

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
MORTGAGE CREDIT CERTIFICATE PROGRAM
LENDER PARTICIPATION AGREEMENT**

Appendix 6

This Lender Participation Agreement (the "Agreement") is made and entered into by and between the Arkansas Development Finance Authority (ADFA/ the "Authority") and _____

("Lender").

WITNESSETH:

WHEREAS, Section 25 of the Internal Revenue Code of 1986, as amended (the "Code"), allows ADFA to elect to exchange all or any part of its authority to issue qualified tax-exempt, private activity bonds for the authority to issue Mortgage Credit Certificates (MCCs") as a means of assisting qualified individuals with the acquisition of single-family housing;

WHEREAS, ADFA has elected not to issue \$10,000,000 of qualified private activity bonds beginning calendar year 2010 and, as a result of such election, has the ability to establish the 2010 Mortgage Credit Certificate Program (the "Program") for the State of Arkansas;

WHEREAS, the Lender wishes to participate in the MCC Program administered by ADFA in connection with mortgage loans which Lender may make available to prospective borrowers for the acquisition of new or existing single-family residences;

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

Section 1. Lender agrees to accept and review applications for MCC's pursuant to the 2010 Mortgage Credit Certificate Program Manual (the "Program Manual"). If such an application indicates that an applicant is eligible for an MCC, and if Lender has determined to make a mortgage loan from its own funds to the applicant, Lender shall forward the MCC application to ADFA as set forth in the Program Manual. To the extent ADFA has MCC authority available and the applicant is eligible for an MCC, ADFA will accept the MCC reservation and issue an MCC Commitment.

Section 2. Lender agrees to make information regarding the Program available to potential applicants.

Section 3. Lender will obtain from the applicant all documents and information required in connection with the application for and receipt of an MCC as set forth in the Program Manual.

Section 4. Lender will perform all investigations and verifications that it would normally perform for underwriting a mortgage loan.

Section 5. Lender will conduct such reasonable investigation as is necessary to certify that the applicant has satisfied all requirements of the Program, including those imposed by temporary and permanent regulations issued pursuant to the Code and ADFA eligibility requirements.

Section 6. Lender warrants that it is familiar with the Program as well as the laws of the State of Arkansas (the "State") applicable to the Program and the Program Manual. Lender hereby agrees to comply with all provisions of the Code, State Law and applicable regulations and guidelines, including, but not limited to, the Program Manual, as such may apply to the Program.

Section 7. Lender hereby agrees to comply with all data and records retention and all reporting requirements applicable to the Program which are required by the Code, all temporary and permanent regulations, State Law and the Program Manual. To insure compliance with these requirements, the lender will designate one employee that will be responsible for meeting these requirements. This person will be the primary point of contact between ADFA and the lender on all matters related to the MCC Program.

Section 8. Lender hereby agrees that ADFA and its agents have the authority to examine and inspect all books and records in Lenders possession relating to any MCC issued and the MCC Program. Lender hereby agrees to grant ADFA and its agents access to such books and records during normal business hours upon ADFA's request.

Section 9. Lender understands that, under the 2010 MCC Program, ADFA has \$2,500,000 of MCC authority that can be used to originate \$10,000,000 in first mortgage loans. Funds will be allocated by ADFA on a first-come, first-served basis among lenders and prospective applicants, provided that 20% of such allocation will be set aside during the first year of the Program for homes located in Targeted Counties as more fully discussed in the Program Manual. At some point ADFA may decide to cease accepting applications from non-targeted counties until the 20% setaside is reached.

Section 10. This Agreement shall remain in full force and effect until terminated. Lender or ADFA may terminate this Agreement, without cause, upon 60 days' written notice to the other party. Further, ADFA may immediately terminate this Agreement and prohibit Lender from participation in the Program upon Lender's failure to comply with the terms and conditions of this Agreement or the Program Manual upon written notice by ADFA.

Section 11. Lender hereby agrees that repayment of any loan made in conjunction with the Program is the responsibility of the applicant/borrower and payment of such loan does not constitute an indebtedness of ADFA or a charge against its general credit or other assets or the assets of the State of Arkansas.

Section 12. Lender will submit to ADFA the appropriate fees as listed in Chapter 4 (J) of the 2010 Arkansas Mortgage Credit Certificate (MCC) Program Guide.

Section 13. Lender agrees to submit the required annual report to the Internal Revenue Service within the time frames shown in Chapter 5 of the Program Guide. Lender also agrees to maintain the records associated with the MCC's as detailed in the same chapter. ADFA agrees to provide the lender with the MCC/loan level detail that makes up the annual report.

IN WITNESS THEREOF, ADFA and LENDER have executed this Agreement on the dates indicated below.

Dated: _____

Lender: _____
(Name of Lending Institution)

By _____

Title _____

Dated: _____

Arkansas Development Finance Authority

By: _____

Title: Single Family Program Manager