



## **SINGLE FAMILY MORTGAGE PROGRAM**

# **PARTICIPATION AGREEMENT**

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**June 11, 2010**

**UTAH HOUSING CORPORATION  
SINGLE FAMILY MORTGAGE PROGRAM**

**PARTICIPATION AGREEMENT**

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**UTAH HOUSING CORPORATION  
SINGLE FAMILY MORTGAGE PROGRAM**

**PARTICIPATION AGREEMENT**

**RECITALS AND SIGNATURES**

THIS PARTICIPATION AGREEMENT (“AGREEMENT”) is made and entered into as of \_\_\_\_\_, \_\_\_\_\_, between Utah Housing Corporation (“UHC”) and \_\_\_\_\_ (as “Lender”).

WHEREAS, from time to time UHC will provide funds under its Single Family Program (the “Program”) for the purchase of Mortgage Loans from Lenders;

WHEREAS, Lender desires to originate and sell Mortgage Loans to UHC; and

WHEREAS Lender will sell the Mortgage Loans servicing released to UHC.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, UHC and Lender agree to enter into this Agreement and to fully cooperate with one another to implement, fulfill and monitor the Selling Obligations described herein.

Utah Housing Corporation

Lender: \_\_\_\_\_

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

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

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

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

Address: 2479 South Lake Park Blvd

Address: \_\_\_\_\_

West Valley City, UT 84120

\_\_\_\_\_  
City, State, Zip

E-mail address to be used by UHC to communicate future program modifications, weekly notices, and other communication: Lender Designated E-mail: \_\_\_\_\_

## **PART I**

### **CONTENT OF CONTRACT, NOTICES, AMENDMENTS, INTERPRETATION AND DEFINITIONS**

#### **1.01 Contractual Basis of Relationship Between UHC and Lender**

Each Mortgage Loan purchase transaction between the Lender and UHC is on a contractual basis and the contract consists of the following "Participation Documents" as they may be amended:

- This Participation Agreement;
- Mortgage Purchase Agreement;
- Selling Supplement; and
- All other documents incorporated into this Agreement.

#### **1.02 Phrases**

All phrases that refer to a Participation Document (any of the above referenced documents), such as but not limited to "herein", "hereunder", this "Agreement", and so forth are made for the purpose of brevity and sometimes for specific or general reference purposes, but such references in all cases incorporate each Participation Document.

#### **1.03 Amendments**

Amendments and additions to the Participation Documents may be made from time to time by UHC and notification of such changes shall be distributed to the Lenders by e-mail. Exhibit B to Participation Agreement is an announcement of Income Limits, Acquisition Cost Limits, loan purchase prices, and certain fees that must be used for Mortgage Loans originated for sale to UHC. The latest interest rate information will be shown on the UHC website.

#### **1.04 Printed Copies**

If Lender maintains printed copies of the Participation Documents, it shall keep them current by inserting all replacement pages. Lender shall at all times ensure that each of its employees or agents acting on its behalf with respect to Mortgage Loans has access to the most current edition of the Participation Documents as amended. This Agreement is deemed to be an amendment to editions of the Supplements and instructions dated before the date of this Agreement and supersedes all such editions.

#### **1.05 Notices**

Any Program changes issued by UHC may be delivered electronically to the e-mail address furnished by Lender on the Recitals and Signatures page of this Agreement. Other notices or communications to be given under the Participation Documents shall be given either by e-mail, delivering the same in writing by hand, by mailing first class with the United States Postal Service, or by facsimile transmission promptly confirmed by mailing first class with the United States Postal

Service, addressed to UHC as shown in this section or to Lender as specified on the Recitals and Signatures page of this Agreement, or to such other e-mail address, street address or fax number as is provided in a written notice in accordance with the applicable Participation Document. Lender may not send Nonpublic Personal Information to UHC via e-mail unless it is encrypted using a system acceptable to UHC.

If to UHC:

Senior Vice President  
Utah Housing Corporation  
2479 S. Lake Park Blvd.  
West Valley City, UT 84120  
Fax: (801) 902-8350

### **1.06 Interpretation**

The staff of UHC is available for guidance; however, any interpretation or waiver of any provision of this Agreement shall not be binding upon UHC unless such interpretation or waiver was made or granted in writing and signed by an Officer of UHC.

### **1.07 Definitions**

As used in this Agreement, unless a capitalized term is defined herein or has its meaning set forth in Exhibit A, its meaning will be that indicated by the context.

## **PART II**

### **REPRESENTATIONS, WARRANTIES AND COVENANTS**

#### **2.01 Mortgage Lender Application**

A mortgage lender desiring to be a Lender and, having ascertained that it meets the requirements listed in this Part, must obtain UHC's approval by completing application materials, paying an application fee and furnishing required information about such matters as financial strength and adequate lending capabilities.

#### **2.02 Lender Qualifications**

Lender represents, warrants and covenants that it is, and during the time that it originates Mortgage Loans for sale to UHC it shall remain, a Lender that at all times possesses the following characteristics and meets the following requirements:

**2.02.1** Be a commercial bank, trust company, savings and loan association, mortgage bank, credit union or other similar financial institution having as one of its principal purposes the making of mortgage loans in its usual and regular course of business;

**2.02.2** Be authorized to transact mortgage lending business in the State;

**2.02.3** Maintain one or more mortgage loan origination offices in Utah, open to the public, fully staffed with experienced personnel who make purchase money mortgage loans for owner-occupied single-family residences located in Utah;

**2.02.4** Be authorized at all times during the term of the Agreement by Federal and State law and regulations to make and sell the Mortgage Loans that it has agreed to sell to UHC;

**2.02.5** Be an FHA-approved mortgagee and employ at least one "FHA Direct Endorsement Underwriter;"

**2.02.6** Not be shown on the Freddie Mac "Exclusionary List";

**2.02.7** As shown in its most recent quarterly financial statement, (or if its financial condition is reflected on a consolidated basis with that of a parent company or companies, then as reflected in its parent company's most recent quarterly consolidated financial statement) be in compliance with any capital requirement imposed by a State or Federal regulatory authority with supervisory authority over it or its parent company or companies;

**2.02.8** Have and maintain an adequate and reliable warehouse line of credit or other mortgage loan funding source in an amount sufficient to enable Lender to disburse Mortgage Loan proceeds at the time of Closing for all Mortgage Loans for which it obtains a Mortgage Purchase Agreement from UHC;

**2.02.9** Have during a recent twelve-month period, which period shall be designated by UHC, made and sold to an institutional mortgage investor (which may include UHC) not less than 25 purchase money mortgage loans for owner-occupied single-family residences located in the State;

**2.02.10** Have sold to UHC not less than four Mortgage Loans in any consecutive six-month period; and

**2.02.11** Have performed a post-Closing review of those items required in an FHA quality control plan for not less than 10% of the Mortgage Loans delivered for sale to UHC each calendar year; provided, however, newly-qualified Lenders shall perform a post-Closing review of the first five Mortgage Loans delivered for sale to UHC. (See also Part II of the Selling Supplement regarding the additional review required for third party originations.)

