

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

"HomeToOwn" Program

MORTGAGE ORIGINATION AGREEMENT

This MORTGAGE ORIGINATION AGREEMENT, dated as of _____, (the "Agreement"), is by and among The Arkansas Development Finance Authority (the "Authority") and _____ (the "Mortgage Lender").

WITNESSETH:

WHEREAS, the Authority is acting to undertake a single family housing finance program (the "Single Family Program") by purchasing Mortgage-Backed Securities backed by Pools of Mortgage Loans; and

WHEREAS, the Authority may use alternative sources to fund the Single Family Program by selling Mortgage Backed Securities backed by Pools of Mortgage Loans in the open market or to a single investor; and

WHEREAS, the undersigned Mortgage Lender desires to participate in such Single Family Program pursuant to the terms hereof; and

WHEREAS, U.S. Bank National Association is serving as the Master Servicer for the Single Family Program; and

WHEREAS, the Authority and the Master Servicer have accepted the undersigned Mortgage Lender, and the Undersigned Mortgage Lender has executed a Participating Lender Agreement with the Master Servicer.

THE AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements herein contained, the undersigned Mortgage Lender and the Authority agree as follows:

ARTICLE I

DEFINITIONS; REPRESENTATIONS AND WARRANTIES

Section 1.01 Definitions. All words and terms defined in the Authority's "HomeToOwn" Program Guide (the "Program Guide"), which is incorporated herein by reference pursuant to Sections 2.03 and 2.04 of this Agreement, as in effect as of the effective date of this Agreement, are used herein as so defined.

Section 1.02 Representations, Warranties, and Covenants of the Mortgage Lender. Each Mortgage Lender represents and warrants to, and covenants with the Authority that:

(a) Due Organization and Authority. The Mortgage Lender is a duly organized and existing mortgage lending institution in good standing under the laws governing its creation and Existence and is in good standing and duly authorized and qualified to transact in the State of Arkansas 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.

(b) No Conflict or Breach. The execution and delivery of this Agreement in the manner contemplated herein by the Mortgage Lender and the performance and compliance with the terms hereof by the Mortgage Lender will not violate (i) the instruments creating the Mortgage Lender or governing its operation, or (ii) 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 Mortgage Lender, and will not constitute a material default thereunder.

(c) Consents or Approvals. The execution and delivery of this Agreement by the Mortgage 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.

(d) Valid and Binding Obligation. This Agreement, when duly executed and delivered by the Mortgage Lender, will constitute a valid, legal and binding obligation of the Mortgage Lender, enforceable in accordance with its terms, except as the enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally.

(e) Approvals. The Mortgage Lender is now and will at all times be a mortgagee approved by FHA, USDA-RD and/or VA, as applicable, in good standing, or is approved by or able to originate Conventional Mortgage Loans acceptable to Fannie Mae and/or Freddie Mac. The Mortgage Lender is currently authorized to make mortgage loans in Arkansas, and will remain so authorized. The Mortgage Lender must furnish to Authority all the information required in Exhibit B hereto.

(f) Compliance. The Mortgage Lender agrees to comply with all applicable Federal or State statutes, rules or regulations governing the origination and processing of residential mortgage loans including without limitation: (i) the Real Estate Settlement Procedures Act, (ii) the Mortgage Disclosure Improvement Act, (iii) the Truth in Lending Act, (iv) Regulation Z (12 C.F.R. Part 226), (iv) with respect to each Mortgage Loan securing a GNMA Security, the GNMA Guide and all other applicable rules, regulations, policies and guidelines of GNMA and all applicable FHA, USDA-RD and VA regulations, (v) the HUD Interpretive Rule (Docket No. FR-5679-N-01) regarding permissible sources of down payment and other closing cost assistance with FHA-insured mortgage loans, and (vi) with respect to each Conventional Mortgage Loan

and each USDA-RD Guaranteed Mortgage Loan securing a Fannie Mae Security, the Fannie Mae Guides.

(g) Reports to Parties Hereto. From time to time, the Mortgage Lender will report to the Authority, as more fully set forth in this Agreement and the Program Guide, information relating to the Mortgage Loan, and will do every act and thing which may be necessary or reasonably required to perform its duties under this Agreement.

