of Mortgage Loans if in its sole determination such Mortgage Loans do not meet the requirements of the Code.

(h) Due Diligence Requirements. The Lender, as agent of the Authority for the purposes set forth below, shall perform in the manner provided in the Lender Guide and the Program Guidelines the following investigations and procedures with respect to each Mortgage Loan originated for sale to the Servicer in accordance with this Agreement on or prior to the Purchase Date:

(i) Obtain and submit copies of the applicant's (A) credit report and/or (B) federal income tax returns for the previous three years, as permitted by the Authority;

(ii) Obtain Mortgagor's affidavit in the form referred to in the Program Guidelines, as to the Residence Requirement, the First Time Homebuyer Requirement, the Acquisition Cost Limitation, the New Mortgage Requirement and the Income Requirement;

(iii) Examine the Mortgagor's affidavit, credit report, rent verification, federal tax returns, appraisal report and affidavits relating to Acquisition Cost and other pertinent information obtained in connection with the origination of the Mortgage Loan in order to determine that sufficient documentary evidence exists to support the conclusion that the federal eligibility requirements set forth above shall be met. In particular, the Lender shall determine:

(A) whether the Mortgagor may have claimed deductions for property tax or for interest on indebtedness with respect to real property constituting his principal residence in determining whether the First Time Homebuyer Requirement is met; and

(B) that the acquisition cost of the Residence is computed in accordance with the definition of Acquisition Cost and that the acquisition cost does not exceed the purchase price limits established by the Authority from time to time; and

(iv) Take such other action as may be reasonably requested by the Administrator or the Servicer to investigate the truth and accuracy of the matters set forth in this Section.

Section 5. Defective Mortgage Loans and Repurchase of Mortgage Loans. Section 10 of the Original Agreement is deleted in its entirety and is replaced with the following:

(a) Each Lender agrees to repurchase any defective Mortgage Loan from the Servicer in accordance with the provisions of the Participating Lender Agreement and any other applicable Program Document.

(b) In addition, the Lender agrees to repurchase, in accordance with the Participating Lender Agreement and the Lender Guide, a Mortgage Loan (and related DPA Second Loan) determined to be Non-Qualifying Mortgage Loan or Non-Compliant Mortgage Loan. The Lender acknowledges and agrees that it shall have an obligation to repurchase Non-Qualifying Mortgage Loans and Non-Compliant Mortgage Loans pursuant to this Section 10 notwithstanding any review of the documents constituting the Mortgage File conducted by the Authority or the Master Servicer. If the Lender is required to repurchase a Mortgage Loan, the Lender shall also be required to repurchase any related Second Mortgage Loan from the Authority. Upon repurchase of a DPA Second Loan, the Authority agrees to promptly assign the Mortgage Note and the Mortgage related to the DPA Second Loan to the Lender.