### **2.03 Lender's General Warranties and Covenants**

**2.03.1** Lender covenants that it is a Lender as defined in the Participation Documents.

**2.03.2** The Lender covenants that it and its officers and employees acting on its behalf have full legal authority to engage in the transactions covered by the Participation Documents, and that such participation does not violate the charter or by-laws of the Lender or any agreement, rules, or regulations to which it is subject; that agreements, assignments and other documents executed on behalf of Lender are binding obligations of Lender; and the Lender shall not be a party to or be bound by any agreement, instrument or other restriction, law or regulation which now or in the near future may adversely affect the ability of the Lender to perform its obligations under the Participation Documents.

**2.03.3** The Lender covenants that at all times during the term of the Participation Documents it shall be authorized by Federal and State law and regulations thereunder to make and sell the Mortgage Loans it has agreed to sell to UHC.

**2.03.4** The Lender is responsible for maintaining the confidentiality of the non-public personal information (NPI) of Applicants and Borrowers accessed by the Lender or its employees through the UHC website. Authorized use of the Lender's passwords and log-in information are the responsibility of Lender. Lender covenants that it will only provide access to authorized employees trained to protect NPI and will insure that its employees will only use NPI accessed through the UHC website for authorized purposes. The Lender agrees to cooperate with UHC to terminate access to UHC's website of Lender's former employees or those employees whose access privileges are revoked.

**2.03.5** Lender covenants to indemnify, defend, and hold harmless UHC for any liability or expense arising from use, misuse, failure of Lender to terminate access privileges or unauthorized access by Lender's employees.

**2.03.6** Lender covenants to immediately notify UHC of any unauthorized use of UHC website or any other breach of security relating to UHC website known to Lender.

**2.03.7** The Lender covenants to give all forms, notices or documents required to be given by any statute, rule or regulation, administrative publication, contract, or rider thereto with respect to Mortgage Loans delivered to UHC including, but not limited to, any requirements relating to Limited English Proficiency (LED). Lender shall provide such reports and information as UHC shall reasonably request to confirm compliance with this covenant.

**2.03.8** The Lender covenants and warrants with respect to each copy of a document delivered to or submitted for inspection by UHC that the same is a true, correct, and complete copy of the original thereof.

**2.03.9** The Lender covenants that it will obtain as much information as is reasonably possible and notify UHC if it should become aware of:

**2.03.9.1** Any additional cash transactions taking place to circumvent UHC's Acquisition Cost Limits,

**2.03.9.2** Any inaccuracy in gift letters or sources of Borrower's down payment, closing costs or other cash contributions to a Mortgage Loan transaction,

**2.03.9.3** Misrepresentations of Borrower's income,

**2.03.9.4** Borrower's failure to occupy the Mortgaged Premises as Borrower's Principal Residence,

**2.03.9.5** Borrower using more than 15% of the area of the Mortgaged Premises primarily in a trade or business, or

**2.03.9.6** Borrower using the Mortgaged Premises as investment property or as a recreational home, or

**2.03.9.7** Borrower renting any part of the Mortgaged Premises.

**2.03.10** Lender shall indemnify UHC and hold it harmless from any loss, damage or expense that UHC may sustain as a result of any failure on the part of Lender to properly perform its services, duties and obligations under the terms of the Participation Documents.

## **2.04 Lender's Representations and Warranties for Mortgage Loans**

The Lender hereby represents, warrants, covenants and agrees that with respect to each Mortgage Loan, each of the following statements will be true and correct at the time of delivery of the Mortgage Loan to UHC, and at the time of purchase of the Mortgage Loan by UHC.

**2.04.1** Each mortgage loan submitted to UHC is a Mortgage Loan and is in compliance with all terms and conditions of the Participation Documents.

**2.04.2** The Mortgage Loan is an interest-bearing obligation secured by a Mortgage, the assignment of which to UHC will convey a first lien on mortgaged property, including land and improvements thereon located in the State, constituting a single-family Residence identified and described in the Mortgage securing the Mortgage Loan, and will constitute a valid and enforceable first lien on said land and improvements in favor of UHC, and said first lien will be free and clear of all other liens and encumbrances and will be subject only to real property taxes and assessments not yet due, and permitted liens and encumbrances as set forth in the Participation Documents.

**2.04.3** The Residence with respect to which the Mortgage Loan is made is covered by a valid and subsisting Standard Hazard Insurance Policy or such other coverage as may be required in the Participation Documents with an endorsement by the insurer in favor of the Lender and its successors and assigns, issued by a company lawfully doing business in the State, providing as a minimum, insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy and not less than eighty percent (80%) (100% for Condominium Units or attached PUD Units) of the insurable value, based upon replacement cost or the outstanding principal balance of the Mortgage Loan, whichever is greater, which insurance and the carrier of the insurance comply with all requirements of the Participation Documents.

**2.04.4** The Mortgage Loan is insured by FHA or guaranteed by VA or RHS in an amount and manner set forth in the Participation Documents. Such insurance or guarantee is in full force and effect and will inure to the benefit of UHC as mortgagee.

**2.04.5** The proceeds of the Mortgage Loan are being devoted to providing a Residence for Low and Moderate Income Persons, within the Income Limits established by UHC; and no cash proceeds of the Mortgage Loan shall be disbursed to the Borrower or any other person for the benefit of the Borrower, including amounts representing value of any land owned by the Borrower prior to Closing, except for the reimbursement of excess cash deposits or cash down payment paid by the Borrower prior to Closing.

**2.04.6** The Mortgage Loan is payable as specified in the Participation Documents.

**2.04.7** In the Lender's judgment, the Mortgage Loan is in all respects a prudent investment at the purchase price paid by UHC. Except for the below-market mortgage note rate, the Mortgage Loan is of sufficient quality that Lender would be willing to own the Mortgage Loan.

**2.04.8** The interest rate on the Mortgage Loan does not exceed the rate specified in the Mortgage Purchase Agreement. Monthly installments shall be due on the first day of each month and shall be payable in monthly installments on the principal amount of the Mortgage Loan outstanding on the due date of each installment.

**2.04.9** Total settlement costs and financing costs paid by the Borrower and seller of the Residence are accurately reflected on the Settlement Statement (HUD-1) signed by the Borrower and seller of the Residence in connection with the Closing.

**2.04.10** The Current Annual Household Income of the Borrower does not exceed the Income Limit for the area in which the Residence being financed by the Mortgage Loan is located (as established and amended by UHC from time to time in order to comply with Section 143(f) of the Code).

**2.04.11** The Acquisition Cost of the Residence with respect to which the Mortgage Loan is made does not exceed 90% (110% in Targeted Areas) of the Average Area Purchase Price applicable to such Residence within the meaning of Section 143(e) of the Code, and does not exceed the Acquisition Cost Limit authorized by UHC.

**2.04.12** The Mortgaged Premises constitutes a single-family Residence occupied by the owner thereof as Borrower's Principal Residence with title held by such owner in fee simple, and is not subject to any Leasehold interests or life estates.

**2.04.13** The Borrower had the legal capacity to execute the Mortgage and all documents relating thereto, and the Mortgage Loan and the Mortgage are valid and binding legal obligations of the Borrower, enforceable in accordance with their terms.