(h) Mortgage Lender Independence. The Mortgage Lender has not, directly or indirectly, in connection with the transactions contemplated by this Agreement, contracted or entered into any agreement with any other Mortgage Lender or any other person or institution (except the Authority or its agents) with respect to any aspect of its participation in the Single Family Program. Additionally, the Mortgage Lender represents that it has not entered into any formal or informal agreement or arrangement with any real estate broker or mortgage broker involving the origination of the Mortgage Loans under the Single Family Program. In no event will the Authority be liable for any fees or commissions which may be due to or claimed by any such broker pursuant to any agreement entered into in contravention of this representation.

(i) State Supervision: Merger or Consolidation. The Mortgage Lender agrees that during the term of this Agreement it will remain subject to supervision and examination by state or Federal authorities, as may be applicable, and that it will remain in good standing and qualified to do business under the laws of the United States of America, the state of its organization and/or the State of Arkansas, as applicable, and that it has and will maintain all necessary licenses under the laws of the United States of America, the state of its organization and the State of Arkansas, as applicable, will not dissolve or otherwise dispose of all or substantially all of its assets. The Mortgage 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 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 requirements of this Section 1.02 (i) are met, subject to written notice to the Authority prior to or within 45 days after such event. Further, the Mortgage Lender may assign all (but not a portion) of its rights and obligations hereunder if the requirements of this Section 1.02(i) are met, subject to written notice to the Authority prior to or within 45 days after such event. The surviving, resulting or transferee entity or assignee of the rights and obligations hereunder shall have a net worth sufficient in the reasonable judgment of the Authority to perform the duties hereunder, shall be qualified under the laws of the United States or authorized to do business in the State of Arkansas, shall be qualified under the Laws, and have all necessary approvals required of the Mortgage Lender under Section 1.02, to perform the Mortgage Lender's duties under this Agreement, and shall assume in writing all of the obligations of the Mortgage Lender under this Agreement and make all representations and warranties contained in Section 1.02 hereof. In the event of a merger or consolidation in which the Mortgage Lender is a constituent entity and, within six months next following such transaction, the Authority shall determine that the surviving or resulting corporation does not satisfy any of the conditions set forth in the preceding sentence, the Authority shall notify the Mortgage Lender of such event and, if such condition is not cured to the satisfaction of the Authority within sixty (60) days of such notice, the Mortgage Lender's rights and privileges with respect to this Agreement shall cease.

(j) Tax-Exempt Status of Bonds. The Mortgage Lender will not knowingly take any action or permit any action within its control to be taken that would impair the exemption from Federal income taxation of interest on the applicable Bonds.

(k) Representations in Certificates, Etc. No information, officer's certificate, statement furnished in writing, or report required hereunder, delivered to the Authority will, to the knowledge of the Mortgage Lender delivering the same, contain any untrue statement of a material fact or omit a material act necessary to make the information, certificate, statement or report not misleading.

(l) Indemnification. The Mortgage Lender will indemnify and hold harmless the Authority and its officers, directors, board members, employees and agents against liability for 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 act or omission of the Mortgage Lender hereunder or any violation of law resulting from an act or omission of the Mortgage Lender hereunder.

(m) No Fiduciary Relationship or Interest in Funds. Notwithstanding any other provisions of this Agreement, under no circumstances shall this Agreement or the relationship between the Authority and Mortgage Lender created hereby be construed as creating a fiduciary relationship between the Authority and Mortgage Lender, or as granting to, or creating in, the Mortgage Lender any legal or equitable interest, right or title in or to any funds or accounts created under the Resolution.

(n) Nondiscrimination. The Mortgage Lender will comply with the applicable nondiscrimination provisions of the Civil Rights Act of 1964, the regulations promulgated thereunder, and Executive Order 11246, Equal Employment Opportunity, dated June 24, 1965, where applicable, and any applicable federal or state laws, rules, regulations and orders of general applicability pertaining to the extension of credit to finance the purchase of Single-Family Residences.

(o) Performance. The Mortgage Lender fully recognizes the failure to perform is an event of Default and may result in the enforcement of any or all of those remedies and damages set forth herein. The Mortgage Lender's obligations are not met by merely making a good faith effort to perform hereunder. The Mortgage Lender is not able to resign its duties hereunder.