**2.04.14** The Borrower has not had a present ownership interest in any Principal Residence at any time during the three year period preceding the date the related Mortgage Loan delivered to UHC was executed; provided, however, that the foregoing statement set forth shall not apply in the following circumstances:

**2.04.14.1** Borrower is a Veteran,

**2.04.14.2** Borrower qualifies under one of the UHC Single Parent programs,

**2.04.14.3** Mortgage Loan is originated under the UHC FirstHome program and Residence is located in a Targeted Area

**2.04.14.4** Borrower and Residence are not subject to the three year prior ownership restriction under Section 143 of the Code (subject to UHC's sole discretion and prior approval).

**2.04.15** The Borrower does not own any other properties purchased under any UHC Program which will be retained for any purpose.

**2.04.16** The Mortgage Loan is the subject of a title insurance policy which complies with all requirements of the Participation Documents.

**2.04.17** The Mortgage Loan is in compliance with credit underwriting and property appraisal requirements of the Participation Documents.

**2.04.18** No payment required by the Mortgage is Delinquent, no event of Default under the Mortgage which has occurred is continuing, and no event has occurred which would, by the passage of time or giving of notice thereof, constitute an event of Default under the Mortgage.

**2.04.19** The improvements to the Mortgaged Premises are fully completed except as contemplated by the Rehabilitation to be completed under a Mortgage Loan insured by FHA under its 203(k) or Streamlined(k) program. All such improvements are, or shall be in the case of Mortgage Loans insured under Section 203(k), completed as represented in the appraisal report, in compliance with all building and zoning codes, restrictions, regulations and other codes and regulations of the city, town or county in which the Mortgaged Premises is located, and are located entirely upon the real property constituting the Mortgaged Premises.

**2.04.20** Without limiting the generality of the foregoing, the Mortgaged Premises have culinary water and sewage disposal facilities which (1) are connected to completed, functioning city, town, or county governmental ("municipal") culinary water system or a stock water company culinary water system and a municipal sewage disposal system; or (2) if not connected to a municipal or stock water company water system and/or municipal sewer system, include a functioning well and/or septic tank, and/or related or similar systems which are wholly dedicated to the use of the Mortgaged Premises, which systems are located wholly within the boundaries of the Mortgaged Premises and which are wholly owned by the Borrower. All improvements to the culinary water and sewage disposal systems are in compliance with all building, health and zoning codes, restrictions, regulations and other codes and regulations of the city, town or county in which the Mortgaged Premises is located.

**2.04.21** The Mortgaged Premises and improvements thereon have not been damaged in any way so as to adversely affect the value of the Mortgage to UHC or the use of such premises and improvements for their intended purpose, and there is no pending or threatened proceeding for the total or partial condemnation of said premises.

**2.04.22** The Mortgaged Premises, the improvements thereon and their intended use comply with all laws or rules and regulations relating to or governing the protection of the environment; and there is no threatened or pending case or proceeding directly involving the Mortgaged Premises in which compliance with any such law, rule or regulation is or will be in issue.

**2.04.23** If the Mortgaged Premises is a Condominium Unit or PUD Unit, such unit is located within a Condominium or PUD Project which meets the requirements of the Participation Documents.

**2.04.24** The terms, covenants and conditions of each Mortgage have not been changed in any respect which would materially affect their value, validity or enforceability, the prompt payment of the Mortgage Loan, or the security of the lien of the Mortgage.

**2.04.25** The Mortgage is not subject to any existing assignment or pledge, and the Lender has good title thereto and full right and authority to assign and transfer the same and to endorse and deliver the Note secured by such Mortgage and all documents described in the Participation Documents free and clear of encumbrances except permitted liens and encumbrances as described in the Participation Documents.

**2.04.26** No counterclaim, offset, defense or right of rescission exists which can be asserted and maintained by the Borrower or Borrower's successor in interest against UHC and the Mortgage

complies with all applicable local, State and Federal laws, rules and regulations which govern the affairs of the Lender and the Borrower.

**2.04.27** The Lender has not advanced funds, or directly or indirectly induced or solicited any advance of funds by another for the payment of principal, interest, or Escrow Payments required by the Mortgage.

**2.04.28** The information set forth in the mortgage submission package has been accurately stated, and the amounts of the principal balance and interest including accrued interest, if any, are justly due and owing.

**2.04.29** Each Mortgage, financing statement, and any other document required to be filed in a public office to perfect the lien of the Mortgage for the benefit of UHC against third parties has been duly and timely filed, registered, or recorded by the Lender in the proper public office in order to give constructive notice thereof to all subsequent purchasers or encumbrances.

**2.04.30** The lien of, or estate created by, the Mortgage has not been satisfied, subordinated or impaired, in whole or in part, except for the payment of principal and interest as disclosed to UHC by the Lender prior to UHC's purchase of the Mortgage, no part of the mortgaged property has been released therefrom, nor has any interest or participation in the Mortgage been assigned, and the Lender has not executed any instrument of release, cancellation, subordination, or satisfaction with respect to the mortgage.

**2.04.31** Reproductions and replicas of UHC Forms generated by Lender as permitted in the Participation Documents contain, without deviation and in order, all language contained and information to be reported in such UHC Forms.

**2.04.32** Lender has complied with all applicable local, State and Federal law with respect to the Mortgage Loan.

## **2.05 UHC's Right to Reject Mortgage Loans**

Notwithstanding anything in Participation Documents to the contrary, UHC shall at all times have the right to decline to purchase any Mortgage Loan offered or submitted to it by the Lender if, in the reasonable opinion of UHC, the Mortgage Loan does not conform to the requirements of the Act, UHC's Rules, the Participation Documents, the applicable General Resolution, the Trust Indenture of UHC or the Code.

## **2.06 Continuing Nature of Representations and Warranties**

**2.06.1** All of the Lender's representations, warranties, covenants and agreements contained in the Participation Documents shall remain operative and in full force and effect, regardless of: (1) any investigation made by or on behalf of UHC; (2) delivery of any payment with respect to the Mortgage Loans delivered pursuant to the Participation Documents; and (3) any expiration or termination by UHC of the Mortgage Purchase Agreement;

**2.06.2** The Lender shall, at its expense, execute all other documents and take all other steps requested by UHC from time to time to perform the covenants, agreements, representations and warranties contained in the Participation Documents.

**2.07 Contractual Basis of Relationship between UHC and Lender**

All Mortgage purchase transactions between the Lender and UHC are on a contractual basis, the contract consisting of the Participation Documents as the same may be amended from time to time.

**2.08 Representation and Warranty of UHC**

**2.08.1** UHC represents and warrants that the issuance of each Mortgage Purchase Agreement has been duly authorized and is in all respects in compliance with the Act, UHC's By-Laws and Rules, the Participation Documents, the applicable General Resolution or Trust Indenture of UHC and the Code.

**2.08.2** With respect to Nonpublic Personal Information (NPI) UHC agrees to implement and apply appropriate security measures designed to meet the objectives of the Federal Trade Commission Information Safeguards Rule. UHC will indemnify, defend and hold harmless Lender for any liability or expense arising from the use or misuse of NPI by UHC employees.