(p) No Litigation. There is no litigation pending, or, to the Mortgage Lender's knowledge, threatened, affecting the right of any of the present members of the board of directors or officers of the Mortgage Lender to their respective offices or their jurisdiction or authority over the affairs of the Mortgage Lender, nor in any way questioning the execution or validity of this Agreement; there are no other legal or governmental proceedings other than ordinary routine litigation incidental to the business conducted by the Mortgage Lender pending (to the best of the Mortgage Lender's knowledge) threatened or contemplated by which the Mortgage Lender may be bound or to which any property of the Mortgage Lender is or may be subject, which, if determined adversely to the Mortgage Lender, would individually or in the aggregate have a material adverse effect on the ability of the Mortgage Lender to perform its

obligations hereunder or on the financial position or results of the operations of the Mortgage Lender or result in money damages arising out of an alleged error or omission claim.

(q) Notice. The Mortgage Lender will immediately notify the Authority in writing if it is no longer in compliance with (a) through (p) above.

(r) Relationship with Master Servicer. The Mortgage Lender acknowledges that the Master Servicer is not a party to this Agreement. The Participating Lender Agreement executed by the Mortgage Lender and the Master Servicer spells out in detail the relationship between the respective parties. This includes a specific Lender approval and annual recertification process. The Master Servicer has sole authorization to approve a Mortgage Lender for the Single Family Program as well as to suspend or terminate a Mortgage Lender from the program *if* they fail to meet the requirements to qualify.

ARTICLE II ORIGINATION OF LOANS

Section 2.01 Commitments. Subject to the terms and conditions hereof and in reliance upon the representations and warranties set forth in this Agreement, the Mortgage Lender agrees to originate Mortgage Loans that are to be made pursuant to this Agreement and shall be in all respects in accordance with the provisions of the Program Guide and the Participating Lender Agreement. The Mortgage Loans must be processed by Mortgage Lender in accordance with the schedule set forth in Exhibit A hereto.

Section 2.02 Prohibition of Discrimination. The Mortgage Lender shall consider all applications for Mortgage Loans in the order in which they are received on a fair and equal basis and will not arbitrarily reject an application because of the location of the property, or in the case of a proposed Borrower, arbitrarily vary the terms of a loan or the application procedures therefore or arbitrarily reject a Mortgage Loan applicant because of his race, color, religion, national origin, age, sex or marital status. No Mortgage Lender shall enter into any agreement or arrangement with any person, firm or corporation to prefer any applicant or group of applicants for Mortgage Loans over any other applicant or group of applicants for such loans. In accepting, evaluating and acting upon such applications, Mortgage Lender shall comply, if applicable, with the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder. All application for Mortgage Loans and evidence of action taken with respect thereto shall be retained by the Mortgage Lender for at least twenty-five (25) months from the date of the application.

Section 2.03 Mortgage Loan Products Offered.

(a) The "HomeToOwn" loan is the primary mortgage loan product offered in the ADFA Single Family Program. It is a thirty year fixed rate loan that is fully documented and underwritten to secondary market, agency (FHA, RD, VA and FNMA), Master Servicer and ADFA guidelines.

There are two funding sources for the "HomeToOwn" Program:

1. "HomeToOwn"- BOND: This loan is funded by proceeds from the sale of tax-exempt Mortgage Revenue Bonds (MRB's).
2. "HomeToOwn"- MBS: This loan is funded by proceeds from the sale of Mortgage Backed Securities (MBS's) in the open market.

(b) The Down payment Assistance (DPA) second mortgage is offered to qualified borrowers to cover downpayment and closing costs. It is a fully amortizing second mortgage at a fixed rate of interest over a ten year period. This second mortgage must be used in conjunction with our "HomeToOwn" first mortgage. The Participating Lender will advance the funds for the DPA at closing. The Participating Lender will be reimbursed when the first and second mortgage loans are sold to our Master Servicer. Other funding processes may be used from time to time. The originating lender, on behalf of ADFA, will be responsible to insure that all of the requirements as listed in Section 1.02 (f) and Section 2.04 of this agreement are carried out per published guidelines.

(c) The Arkansas Dream Downpayment Initiative (ADDI) is a second mortgage to cover downpayment and closing costs. It is a "soft" second mortgage that is forgivable over a five year period. It is funded by HUD HOME Funds but other sources of funding may be used in the future. The Participating Lender will advance the ADDI funds at closing. The Participating Lender will be reimbursed by ADFA when our agency receives copies of the recorded ADDI documents. Other funding processes may be used from time to time. The originating lender, on behalf of ADFA, will be responsible to insure that all of the requirements as listed in Section 1.02 (f) and Section 2.04 of this agreement are carried out per published guidelines.

Section 2.04 Purchase of mortgage loans by ADFA's Master Servicer. Lenders must follow all program guidelines for the origination of mortgage loans to include but not be limited to all agency (FHA, RD, VA and FNMA) guidelines and directives, bulletins issued by our Master Servicer and all ADFA published directives, ADFA Lender Notices and the Single Family Program Guide as amended from time to time. The originating lenders, on behalf of ADFA, will be responsible to insure that all of the requirements of this section and Section 1.02 (f) of this agreement are carried out per published guidelines.

ADFA is under no obligation to authorize the purchase of a mortgage loan by our Master Servicer unless all of the required guidelines referenced above and detailed in Exhibit A of this agreement are met.

ARTICLE III SERVICING OF MORTGAGE LOANS

Section 3.01 Mortgage Lender to Transfer Mortgage Loans and Servicing Thereof to Master Servicer. Prior to the Purchase Date, the Mortgage Lender shall perform all servicing with regard to a Mortgage Loan. On the Purchase Date, the Mortgage Lender shall assign and transfer each Mortgage Loan to the Master Servicer in exchange for payment of the unpaid principal balance of the loan plus the appropriate Servicing Release Premium (SRP).

Section 3.02 Assumption Restrictions. In any case in which a Single Family residence

subject to a Mortgage has been or is about to be conveyed by the original Borrower and the purchaser desires to assume all the rights and obligations of the original Borrower under the Mortgage Loan, the Master Servicer may release (subject to any required FHA, USDA-RD, VA and GNMA) the original Borrower and take or enter into an assumption agreement from or with the person to whom such property has been or is about to be conveyed only if the Authority so consents in writing; provided, however, that such assumption must comply with the provisions of Chapter 2 of the Program Guide, and further provided, that such assumption may be permitted only if the Authority provides its consent thereto.

Section 3.03 Authority and Mortgage Lender to Cooperate: Release of Mortgage Files. From time to time and as appropriate for the servicing or foreclosure of any Mortgage Loans, the Authority and each Mortgage Lender hereby agree to take such actions as required by the GNMA Guide, FHA, USDARD, VA, FNMA as applicable.

Section 3.04 Certain I.R.S. Information. The Mortgage Lender shall provide the Authority with any information necessary for the Authority to complete the annual Qualified Mortgage Bond Information Report.

ARTICLE IV RESIGNATION AND TERMINATION OF MORTGAGE LENDER; NOTICE OF CERTAIN EVENTS; ACCESS

Section 4.01 Mortgage Lender Resignation. The Mortgage Lender may terminate its participation in the Single Family Program upon delivery of notice to the Authority at least fifteen (15) days prior to the effective date of such resignation; provided, however, that no Mortgage Lender shall have the right to resign from the obligations and duties imposed on it with respect to any Mortgage Loan in process (defined in the Program Guide) at the effective date of resignation or any Mortgage Loan originated by it under this Agreement and under the terms of the Program Guide.

Section 4.02 Authority Termination of a Mortgage Lender. The Authority may at its sole discretion terminate this Agreement with respect to any Mortgage Lender upon delivery of notice to the Mortgage Lender at least fifteen (15) days prior to the effective date of such termination.

Section 4.03 Master Servicer Termination of a Mortgage Lender. The Master Servicer, may, at its sole discretion, terminate a Mortgage Lender from the Single Family Program if lender is found to be in default of the Master Servicer's Participating Lender Agreement.

Section 4.04 Mortgage Lender Notice to Authority. The Mortgage Lender shall give written notice to the Authority within two (2) business days of the occurrence of any of the following events:

(a) the issuance 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, marshalling of assets and liabilities or similar proceeding

affecting the Mortgage 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 thirty (30) days;

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

(c) the admission in writing by the Mortgage Lender of its inability to pay debts as they mature, or the filing of a petition to take advantage of any applicable bankruptcy or insolvency statute, or the making of an assignment for the benefit of creditors.

Section 4.05 Transfer of Terminated Mortgage Lender's Servicing. Upon termination of this Agreement with respect to any Mortgage Lender, such Mortgage Lender shall, within thirty (30) days, deliver or cause to be delivered to the Master Servicer all closed Mortgage Loan files in Mortgage Lender's possession that are related to the "HomeToOwn" Program. The Mortgage Lender agrees to indemnify and hold the Authority harmless from any and all costs and expenses that they may incur in securing the delivery of all such files.