## **PART III**

### **PURCHASE OF MORTGAGE LOANS**

#### **3.01 Mortgage Purchase Agreement**

From time to time during the term hereof, UHC agrees to purchase Mortgage Loans from the Lender. The sale of each Mortgage Loan to UHC shall be evidenced and governed by a Mortgage Purchase Agreement as provided in the Selling Supplement and by all other Participation Documents.

#### **3.02 Non-conformity with Agreement**

UHC will be under no obligation to purchase a loan if it is found that the loan does not comply with all the terms and conditions of the Participation Documents.

#### **3.03 Servicing Released**

Lender agrees to transfer to UHC the Servicing Rights of each Mortgage Loan purchased hereafter by UHC subject to the following terms:

**3.03.1** UHC shall pay to Lender a servicing release fee equal to the amount shown on the applicable Exhibit B to Participation Agreement at the time said Mortgage Loan is purchased.

**3.03.2** Nothing herein shall prevent UHC from transferring its rights to service any Mortgage Loan subject to this Agreement.

#### **3.04 No Solicitation**

Lender shall not engage in any attempt to entice any Borrower whose Mortgage Loan is purchased by UHC to refinance the Mortgage Loan by: (1) soliciting the Borrower in any manner as a consequence of Lender's maintenance of the Borrower's Mortgage Loan data files or (2) entering into an agreement with any Borrower prior to the purchase of the Mortgage Loan by UHC.

#### **3.05 Other Rights**

Except as modified herein, the provisions of this Part III do not adversely affect the rights accrued to either party or any other obligations arising under the Participation Documents. All other terms and provisions of the Participation Documents shall remain in full force and effect except as expressly amended hereby.

**PART IV**  
**CONTINUING OBLIGATIONS**

**4.01 Annual Financial Statements**

**4.01.1** Lender shall submit to UHC annually, within three months of its fiscal year end, its audited financial statements prepared under generally accepted accounting principles, including the opinion of an independent public accountant. When Lender's financial condition is reflected on a consolidated basis with that of a parent company or companies, consolidating information shall be submitted to UHC.

**4.01.2** If Lender is an FDIC or NCUA insured depository that is supervised and examined by a State or Federal regulatory agency, and Lender submits to UHC a complete regulatory report containing comprehensive financial information (such as the 10-K) with a certification that said report is identical to that furnished to its supervising authority, Lender will not be required to provide an independent public accountant's opinion.

**4.02 Lender Audits by UHC**

**4.02.1** UHC may audit each Lender periodically to test for compliance with the requirements set forth in the Participation Documents.

**4.02.2** UHC shall provide reasonable notice to the Lender of the beginning date of any audit and may request that specific files, records and materials be made available to UHC. Representative(s) of UHC may conduct the audit at the offices of the Lender, or may request the Lender to deliver files, records or other appropriate material to UHC's office for the audit. Lender shall provide working space for UHC representative(s) and deliver such records, files and materials by the date(s) specified by UHC.

**4.02.3** The audit scope may include, but not be limited to, such areas as: (1) compliance with UHC requirements and Federal and State laws and regulations, (2) underwriting quality, (3) compliance with FHA, VA or RHS requirements, (4) document retention, (5) cash control, escrow accounting and remittance compliance.

**4.02.4** Lender agrees to take corrective actions to cure any deficiencies or violations of the applicable requirements that are found through the audits. When timely and adequate corrections are not (or cannot) be completed to the satisfaction of UHC, Lender will be deemed to be in Default and UHC may pursue any and all remedies outlined in Participation Documents.

#### **4.03 Compliance with Applicable Law**

In originating and enforcing Mortgage Loans, Lender covenants to comply with all applicable local, State, and Federal laws, including without limitation those that relate to fair housing, equal credit opportunity, truth in lending, settlement procedures, fair debt collection practices, fair credit reporting, information reporting requirements of the Federal and State governments, notice of servicing assignment, persons with disabilities, and wrongful discrimination in residential lending.

**PART V**  
**REMEDIES**

**5.01 Duty to Repurchase Mortgage Loans**

Within one month of UHC's written request, the Lender shall repurchase from UHC a Mortgage Loan and any UHC Subordinate Mortgage Loan made in connection therewith, under any one or more of the following circumstances:

- 5.01.1** If any of the original documents with respect to a Mortgage Loan differ in any material respect from the copies delivered to UHC;
- 5.01.2** If any of the underwriting analysis performed by the Lender is based on data which differs in any material respect from the data provided by the Applicant or any third party whose verification of such data was obtained;
- 5.01.3** The Lender fails to deliver any documents or information as UHC reasonably requests to be delivered following the purchase of an Incomplete Mortgage by UHC within the time specified in the Participation Documents;
- 5.01.4** Improvements, alterations or repairs to the property securing the Mortgage Loan as contemplated by the appraisal are not completed within 120 days of the execution of the Mortgage;
- 5.01.5** In the event that FHA, VA or RHS: (1) cancels coverage, (2) cancels the mortgage guarantee or (3) denies a claim because of fraud, misrepresentation or omission of a material fact or any other reason affecting the Mortgage Loan for mortgage insurance or guarantee;
- 5.01.6** Lender fails to (1) pay premiums for hazard insurance, flood insurance or FHA insurance or (2) pay taxes or other governmental assessments or charge as required;
- 5.01.7** In the event that any warranty or representation made by the Lender pursuant to the Participation Documents, including those set forth herein, are, in the opinion of UHC, untrue or incorrect when made or upon delivery of a Mortgage Loan to UHC;
- 5.01.8** In the event that the Borrower or any other party in the Mortgage transaction has made any false representation in connection with Mortgage Loan, whether or not Lender was a party to or had knowledge of such false representation;
- 5.01.9** If it is discovered that the mortgage loan is not, in the reasonable opinion of UHC, a compliant Mortgage Loan.

## 5.02 UHC Remedy Fee Table

Fee Name	Fee Amount
File Late-Delivery Fee	\$250 per month or any part thereof
Reconsideration Fee	\$250 per month or any part thereof
Non-Delivery Fee	\$400
Incomplete Mortgage Late Fee	\$500* per month or any part thereof
Repurchase Late Fee	\$700** per month or any part thereof
	*On or prior to 10-29-10 Fee is \$250
	**On or prior to 10-29-10 Fee is \$350

## 5.03 Early Delinquency

If, after the date of purchase, any of the first four Mortgage Loan payments are missed and the delinquency caused by the missing payment(s) continues for three (3) consecutive months or more, Lender shall, at UHC's sole discretion, provide either (1) an indemnification for any losses UHC may suffer associated with the Servicing of the specified Mortgage Loan or (2) pay to UHC \$2,500 in full satisfaction of such obligation.

## 5.04 Purchase Price for Re-purchased Mortgage Loan

Lender shall repurchase a Mortgage Loan, and any related Subordinate Mortgage Loan from UHC for the sum of:

- The unpaid principal balance, MINUS (-)
- Any amounts held in the Borrower escrow account, PLUS (+)
- Any amounts already obligated to be paid out of escrow, PLUS (+)
- Any interest accrued to the date payoff funds are received by UHC, PLUS (+)
- Any servicing release premium paid by UHC to Lender, PLUS (+)
- Any escrow overdrafts, expense advances or corporate advances relating specifically to the Mortgage Loan.

## 5.05 Bankruptcy, Insolvency or Debarment of Lender

Lender shall immediately notify UHC by phone and in writing within two business days of any of the following occurrences that might significantly impact day-to-day operations:

**5.05.1** Lender shall initiate or suffer any proceedings of insolvency or reorganization under the Bankruptcy Act, or any other Federal or State receivership law or make any common law assignment for the benefit of creditors or written admission by Lender of its inability to pay debts generally as they occur;

**5.05.2** 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, marshaling of assets and liabilities or similar proceeding affecting Lender respectively; or substantially all of its properties, or for the termination or liquidation of its

affairs, if such decree or order shall have remained in force undischarged or unstayed for a period of two months;

**5.05.3** The consent by Lender respectively, to the appointment of a conservator, receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceeding affecting Lender or substantially all of its properties;

**5.05.4** Lender shall be put on probation, be debarred or have its activities restricted in any manner whatsoever by any agency of the Federal or State government;

**5.05.5** Any occurrence described in this Section shall be deemed to be a Default and shall be grounds for Suspension, Termination or any other remedies as provided for in Part V herein.

## **5.06 Termination; Suspension or Default Actions**

Should Lender fail to perform its obligations, duties and responsibilities in accordance with the Participation Documents, UHC shall find that any representation or warranty contained in the Participation Documents is untrue, or Lender is otherwise regularly or grossly negligent in its duties, as determined by UHC, Lender will be in Default and UHC may:

**5.06.1** Send Lender written notice of Termination whereby, effective immediately, Lender cannot participate in the UHC Program for the period of at least three years; and/or (See paragraphs below for exceptions to time period.)

**5.06.1.1** Any Lender terminated for the first time because of failure to sell the required number of Mortgage Loans to UHC shall not be eligible to participate in the UHC Program for the period of at least six months from the date of the termination notice. Following the six-month period, Lender may re-apply to participate by submitting a \$300 application fee and other materials customarily required of a new-applicant organization.

**5.06.1.2** Any Lender terminated for the second time because of failure to sell the required number of Mortgage Loans to UHC shall not be eligible to participate in the UHC Program for the period of at least one year from the date of the termination notice. Following the one-year period, Lender may re-apply to participate by submitting a \$500 application fee and other materials customarily required of a new-applicant organization.

**5.06.2** Send a written notice of Suspension to Lender whereby, effective immediately, no further Mortgage Purchase Agreements will be executed by UHC and no further Mortgage Loans will be purchased by UHC until such time as Default is cured; and/or

**5.06.3** Send a written notice of Default to Lender giving Lender one month from the date of said notice to cure Default to avoid consequences specified in this section; and/or

**5.06.4** Remove Lender name from all Participating Lender lists, whether printed or on a website.

## **5.07 Other Remedies**

**5.07.1** UHC shall have all remedies available at law or in equity to enforce the requirements, warranties and covenants of Lender hereunder and under the Participation Documents including, but not limited to, the actions, including the assessment of financial penalties, described in the Participation Documents, rescission of the Participation Documents, termination of the designation as Lender, equitable relief by way of injunction (mandatory or prohibitory) to prevent the breach or threatened breach of any provision hereof or to enforce performance hereof.

**5.07.2** No delay in exercising or omission to exercise any remedy, right or power accruing upon any event of Default or breach by the Lender, shall impair that remedy, right or power or shall be deemed to be a waiver of any event of Default or breach or acquiescence therein. Every remedy, right and power available to UHC may be exercised from time to time and as often as may be deemed expedient by UHC.

**5.07.3** No waiver of any event of Default or breach under any Participation Document shall extend to or affect any subsequent event of Default or breach or shall impair any right, remedy, or power consequent thereon.

**5.07.4** No remedy conferred upon or reserved to UHC herein is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to any other remedy given hereunder or otherwise to UHC now or hereafter existing. The exercise of a remedy by UHC or any one or more of them shall not in any way alter or diminish the rights of UHC to any other remedy provided herein or by law.

**5.07.5** In the event of any Default and/or breach by Lender, UHC shall be entitled to reimbursement from Lender of all of UHC's costs in enforcing any of the terms of the Participation Documents including any reasonable or necessary attorney's fee.

**5.07.6** UHC may choose any of the remedies above that it determines will most suitably resolve a Default or breach of the Participation Documents. It is expressly stipulated and agreed that the Third Judicial District Court in and for Salt Lake County, State of Utah, shall have exclusive jurisdiction and venue of all proceedings based on or arising out of the enforcement of the terms of the Participation Documents as amended, or the collection of damages resulting from a Default or breach of the Participation Documents, as amended.

## **PART VI**

### **OTHER AGREEMENTS**

#### **6.01 No Waiver**

No waiver by either party of any covenant or condition of the Participation Documents shall be valid unless in writing and signed by the party so waiving and no waiver of any term or condition by UHC shall be deemed a continuing waiver. Inaction or failure to demand strict performance of any covenant or condition of the Participation Documents shall not be deemed a waiver.

#### **6.02 Jurisdiction**

This Agreement is made and entered into in the State and all questions relating to the validity, construction, performance and enforcement thereof shall be governed by the laws of the State.

#### **6.03 Invalidation**

Invalidation of any one of the provisions of this Agreement, by judgment or court order, shall in no way affect any other provisions herein contained, which provisions shall remain in full force and effect.

#### **6.04 Successors**

The Lender and UHC hereby agree that all of the covenants and agreements herein contained shall extend to and be obligatory upon all successors of the respective parties.

#### **6.05 Termination by Lender**

In the event that Lender shall no longer desire to originate and sell Mortgage Loans to UHC hereunder, Lender shall give written notice thereof to UHC, in which case UHC shall no longer be obligated hereunder to purchase Mortgage Loans; provided, however, that in such event, Lender shall remain liable for all of its obligations under the Participation Documents so long as any Mortgage Loans which were previously purchased from Lender remain in existence.

## EXHIBIT A

### DEFINITIONS

**Acquisition Cost** means, as to a Residence, the cost of acquiring the Residence from the seller as a completed residential unit, including: (A) all amounts paid, either in cash or in kind, by the Borrower (or a related party or for the benefit of the Borrower) to the seller (or a related party or for the benefit of the seller) as consideration for the Residence, (B) the purchase price of the land, and (C) if the Residence is incomplete, the reasonable cost of completing it, whether or not cost of completing the construction is to be financed with Bond proceeds (to the extent that the builder thereof normally completes work on similar residences which he builds, and so that occupancy thereof is legally permitted). Acquisition Cost does not include (1) usual and reasonable settlement or financing costs (but only to the extent that such amounts do not exceed the usual and reasonable costs which would be paid by the Borrower where financing is not provided through the proceeds of Bonds the interest on which is excludable from the Gross Income for Federal income tax purposes), and (2) the value of services performed by the Borrower or members of Borrower's family ("family" shall include only the Borrower's brothers, sisters, spouse, ancestors and lineal descendants) in completing the Residence.