Section 4.06 Indemnification. In the event such Mortgage Lender should fail to perform under any provision of this Agreement or the Program Guide, and if the Authority shall employ attorneys or incur other expenses for the enforcement, performance or observance of the terms of this Agreement on the part of such Mortgage Lender, then the Mortgage Lender agrees to indemnify the Authority on demand, for reasonable attorneys' fees and other out-of-pocket expenses incurred in connection with such judicial proceeding.

Section 4.07 No Liability for Removal of a Mortgage Lender. Notwithstanding any provision in this Agreement to the contrary, the Authority shall not be liable in any respect for the termination of a Mortgage Lender or owe any duty to any such Mortgage Lender if terminated pursuant to this Agreement.

Section 4.08 Survival Upon Termination. Termination of a Mortgage Lender shall not terminate such Mortgage Lender's obligation to repurchase a Non-Qualifying Mortgage Loan or to pay the Default Servicing Fee described in the Participating Lender Agreement between such Mortgage Lender and the Master Servicer or to meet obligations that would continue had it, instead of being terminated, completed its performance hereunder in full. Upon termination, a Mortgage Lender shall turn over Mortgage Loans in process (at no compensation or fee) for reallocation to other Mortgage Lenders to complete.

Section 4.09 Access to Certain Documentation and Certain Information Regarding the Mortgage Loans. Each Mortgage Lender shall provide to the Master Servicer, FNMA, GNMA and the Authority and their respective employees, representatives, examiners and supervisory agents access to the documentation requested by them regarding the Mortgage Loans originated by such Mortgage Lender, such access being afforded without charge and during normal business hours at the offices of the Mortgage Lender designated by it or, if requested, by mail.

ARTICLE V
MISCELLANEOUS PROVISIONS

Section 5.01 Notices. All notices, certificates or other communications hereunder shall be deemed given when delivered or five (5) days after mailing by certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate Notice Address. The Authority or the Mortgage Lender may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates and other communications shall be sent.

Section 5.02 Severability. In the event any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 5.03 Further Assurance and Corrective Instruments. To the extent permitted by law, the Authority and Mortgage Lender 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 hereof or facilitating the performance hereof.

Section 5.04 Effect of Covenants: Further Acts. All of the Mortgage Lender's representations, warranties and agreements contained in this Agreement will remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Authority; (ii) purchase, or payment made in respect of purchase, of any Mortgage Loan; and (iii) any termination hereof. The Mortgage Lender agrees that it will, at its own expense, execute all other documents and take all other steps necessary and requested from time to time by the Authority to perform the covenants, representations and warranties contained in this Agreement.

Section 5.05 No Rights Conferred on Others. Nothing in this Agreement shall confer any right upon any person, including holders of the Bonds, other than the parties to this Agreement.

Section 5.06 Limitation of Liability of Parties. The parties to this Agreement shall be liable under this Agreement and under the obligations set forth in the Program Guide only to the extent that obligations are explicitly imposed upon and undertaken by the party against whom enforcement is sought.

Section 5.07 Survival of Obligations and Covenants. The termination or resignation of any Mortgage Lender under this Agreement shall not affect any obligation of such Mortgage Lender under Article IV hereof.

Section 5.08 Contract Documents. All transactions hereunder will be on a contractual basis, the contract consisting of: (i) this Agreement and the applicable Participating Lender Agreement with the Master Servicer; and (ii) the provisions and requirements of the Program Guide as in effect from time to time. The Mortgage Lender agrees that the Authority has the right from time to time to amend and supplement the Program Guide, subject to the approval of

such amendment or supplement by the Authority. In the event of any conflict between this Agreement and the Program Guide as so amended or supplemented, this Agreement shall govern.

Section 5.09 Applicable Law. This Agreement is made and entered into in the State of Arkansas and all questions relating to the validity, construction, performance, and enforcement hereof shall be governed by the laws of the State of Arkansas, without giving effect to such state's conflicts of Jaws provisions. The Mortgage Lender hereby consents to the jurisdiction of the courts of the State of Arkansas for any proceeding in connection with this Agreement.

Section 5.10 Assignment. This Agreement shall not be assignable by the Mortgage Lender without the written consent of the Authority, its successors or assigns, and in the event of any attempted assignment thereof without such written consent, the Authority may, at its option, terminate this Agreement.

Section 5.11 Successors and Assigns. This Agreement and all obligations and rights arising hereunder shall bind and inure to the benefit of the Authority and the Mortgage Lender and their respective successors in interest and permitted assigns.

Section 5.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original; but such counterpart shall together constitute but one and the same Agreement.