In a circumstance when there is no seller of the Residence, such as an "owner built" residence, the costs which must be counted toward the determination of the Acquisition Cost include the amounts paid in cash or in kind for land, materials, labor, overhead, architectural fees, plans, permits, construction loan interest and all other costs except those excluded in (1) and (2) in the preceding paragraph.

In a circumstance when all or a portion of the land is given to the Borrower as a gift, the purchase price of the land paid by the donor of the gift shall be included within the Acquisition Cost.

**Acquisition Cost Limits** means the Acquisition Cost Limits established and amended by UHC pursuant to the Rules but in no event greater than the Acquisition Cost Limits permitted by Section 143(e) of the Code. The Acquisition Cost Limits established and updated by UHC from time to time are set forth in the Exhibit B to Participation Agreement, as applicable.

**Acquisition Pool** means funds obtained by UHC through the sale of Bonds that will be used specifically for the purchase of Mortgage Loans secured by Residences.

**Act** means the Utah Housing Corporation Act, Title 9, Chapter 4, Part 9, Utah Code Annotated, 1953, as amended, from time to time.

**Addendum** means UHC's form of Tax Exempt Rider to Deed of Trust (UHC Form 014b).

**Affiliate** means any person or entity (including, but not limited to, a general partner or managing member, or an officer of either) that controls a Lender, is controlled by a Lender, or is under common control with the Lender. The term "control" means the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial, legal, beneficial or other interests of the Lender. For the purposes of this definition, the

term “ownership” means that the owning entity owns 100% of the total issued and outstanding ownership interests of the owned entity, whether such ownership interests are comprised of stock, partnership or membership interests, or otherwise.

**Applicant or Co-Applicant** means a person who has signed an Application for a Mortgage Loan that has not been closed.

**Application** means (for the purpose of calculating Gross Income) the signing by the Borrower of the initial “Uniform Residential Loan Application”.

**Appraised Value** means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. In the valuation of properties, an appraiser shall not consider value assigned to furniture or any other personal property.

**Average Area Purchase Price** means the most current average area purchase price under the safe harbor limitations from time to time published by the Department of Treasury for each applicable Metropolitan Statistical Area or other area within the State, stated separately with respect to residences which have not been previously occupied and residences which have been previously occupied; provided, however, that in lieu of such safe harbor limitations, the average area purchase price may be determined by UHC in accordance with the Code, but only upon receipt by UHC of an opinion of bond counsel that the use of the average area purchase price so determined by UHC shall not cause interest on the related Bonds to be included in the Gross Income of the recipient thereof for Federal income tax purposes.

**Bonds** means the bonds issued and delivered under the applicable General Resolution or Trust Indenture of UHC, the proceeds of which are used by UHC to purchase Mortgage Loans.

**Borrower, Co-Borrower, Mortgagor or Co-Mortgagor** means a person who is obligated to repay a Mortgage Loan; however, such terms shall not include a Cosigner.

**Borrower Affidavit** means an affidavit in a form prescribed by UHC given by the Borrower in connection with the execution of a Mortgage Note for a Mortgage Loan.

**Closing or Origination** means execution and delivery of a Mortgage Note and Mortgage, or in the case of an assumption of the payment obligations of a Mortgage Loan, the execution and delivery of a deed of trust assumption agreement in a form provided by UHC.

**Code** means the Internal Revenue Code of 1986, as amended (including all related Regulations, whether or not temporary).

**Condominium Project** means a residential real estate project whereby two or more dwelling units are separately offered or proposed to be offered for sale, created pursuant to Utah Law.

**Condominium Unit** means a Residence, as defined herein, which is a physical part of a Condominium Project together with an undivided interest in common in the common areas and facilities of the Condominium Project.

**Co-Applicant** see “Applicant”

**Co-Borrower or Co-Mortgagor** see “Borrower”

**Cosigner** means a person who is an obligor under a Mortgage Note but who is not a Mortgagor; i.e., a person who has executed a Mortgage Note but who has not executed a Mortgage. A Cosigner may not have any ownership interest in the Mortgaged Premises.

**Current Annual Household Income** means the Gross Income of the Borrower’s Household, for the Current Year.

**Current Year** means the twelve-month period beginning either: (1) the date of the Application if Closing occurs within four months of the date of such Application; or (2) the date of Closing, if Closing occurs more than four months after the date of such Application.

**Default** means:

1. With respect to a Mortgage Loan, the failure of a Borrower to perform any obligation required under a Mortgage Note, Mortgage, Addendum or Borrower Affidavit;
2. With respect to the Participation Documents, a failure of Lender to perform its obligations, duties and responsibilities, or a failure of Lender to achieve and maintain an acceptable level of performance including, but not limited to, those items specified under Part V herein.

**Delinquent or Past Due** means, with respect to any Mortgage Loan, one or more monthly Mortgage Loan installment having not been received by the Servicer before the end of the month in which the installment is due.

**Escrow Payment** means, with respect to a Residence securing a Mortgage Loan, all moneys collected to obtain or maintain mortgage insurance and fire, flood and other hazard insurance, and any payments required to be made to any governmental body or political subdivision or district for taxes or other assessments.

**Existing Housing** means a Residence which has been previously occupied as a dwelling prior to the execution of the real estate purchase contract related to the individual Mortgage Loan transaction.

**Fannie Mae** means the Federal National Mortgage Association.

**FDIC** means the Federal Deposit Insurance Corporation.

**Federal** means of or related to the government of the United States of America.

**Federal Tax Return** means:

1. True, complete and correct signed copies of the Applicant's Federal income tax returns filed with the IRS, or
2. Correspondence from the IRS (such as IRS Letter 1722 or an IRS-generated, IRS stamped computer printout) which states:
  - a. The Applicant filed either of Federal Forms 1040-A or 1040-EZ with the IRS, or
  - b. The Applicant filed Form 1040 with the IRS, but did not itemize any deductions for property taxes or mortgage interest.

**Federally Guaranteed** means the guarantee of a Mortgage Loan pursuant to the Servicemen's Readjustment Act, as the same may be amended from time to time ("VA Guaranteed") or the guarantee of a Mortgage Loan pursuant to the provisions of the Rural Housing Service ("RHS").

**Federally Insured** or **FHA Insured** means insured by FHA under its Section 203(b), 203(k), 221(d)(2) or 234(c) insurance programs.

**FHA** means the Federal Housing Administration of the Department of Housing and Urban Development of the United States of America.

**Freddie Mac** means the Federal Home Loan Mortgage Corporation.

**Final Mortgage Delivery Date** means the final date on which a Mortgage Loan may be delivered for sale to UHC as specified in the Mortgage Purchase Agreement.