Section 5.12 Discretion of Authority. With respect to any disputes between the Authority and the Mortgage Lender which arises concerning the term and provisions hereof, the meaning thereof, or decisions to be made thereunder, the judgment of the Authority shall govern.

Section 5.13 Master Servicer Acts on Benhalf of the Authority. The Master Servicer may act on behalf of the Authority with respect to the administration of the Single Family Program and supervision of Mortgage Lenders to the extent provided in the Servicing Agreement, all acts required herein to be done by the Authority with respect thereto may be done by the Master Servicer. The Mortgage Lender may rely on actions of the Master Servicer as if done by the Authority.

Section 5.14 Limitation on Liability of Directors, Officers, Employees and Agents. No director, officer, employee, board member or agent of either the Authority or the Mortgage Lender shall be under any personal liability for any action taken (or for refraining from the taking of any such action) in good faith pursuant hereto, or for errors in judgment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers duly appointed and authorized.

(Name of Mortgage Lender)

By: _____

Title: _____

Date: _____

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By: _____

Title: _____

Date: _____

EXHIBIT A

1. **Processing Time Frames.** When a Mortgage Loan is reserved by the participating lender in the ADFA Internet Reservation System, the lender will receive a "Complete Reservation" confirmation and a loan number. From that Reservation Date the following time frames must be met:
 - a. Compliance Package must be received by ADFA within 30 days of the Reservation Date.
 - b. Loan must be closed by the Lender and loan file delivered to ADFA and Master Servicer within 45 days of the Reservation Date.
 - c. Loan must be Purchased by the Master Servicer within 70 days of Reservation Date.

Any Mortgage Loan not purchase by the Master Servicer within the 70 day period referenced above is ineligible for purchase unless the lender elects a one-time only 30 day extension. The cost of the extension is \$375 payable to the purchaser of the Mortgage Backed Security (MBS). The \$375 fee must be paid by the lender and can't be passed through to the borrower.

The extension fee is due on the seventy first day whether or not the mortgage loan is ultimately delivered or purchased. For loans that exceed seventy days and are purchased by our Master Servicer, the fee will be netted out at purchase. If the loan is not purchased by the Master Servicer, ADFA will invoice the lender for the extension fee and remit the funds to our investor. If a lender incurs a total equal to five unpaid extension fees, the lender may be terminated from the Single Family Program until all fees are paid.

Loans in excess of 100 days from reservation date are not guaranteed to be purchased. The Authority will make an effort to negotiate a resolution that is acceptable to all parties, but there is no guarantee the loan will be purchased by our Master Servicer.

2. **Servicing Release Premium (SRP).** The Master Servicer will pay each participating lender a Servicing Release Premium at the time the loan is purchased. This SRP is referenced in the "HomeToOwn" Program Guide Chapter 1, Sections E and it is further defined in Section G. The amount of the SRP may adjust from time to time as overall program pricing changes.

EXHIBIT B

1. **Participating Lender Approval Process.** Lenders wanting to participate in the ADFA Single Family Program must go through an initial and then a bi-annual approval process. This process is separate from the processes required by our Master Servicer as referenced in Section 1.02 of this agreement.

Information to be submitted to ADFA along with this signed Mortgage Origination Agreement (MOA) for consideration of ADFA's approval to participate in the Single Family Homeownership Programs consists of the following:

- a. Evidence that the mortgage lender has conducted mortgage lending business in the State of Arkansas for at least twelve months prior to the date of application to ADFA for approval, and is currently participating in the local private home lending market from one or more offices located within the State. Evidence of comparable lending experience outside the State of Arkansas may be substituted; these will be reviewed on a case-by-case basis.
- b. Mortgage lender must provide ADFA with their most recent financial statements as well as verification that mortgage lender carries at least \$300,000 in Errors and Omissions Insurance coverage.
- c. Mortgage lender is an approved Federal Housing Administration (FHA) lender and may originate FHA loans. Lender FHA approval number is _____
- d. Mortgage lender is an approved Veterans Administration (VA) lender and may originate VA loans. Lender VA approval number is _____
- e. Mortgage lender is an approved U.S. Department of Agriculture - Rural Development (RD) lender and may originate USDARD loans. Lender USDARD approval number is _____.

2. **Primary lender contact for all matters dealing with the ADFA Single Family Housing Programs:**

Name: _____ Title: _____

Tel: _____ Fax: _____

e-mail: _____