**First-time Home Buyer** means a Borrower who has had no present ownership interest in a Principal Residence (including without limitation any Manufactured Housing or a Mobile Home which is permanently affixed to real property) at any time during the three year period prior to the date of execution of the Mortgage. Interests which constitute present ownership interests include, but are not limited to, the following: a fee simple interest, a joint tenancy, a tenancy in common, a tenancy by the entirety, the interest of a tenant shareholder in a cooperative, a life estate, 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 an interest held in trust for the Borrower (whether or not created by the Borrower) that would constitute a present ownership interest if held directly by the Borrower.

**General Resolution** means the applicable General Bond Resolution and Series Resolution adopted by UHC with respect to the Bonds that are issued in order to purchase a Mortgage Loan.

**Gross Income** is the sum of all income not excluded in the following paragraph (before any payroll deductions), including but not limited to gross pay, net income from business or self-employment, any additional income from overtime, part time employment, shift differential, bonuses, allowances for automobiles, housing, uniforms, etc. (except that employee business expenses may be deducted), dividends, interest, royalties, pensions, compensation from the Department of Veterans Affairs (VA), net rental income, net farm income, etc.; and other income (such as alimony, child support, reimbursement for child care expenses, public assistance, sick pay,

social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments). Overtime pay and bonuses must be projected for the Current Year in an amount consistent with the earnings history of each Household member.

Gross Income shall not include casual, sporadic or irregular gifts; amounts that are specifically for or in reimbursement of medical expenses; inheritances; insurance payments (including payments under health and accident insurance and workmen's compensation other than payments in lieu of earnings); reimbursements received under an employer's flexible benefit plan or cafeteria plan; settlement for personal or property losses; amounts of educational scholarships paid directly to the student or the educational institution and amounts paid by the government to a Veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purpose; special pay to a serviceman who is exposed to hostile fire; foster child care payments; and the income of any Household member who is under 18 years of age or a full-time student (provided that no deduction shall be allowed for a person who executes the Mortgage, the head of the Household, the spouse of the head of the Household or a person who is secondarily liable on the Mortgage Loan).

Gross Income may not be reduced by any losses incurred by Borrower except those reflected on IRS Schedule C, E or F. Depreciation expenses may not be taken unless calculated on a straight line basis on applicable IRS Schedules and Forms and applicable profit and loss statements. All other depreciation expenses must be added back to net business, farm or self-employment income shown on IRS Schedule C, E or F.

**Household** means all persons expected to use the Residence as their Principal Residence during the Current Year, excluding children expected to be born following Closing. In a case when a child is the subject of a joint custody order of a court, the child may be considered a member of the Household provided that 50% or more of the child's time will be spent as a member of the Household.

**HUD** means the Department of Housing and Urban Development of the United States of America.

**Income Limits** means the Income Limits established and amended by UHC from time to time pursuant to the Rules, but in no event in amounts greater than the Income Limits permitted by Section 143(f) of the Code. The Current Annual Household Income of the Borrower may not exceed the Income Limits established by UHC from time to time as set forth in the applicable Exhibit B to Participation Agreement.

**Incomplete Mortgage** means a Mortgage Loan for which the Mortgage Submission Package, as described in Part V of the Selling Supplement, does not contain each and every document or all information required by UHC or which documents are not in the order required by UHC.

**IRS** means the Internal Revenue Service of the United States Department of the Treasury.

**Leasehold** means the right and obligation of a tenant under a written lease to occupy, use, maintain and improve the leased premises in the manner specified in the written lease.

**Lender** means the bank, trust company, savings and loan association, credit union, mortgage bank or other financial institution which is the Lender under the Participation Documents incorporated herein by reference.

**Low and Moderate Income Persons** means persons irrespective of race, religion, creed, disability, national origin or sex, determined by UHC from time to time to require such assistance as is made available by the Act on account of insufficient personal or family income, in accordance with 9-4-903(9) of the Act.

**Manufactured Housing** means a transportable factory-built dwelling manufactured on or after June 15, 1976, in accordance with the National Manufactured Housing and Safety Standards Act of 1974 that has the following:

1. At least two sections (i.e. no “Single Wide” homes);
2. A roof of wood shakes; asphalt, wood or fiberglass shingles; concrete or metal tiles; slate or built-up gravel;
3. All running gear, tongues, axles, wheels, or other transportation equipment permanently removed;
4. A permanent site-built foundation meeting the requirements of local and State building codes to which it has been permanently affixed;
5. The status of improvement to real property as a result of completion of the procedures required in Utah Code Section 70D-1-20 including, but not limited to, the recordation of the required Affidavit of Affixture.

**Mobile Home** means a transportable factory-built dwelling manufactured prior to June 15, 1976, in accordance with codes existing prior to the National Manufactured Housing and Safety Standards of 1974. A Mobile Home is not Manufactured Housing.

**Modular Housing** means a dwelling, built from sections, which are manufactured and transported to the building site where the sections are assembled to make a complete residence.

**Mortgage** or **Trust Deed** means a MERS deed of trust in form acceptable to FHA or VA securing a Mortgage Loan and constituting a first lien on real property (such property held in fee simple by the Borrower) improved by a Residence. Such term does not include a Subordinate Mortgage Loan.

**Mortgage Loan** means a first mortgage loan of a specified sum of money made by a Lender to a Borrower to finance a Residence, and evidenced by a Mortgage Note and secured by a related Mortgage which meets all of the terms and conditions of the Participation Documents.

**Mortgage Note** or **Note** means the instrument evidencing the obligation to repay a loan of a specified sum of money.

**Mortgage Purchase Agreement** means the UHC form furnished to Lender wherein UHC commits to purchase a Mortgage Loan from Lender for a specific amount and a specific Residence. Obtaining this form will evidence not only UHC’s agreement to purchase a specific Mortgage Loan, but the Lender’s agreement to close, deliver and sell the Mortgage Loan by the Final Mortgage

Delivery Date, and the Lender's promise to furnish all requisite documentation within the required time as required under the terms and conditions of the Participation Documents.

**Mortgage Purchase Agreement Request** means an UHC form whereon Lender submits information to UHC requesting the issuance of a Mortgage Purchase Agreement for a specific amount, a specific Residence and specific Borrower(s). This request must be made on-line through the UHC's website.

**Mortgage Submission Voucher** means a statement in such form as UHC shall determine is necessary to supply the requisite information to enable UHC to purchase a Mortgage Loan.

**Mortgaged Premises** means the land, access, easements, Residence, and all improvements including utility connections and rights to water or water stock that are the subject of a Mortgage.

**Mortgagor** see "Borrower"

**NCUA** means the National Credit Union Administration.

**New Construction** means a Residence not previously occupied as a dwelling prior to the execution of the real estate purchase contract related to the individual Mortgage Loan transaction.

**Nonpublic Personal Information** means any nonpublic information of an Applicant or Borrower that identifies that person or can be used to identify, contact, or locate that person. Nonpublic Personal Information may include, without limitation: name, address, phone number, e-mail address, credit account information, or Mortgage Loan information.

**Participation Documents** means this Participation Agreement, Mortgage Purchase Agreement, Selling Supplement and all other documents incorporated into this Agreement.

**Planned Unit Development (PUD) Project** means a residential real estate project whereby two or more attached or detached dwelling units are separately offered or proposed to be offered for sale. Said project, as established by an instrument of record, usually has common areas and an association or organization of homeowner members which owns or maintains the common areas.

**Planned Unit Development (PUD) Unit** means a Residence, as defined herein, which is a physical part of a PUD Project, the owner of which unit has the right of use of the PUD Project's common areas or facilities by access or easement.

**Principal Residence** means the dwelling of an individual for a minimum of 51% of the number of days in a calendar year.

**Program** means UHC Single Family Mortgage Programs that include FirstHome, FirstHome Plus, Veterans Enhancement Program (VEP) – FirstHome, VEP – FirstHome Plus, Single Parent Set-Aside (SPS) - FirstHome, and SPS – FirstHome Plus, as more particularly described in the Participation Documents or Rules.

**Regulations** means all regulations and temporary regulations promulgated by the United States Treasury Department or Internal Revenue Service with respect to Sections 103, 143 and 148 of the Code or with respect to similar sections of the prior code.

**Rehabilitation** means the repairs, improvements and construction contemplated for a Residence to be financed from the proceeds of a Mortgage Loan insured by FHA under its 203(k) or Streamlined(k) program.

**Residence** means the dwelling purchased with the proceeds of a Mortgage Loan, which Residence is the Mortgaged Premises as defined herein and which must be a Residence as described and defined in Part III of the Selling Supplement.

**RHS** means the Rural Housing Service of the United States Department of Agriculture.

**Rules** means the rules adopted by UHC pursuant to the Act governing the activities authorized by the Act to carry into effect the powers and purposes of UHC and the conduct of its business, as the same may be amended from time to time.

**Selling Obligations** means the obligations, duties and responsibilities that are required of a Lender in the Participation Documents, as well as those that are required of a Lender under any Federal, State or local rule or regulation or by any agreement or contract of mortgage insurance or guaranty, and those typical obligations, duties and responsibilities that are in conformance with sound banking and mortgage lending practices.

**Selling Supplement** means the Single Family Mortgage Program Selling Supplement to Participation Agreement, as amended, which is incorporated by reference.

**Servicer** means any entity who is performing or who has performed the Servicing Obligations for UHC Mortgage Loans, whether or not such entity has been approved by UHC.

**Settlement** means the date upon which title to the secured property is transferred by the seller to the UHC Borrower or from the UHC Borrower to another person or entity (in the case of an assumption).

**Single Parent** means a person who, at the date of Application (1) is the head of the Household, as the term Household is defined in the Participation Agreement, (2) has legal custody of at least one dependent minor child living in the Household at least 50% of each year, and (3) is the sole Household member receiving income. No other adults may be members of the Household except those who are "Incapacitated".

"Incapacitated" means having at the time of Application a physical or mental illness or impairment (including any incidental to old age) which substantially reduces or eliminates the person's ability to work or to care for the dependent minor child. The illness or impairment must be reasonably expected to continue for at least six months beyond the date of Application. Evidence of the illness or impairment, and its duration, must be documented in Lender's Mortgage Loan file.

**Standard Hazard Insurance Policy** means a standard hazard insurance policy or any replacement policy, to be maintained for each Mortgage Loan pursuant to the Participation Documents.

**State** means the State of Utah.

**Subordinate Mortgage Loan** means a mortgage loan having the characteristics described in Part II of the Selling Supplement whose lien position is junior to that of a Mortgage Loan and whose lien is secured by the UHC MERS Subordinate Deed of Trust (UHC Form 040A) and made available on the UHC website at [www.utahhousingcorp.org](http://www.utahhousingcorp.org).

**Supplement** means the Selling Supplement.

**Suspension** means the temporary cessation of privileges granted to Lender by UHC in the Participation Documents until a Default had been cured or a Termination is imposed.

**Targeted Area** means any area within the State that constitutes a targeted area within the meaning of Section 143 of the Code.

**Termination** means the cessation of privileges granted to Lender by UHC in the Participation Documents.

**Trust Indenture** means the applicable Trust Indenture executed by UHC with respect to one or more series of Bonds.

**UHC** means Utah Housing Corporation, a public corporation of the State of Utah, created by the Act.

**UHC's website** means [www.utahhousingcorp.org](http://www.utahhousingcorp.org) or such other URL as UHC may designate from time to time.

**Utah Code** means the Utah Code Annotated 1953, as amended, from time to time.

**VA** means the Department of Veterans' Affairs of the United States of America.

**Veteran** means a person who served in the active military, naval or air service, and who was discharged or released therefrom under conditions other than dishonorable. For additional details about individual eligibility for Veterans' benefits visit the VA website at: <http://www.homeloans.va.gov/elig2.htm>.

**Yield on the Bonds** means the yield thereon as determined by UHC in accordance with the applicable provisions of Sections 143 and 148 of the Code.

Except for words and phrases which are defined herein, and unless the context clearly indicates another definition, words and phrases used herein shall have the same meanings as such words and phrases in the applicable General Resolution or Trust Indenture of UHC.

**EXHIBIT B  
TO PARTICIPATION AGREEMENT**

Effective December 2010

<b><u>LOAN INFORMATION</u></b>	<b><u>FirstHome</u></b>	<b><u>FirstHome Plus</u></b>
Discount Points		
First Mortgage	None	None
FirstHome Plus Subordinate	N/A	None
Mortgage Purchase Price		
First Mortgage	100.0%	100.0%
FirstHome Plus Subordinate	N/A	100.0%
Loan Origination Fees for Lender		
First Mortgage	1.00%	1.00%
FirstHome Plus Subordinate Fee	N/A	\$250
Tax Service Fee Payable to UHC (Effective December 1, 2010)	\$79	\$79
Servicing Release Fee Paid to Lender		
First Mortgage	.85%	.85%
FirstHome Plus Subordinate	N/A	None
Mortgage Insurance / Guarantee	FHA or VA (not to exceed 10% VA)	

**INCOME LIMITS (Effective 4/24/09)**

ALL TYPES OF LOANS

<b><u>Nontargeted Areas</u></b>	<b><u>Size of Household</u></b>	
	<b><u>1&amp;2</u></b>	<b><u>3+</u></b>
County:		
Salt Lake and Summit Counties	\$67,500	\$77,500
Davis, Morgan and Weber Counties	68,500	78,500
Tooele County	64,500	74,000
Wasatch County	65,500	75,000
All Other Counties	64,000	73,500
<b><u>Targeted Areas</u></b>	<b><u>Size of Household</u></b>	
	<b><u>1&amp;2</u></b>	<b><u>3+</u></b>
County:		
Salt Lake and Summit Counties	\$81,000	\$94,500
Davis, Morgan and Weber Counties	82,000	95,500
Tooele County	N/A	N/A
Wasatch County	N/A	N/A
All Other Counties	77,000	89,500

**ACQUISITION COST LIMITS for Counties Shown (Effective 8-21-09)**

Salt Lake, Summit, Tooele	\$637,500	Utah, Juab	\$345,500
Davis, Morgan, Weber	\$372,000	Wasatch	\$376,500
Washington, Kane	\$325,000	All Others	\$258,500